SUPPLEMENTARY PROSPECTUS DATED 19 DECEMBER 2008 TO THE PROSPECTUS DATED 31 JULY 2008

SEVERN TRENT UTILITIES FINANCE PLC

(incorporated with limited liability in England and Wales with registered number 2914860)

as an Issuer

SEVERN TRENT EUROPEAN PLACEMENT S.A.

(a public limited liability company (société anonyme) incorporated under the laws of the Grand Duchy of Luxembourg, registered with the registry of trade and companies of Luxembourg under number B140270 and whose registered office is at 1A, rue Thomas Edison, L-1445 Strassen, Luxembourg)

as an Issuer

SEVERN TRENT PLC

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

as an Issuer, and as the Guarantor of Notes issued by Seven Trent European Placement S.A.

SEVERN TRENT WATER LIMITED

(incorporated with limited liability in England and Wales with registered number 2366686)

as Guarantor of Notes issued by Severn Trent Utilities Finance Plc

€4,000,000,000
Euro Medium Term Note Programme

This Supplementary Prospectus (the "**Supplementary Prospectus**" which definition shall also include all information incorporated by reference herein) constitutes a supplementary prospectus for the purposes of Section 87G of the Financial Services and Markets Act 2000 (the "**Act**") and Article 16 of the Prospectus Directive (Directive 2003/71/EC) (the "**Prospectus Directive**") and has been prepared by Severn Trent Plc, Severn Trent Utilities Finance Plc and Severn Trent European Placement S.A. (each an "**Issuer**" and together the "**Issuers**") for use in connection with Notes issued from time to time under the above-mentioned €4,000,000,000 Euro Medium Term Note Programme (the "**Programme**") established by the Issuers. A Prospectus dated 31 July 2008 (the "**Prospectus**") has been prepared by the Issuers and approved as a base prospectus for the purposes of Article 5.4 of the Prospectus Directive by the Financial Services Authority in its capacity as competent authority under the Act (the "**UK Listing Authority**"), for use in connection with the Programme. This Supplementary Prospectus supplements, updates and forms part of the Prospectus and should be read in conjunction therewith, together with any other supplements to the Prospectus.

Terms defined in the Prospectus have the same meaning when used in this Supplementary Prospectus.

On 1 August 2008, Severn Trent Plc announced that:

i. it had decided not to appeal the fines of £35.8 million imposed by Ofwat for deliberately providing false information in the period 2005/6, and for delivering poor service to its customers in the same period; and

ii. following discussions with Ofwat concerning the resolution of the Ofwat interim report of March 2006, it had agreed to provide targeted financial support to its low income customers by making payments totalling £5m to the Severn Trent Charitable Trust Fund, likely to be paid over 2008 to 2011.

The regulatory announcement entitled "Statement re Resolution of Fines", issued on 1 August 2008 through PR Newswire and filed with this Supplementary Prospectus, is hereby incorporated in, and forms part of, this Supplementary Prospectus and the Prospectus. This Supplementary Prospectus and the Prospectus are to be read in conjunction with all documents which are incorporated herein and therein by reference.

On 25 November 2008, Severn Trent Plc published its half yearly financial report for the six months to 30 September 2008. The report disclosed, amongst other things, a fall in pre-tax profits of 7.8%.

The regulatory announcement entitled "Half-yearly Report", issued on 25 November 2008 through PR Newswire and filed with this Supplementary Prospectus, is hereby incorporated in, and forms part of, this Supplementary Prospectus and the Prospectus. This Supplementary Prospectus and the Prospectus are to be read in conjunction with all documents which are incorporated herein and therein by reference.

The Issuers and the Guarantors (the Responsible Persons for the purposes of the Prospectus Directive) accept responsibility for the information contained in this Supplementary Prospectus. To the best of the knowledge of the Issuers and the Guarantors (each having taken all reasonable care to ensure that such is the case) the information contained in this Supplementary Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

Copies of all documents or information incorporated by reference in this Supplementary Prospectus and the Prospectus can be obtained as described in the Prospectus.

To the extent that there is any inconsistency between (a) any statement in this Supplementary Prospectus or any statement incorporated by reference into the Prospectus by this Supplementary Prospectus and (b) any other statement in or incorporated in the Prospectus prior to the date of this Supplementary Prospectus, the statements in (a) above will prevail.

Save as disclosed in this Supplementary Prospectus and any supplement previously issued by the Issuers and the Guarantors, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Prospectus which is capable of affecting the assessment of Notes issued under the Programme since the publication of the Prospectus.

Investors should be aware of their rights under section 87Q(4) of the Act.

Factors which could be material for the purposes of assessing the risks associated with the Notes issued under the Programme are set out on pages 11 to 16 of the Prospectus.