

Drawdown Prospectus

Dated 20 June 2012



SEVERN TRENT PLC

(incorporated with limited liability in England and Wales with registered number 2366619)

Issue of Sterling-denominated RPI-Linked Notes due July 2022 (the Notes)

The Notes are issued under the €4,000,000,000 Euro Medium Term Note Programme (the **Programme**) of, *inter alios*, Severn Trent Plc (the **Issuer**).

Application has been made to the Financial Services Authority in its capacity as competent authority (the **UK Listing Authority**) under the Financial Services and Markets Act 2000 (the **FSMA**) for the Notes to be admitted to the Official List of the UK Listing Authority (the **Official List**) and to the London Stock Exchange plc (the **London Stock Exchange**) for such Notes to be admitted to trading on the London Stock Exchange's regulated market and through the electronic order book for retail bonds (**ORB**) of the London Stock Exchange. References in this drawdown prospectus (the **Drawdown Prospectus**) to Notes being listed (and all related references) shall mean that such Notes have been admitted to trading on the London Stock Exchange's regulated market and through ORB and have been admitted to the Official List. The London Stock Exchange's regulated market is a regulated market for the purposes of Directive 2004/39/EC (the **Markets in Financial Instruments Directive**).

Prospective investors should have regard to the factors referred to under the section headed "Risk Factors" in this Drawdown Prospectus.

Any person (an **Investor**) intending to acquire or acquiring any securities from any person (an **Offeror**) should be aware that, in the context of an offer to the public as defined in section 102B of the Financial Services and Markets Act 2000 (**FSMA**), the Issuer may be responsible to the Investor for this Drawdown Prospectus under section 90 FSMA, only if the Issuer has authorised that Offeror to make the offer to the Investor. Each Investor should therefore enquire whether the Offeror is so authorised by the Issuer. If the Offeror is not authorised, the Investor should check with the Offeror whether anyone is responsible for this Drawdown Prospectus for the purposes of section 90 of FSMA in the context of the offer to the public, and, if so, who that person is. If the Investor is in any doubt about whether it can rely on this Drawdown Prospectus and/or who is responsible for its contents it should take legal advice.

The Notes are expected to be rated Baa1 by Moody's Investors Service Limited and BBB- by Standard & Poor's Credit Market Services Europe Limited. Each of Moody's Investors Service Limited and Standard & Poor's Credit Market Services Europe Limited is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the **CRA Regulation**). As such, each of Moody's Investors Service Limited and Standard & Poor's Credit Market Services Europe Limited is included in the list of credit ratings agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.

Joint Lead Managers and Bookrunners

Barclays

Investec

This Drawdown Prospectus constitutes a prospectus for the purposes of Article 5.3 of Directive 2003/71/EC (the **Prospectus Directive**).

The Issuer (the **Responsible Person**) accepts responsibility for the information contained in this Drawdown Prospectus. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Drawdown Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

The previous paragraph should be read in conjunction with the last paragraph on the first page of this Drawdown Prospectus.

The only persons authorised to use this Drawdown Prospectus in connection with an offer of Notes are the Issuer and the Financial Intermediaries (as defined in the Final Terms).

AN INVESTOR ACQUIRING OR INTENDING TO ACQUIRE ANY NOTES FROM AN OFFEROR WILL DO SO, AND OFFERS AND SALES OF THE NOTES TO AN INVESTOR BY AN OFFEROR WILL BE MADE, IN ACCORDANCE WITH ANY TERMS AND OTHER ARRANGEMENTS IN PLACE BETWEEN SUCH OFFEROR AND SUCH INVESTOR INCLUDING AS TO PRICE, ALLOCATIONS AND SETTLEMENT ARRANGEMENTS. THE ISSUER WILL NOT BE A PARTY TO ANY SUCH ARRANGEMENTS WITH INVESTORS (OTHER THAN THE JOINT LEAD MANAGERS AND/OR FINANCIAL INTERMEDIARIES, AS APPLICABLE) IN CONNECTION WITH THE OFFER OR SALE OF THE NOTES AND, ACCORDINGLY, THIS DRAWDOWN PROSPECTUS AND THE FINAL TERMS WILL NOT CONTAIN SUCH INFORMATION. THE INVESTOR MUST LOOK TO THE OFFEROR AT THE TIME OF SUCH OFFER FOR THE PROVISION OF SUCH INFORMATION. THE ISSUER HAS NO RESPONSIBILITY TO AN INVESTOR IN RESPECT OF SUCH INFORMATION.

Copies of the Final Terms will be available from the registered office of the Issuer and the specified office of each of the Paying Agents, see "*Terms and Conditions of the Notes*"

This Drawdown Prospectus is to be read in conjunction with all documents which are incorporated herein by reference (see "*Documents Incorporated by Reference*" below). This Drawdown Prospectus shall be read and construed on the basis that such documents are so incorporated and form part of this Drawdown Prospectus.

None of the Joint Lead Managers, the Paying Agent or the Trustee have independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Joint Lead Managers, the Paying Agent or the Trustee as to the accuracy or completeness of the information contained or incorporated in this Drawdown Prospectus or any other information provided by the Issuer in connection with the Programme or the Notes. None of the Joint Lead Managers or the Trustee accepts any liability in relation to the information contained or incorporated by reference in this Drawdown Prospectus or any other information provided by the Issuer in connection with the Programme or the Notes.

No person is or has been authorised by the Issuer, the Trustee or any of the Joint Lead Managers to give any information or to make any representation not contained in or not consistent with this Drawdown Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Trustee or any of the Joint Lead Managers.

