

**This document is important and requires your immediate attention.**

If you are in any doubt about the action you should take, you should consult your independent financial adviser. If you have recently sold or transferred your shares in Severn Trent Plc please forward this document to your bank, stockbroker or other agent through or to whom the sale or transfer was effected for delivery to the purchaser or transferee.

Dear Shareholder,

This year's Annual General Meeting (the 'Meeting') will be held at the International Convention Centre in Birmingham on Tuesday 21 July 2009 at 2pm and the formal notice of the Meeting is set out overleaf (the 'Notice').

If you would like to vote on the resolutions in the Notice but cannot come to the Meeting, please fill in the Form of Proxy sent to you with the Notice and return it to Equiniti (our registrars) as soon as possible. They must receive it by 2pm on Sunday 19 July 2009. Alternatively, you can vote online at [www.sharevote.co.uk](http://www.sharevote.co.uk)

The board considers that all the resolutions to be put to the Meeting are in the best interests of the Company and its shareholders as a whole and unanimously recommends that you vote in favour of them.

Your directors and I look forward to your participation and take the opportunity to thank you for your continued support.

As communicated to shareholders on 16 January 2009, I am pleased to confirm that Severn Trent Plc has introduced a Dividend Reinvestment Plan (the 'Plan'). This will give shareholders the option of using their dividend payments to buy more Severn Trent Plc shares. Participation in the Plan will mean that in future all your dividends will be reinvested in Severn Trent Plc shares, which will be purchased on your behalf in the market as soon as practicable after the relevant dividend payment date.

The Plan will enable you to buy Severn Trent Plc shares at favourable commission rates, however you should be aware that you will remain liable to income tax on dividends received.

An application form is enclosed together with full details of the Plan. To be eligible to receive shares under the Plan for the final dividend due for payment on 31 July 2009, the completed form should be sent to Equiniti, in the envelope provided, to be received by Friday 10 July 2009.

If you have any questions about the Plan please call the Equiniti Financial Services Limited helpline on 0871 384 2268\*.

If you are a registered shareholder holding shares in your own name and have not elected to receive communications in paper form by post or if you have elected to receive paper notification that shareholder communications are available to view online, I can advise you that the Annual Report & Accounts for the year ended 31 March 2009 is now available online at [www.severntrent.com](http://www.severntrent.com)

\*Calls to this number are charged at 8p per minute from BT landline. Other telephony provider costs may vary.

Yours faithfully,



**Sir John Egan**

Chairman

16 June 2009

# Notice of Annual General Meeting

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NOTICE IS HEREBY GIVEN that the twentieth Annual General Meeting (the 'Meeting') of Severn Trent Plc (the 'Company') will be held at the International Convention Centre, Broad Street, Birmingham B1 2EA on Tuesday 21 July 2009 at 2pm to consider and, if thought appropriate, pass Resolutions 1 to 11 and 15 and 16 as ordinary resolutions and Resolutions 12 to 14 as special resolutions.

## Resolution 1

To receive the accounts and the reports of the directors and the auditors for the year ended 31 March 2009.

## Resolution 2

To declare a final dividend in respect of the year ended 31 March 2009 of 41.05 pence for each ordinary share of 97<sup>17</sup>/<sub>19</sub> pence.

## Resolution 3

To approve the Directors' remuneration report for the year ended 31 March 2009.

## Resolution 4

To reappoint Tony Ballance as a director.

## Resolution 5

To reappoint Sir John Egan as a director.

## Resolution 6

To reappoint Gordon Fryett as a director.

## Resolution 7

To reappoint Tony Wray as a director.

## Resolution 8

To reappoint Deloitte LLP as auditors of the Company, to hold office until the conclusion of the next general meeting at which accounts are laid before the Company and that their remuneration be determined by the directors.

## Resolution 9

To authorise, generally and unconditionally, the Company and all companies which are subsidiaries of the Company during the period when this Resolution 9 has effect, in accordance with sections 366 and 367 of the Companies Act 2006 (the '2006 Act') to:

- (i) make political donations to political parties or independent election candidates not exceeding £50,000 in total;
- (ii) make political donations to political organisations other than political parties not exceeding £50,000 in total; and
- (iii) incur political expenditure not exceeding £50,000 in total,

(as such terms are defined in the 2006 Act) during the period beginning with the date of the passing of this resolution and ending on the date of the next Annual General Meeting of the Company provided that the authorised sums referred to in paragraphs (i), (ii) and (iii) above, may be comprised of one or more amounts in different currencies which, for the purposes of calculating the said sums, shall be converted into pounds sterling at the exchange rate published in the London edition of the

Financial Times on the date on which the relevant donation is made or expenditure incurred (or the first business day thereafter) or, if earlier, on the day on which the Company enters into any contract or undertaking in relation to the same.

