

16 July 2001

Severn Trent Water Utilities Finance Plc

Issue of £25,000,000 Index Linked Notes due 2024

Guaranteed by Severn Trent Water Limited

under the €2,500,000,000

Euro Medium Term Note Programme

The Notes constitute longer term debt securities issued in accordance with regulations made under section 4 of the Banking Act 1987. The Issuer of the Notes is not an authorised institution or a European authorised institution (as such terms are defined in the Banking Act 1987 (Exempt Transactions) Regulations 1997). Repayment of the principal and payment of any interest or premium in connection with the Notes has been guaranteed by Severn Trent Water Limited, which is not an authorised institution or a European authorised institution.

This document constitutes the Pricing Supplement relating to the issue of Notes described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Circular dated 18 December, 2000. This Pricing Supplement is supplemental to and must be read in conjunction with such Offering Circular and the Supplemental Listing Particulars dated 13 February 2001.

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| 1. | (i) | Issuer: | Severn Trent Water Utilities Finance Plc |
| | (ii) | Guarantor: | Severn Trent Water Limited |
| 2. | (i) | Series Number: | 27 |
| | (ii) | Tranche Number: | 1 |
| 3. | | Specified Currency or Currencies: | Pounds sterling ("£") |
| 4. | | Aggregate Nominal Amount: | |
| | (i) | Series: | £25,000,000 |
| | (ii) | Tranche: | £25,000,000 |
| 5. | (i) | Issue Price: | 100 per cent. of the Aggregate Nominal Amount of the Tranche |
| | (ii) | Net proceeds: | £24,930,800 |
| 6. | | Specified Denominations: | £100,000 |
| 7. | | Issue Date and Interest Commencement Date: | 17 July 2001 |

8.	Maturity Date:	17 July 2024
9.	Interest Basis:	Index Linked Interest (further particulars specified below)
10.	Redemption/Payment Basis:	Index Linked Redemption (further particulars specified below)
11.	Change of Interest Basis or Redemption/ Payment Basis:	Not Applicable
12.	Put/Call Options:	Issuer Call - See Annex 1
13.	(i) Status of the Notes:	Senior
	(ii) Status of the Guarantee:	Senior
14.	Listing:	London
15.	Method of distribution:	Non-syndicated

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

16.	Fixed Rate Note Provisions	Not Applicable
17.	Floating Rate Note Provisions	Not Applicable
18.	Zero Coupon Note Provisions	Not Applicable
19.	Index Linked Interest Note Provisions	Applicable
	(i) Index/Formula:	See Annex 1
	(ii) Calculation Agent responsible for calculating the principal and/or interest due:	Barclays Bank PLC
	(iii) Provisions for determining coupon where calculation by reference to Index and/or Formula is impossible or impracticable:	See Annex 1
	(iv) Specified Period(s)/Specified Interest Payment Dates:	17 January and 17 July in each year commencing 17 January 2002
	(v) Business Day Convention:	Not Applicable

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| (vi) | Additional Business Centre(s): | Not Applicable |
| (vii) | Minimum Rate of Interest: | Not Applicable |
| (viii) | Maximum Rate of Interest: | Not Applicable |
| (ix) | Day Count Fraction: | The Day Count Fraction "Actual/Actual (ISMA)" as defined in Condition 4(a) shall apply to the Notes |

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| 20. | Dual Currency Note Provisions | Not Applicable |
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PROVISIONS RELATING TO REDEMPTION

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| 21. | Issuer Call: | Applicable - See Annex 1 |
| 22. | Investor Put: | Not Applicable |
| 23. | Final Redemption Amount | See Annex 1 |
| 24. | Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 6(f)): | See Annex 1 |
| 25. | Put Event: | Not Applicable |

GENERAL PROVISIONS APPLICABLE TO THE NOTES

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| 26. | Form of Notes: | Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes only upon an Exchange Event |
| 27. | Additional Financial Centre(s) or other special provisions relating to Payment Dates: | Not Applicable |
| 28. | Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): | Talon maturing on the Interest Payment Date on which the final coupon attached to the Note is presented in accordance with the Conditions. |