Neither this Drawdown Prospectus nor any other information supplied in connection with the Programme or the Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuer, the Trustee, the Paying Agent or any of the Joint Lead Managers that any recipient of this Drawdown Prospectus or any other information supplied in connection with the Programme

or the Notes should subscribe for or purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer. Neither this Drawdown Prospectus nor any other information supplied in connection with the Programme or the issue of the Notes constitutes an offer or invitation by or on behalf of the Issuer, the Trustee, the Paying Agent or any of the Joint Lead Managers to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Drawdown Prospectus nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme or the Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Joint Lead Managers, the Paying Agent and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer during the life of the Notes or to advise any investor in the Notes of any information coming to their attention.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, (the **Securities Act**) and are subject to US tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to, or for the account of, US persons (see "*Subscription and Sale*" in the prospectus dated 19 June 2012 relating to the Programme under which the Notes are issued (which prospectus constitutes a base prospectus for the purposes of the Prospectus Directive) (the **Prospectus**)).

This Drawdown Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Drawdown Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Trustee, the Paying Agent and the Joint Lead Managers do not represent that this Drawdown Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Trustee, the Paying Agent or the Joint Lead Managers which is intended to permit a public offering of any Notes or distribution of this Drawdown Prospectus in any jurisdiction other than the United Kingdom, Jersey, Guernsey and the Isle of Man. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Drawdown Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Drawdown Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Drawdown Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Drawdown Prospectus and the offer or sale of Notes in the United States, the European Economic Area (including the United Kingdom and Luxembourg), Jersey, Guernsey, the Isle of Man and Japan – see "*Subscription and Sale*" in the Prospectus.

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it (i) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Drawdown Prospectus or any applicable supplement; (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio; (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes where the currency for principal or interest payments is different from the potential investor's currency; (iv) understands thoroughly the terms of the Notes and is familiar with the behaviour of any relevant indices and financial markets; and (v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

All references in this Drawdown Prospectus to **Sterling** and **£** are to pounds sterling and all references to **euro** and **€** are to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union (EU), as amended.

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SUMMARY

This Summary must be read as an introduction to this Drawdown Prospectus and any decision to invest in the Notes should be based on a consideration of this Drawdown Prospectus as a whole, including the documents incorporated by reference. No civil liability will attach to the Issuer in any such Member State in the European Economic Area in respect of this Summary, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Drawdown Prospectus. Where a claim relating to information contained in this Drawdown Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating this Drawdown Prospectus before the legal proceedings are initiated.

Terms and expressions defined in the Conditions shall have the same meaning in this Summary.

Information relating to the Issuer

Issuer: Severn Trent Plc

Business: The Issuer is incorporated as a public limited company with limited liability in England and Wales with registered number 2366619. It is the ultimate holding company of the Severn Trent group of companies (the **Group**) and its ordinary shares are listed on the Official List of the UK Listing Authority and admitted to trading on London Stock Exchange plc's regulated market.

The Issuer provides water and wastewater services in Central England and parts of Wales through its wholly-owned subsidiary, Severn Trent Water Limited (**STWL**). The Group comprises two main business divisions: (i) Severn Trent Water which comprises the regulated water utility in STWL, and (ii) Severn Trent Services, which comprises three main sub-divisions: Water Purification (Products), Operating Services to manage and maintain water and wastewater plants, and Analytical Services in environmental water testing.

Risk Factors:

There are certain factors that may affect the Issuer's ability to fulfil its obligations under the Notes and certain factors which are material for the purpose of assessing the market risks associated with the Notes, including:

- Compliance requirements, particularly changes in law or regulation in the countries, and relating to the types of business, in which the Group operates, could have an adverse effect on the Group's business operations
- The results of the Group's operations are influenced by a number of factors including: achieving its business plan for regulated and unregulated business; and business performance, including the ability to outperform regulatory targets and deliver anticipated cost and efficiency savings
- The failure of the Group's assets, processes or systems could affect its ability to carry out critical operations and could have a significant impact on its financial position and its reputation
- Increased competition in the water industry could result in a reduced customer base and market share and could adversely affect the Group's profitability and its financial position
- External factors, including financial market factors, could adversely impact the Group's financial position including through effects on the Group's pension schemes
- Special administration
- Risks relating to the indexation applicable to the Notes
- Risks relating to changes in interest rates, exchange rates and exchange controls
- The Notes are not protected by the Financial Services Compensation Scheme
- Risks relating to the secondary markets
- Risks relating to modifications, waivers and substitution without the consent of all Noteholders
- Credit ratings may not reflect all risks
- Risks relating to holding CREST Depository Interests

Information relating to the Notes

Joint Lead Managers:	Barclays Bank PLC Investec Bank plc
Distributors:	Barclays Bank PLC Investec Bank plc Barclays Stockbrokers Limited Brewin Dolphin Limited (trading as Stocktrade) Charles Stanley & Company Limited Gerrard Investment Managers Limited Killik & Co LLP NCL Investments Limited (trading as Smith and Williamson Securities) Redmayne-Bentley LLP Talos Securities Limited (trading as Selftrade) Williams de Broë Limited and any other distributors appointed by the Joint Lead Managers
Trustee	The Law Debenture Trust Corporation p.l.c.
Currency:	Pounds sterling
Type of Securities:	Fixed rate, linked to Retail Prices Index (see " <i>Coupon</i> " below)
Issue Price	The Issuer has offered the Notes to the Joint Lead Managers at the initial issue Price of 100 per cent. of the aggregate nominal amount, for distribution via the Distributors.
Issue Size:	The aggregate nominal amount of the Notes to be issued will be determined following the end of the Offer Period and set forth in an announcement (the Final Terms Confirmation Announcement) which will be published by the Issuer.
Maturity Date:	11 July 2022
Coupon:	1.3 per cent. per annum (subject to increase as provided below), in each case subject to indexation.
Coupon step-up:	In the event that another company were to take over, or otherwise assume control of, the Issuer and that change of control had a certain negative impact on credit ratings assigned to the Notes, the coupon shall increase to 2.3 per cent. per annum, subject to indexation, for the remainder of the life of the Notes.
Interest Payment Dates:	Interest will be payable semi-annually on 11 January and 11 July in each year until the Maturity Date, starting on 11 January 2013.
Principal:	The Notes will be repaid at par subject to indexation (provided that such amount shall not be less than par).
Status of the Notes:	The Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of the negative pledge) unsecured

obligations of the Issuer and will rank *pari passu* among themselves and (subject as aforesaid and save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