## Resolution 10

To increase the authorised share capital of the Company from £339.5m to £425m by the creation of an additional 87,355,951 ordinary shares of 97<sup>17</sup>/<sub>19</sub> pence each.

## Resolution 11

To authorise, generally and unconditionally, the directors in accordance with section 80 of the Companies Act 1985 (the '1985 Act') to exercise all powers of the Company to allot:

- (i) relevant securities (within the meaning of section 80(2) of the 1985 Act) up to an aggregate nominal amount of £77,163,157; and
- (ii) relevant securities comprising equity securities (within the meaning of section 94 of the 1985 Act) up to a further aggregate nominal amount of £77,163,157 provided that they are offered by way of a rights issue to holders of ordinary shares on the register of members of the Company at such record date(s) as the directors may determine where the equity securities respectively attributable to the interests of the ordinary shareholders are proportionate (as nearly as may be practicable) to the respective numbers of ordinary shares held by them on any such record date(s), subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with treasury shares, fractional entitlements or legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange or any other matter whatsoever,

provided that this authority shall expire on the date of the next Annual General Meeting of the Company save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require relevant securities to be allotted after such expiry and the directors shall be entitled to allot relevant securities pursuant to any such offer or agreement as if this authority had not expired; and all unexercised authorities previously granted to the directors to allot relevant securities be and are hereby revoked.

## Resolution 12

To authorise the directors pursuant to section 95 of the 1985 Act to allot equity securities (within the meaning of section 94 of the 1985 Act) for cash either pursuant to the authority conferred by Resolution 11 above or by way of a sale of treasury shares as if section 89(1) of the 1985 Act did not apply to any such allotment provided that this power shall be limited to:

- (i) the allotment of equity securities in connection with an offer of securities (but in the case of the authority granted under sub-paragraph (ii) of Resolution 11 above by way of rights issue only) in favour of the holders of ordinary shares on the register of members of the Company at such record date(s) as the directors may determine where the equity securities respectively attributable to the interests of the ordinary shareholders are proportionate (as nearly as may be practicable) to the respective numbers of ordinary shares held by them on any such record date(s), subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with treasury shares, fractional entitlements or legal or practical problems arising under the laws of any

## Directors seeking reappointment

- overseas territory or the requirements of any regulatory body or stock exchange or any other matter whatsoever; and
- (ii) the allotment (otherwise than pursuant to sub-paragraph (i) of this Resolution 12) to any person or persons of equity securities up to an aggregate nominal amount of £11,574,473,

and shall expire upon the expiry of the general authority conferred by Resolution 11 above, save that the Company shall be entitled to make offers or agreements before the expiry of this authority which would or might require equity securities to be allotted after such expiry and the directors shall be entitled to allot equity securities pursuant to any such offer or agreement as if this authority had not expired.

### Resolution 13

To authorise, generally and unconditionally, the Company to make market purchases (as defined in section 163(3) of the 1985 Act) of its ordinary shares of 97<sup>17</sup>/<sub>19</sub> pence each, on such terms and in such manner as the directors may from time to time determine provided that:

- (i) the Company may not purchase more than 23,646,774 ordinary shares;
- (ii) the Company may not pay less than 97<sup>17</sup>/<sub>19</sub> pence for each ordinary share; and
- (iii) the Company may not pay, in respect of each ordinary share, more than 5% over the average of the middle market price of an ordinary share based on the London Stock Exchange Daily Official List, for the five business days immediately before the day on which the Company agrees to buy such ordinary share,

and this authority shall expire at the conclusion of the next Annual General Meeting of the Company, save that the Company may make a contract, before this authority ends, to purchase ordinary shares where the purchase is or may be completed (fully or partly) after this authority ends and may purchase its ordinary shares pursuant to any such contract.

### Resolution 14

To authorise general meetings of the Company, other than annual general meetings, to be called on not less than 14 clear days' notice.

### Resolution 15

To authorise the directors to renew the Severn Trent Sharesave Scheme for a further period of 10 years and to update it to take account of current UK Listing Authority requirements, current institutional investors' best practice and recent statutory changes affecting approved sharesave schemes.

### Resolution 16

To authorise the directors to establish the Severn Trent Share Matching Plan, the key features of which are described on pages 5 and 6 of the explanatory notes to the notice of meeting dated 28 May 2009.

By order of the board

**Fiona Smith**

General Counsel and Company Secretary

Severn Trent Plc  
2297 Coventry Road  
Birmingham B26 3PU  
Registered in England and Wales  
Registration No. 2366619

28 May 2009



**Tony Ballance**

BSc (Hons) MA (Econ) PhD (44)

Tony joined the board on 2 October 2007. He joined Severn Trent Water as Director of Regulation and Competition in August 2005. Prior to that he was an economic consultant in the utilities sector, working as a director for Stone and Webster consultants and London Economics. He was formerly Chief Economist, Office of Water Services (Ofwat).