29. Details relating to Partly Paid Notes: Not Applicable
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:
30. Details relating to Instalment Notes:
- (i) Instalment Amount(s): Not Applicable
- (ii) Instalment Date(s): Not Applicable
31. Redenomination applicable: Redenomination not applicable
32. Other terms or special conditions: Not Applicable

DISTRIBUTION

33. (i) If syndicated, names of Managers: Not Applicable
- (ii) Stabilising Manager (if any): Barclays Bank PLC
34. If non-syndicated, name of relevant Dealer: Barclays Bank PLC
35. Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: TEFRA D
36. Additional selling restrictions: Not Applicable

OPERATIONAL INFORMATION

37. Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s): Not Applicable
38. Delivery: Delivery against payment
39. Additional Paying Agent(s) (if any): Not Applicable
40. The Issuer confirms that it:
- (a) has complied with its obligations under the relevant rules (as defined in the Banking Act 1987 (Exempt Transactions) Regulations 1997) in relation to the admission to and continuing listing of the Programme and of any previous issues made under it and listed on the same exchange as the Programme;

- (b) will have complied with its obligations under the relevant rules in relation to the admission to listing of the Notes by the time when the Notes are so admitted; and
- (c) has not, since the last publication, if any, in compliance with the relevant rules of information about the Programme, any previous issues made under it and listed on the same exchange as the Programme, or the Notes, having made all reasonable enquiries, become aware of any change in circumstances which could reasonably be regarded as significantly and adversely affecting its ability to meet its obligations as Issuer in respect of the Notes as they fall due.

ISIN: XS0131127200

Common Code: 013112720

LISTING APPLICATION

This Pricing Supplement comprises the details required to list the issue of Notes described herein pursuant to the listing of the €2,500,000,000 Euro Medium Term Note Programme of Severn Trent Plc and Severn Trent Water Utilities Finance Plc.

RESPONSIBILITY

The Issuer and the Guarantor accept responsibility for the information contained in this Pricing Supplement.

Signed on behalf of the Issuer:

By: 

Duly authorised

Tom Jack
Group Treasurer

Signed on behalf of the Guarantor:

By: 

Duly authorised

Mark Wilson
Finance Regulation
& Planning Director

Annex 1

The following additional terms and conditions apply:

1 Principal, Interest and Other Calculations

- (a) Payment of principal on the Notes will be subject to adjustment for indexation in the manner set out in paragraph 2 below.
- (b) The Rate of Interest applicable to the Notes for an Interest Period will be 3.992 per cent. per annum subject to adjustment for indexation in the manner set out in paragraph 2 below, payable semi-annually in arrear.

2 Indexation

- (a) Definitions

"Index" or **"Index Figure"** means, subject as provided in paragraph 2(d) below, the United Kingdom Retail Price Index (RPI) (for all items) published by the Central Statistical Office (January 1987 = 100 (or any substitute therefor, (the **"Base"**))) or any comparable index which may replace the United Kingdom Retail Price Index for the purpose of calculating the amount payable on repayment of the Reference Gilt. Any reference to the Index Figure applicable to a particular month shall, subject as provided in paragraph 2(d) and (f), be construed as a reference to the Index Figure published in the seventh month prior to that particular month and relating to the month before that of publication.

"Limited Index Ratio" means (a) in respect of the months in which the Issue Date and the first Interest Payment Date fall, one; (b) in respect of any Limited Indexation Month thereafter (the **"Relevant Limited Indexation Month"**), the product of the Limited Indexation Factor for the Relevant Limited Indexation Month and the Limited Index Ratio as previously calculated in respect of the Limited Indexation Month falling twelve months prior to the Relevant Limited Indexation Month; and (c) in respect of any other month, the Limited Index Ratio as previously calculated in respect of the most recent Limited Indexation Month (or, if none, one).

"Limited Indexation Factor" means, in respect of a Limited Indexation Month, the ratio of the Index Figure applicable to that month divided by the Index Figure applicable to the month twelve months prior thereto provided that (a) if such ratio is greater than 1.05, it shall be deemed to be equal to 1.05 and (b) if such ratio is less than 1.0, it shall be deemed to be equal to 1.0.