Negative pledge:

The terms of the Notes will contain a negative pledge provision which restricts the ability of the Issuer to create or permit to subsist certain security interests (such as mortgages, charges, liens or other encumbrances) over the whole or any part of its undertaking or assets to secure payment of relevant indebtedness (being indebtedness in the form of bonds, notes, loan stock or similar securities which are quoted or traded on a stock exchange or other recognised securities market, but excluding certain project finance indebtedness), or guarantees or indemnities in respect thereof, unless the Notes are accorded the same security or such other arrangements are made as the Trustee deems to be not materially less beneficial to the Noteholders or the Noteholders otherwise approve by an Extraordinary Resolution.

Form of Notes:

The Notes are represented by a permanent Global Note which will be delivered to a common depositary for Euroclear and Clearstream. In addition, the Notes will be accepted for settlement in Euroclear UK and Ireland (**CREST**) via the CREST Depositary Interest (**CDI**) mechanism.

Listing and admission to trading:

Application has been made to the UK Listing Authority for the Notes to be admitted to the Official List and to the London Stock Exchange for the Notes to be admitted to trading on the London Stock Exchange's regulated market and through the electronic order book for retail bonds of the London Stock Exchange.

U.S. Selling Restrictions

Regulation S; TEFRA C

Governing Law:

The Notes and the Trust Deed, and any non-contractual obligations arising out of or in connection with the Notes or the Trust Deed will be governed by, and shall be construed in accordance with, English law.

Use of Proceeds:

The estimated net proceeds from the sale of the Notes will be the aggregate nominal amount of the Notes issued multiplied by 99.25 per cent. and will be used for the general corporate purposes of the Group, which include making a profit.

Public Offer:

The Notes may be offered by the Joint Lead Managers and by the distributors to the public in the United Kingdom, Jersey, Guernsey and the Isle of Man between 20 June 2012 and 4 July 2012 (or an alternative date if amended by the Issuer and the Joint Lead Managers).

RISK FACTORS

Prospective Investors should consider carefully the information contained in this Drawdown Prospectus and the documents incorporated by reference prior to making any investment decision with respect to the Notes.

Particular attention of prospective Investors is drawn to the information under the heading "*Risk Factors*" on pages 19 to 28 (inclusive) of the Prospectus. The Issuer believes that these risk factors may affect their ability to fulfil its obligations under the Notes. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

The Issuer believes that the factors described in the Prospectus represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons and the Issuer does not represent that the statements described in the Prospectus regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Drawdown Prospectus and the Prospectus and reach their own views prior to making any investment decision.

DOCUMENTS INCORPORATED BY REFERENCE

The Prospectus (which prospectus constitutes a base prospectus for the purposes of the Prospectus Directive) shall be incorporated into and form part of this Drawdown Prospectus in its entirety, except that the sections in the Prospectus entitled "Summary of the Programme" and "Use of Proceeds" shall not be incorporated into or form part of this Drawdown Prospectus.

Any statement contained in the Prospectus shall be deemed to be modified or superseded for the purpose of this Drawdown Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Drawdown Prospectus.

Any documents incorporated by reference in the Prospectus shall not constitute part of this Drawdown Prospectus.

This Drawdown Prospectus must be read in conjunction with the Prospectus and full information on the Issuer and the offer of the Notes is only available on the basis of the combination of the provisions set out within this document and the Prospectus.

In addition, the audited annual consolidated financial statements of the Issuer for the two financial years ended 31 March 2012 (pages 75 to 127 (inclusive) of the Annual Report and Accounts 2012) and 31 March 2011 (pages 59 to 121 (inclusive) of the Annual Report and Accounts 2011) respectively (including the notes thereto and the auditors' reports prepared in connection therewith) are incorporated by reference in, and form part of, this Drawdown Prospectus.

The documents referred to above have previously been published or is published simultaneously with this Drawdown Prospectus and have been filed with the Financial Services Authority, save that any statement contained in a document which is incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Drawdown Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Drawdown Prospectus.

See "*General Information – Documents available*" in the Prospectus in respect of where copies of documents incorporated by reference are available for inspection.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Drawdown Prospectus shall not form part of this Drawdown Prospectus.

Any part of a document referred to herein that is not incorporated by reference is either deemed not relevant for an investor or is otherwise covered elsewhere in this Drawdown Prospectus.

This Drawdown Prospectus and certain of the documents incorporated by reference herein contain references to certain websites. No such website, nor any information contained on any such website, is incorporated by reference in this Drawdown Prospectus, and such websites and information do not form part of this Drawdown Prospectus.

TERMS AND CONDITIONS OF THE NOTES

The terms and conditions of the Notes shall consist of the "*Terms and Conditions of the Notes*" (including the Annex thereto) set out on pages 59 to 89 of the Prospectus (the **Base Conditions**), as amended and completed by the Final Terms in respect of the Notes as set out below. References in the Prospectus to **Final Terms** shall be deemed to refer to the Final Terms set out below.

Terms used herein but not otherwise defined shall have the meanings given to them in the Prospectus. All references to **Conditions** or to a numbered **Condition** or **paragraph** shall be to the Base Conditions or the relevant numbered Condition or paragraph of the Base Conditions.

FINAL TERMS

20 June 2012

Severn Trent Plc

(incorporated with limited liability in England and Wales with registered number 2366619)

Issue of Sterling-denominated RPI-Linked Notes due July 2022 under the €4,000,000,000 Euro Medium Term Note Programme

The Drawdown Prospectus referred to below (of which these Final Terms form part) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer of the Notes may only do so:

- (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; or
- (ii) in those Public Offer Jurisdiction(s) mentioned in paragraph 36 of part A below, provided such person is one of the persons mentioned in paragraph 36 of part A below and that such offer is made during the Offer Period specified for such purpose therein.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

The expression "**Prospectus Directive**" means Directive 2003/71/EC, as amended.

