
PRICING SUPPLEMENT

19th July 2001

Severn Trent Water Utilities Finance Plc

Issue of £60,000,000 Variable Coupon Variable Redemption Amount Index-linked Notes due 2028

**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 18th December, 2000. This Pricing Supplement is supplemental to and must be read in conjunction with such Offering Circular.

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| 1. | (i) | Issuer: | Severn Trent Water Utilities Finance Plc |
| | (ii) | Guarantor: | Severn Trent Water Limited |
| 2. | (i) | Series Number: | 24 |
| | (ii) | Tranche Number: | 3 |
| | | | The Notes become fungible with Series Number 24, Tranche Numbers 1 and 2, on or about 29 August 2001. |
| 3. | | Specified Currency or Currencies: | Pounds Sterling ("£") |
| 4. | | Aggregate Nominal Amount: | |
| | (i) | Series: | £100,000,000
(Increase from £40,000,000 to £100,000,000) |
| | (ii) | Tranche: | £60,000,000 |

5.	(i)	Issue Price:	102.793 per cent. plus an amount corresponding 0.52597826 per cent. of the Aggregate Nominal Amount of the Tranche.
	(ii)	Net proceeds:	£61,991,386.96
6.		Specified Denominations:	£10,000 £100,000
7.	(i)	Issue Date:	19 th July 2001
	(ii)	Interest Commencement Date (if different from the Issue Date):	30 th May 2001
8.		Maturity Date:	30 th May 2028 (see Appendix)
9.		Interest Basis:	Index Linked Interest
10.		Redemption/Payment Basis:	Redemption at par, subject to indexation as provided in Condition 4(f)(i) (see Appendix)
11.		Change of Interest Basis or Redemption/ Payment Basis:	Not Applicable
12.		Put/Call Options:	Issuer Call (see Appendix), see Condition 6(e)
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 Appendix
	(ii)	Calculation Agent responsible for calculating the principal and/or interest due:	Credit Suisse First Boston International

(iii)	Provisions for determining coupon where calculation by reference to Index and/or Formula is impossible or impracticable:	See Appendix
(iv)	Specified Period(s)/Specified Interest Payment Dates:	Not Applicable/see Appendix
(v)	Business Day Convention:	Following Business Day Convention.
(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:	See Appendix
20.	Dual Currency Note Provisions	Not Applicable

PROVISIONS RELATING TO REDEMPTION

21.	Issuer Call:	Applicable
(i)	Optional Redemption Date:	On and after 30 th May 2004
(ii)	Optional Redemption Amount(s) and method, if any, of calculation of such amount(s):	See Appendix
(iii)	If redeemable in part:	
(a)	Minimum Redemption Amount:	£5,000,000
(b)	Higher Redemption Amount:	(If higher than the Minimum Redemption Amount) an integral multiple of £1,000,000
(iv)	Notice period (if other than as set out in the Conditions):	As provided in Condition 6(c)
22.	Investor Put:	Not Applicable
23.	Final Redemption Amount	Par, subject to indexation as provided in Condition 4(f)(i) (see Appendix)

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| 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)): | Par, subject to indexation as provided in Condition 4(f)(i) (see Appendix) |
| 25. | Put Event: | Applicable. On the occurrence of a Put Event the Notes shall be redeemed at the Event Put Amount in accordance with Condition 6(e). The Event Put Amount shall be Par, subject to indexation as provided in Condition 4(f)(i) (see Appendix) |

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): | Yes. One Talon to be attached in respect of interest falling due after May 2014 |
| 29. | 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 |
| 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:	<u>IPMA Standard EU Exception.</u>
		(A) Condition 7 (d) shall be amended so as delete the full stop at the end of such clause and replace it with “; or”
		(B) The following shall be added to the Terms and Conditions of the Notes as Condition 7 (e):
		“where any withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 or any law implementing or complying with, or introduced in order to conform to, such Directive; or”
		(C) The following shall be added to the Terms and Conditions of the Notes as Condition 7 (f):
		“by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union.”

DISTRIBUTION

33.	(i) If syndicated, names of Managers:	Not Applicable
	(ii) Stabilising Manager (if any):	Not Applicable
34.	If non-syndicated, name of relevant Dealer:	HSBC 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
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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 such Notes by the time when such 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: The Notes have been assigned a temporary ISIN Code: XS0132846527. Following consolidation of the Notes with the Original Notes on a date which is expected to be on or about 29 August 2001, the Notes will be granted the ISIN Code assigned to the Original Notes: XS0129965942.

Common Code: The Notes have been assigned a temporary Common Code: 13284652. Following consolidation of the Notes with the Original Notes on a date which is expected to be on or about 29 August 2001, the Notes will be granted the Common Code assigned to the Original Notes: 12996594.