"Limited Indexation Month" means January and July.

"Reference Gilt" means the 2.50 per cent. Index Linked Treasury Stock due 2024 for so long as such stock is in issue, and thereafter such issue of index linked Treasury Stock determined to be appropriate by a gilt-edged market maker or other adviser selected by the Issuer and approved by the Trustee (an **"Indexation Adviser"**).

- (b) Rate of Interest

The Rate of Interest in respect of an Interest Period shall be 3.992 per cent. per annum multiplied by the Limited Index Ratio applicable to the month in which such payment falls to be made and rounded to four decimal places (0.00005 being rounded upwards).

- (c) Optional Redemption Amount, Early Redemption Amount and Final Redemption Amount (each, a **"Redemption Amount"**)

The Redemption Amount applicable to the Notes shall be the Principal Amount of such Notes multiplied by the Limited Index Ratio applicable to the month in which such Redemption Amount falls to be made and rounded to four decimal places (0.00005 being rounded upwards).

(d) Changes in Circumstances affecting the Index

- (i) Change in Base: If at any time and from time to time the Index is changed by the substitution of a new Base therefor, then with effect from the calendar month from, and including, that in which such new Base is first published or such substitution is expressed to take effect (the "**Substitution Month**") (1) the definition of "Index" and "Index Figure" in paragraph 2(a) shall be deemed to refer to the new date or month in substitution for January 1987 (or, as the case may be, to such other date or month as may have been previously substituted therefor) and (2) it will be necessary to calculate and use a notional Index Figure in substitution for the published Index Figure for any month falling thereafter and by reference to which the Limited Index Factor will be calculated. This notional Index Figure will be calculated by multiplying the published Index Figure by a fraction equal to the Index Figure on the old base for the Substitution Month divided by the Index Figure on the new base for the Substitution Month. This procedure will be applied with respect to each occasion on which such substitution is made during the life of the Notes.
- (ii) Delay in Publication of Index: If the Index Figure which is normally published in the seventh month before the month in which a payment is due to be made and which relates to the eighth month (the "**relevant month**") before the month in which a payment is due to be made is not published on or before the fourteenth business day before the date on which such payment is due (the "**date for payment**"), the Index Figure applicable to the month in which the date of payment falls shall be (1) such substitute index figure (if any) as the Trustee considers to have been published by the Bank of England for the purposes of indexation of payments on the Reference Gilt or, failing such publication, on any one or more issues of index-linked Treasury Stock selected by an Indexation Adviser and approved by the Trustee or (2) if no such determination is made by such Indexation Adviser within 7 days, the Index Figure last published (or, if later, the substitute Index Figure last determined pursuant to paragraph 2(d)(i)) before the date for payment;

(e) Application of Changes

Where the provisions of paragraph 2(d)(ii) apply, the determination of the Indexation Adviser as to the Index Figure applicable to the month in which the date of payment falls shall be conclusive and binding. If, an Index Figure having been applied pursuant to paragraph 2(d)(ii)(2), the Index Figure relating to the relevant month is subsequently published while a Note is still outstanding then:-

- (i) In relation to a payment of interest in respect of such Note other than upon redemption of such Note, the interest next payable after the date of such subsequent publication shall be increased or reduced by an amount equal to (respectively) the shortfall or excess of the amount of the relevant payment made on the basis of the Index Figure applicable by virtue of paragraph 2(d)(ii)(2), below or above the amount of the relevant payment that would have been due if the Index Figure subsequently published had been published on or before the fourteenth business day before the date for payment; and
- (ii) In relation to a payment of principal or interest upon redemption, no subsequent adjustment to amounts will be made.