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions incorporated by reference in the Drawdown Prospectus dated 20 June 2012 (the "**Drawdown Prospectus**"). This document comprises the final terms of the Notes described herein (the "**Final Terms**") and must be read in conjunction with the Drawdown Prospectus and the documents incorporated by reference therein, including the prospectus dated 19 June 2012 relating to the €4,000,000,000 Euro Medium Term Note Programme of Severn Trent Plc (the "**Programme Prospectus**"). Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms, the Drawdown Prospectus and the documents incorporated by reference in the Drawdown Prospectus (including the Programme Prospectus). The Drawdown Prospectus and the documents incorporated by reference therein are available for viewing at, and copies may be obtained during normal business hours from, the registered office of the Issuer at Severn Trent Centre, 2 St. John's Street, Coventry CV1 2LZ, United Kingdom.

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|----|-----------------------------------|-----------------------|
| 1. | Issuer: | Severn Trent Plc |
| 2. | (i) Series Number: | 97 |
| | (ii) Tranche Number: | 1 |
| 3. | Specified Currency or Currencies: | Pounds Sterling ("£") |

4. Aggregate Nominal Amount:
- (i) Series: The aggregate nominal amount of the Notes to be issued (the "**Aggregate Nominal Amount**") will depend, among other things, on the amount of Notes for which indicative offers to subscribe are received during the Offer Period (as defined at paragraph 36 below) and will be specified in an announcement (the "**Final Terms Confirmation Announcement**") to be published shortly after expiration of the Offer Period.
- (ii) Tranche: As per 4(i) above.
5. Issue Price: The Issuer has offered the Notes to the Joint Lead Managers (as defined herein) at the initial issue price of 100 per cent. of the Aggregate Nominal Amount, for distribution via the Authorised Distributors (as defined herein).
6. (i) Specified Denominations: £100
- (ii) Calculation Amount: £100
7. (i) Issue Date: 11 July 2012
- (ii) Interest Commencement Date: Issue Date
8. Maturity Date: 11 July 2022
9. Interest Basis: RPI-Linked Interest
(further particulars specified below)
10. Redemption/Payment Basis: RPI-Linked Redemption
11. Change of Interest Basis or Redemption/Payment Basis: Not Applicable
12. Put/Call Options: Index Redemption Event
13. (i) Status of the Notes: Senior
- (ii) Date Board and Committee approval for issuance of Notes obtained (if applicable): Board: 25 May 2012
Committee: 18 June 2012
14. Method of distribution: Syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15. **Fixed Rate Note Provisions** Not Applicable
16. **Floating Rate Note Provisions** Not Applicable

17.	Zero Coupon Note Provisions	Not Applicable
18.	Index Linked Interest Note Provisions	Applicable
(i)	Index/Formula:	RPI-Linked Interest. The provisions of the Annex to the Terms and Conditions of the Notes apply.
(a)	Index figure applicable to:	Particular month: paragraph (i) of the definition of "Index Figure applicable" applies.
(b)	Base Index Figure:	238.5
(c)	N:	7
(d)	Rate of Interest:	1.3 per cent. per annum., subject to increase in the event of a Coupon Step-up Event as described in the Annex to these Final Terms.
(e)	Reference Gilt:	1.875 per cent. Index-Linked Treasury Stock due November 2022
(ii)	Limited Index Linked Notes:	Not Applicable
(iii)	Calculation Agent:	HSBC Bank plc 8 Canada Square London E14 5HQ
(iv)	Party responsible for calculating the Rate of Interest (if not the Calculation Agent) and Interest Amount (if not the Agent):	Not Applicable
(v)	Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable:	The provisions of paragraphs 1(e), (f) and (g) of the Annex to the Terms and Conditions of the Notes apply.
(vi)	Specified Period(s)/Specified Interest Payment Dates:	11 January and 11 July in each year, from (and including) 11 January 2013 up to (and including) the Maturity Date
(vii)	Business Day Convention:	Not Applicable
(viii)	Additional Business Centre(s):	Not Applicable
(ix)	Minimum Rate of Interest:	Not Applicable
(x)	Maximum Rate of Interest:	Not Applicable
(xi)	Day Count Fraction:	Actual/Actual (ICMA)
(xii)	Determination Date(s)	11 January and 11 July in each year
19.	Dual Currency Interest Note Provisions	Not Applicable

PROVISIONS RELATING TO REDEMPTION

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| 20. | Issuer Call: | Not Applicable |
| 21. | Investor Put: | Not Applicable |
| 22. | Final Redemption Amount: | The amount determined in accordance with paragraph 1(c) of the Annex to the Terms and Conditions of the Notes |
| | (a) Minimum Final Redemption Amount: | £100 per Calculation Amount |
| | (b) Maximum Final Redemption Amount: | Not Applicable |
| 23. | Early Redemption Amount payable on redemption for taxation reasons or on event of default or (if applicable) upon an Index Redemption Event and/or the method of calculating the same (if required or if different from that set out in Condition 6(g)): | As per Condition 6(g) |
| | (a) Minimum Early Redemption Amount: | £100 per Calculation Amount |
| | (b) Maximum Early Redemption Amount: | Not Applicable |
| 24. | Put Event: | Not Applicable |

GENERAL PROVISIONS APPLICABLE TO THE NOTES

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| 25. | (i) Form of Notes: | Permanent Global Note exchangeable for Definitive Notes only upon an Exchange Event |
| | | CREST Depository Interests ("CDIs") representing the Notes may also be issued in accordance with the usual procedures of Euroclear UK & Ireland Limited ("CREST") |
| | (ii) New Global Note: | No |
| 26. | Additional Financial Centre(s) or other special provisions relating to Payment Days: | Not Applicable |
| 27. | Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): | No |
| 28. | Details relating to Partly Paid Notes: amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: | Not Applicable |