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

Group Treasurer

Signed on behalf of the Guarantor:

By: 

Duly authorised

Finance Director

APPENDIX

1. Paragraphs (i), (ii), (iii) and (iv) of Condition 4(b) are deleted. Paragraphs (v), (vi) and (vii) shall be renumbered (iii), (iv) and (v) respectively. The following shall be deemed to be inserted as new paragraphs (i) and (ii) of Condition 4(b) respectively:

“(i) *Interest Payment Dates*

Each Note bears interest on its original nominal amount from (and including) the Interest Commencement Date at the Rate of Interest (as defined in Condition 4 (f)(ii)), payable in arrear on 30th May and 30th November in each year (each an “**Interest Payment Date**”), the first such Interest Payment Date falling on 30th November 2001. The period from (and including) the Interest Commencement Date to (but excluding) the first Interest Payment Date and each successive period from (and including) an Interest Payment Date to (but excluding) the next succeeding Interest Payment Date is called an “**Interest Period.**”

“(iv) *Determination of Rate of Interest and calculation of Interest Amounts*

The Calculation Agent will, not later than the Business Day preceding the commencement of each Interest Period, determine the applicable Rate of Interest and notify the Agent of the Rate of Interest as soon as practicable after calculating the same.

The amount of interest (the “**Interest Amount**”) payable on each Note for any Interest Period will be calculated by the Agent by (A) applying the Rate of Interest (as notified to the Agent by the Calculation Agent in accordance with the preceding paragraph) to the Specified Denomination of such Note, (B) dividing the resulting amount by two and (C) rounding the resulting figure to the nearest one penny (half a penny being rounded upwards).

If interest is required to be calculated for any period other than an Interest Period, interest will be calculated on the basis of the number of days in the relevant period divided by the product of (A) the number of days in the Interest Period in which the relevant period falls and (B) two, rounding the resulting figure to the nearest one penny (half a penny being rounded upwards). For the purposes of this Condition 4, the number of days in any period will be calculated on the basis of the actual number of calendar days from (and including) the first day of the relevant period to (but excluding) the last day of the relevant period.”

2. References in Condition 4(b)(vi) to the determination of the Rate of Interest shall be deemed to include a reference also to the determination of any applicable Index Ratio.
3. A new Condition 4(f) shall be inserted as follows:

“(f) *Indexation*

(i) *Indexation of principal*

Save where specifically provided to the contrary, any amount of principal repayable on the Notes shall be the amount provided in Conditions 6(a), (b), (c) and (e) or 9 as the case may be multiplied by the Index Ratio (as defined below) applicable to the month in which that sum becomes payable.

(ii) *Definitions*

For the purposes of these Conditions:

“Base Index” means 171.7 being the Index applicable to May 2001 (that is, the Index published in October 2000 and relating to September 2000);

“Expert” means an independent investment bank or other expert in London appointed by the Issuer and approved by the Trustee or (failing such appointment within 10 days after the Trustee shall have requested such appointment) appointed by the Trustee;

“Index” means, in relation to any month, subject as provided in Conditions 4(g) and 6(l), the United Kingdom General Index of Retail Prices (for all items) published by the Office for National Statistics, any substituted index or index figures published by the Office for National Statistics or the comparable index which replaces the Index for the purpose of calculating the amount payable on repayment of the Reference Gilt or such other Treasury Stock linked to the Index having a final maturity after the final maturity of the Notes as may be selected by the Expert, provided that the Trustee is advised by its legal advisers that any substitute or comparable index constitutes a retail price index for the purposes of Schedule 11 to the Finance Act 1989;

Any reference to the **“Index applicable”** to a particular month shall, subject as provided in Condition 4(g) below, be construed as a reference to the Index scheduled to be published in the seventh month prior to the relevant month and relating to the month immediately preceding that prior month;

“Index Ratio” applicable to any month means the Index applicable to such month divided by the Base Index;

The **“Rate of Interest”** applicable to any amount payable in respect of interest shall be 3.86 per cent. per annum multiplied by the Index Ratio applicable to the month in which such amount falls due; and

“Reference Gilt” means $4\frac{1}{8}$ per cent. Treasury Stock July 2030 (or, if such stock is not in existence, such other stock issued by or on behalf of HM Government as the Issuer, on the advice of three brokers and/or gilt edged market makers (or such other three persons operating in the gilt edged market as the Issuer, after consultation with the Trustee, may select) may consider to be the most appropriate reference government stock for the Notes).”

