

By email

Company Secretary



23 January 2023

Dear Company Secretary,

Water and Sewerage Appointees – Definition of “Issuer Credit Rating”

I am writing to confirm which credit ratings we consider fall within the definition of Issuer Credit Rating as defined in Condition I of Wessex Water Services Limited's ([Wessex Water's](#)) licence, and accordingly, which ratings we monitor for licence compliance purposes under Condition I30.

Wessex Water or its financing company currently holds the following credit ratings from Fitch and Moody's:

AGENCY	TYPE
Fitch	<ul style="list-style-type: none">Senior unsecured rating (Class A debt rating)
Moody's	<ul style="list-style-type: none">Senior unsecured rating (Class A debt rating)

As set out in licence Condition I31 of Wessex Water's licence, an “Issuer Credit Rating” means:

a credit rating assigned to an issuer of corporate debt by Standard and Poor's Rating Group (or any of its subsidiaries), by Moody's Investors Services Incorporated (or any of its subsidiaries) or by Fitch Ratings Limited, or any equivalent rating from any other reputable credit rating agency which has comparable standing in the United Kingdom and the United States of America.

We consider that both ratings listed above fall within this definition and are therefore monitoring them for licence compliance purposes.

Other clarifications

We understand that Wessex Water does not currently hold any subordinated or Class B debt. Should Wessex Water change its capital structure by issuing subordinated debt, we may need to reconsider the ratings that we monitor for licence compliance purposes to ensure they

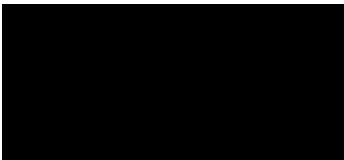
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remain appropriate.

However, for the avoidance of doubt, note that Class B / subordinated debt ratings themselves are not used as regulatory markers to assess compliance with the Appointee's obligation that it shall use all reasonable endeavours to ensure that it, or any Associated Company as an issuer of corporate debt on its behalf, maintains at all times an Issuer credit rating which is an Investment grade rating (condition I30).

The retention of an Issuer Credit Rating which is an Investment Grade Rating remains an important protection for regulatory purposes. Should there be any change to your credit ratings you should notify us in writing as soon as possible. This includes if any additional credit ratings to that listed above are obtained, or if any of the above credit ratings are withdrawn. Please also notify us if there are any upgrades, downgrades or changes in outlook to the above ratings.

Yours sincerely,



Elinor Mathieson - Director Regulatory and Corporate Finance

cc: Andy Pymer, Finance Director,
Matt Greenfield, Director of Economic Regulation