- (f) Cessation of, or Fundamental Change to, the Index:
- (i) If (1) the Trustee has been notified by the Calculation Agent that the Index has ceased to be published or (2) any changes made to the coverage or the basic calculation of the Index constitute a fundamental change which would, in the opinion of the Trustee acting solely on the advice of the Indexation Adviser, be materially prejudicial to the interests of the Noteholders, the Trustee will give written notice of such occurrence to the Issuer, and the Issuer and the Trustee together shall seek to agree for the purpose of the Notes one or more adjustments to the Index or a substitute index (with or without adjustments) with the intention that the same should leave the Issuer and the Noteholders in no better and no worse a position than they would have been had the Index not ceased to be published or a relevant fundamental change not been made.
 - (ii) If the Issuer and the Trustee fail to reach agreement as mentioned above within 20 business days following the giving of notice as mentioned in paragraph 2(f)(i), a bank or other person in London shall be appointed by the Issuer and the Trustee, or, failing agreement on a making of such appointment within 20 business days following the expiry of the 20 business day period referred to above, by the Trustee (in each case, such bank or other person so appointed being referred to as the "**Expert**"), to determine for the purpose of the Notes one or more adjustments to the Index or a substitute Index (with or without adjustments) with the intention the same should leave the Issuer and Noteholders in no better and no worse a position than they would have been had the Index not ceased to be published or had the relevant fundamental change not been made. Any Expert so appointed shall act as an expert and not as an arbitrator and all fees, costs and the expenses of the Expert and of any Indexation Adviser and of the Issuer and Trustee in connection with such appointment shall be borne by the Issuer.
 - (iii) If the Index is adjusted or replaced by a substitute Index as agreed by the Issuer and the Trustee or as determined by the Expert pursuant to the foregoing paragraphs and references in these provisions to the Index and to any Index Figure shall be deemed amended in such manner as the Issuer and Trustee agree are appropriate to give effect to such adjustment or replacement. Such amendments shall be effective from the date of such notification and binding upon the Issuer, the Trustee and Noteholders, and the Issuer shall give notice to the Noteholders in accordance with Condition 13 of such amendments as promptly as practicable following such notification.
 - (iv) If the Expert fails to determine the necessary adjustment to the Index or a substitute Index as mentioned above within 20 business days following its appointment, the Index figure applicable for the relevant month shall be the Index figure most recently published prior to such month.
 - (v) If, an Index Figure having been applied pursuant to paragraph 2(f)(iv) above, the Index Figure relating to the relevant month is subsequently determined pursuant to paragraph 2(f) while a Note is still outstanding then:-
 - (a) In relation to a payment of interest in respect of such Note other than upon redemption of such Note, the interest next payable after the date of such subsequent publication shall be increased or reduced by an amount equal to (respectively) the shortfall or excess of the amount of the relevant payment made on the basis of the Index figure applicable by virtue of paragraph 2(f)(iv), below or above the amount of the relevant payment that would have been due if the Index

Figure subsequently published had been published on or before the fourteenth business day before the date for payment; and

- (b) In relation to a payment of principal or interest upon redemption, no subsequent adjustment to amounts will be made.

3 Redemption for Index Events - Issuer Call

Upon the occurrence of any Index Event (as defined below), the Issuer may, upon giving not more than 60 nor less than 30 days notice to the Trustee and the Noteholders in accordance with Condition 13, redeem all (but not some only) of the Notes on any Interest Payment Date being the Optional Redemption Date at the Optional Redemption Amount of the Notes plus accrued but unpaid interest adjusted in respect of indexation in accordance with these provisions. Before giving any such notice, the Issuer shall provide to the Trustee a certificate signed by an authorised signatory of the Issuer (a) stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (b) confirming that the Issuer will have sufficient funds on such Optional Redemption Date to effect such redemption.

"Index Event" means (i) if the Index Figure for three consecutive months falls to be determined on the basis of an Index Figure previously published as provided in paragraph 2(d)(ii) or 2(f)(iv) and the Trustee has been notified by the Calculation Agent that publication of the Index has ceased or (ii) notice is published by Her Majesty's Treasury, or on its behalf, following a change in relation to the Index, offering a right of redemption to the holders of the Reference Gilt, and (in either case) no amendment or substitution of the Index has been advised by the Indexation Adviser to the Issuer and such circumstances are continuing.