4. A new Condition 4(g) shall be inserted as follows:

“(g) *Changes in circumstances affecting the Index*

(i) *Change in base*

If at any time the Index is revised to a new base, then with effect from (and including) the calendar month for which that substitution takes effect the definition of Base Index in Condition 4(f) shall be amended to mean the product of the Index applicable

to the month in which the Notes were issued and the Index immediately following such revision, divided by the Index immediately prior to such revision.

(ii) *Delay in publication of the Index*

If, in relation to a particular Interest Period or to the redemption of all or some only of the Notes and otherwise than in circumstances which the Issuer certifies to the Trustee may fall within Condition 4(g)(iii) or 6(l) (notwithstanding that the Issuer may subsequently be advised that they do not fall within Condition 4(g)(iii) or 6(l)), the Index scheduled to have been published in the seventh month (the “**relevant month**”) prior to the month in which the relevant Interest Period ends or the due date for redemption of the Notes falls (and relating to the month before the relevant month) is not published on or before the third Business Day preceding the date (the “**Relevant Date**”) which is the first day of such Interest Period or (as the case may be) the Maturity Date, the Index applicable to the month in which the Relevant Date falls shall be deemed to be:

- (A) the substitute index figure (if any) as is published by the Bank of England for the relevant month (and relating to the month before the relevant month) for the purposes of any one or more of HM Government’s index-linked stocks, being the Bank of England’s estimate of the index figure for the relevant month (and relating to the month before the relevant month); or
- (B) if no such substitute index figure for the relevant month (and relating to the month before the relevant month) is so published on or before the second business day before the Relevant Date, the Index last published before the Relevant Date.

Where the provisions of this Condition 4(g)(ii) apply, the certificate of the Issuer, acting on the advice of an Expert, as to the Index applicable to the month in which the Relevant Date falls shall be conclusive and binding upon the Issuer, the Trustee and the Noteholders. If a substitute index figure is published as specified in (A) above, a determination made based on that index figure shall be final and no further payment by way of adjustment shall be made, notwithstanding that the Index applicable to the relevant month may subsequently be published. If no substitute index figure is so published and the Index relating to the relevant month is subsequently published then:

- (C) in the case of any Note not falling due for redemption on the Relevant Date, if the Index so subsequently published (if published while that Note remains outstanding) is greater or less than the Index applicable by virtue of (B) above, the interest payable on that Note on the Interest Payment Date next succeeding the date of such subsequent publication shall be increased or reduced to reflect the amount by which the interest payable on that Note on the Relevant Date on the basis of the Index applicable by virtue of (B) above fell short of or (as the case may be) exceeded the interest which would have been payable on that Note if the Index subsequently published had been published on or before the second business day before the Relevant Date; or
- (D) in the case of any Note falling due for final redemption on the Relevant Date, no subsequent adjustment to amounts paid will be made.

(iii) *Cessation of or fundamental changes to the Index*

If the Index ceases to be published or any changes are made to it which, in the opinion of the Expert, constitute a fundamental change in the rules governing the Index and the change would, in the opinion of the Expert, be detrimental to the Issuer or the Noteholders and if, within 30 days after its appointment (or such longer period as the Trustee may consider reasonable), the Expert recommends for the purposes of the Notes one or more adjustments to the Index or a substitute index (with or without adjustments), then provided that such adjustments or substitute Index (as the case may be) are not materially detrimental (in the opinion of the Expert) to the interests of the Issuer or the Noteholders (as the case may be), as compared to the interests of the Issuer or the Noteholders (as the case may be) as they would have been had the Index continued to be published or such fundamental change to the Index not been made, the Index shall be adjusted as so recommended or (as the case may be) shall be replaced by the substitute index so recommended (as so adjusted, if so recommended) and references in these Conditions to the Index shall be construed accordingly and the Issuer shall notify the Noteholders of the substitute index and/or any such adjustment in accordance with Condition 13.

If any payment in respect of the Notes is due to be made after the cessation or changes referred to in the preceding paragraph but before any such adjustment to, or replacement of, the Index takes effect, the Issuer shall (if the Index is not available in accordance with the provisions of Condition 4(f)) make a provisional payment on the basis that the Index applicable to the month in which such payment is due to be made is the Index last published. In that event or in the event of any payment on the Notes having been made on the basis of an Index applicable under Condition 4(g)(ii)(A) above (also referred to below as a **“provisional payment”**) and of the Trustee on the advice of the Expert subsequently determining that the relevant circumstances fall within this Condition 4(g)(iii), then:

- (A) except in the case of a payment on redemption of the Notes, if the sum which would have been payable if such adjusted or substitute index had been in effect on the due date for such provisional payment is greater or less than the amount of such provisional payment, the interest payable on the Notes on the Interest Payment Date next succeeding the last date by which the Issuer and Trustee receive such recommendation shall be increased or reduced to reflect the amount by which such provisional payment of interest fell short of, or (as the case may be) exceeded the interest which would have been payable on the Notes if such adjusted or substituted index had been in effect on that date; or
- (B) in the case of a payment of principal or interest on redemption of the Notes, no subsequent adjustment to amounts paid will be made.