29. Details relating to Instalment Notes:
- (i) Instalment Amount(s): Not Applicable
- (ii) Instalment Date(s): Not Applicable
30. Redenomination applicable: Redenomination not applicable
31. Other terms or special conditions: See Annex to these Final Terms

DISTRIBUTION

32. (i) If syndicated, names and addresses of Managers and underwriting commitments:
- Barclays Bank PLC
5 The North Colonnade
Canary Wharf
London E14 4BB
- Investec Bank plc
2 Gresham Street
London EC2V 7QP
- (together, the "**Joint Lead Managers**")
- The Notes will not be underwritten by the Joint Lead Managers.
- (ii) Date of subscription agreement: Expected to be 9 July 2012
- (iii) Stabilising Manager(s) (if any): Not Applicable
33. If non-syndicated, name and address of relevant Dealer: Not Applicable
34. Total commission and concession:
- The Joint Lead Managers will receive fees of 0.25 per cent. of the Aggregate Nominal Amount of the Notes allotted to Specified Authorised Distributors and 0.50 per cent. of the Aggregate Nominal Amount of the Notes allotted to Additional Authorised Distributors. The Specified Authorised Distributors will receive fees of 0.50 per cent. of the aggregate Nominal Amount of the Notes allotted to them and the Additional Authorised Distributors will receive fees of 0.25 per cent. of the aggregate Nominal Amount of the Notes allotted to them.
35. U.S. Selling Restrictions: Reg. S Category 2; TEFRA C

36. Non exempt Offer:

An offer of the Notes may be made by the Joint Lead Managers and the Authorised Distributors (as defined herein) (together with the Joint Lead Managers, the "**Financial Intermediaries**") other than pursuant to Article 3(2) of the Prospectus Directive in the United Kingdom (the "**Public Offer Jurisdiction**") during the period from the time of publication of the Drawdown Prospectus until 12.00 p.m. (London time) on 4 July 2012 (the "**Offer Period**"). The Issuer and the Joint Lead Managers may agree to amend the Offer Period, in which case such amendments will be published via the Regulatory News Service operated by the London Stock Exchange.

See further Paragraph 7 of Part B below.

The Issuer consents to the use of the Drawdown Prospectus (including the documents incorporated by reference therein) in connection with an offer of the Notes only by the Financial Intermediaries, and the Financial Intermediaries are only entitled to use such documents during the Offer Period and only in the jurisdictions referred to in paragraph 7(ix) of Part B below.

37. Additional selling restrictions:

Not Applicable

PURPOSE OF FINAL TERMS

These Final Terms comprise part of the Drawdown Prospectus required for issue and public offer in the Public Offer Jurisdiction and admission to the Official List of the UK Listing Authority and to trading on the London Stock Exchange's regulated market of the Notes described herein pursuant to the €4,000,000,000 Euro Medium Term Note Programme of Severn Trent Plc, Severn Trent Utilities Finance Plc and Severn Trent European Placement S.A.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in the Drawdown Prospectus (including these Final Terms).

Signed on behalf of **Severn Trent Plc**

By:
Duly authorised

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the electronic order book for retail bonds of the London Stock Exchange's regulated market and admission to the Official List of the UK Listing Authority with effect from 11 July 2012.

2. RATINGS

Ratings:

The Notes to be issued are expected to be rated Baa1 by Moody's Investors Service Limited (**Moody's**) and BBB- by Standard & Poor's Credit Market Services Europe Limited (**Standard & Poor's**).

Information currently available on the Standard & Poor's website describes the general meaning of a BBB- rating as follows: "Considered lowest investment grade by market participants".

Information currently available on the Moody's website describes the general meaning of a Baa rating as follows: "Obligations rated Baa are judged to be medium-grade and subject to moderate credit risk and as such may possess certain speculative characteristics." The information also explains that "The modifier 1 indicates that the obligation ranks in the higher end of its generic rating category".

The brief descriptions of the credit ratings given above have been extracted from the websites of Moody's and Standard & Poor's, as applicable, and are generic descriptions for credit ratings assigned by those rating agencies at the stated level. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by Moody's and Standard & Poor's, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Each of Moody's Investors Service Limited and Standard & Poor's Credit Market Services Europe Limited is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (the "CRA Regulation"). As such, each of Moody's Investors Service Limited and Standard & Poor's Credit Market Services Europe Limited is included in the list of credit ratings agencies published by the European Securities and Markets Authority on its website in accordance with the CRA Regulation.

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save as described in "Subscription and Sale" and for any fees payable to the Financial Intermediaries, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer.

4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

- | | | |
|-------|---------------------------|---|
| (i) | Reasons for the offer | The net proceeds of issue of the Notes will be used for the general corporate purposes of the Group, which include making a profit. |
| (ii) | Estimated net proceeds: | The estimated net proceeds will be the aggregated nominal amount of the Tranche multiplied by 99.25 per cent. |
| (iii) | Estimated total expenses: | The estimated total expenses will be specified in the Final Terms Confirmation Announcement. |

5. PERFORMANCE OF INDEX/FORMULA, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING

The Retail Prices Index ("**RPI**") is the most familiar general purpose domestic measure of inflation in the UK. The RPI has been used as a measure of inflation since 1947 and measures the average change from month to month in the prices of goods and services purchased by most households in the UK. The spending pattern on which the RPI is based is revised each year, mainly using information from official expenditure and food surveys.