**Sir John Egan**

MSc (Econ) BSc (69)\*

Sir John joined the board on 1 October 2004 and became Chairman on 1 January 2005. He is a director of Warwick Castle Park Trust Limited and Borwick Group Limited and a non-executive director of Governance for Owners Group LLP. He was previously Chairman of Inchcape plc and Harrison Lovegrove & Co Limited. Sir John worked in the motor industry until 1990 at General Motors, Massey Ferguson and British Leyland, rising to become Chairman and Chief Executive of Jaguar plc. He was Chief Executive of BAA plc from 1990 to 1999 and Chairman of MEPC from 1998 to 2000. He was also President of the Confederation of British Industry from 2002 to 2004. Sir John was knighted in the Queen's Birthday Honours List in 1986. He is a deputy lieutenant of the County of Warwickshire and, since September 2007, Chancellor of Coventry University.

\*non-executive director



**Gordon Fryett**

(55)\*

Gordon was appointed to the board with effect from 1 July 2009. Gordon has been Property Director at Tesco since March 2006. He has spent most of his career in Retail Operations as well as in a range of corporate functions. Prior to his appointment as Property Director, he was CEO of Tesco Ireland from 2001 to 2006 and before that he was Director of International Support from 1997 to 2001 where he co-ordinated the development of Tesco businesses in Central Europe and Asia. Gordon is an Alumnus of INSEAD.

\*non-executive director



**Tony Wray**

BSc (Hons) (47)

Tony joined the board on 7 March 2005. He was appointed Chief Executive on 2 October 2007. Prior to that, he was Director of Networks at Eircom, the Republic of Ireland's telephone operator. He joined British Gas in 1983 and held various managerial positions. With the establishment of the gas transportation business, Transco, he became Director of Asset Management, then National Operations Director, before being appointed to implement the merger integration of Lattice (Transco) and National Grid Group into National Grid Transco.

# Explanatory notes

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## **Annual Report and Accounts (Resolution 1)**

The directors must lay before shareholders the accounts of the Company for the financial year ended 31 March 2009, the report of the directors and the report of the auditors of the Company on those accounts.

## **Declaration of a dividend (Resolution 2)**

A final dividend of 41.05 pence has been recommended by the directors for payment to ordinary shareholders who are on the register of members of the Company at 6pm on 19 June 2009. A final dividend can only be declared by the shareholders at a general meeting but must not exceed the amount recommended by the directors. If so declared the date of payment of the final dividend will be 31 July 2009.

## **Approval of the Directors' remuneration report (Resolution 3)**

The Directors' remuneration report for the year ended 31 March 2009 has been prepared in accordance with the Directors' Remuneration Report Regulations 2002. Those regulations specify that shareholders must be given the opportunity to approve it. Accordingly, the directors invite shareholders to approve the Directors' remuneration report which is included in the Annual Report and Accounts 2009.

## **Reappointment of directors (Resolutions 4 to 7)**

In accordance with the Combined Code on Corporate Governance (published by the Financial Reporting Council in June 2006), the company's articles of association require all directors to submit themselves for reappointment at least once every three years. This provision also ensures that, as a minimum, one third of the board, together with any director appointed since last year's Annual General Meeting, retires and, if eligible and so desires, stands for reappointment at the Meeting. Directors retire on the basis of their length of service since their last election.

Tony Ballance, Sir John Egan and Tony Wray retire by rotation. Gordon Fryett has been appointed since the last Annual General Meeting. All four directors offer themselves for reappointment.

Following a formal review, the Nominations Committee has confirmed that each director standing for reappointment by rotation continues to make a valuable contribution to the board's deliberations and continues to demonstrate commitment. The Nominations Committee supports and recommends all of the proposed reappointments.

Details of the directors who are standing for reappointment are included in this notice of meeting (the 'Notice').

## **Reappointment and remuneration of auditors (Resolution 8)**

The Company is required to appoint auditors at each general meeting at which accounts are laid before the Company, to hold office until the next such meeting. Resolution 8 proposes the reappointment of Deloitte LLP as auditors of the Company and authorises the directors, in accordance with standard practice, to agree the level of their remuneration. The Audit Committee will approve the audit fees for recommendation to the board.

## **Authority to make political donations and incur political expenditure (Resolution 9)**

Resolution 9 deals with political donations. Under the 2006 Act, political donations to any political parties, independent election candidates or political organisations or the incurring of political expenditure are prohibited unless authorised by shareholders in advance. What constitutes a political donation, a political party, a political organisation, or political expenditure is not easy to decide, as the legislation is capable of wide interpretation. Sponsorship, subscriptions, payment of expenses, paid leave for employees fulfilling public duties, and support for bodies representing the business community in policy review or reform, may fall within this.