(iv) *Trustee*

The Trustee shall be entitled to assume that no cessation of or change to the Index has occurred until informed otherwise by the Issuer and will not be responsible for identifying or appointing an Expert save as provided in these Conditions.”

(a) For the purposes of Condition 6(c), the “Optional Redemption Amount” shall be the aggregate of:

- (i) the nominal amount of the Redeemed Notes multiplied by the Index Ratio applicable to the month in which the date fixed for redemption falls (as specified in accordance with Condition 6(c)); and
- (ii) an additional amount determined by a leading bank and/or broker in London selected by the Trustee as being the excess (if any) over the sum specified in (i) of the price at which the gross real rate of return on the Notes (if they were to remain outstanding to their original maturity) would be equal to the gross real rate of return in respect of the Reference Gilt on the basis of the arithmetic mean of the offered prices quoted for such Reference Gilt on a dealing basis by three gilt-edged market-makers at or about 3 p.m. on the Determination Date (as defined below). The “**gross real rate of return**” on the Notes and in respect of the Reference Gilt shall be calculated on the basis indicated in the United Kingdom Debt Management Office notice entitled “Formulae for Calculating Gilt Prices from Yields” published on 8th June, 1998 as supplemented, amended or replaced from time to time (the “**DMO Notice**”). This method requires the adoption of an assumed inflation rate, which will be the rate equal to the inflation assumption specified in the DMO Notice or, if no such rate is specified, such rate as the Trustee, after consultation (if practicable) with the Issuer, and on the advice of three brokers and/or gilt-edged market makers approved by the Trustee (or such other three persons operating in the gilt-edged market as the Trustee may approve), may consider appropriate.

For the avoidance of doubt, the Optional Redemption Amount shall not be subject to indexation pursuant to Condition 4(f).

The “**Determination Date**” means the date falling four dealing days (being a day on which transactions in the gilt-edged market may be settled) prior to the publication of the notice of redemption referred to in Condition 6(c).

(b) The following shall be inserted as a new Condition 6(l):

“(l) *Redemption for indexation reasons*

- (i) If the Index ceases to be published or any changes are made to it which, in the opinion of the Expert, constitute a fundamental change in the rules governing the Index and the change would, in the opinion of the Expert, be detrimental to the interests of the Noteholders and if the Expert fails within 30 days after his appointment (or such longer period as the Trustee considers reasonable), or states to the Issuer and the Trustee that it is unable, to recommend for the purposes of the Notes any adjustments to the Index or any substitute index (with or without adjustments) as described in Condition 4(g)(iii), the Issuer shall, within 14 days after the expiry of such period or (as the case may be) after the date of such statement, give notice (which shall be irrevocable and shall state the date fixed for redemption which shall be not more than 15 days after the date on which the notice is given) to redeem the Notes then outstanding, at a price equal to their principal amount (subject to indexation as provided in Condition 4(f)(i), for which purpose the Index, if not available in accordance with the provisions of Condition 4(f)(i), shall be the Index last published), together with accrued interest (and in determining the Rate of Interest applicable to

such interest, the Index, if not available in accordance with the provisions of Condition 4(f)(i), shall be the Index last published).

- (ii) If the Index ceases to be published or any changes are made to it which, in the opinion of an Expert, constitute a fundamental change in the rules governing the Index and the change would, in the opinion of the Expert, be detrimental to the interests of the Issuer and if the Expert fails within 30 days after his appointment (or such longer period as the Trustee considers reasonable), or states to the Issuer and the Trustee that it is unable to recommend for the purposes of the Notes any adjustments to the Index or any substitute index (with or without adjustments) as described in Condition 4(g)(iii), the Issuer may at its option, within 14 days after the expiry of such period or (as the case may be) after the date of such statement, give notice (which shall be irrevocable and shall state the date fixed for redemption which shall be not more than 15 days after the date on which the notice is given) to redeem the Notes then outstanding, at a price equal to their principal amount, (subject to indexation as provided in Condition 4(f)(i), for which purpose the Index, if not available in accordance with the provisions of Condition 4(f)(i), shall be the Index last published), together with accrued interest (and in determining the Rate of Interest applicable to such interest, the Index, if not available in accordance with the provisions of Condition 4(f)(i), shall be the Index last published)."