The RPI is compiled by the UK Office of National Statistics ("**ONS**") using a large and representative selection of approximately 650 separate goods and services for which price movements are regularly measured in approximately 150 areas throughout the UK. Approximately 120,000 separate price quotations are used each month in compiling the RPI. The UK Government currently uses the RPI for its own existing inflation-linked bonds. If the prices rise compared to the previous month, the RPI goes up and if prices fall compared to the previous month, the RPI goes down. It takes two or three weeks for the ONS to compile the RPI, so they publish each month's RPI figure during the following month (e.g. the figure relating to March will be published in April). The RPI figures used in the calculation of interest payments on the Notes and the redemption amount of the Notes are numerical representations of where prices on a list of items bought by an average family stand at a point in time, in relation to their past values.

More information on the RPI, including past and current levels and its volatility, can be found at the following website: www.statistics.gov.uk/hub/economy/prices-output-and-productivity/price-indices-and-inflation.

Movements in the RPI are used to measure the effect of inflation on both the interest on, and the redemption amount of, the Notes as described herein. In particular, an aggregate increase in RPI over the reference period applicable to a particular interest payment would increase the amount of such interest payment, and an aggregate increase in RPI over the reference period applicable to repayment of the principal amount of the Notes at maturity would increase the redemption amount payable. Conversely, a decrease in RPI over the reference period applicable to a particular interest payment would decrease the amount of such interest payment. An aggregate decrease in RPI over the reference period applicable to repayment of the principal amount at

maturity of the Notes would not decrease the redemption amount payable at maturity, since the minimum redemption amount payable will be 100 per cent. of the principal amount of the Notes.

The Issuer does not intend to provide post-issuance information.

6. OPERATIONAL INFORMATION

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|-------|--|--|
| (i) | ISIN Code: | XS0796078193 |
| (ii) | Common Code: | 079607819 |
| (iii) | Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): | The Notes will settle in Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme. The Notes will also be made eligible for CREST via the issue of CDIs representing the Notes. |
| (iv) | Delivery: | Delivery against payment |
| (v) | Names and addresses of additional Paying Agent(s) (if any): | Not Applicable |
| (vi) | Intended to be held in a manner which would allow Eurosystem eligibility: | No |

7. TERMS AND CONDITIONS OF THE OFFER

- | | | |
|-------|---|---|
| (i) | Offer Price: | The Notes will be issued at the Issue Price. Any investor intending to acquire any Notes from a bank, financial intermediary or other entity (including an Authorised Distributor) will do so at the Issue Price subject to and in accordance with any terms and other arrangements in place between the seller or distributor and such investor, including as to price, allocations and settlement arrangements. The Issuer is not party to such arrangements with investors and accordingly investors must obtain such information from the relevant seller or distributor. The Issuer has no responsibility to an investor for such information. |
| (ii) | Conditions to which the offer is subject: | The issue of the Notes will be conditional upon the Subscription Agreement being signed by the Issuer and the Joint Lead Managers and subject to the terms of the Subscription Agreement which will in certain circumstances entitle the Joint Lead Managers to be released and discharged from their obligations under the Subscription Agreement prior to the issue of the Notes. |
| (iii) | Description of the application process: | Applications to purchase Notes cannot be made directly to the Issuer. Notes will be issued to the investors in accordance with the arrangements in place between the seller or distributor and such investor, including as to application process, |

allocations and settlement arrangements.

Investors will be notified by the relevant Joint Lead Manager or Authorised Distributor of their allocations of Notes and the settlement arrangements in respect thereof as soon as practicable after the Final Terms Confirmation Announcement is made, which may be after the Offer Period has ended.

After the closing time and date of the Offer Period no Notes will be offered for sale (i) by or on behalf of the Issuer or (ii) by the Joint Lead Managers and/or any Authorised Distributor (in their respective capacities as Joint Lead Managers or Authorised Distributors) except with the consent of the Issuer.

Investors may not be allocated all of the Notes for which they apply.

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|--------|--|---|
| (iv) | Details of the minimum and/or maximum amount of application: | The minimum subscription per investor is £2,000 in nominal amount of the Notes. |
| (v) | Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants: | There will be no refund as investors will not be required to pay for any Notes until any application for Notes has been accepted and the Notes allotted. |
| (vi) | Details of the method and time limits for paying up and delivering the Notes: | The Notes will be issued on the Issue Date against payment to the Issuer by the Joint Lead Managers of the subscription moneys (less any amount of commission that the Issuer and the Joint Lead Managers agree should be deducted from the subscription moneys). Investors will be notified by their relevant Joint Lead Manager or relevant Authorised Distributor of their allocations of Notes (if any) and the settlement arrangements in respect thereof. |
| (vii) | Manner in and date on which results of the offer are to be made public: | The results of the offer will be specified in the Final Terms Confirmation Announcement published by the Issuer after the Offer Period via a Regulatory Information Service (expected to be the Regulatory News Service operated by the London Stock Exchange) prior to the Issue Date; such announcement is currently expected to be made on or around 4 July 2012. |
| (viii) | Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised: | Not Applicable |
| (ix) | Categories of potential investors to | Notes will be offered by the Joint Lead Managers |

- | | |
|--|--|
| <p>which the Notes are offered and whether tranche(s) have been reserved for certain countries:</p> | <p>and the Authorised Distributors to the public in the United Kingdom, Jersey, Guernsey and the Isle of Man during the Offer Period.</p> |
| <p>(x) Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:</p> | <p>Investors will be notified by their relevant Joint Lead Manager or Authorised Distributor of their allocations of Notes (if any). No arrangements have been put in place by the Issuer as to whether dealings may begin before such notification is made. Accordingly, whether investors can commence dealing before such notification will be as arranged between the relevant investor and the relevant Joint Lead Manager or Authorised Distributor.</p> |
| <p>(xi) Amount of any expenses and taxes specifically charged to the subscriber or purchaser:</p> | <p>No such expenses or taxes upon issue will be allocated by the Issuer to any investor. Any investor intending to acquire any Notes from a bank, financial intermediary or other entity (including an Authorised Distributor) other than a Joint Lead Manager in its capacity as such will do so in accordance with any terms and other arrangements in place between the seller or distributor and such investor, including as to price, allocations and settlement arrangements. Neither the Issuer nor either of the Joint Lead Managers are party to such arrangements with investors and accordingly investors must obtain such information from the relevant seller or distributor. Neither the Issuer nor the Joint Lead Managers have any responsibility to an investor for such information.</p> |
| <p>(xii) Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place.</p> | <p>Barclays Bank PLC
5 The North Colonnade
Canary Wharf
London E14 5LB</p> <p>Investec Bank plc
2 Gresham Street
London EC2V 7QP</p> <p>Barclays Stockbrokers Limited
1 Churchill Place
London E14 5HP</p> <p>Brewin Dolphin Limited (trading as Stocktrade)
12 Smithfield Street,
London EC1A 9BD</p> <p>Charles Stanley & Company Limited
25 Luke Street
London EC2A 4AR</p> <p>Gerrard Investment Managers Limited
1 Churchill Place</p> |

London E14 5HP

Killik & Co LLP
46 Grosvenor Street
London W1K 3HN

NCL Investments Limited (trading as Smith and
Williamson Securities)
25 Moorgate
London EC2R 6AY

Redmayne-Bentley LLP
9 Bond Court
Leeds LS1 2JZ

Talos Securities Limited (trading as Selftrade)
Boatman's House
2 Selsdon Way
London E14 9LA

Williams de Broë Limited
100 Wood Street
London EC2V 7AN

who, as at the date of the Drawdown Prospectus, are the specified authorised distributors who have each been appointed by the Issuer and the Joint Lead Managers to offer and distribute the Notes purchased from the Joint Lead Managers to the public in the United Kingdom, Jersey, Guernsey and the Isle of Man in accordance with all prevailing regulatory requirements during the Offer Period (together, the **"Specified Authorised Distributors"**).

Further Specified Authorised Distributors may be appointed with the prior written consent of the Issuer during the Offer Period and, if so, the Issuer will announce such appointment via the Regulatory News Service operated by the London Stock Exchange and on its website and such further Specified Authorised Distributors will be identified as such in the Final Terms Confirmation Announcement.

In addition to the Specified Authorised Distributors, the Joint Lead Managers may appoint additional distributors to offer and distribute the Notes purchased from the Joint Lead Managers to the public in the United Kingdom, Jersey, Guernsey and the Isle of Man in accordance with all prevailing regulatory requirements during the Offer Period (the **"Additional Authorised Distributors"** and, together with the Specified Authorised Distributors, the **"Authorised Distributors"**).

Additional Authorised Distributors will be appointed upon the execution by the relevant Additional Authorised Distributor of a distribution agreement with the Joint Lead Managers (such distribution agreement containing, *inter alia*, an indemnity provided to the Issuer in relation to breach by the relevant Additional Authorised Distributor of its terms). Each Additional Authorised Distributor will be required to publish on its website the fact that the Issuer has consented to its use of the Drawdown Prospectus (including the documents incorporated by reference therein) as a Financial Intermediary in connection with the offer of the Notes during the Offer Period.

Neither the Issuer nor any Joint Lead Manager has authorised, nor will they authorise, the making of any other offer of the Notes in any other circumstances.

- (xiii) Name(s) and address(es) of the entities which have a firm commitment to act as intermediaries in secondary market trading, providing liquidity through bid and offer rates and description of the main terms of its/their commitment.

Barclays Bank PLC and Investec Bank plc will be appointed as registered market makers through ORB (www.londonstockexchange.com/exchange/prices-and-markets/retail-bonds/retail-bonds-search.html) when the Notes are issued. Market-making will be supported by Barclays Bank PLC on the bondscape platform (www.bondscape.net)

ANNEX

Coupon Step-up Event

1. DEFINITIONS

For the purposes of this Annex and the Notes:

a "**Coupon Step-up Event**" will be deemed to occur if a Change of Control has occurred and:

- (i) on the date (the "**Relevant Announcement Date**") that is the earlier of (1) the date of the first public announcement of the relevant Change of Control and (2) the date of the earliest Relevant Potential Change of Control Announcement (if any), the Notes carry from any Rating Agency (as defined below):
 - (A) an investment grade credit rating (an "**Investment Grade Rating**", being (in the case of Moody's) Baa3 and (in the case of Standard & Poor's) BBB-, or, in the case of any Rating Agency, an equivalent, or better credit rating), and such rating from any Rating Agency is, within the Change of Control Period, either downgraded to a non-investment grade credit rating (Ba1/BB+, or equivalent, or worse) (a "**Non-Investment Grade Rating**") or withdrawn and is not, within the Change of Control Period, subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to (in either case) an Investment Grade Rating by such Rating Agency; or
 - (B) a Non-Investment Grade Rating and such rating from any Rating Agency is, within the Change of Control Period, either downgraded by one or more notches (by way of example, Baal to Baa2 being one notch) or withdrawn and is not, within the Change of Control Period, subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to (in either case) its earlier credit rating or better by such Rating Agency; or
 - (C) no credit rating and a Negative Rating Event occurs within the Change of Control Period,(provided that if at the time of the occurrence of the Change of Control the Notes carry a credit rating from more than one Rating Agency, at least one of which is investment grade, then sub-paragraph (A) above will apply); and
- (ii) in making any decision to downgrade or withdraw a credit rating pursuant to paragraphs (A) and (B) above or not to award a credit rating of at least an Investment Grade Rating as described in paragraph (ii) of the definition of Negative Rating Event, the relevant Rating Agency announces publicly or confirms in writing to the Issuer or the Trustee that such decision(s) resulted, in whole or in part, from the occurrence of the Change of Control or the Relevant Potential Change of Control Announcement;

a "**Change of Control**" will be deemed to have occurred if:

- (i) any person or any persons acting in concert (as defined in the City Code on Takeovers and Mergers), other than a holding company (as defined in Section 1159 of the Companies Act 2006 as amended) whose shareholders are or are to be substantially similar to the pre-existing shareholders of the Issuer or of any direct or indirect holding company of the Issuer,

shall become interested (within the meaning of Part 22 of the Companies Act 2006) in (A) more than 50 per cent. of the issued or allotted ordinary share capital of the Issuer or (B) shares in the capital of the Issuer carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of the Issuer; or

- (ii) any person or any persons acting in concert (as defined in the City Code on Takeovers and Mergers), other than a holding company (as defined in Section 1159 of the Companies Act 2006 as amended) whose shareholders are or are to be substantially similar to the pre-existing shareholders of the Issuer or of any direct or indirect holding company of the Issuer, shall become interested (within the meaning of Part 22 of the Companies Act 2006) in (A) more than 50 per cent. of the issued or allotted ordinary share capital of any direct or indirect holding company of the Issuer or (B) shares in the capital of any direct or indirect holding company of the Issuer carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of any such direct or indirect holding company of the Issuer;

"Change of Control Period" means the period commencing on the Relevant Announcement Date and ending 90 days after the Change of Control (or such longer period for which the Notes are under consideration (such consideration having been announced publicly within the period ending 90 days after the Change of Control) for rating review or, as the case may be, rating by a Rating Agency, such period not to exceed 60 days after the public announcement of such consideration);

a **"Negative Rating Event"** shall be deemed to have occurred if at such time as there is no rating assigned to the Notes by a Rating Agency (i) the Issuer does not, either prior to, or not later than 21 days after, the occurrence of the Change of Control seek, and thereafter throughout the Change of Control Period use all reasonable endeavours to obtain, a rating of the Notes, or any other unsecured and unsubordinated debt of the Issuer or (ii) if the Issuer does so seek and use such endeavours, it is unable to obtain an Investment Grade Rating by the end of the Change of Control Period;

"Rating Agency" means each of Moody's Investors Service Limited ("**Moodys**") and Standard & Poor's Credit Market Services Europe Limited ("**Standard & Poor's**"), any successor(s) thereto or any rating agency substituted for any of them by the Issuer from time to time with the prior written approval of the Trustee; and

"Relevant Potential Change of Control Announcement" means any public announcement or statement by or on behalf of the Issuer, any actual or potential bidder or any adviser acting on behalf of any actual or potential bidder relating to any potential Change of Control where within 180 days following the date of such announcement or statement, a Change of Control occurs.

2. COUPON STEP-UP EVENT

- 2.1 In the event of the occurrence of a Coupon Step-up Event, the Rate of Interest payable on the Notes shall increase from 1.3 per cent. per annum to 2.3 per cent. per annum. from (and including) the first Interest Payment Date following the last date of the Change of Control Period.
- 2.2 The Issuer shall use all reasonable efforts to maintain credit ratings for its senior unsecured long-term debt from the Rating Agencies. If, notwithstanding such reasonable efforts, either Rating Agency fails to or ceases to assign a credit rating to the Issuer's senior unsecured long-term debt, the Issuer shall use all reasonable efforts to obtain a credit rating of its senior unsecured long-term debt from a substitute rating agency that shall be a statistical rating agency of recognised standing, and references in this Condition to a Rating Agency or the credit ratings thereof, shall be to such substitute rating agency or, as the case may be, the equivalent credit ratings thereof.

- 2.3 The Issuer will cause the occurrence of a Coupon Step-up Event to be notified to the Trustee and the Agent and notice thereof to be published in accordance with Condition 13 as soon as possible after the occurrence of the Coupon Step-up Event but in no event later than the fifth London Business Day thereafter.
- 2.4 A Coupon Step-up Event shall occur (if at all) not more than once in respect of Notes.

GENERAL INFORMATION

(1) Listing and Admission to Trading

Application has been made to the UK Listing Authority in its capacity as competent authority under the FSMA to approve this document as a drawdown prospectus for the purposes of the Prospectus Directive. Application has also been made to the London Stock Exchange for the Notes to be admitted to trading on the London Stock Exchange's regulated market and through the electronic order book for retail bonds (ORB) of the London Stock Exchange and to be listed on the Official List of the UK Listing Authority.

(2) Documents Available

For a period of 12 months following the date of this Drawdown Prospectus, copies of this Drawdown Prospectus are available during normal office hours from the registered office of each Issuer and from the specified offices of the Paying Agents and this Drawdown Prospectus shall also be available on the website of the Regulatory News Service operated by the London Stock Exchange at www.londonstockexchange.com/rns. For the avoidance of doubt, the contents of this website are not incorporated in, and do not form part of, this Drawdown Prospectus.

(3) Significant or Material Change

There has been no significant change in the financial or trading position of the Issuer and its subsidiaries taken as a whole since 31 March 2012. There has been no material adverse change in the prospects of the Issuer and its subsidiaries taken as a whole since 31 March 2012.

(4) Litigation

Neither the Issuer nor any other member of the Group is or has been involved in any legal, governmental or arbitration proceedings (including any proceedings which are pending or threatened of which any of the Issuer is aware) which may have or have had in the 12 months preceding the date of this document a significant effect on the financial position or profitability of the Issuer or the Group.

THE ISSUER

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Coventry CV1 2LZ

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London EC2V 7EX

THE AGENT

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8 Canada Square
London E14 5HQ

PAYING AGENTS

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anonyme**
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L -2953 Luxembourg

HSBC Bank plc
8 Canada Square
London E14 5HQ

JOINT LEAD MANAGERS

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5 The North Colonnade
Canary Wharf
London E14 4BB

Investec Bank plc
2 Gresham Street
London EC2V 7QP

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To the Issuer as to English law

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*To the Joint Lead Managers and the Trustee as to
English law*

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