Therefore, notwithstanding that the Company has no intention either now or in the future of making any political donation or incurring any political expenditure in respect of any political party, political organisation or independent election candidate, the board has decided to put forward Resolution 9 to renew the authority granted by shareholders at the Annual General Meeting of the Company in 2006. This will allow the Company to continue to support the community and put forward its views to wider business and Government interests without running the risk of being in breach of the law. As permitted under the 2006 Act, Resolution 9 also covers any political donations made, or political expenditure incurred, by any subsidiaries of the Company.

## **Increase in authorised share capital (Resolution 10)**

Resolution 10 proposes that the authorised share capital of the company be increased from £339.5m to £425m representing an increase of approximately 25%. As discussed in connection with Resolution 11 below, it is proposed that the directors be given authority to allot ordinary shares up to a nominal amount of £154,326,314, in line with the revised guidelines of the Association of British Insurers (the 'ABI') on the number of shares directors can be authorised to allot. It is therefore proposed that the Company's authorised share capital be increased so that the Company's unissued share capital is then in line with the new authority to allot.

## **Authority to allot shares (Resolution 11)**

In December 2008, the ABI revised its guidelines on directors' authority to allot shares (in line with the recommendations of the report issued in November 2008 by the Rights Issue Review Group). The ABI's guidelines previously stated that directors' general authority to allot shares should be limited to an amount equal to one-third of a company's issued share capital. The new guidelines state that ABI members will permit, and treat as routine, resolutions seeking authority to allot shares representing up to two-thirds of a company's issued share capital. The guidelines provide that the extra routine authority (that is the authority to allot shares representing the additional one third of a company's issued share capital) can only be used to allot shares pursuant to a fully pre-emptive rights issue.

In light of these revised guidelines, the board considers it appropriate that the directors be granted authority to allot shares in the capital of the Company up to a maximum nominal amount of £154,326,314 representing the new guideline limit of approximately 66% of the Company's issued ordinary share capital as at 26 May 2009, being the latest practicable date before the publication of the Notice. Of this amount, 78,822,580 ordinary shares (representing approximately 33% of the Company's issued ordinary share capital) can only be allotted pursuant to a rights issue. This authority will last until next year's Annual General Meeting.

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The directors have no present intention of issuing any relevant securities other than pursuant to existing rights under employee share schemes.

### **Disapplication of statutory pre-emption rights (Resolution 12)**

This special resolution proposes to give the directors authority to allot shares in the capital of the Company pursuant to the authority granted under Resolution 11 above for cash without complying with the statutory pre-emption provisions in certain circumstances. In light of the new ABI guidelines described above, this authority will permit the directors to allot:

- (i) shares up to a nominal amount of £154,326,314 (representing two thirds of the Company's issued share capital) on an offer to existing shareholders on a pre-emptive basis. However, unless the shares are allotted pursuant to a rights issue (rather than an open offer), the directors may only allot shares up to a nominal amount of £77,163,157 (representing one third of the Company's issued share capital) (in each case subject to adjustments for fractional entitlements and overseas shareholders); and
- (ii) shares up to a maximum nominal value of £11,574,473, representing approximately 5% of the issued ordinary share capital of the Company as at 26 May 2009, being the latest practicable date before the publication of the Notice, otherwise than in connection with an offer to existing shareholders.

### **Authority for the Company to purchase its own shares (Resolution 13)**

This special resolution proposes the renewal of the authority granted at last year's Annual General Meeting. If passed, it will allow the Company to buy back up to 23.6 million of its ordinary shares on the London Stock Exchange. This equates to approximately 10% of the Company's issued share capital. This Resolution 13 sets out the lowest and highest prices that the Company can pay for the shares. This authority will expire at the conclusion of next year's Annual General Meeting.

The directors are committed to managing the Company's capital effectively and purchasing the Company's own ordinary shares is one of the options that the directors keep under review. The directors will only do this if they believe it is in shareholders' best interests and will increase the earnings per share.

Any shares purchased in this way, other than those purchased pursuant to the Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 will be automatically cancelled. Shares purchased pursuant to such regulations may either be held or dealt with by the Company. The Company did not hold any shares in treasury as at 26 May 2009, being the latest practicable date before the publication of the Notice.

As at 26 May 2009, being the latest practicable date before the publication of the Notice, there were options outstanding to subscribe for 3,197,626 ordinary shares under the Company's employee share schemes. If the outstanding options were fully exercised they would represent 1.35% of the existing 236,467,742 issued ordinary shares of the Company. If the buyback authority was exercised in full, that percentage would be 1.50% of the reduced share capital of 212,820,968 ordinary shares.

### **Authority to reduce notice periods for general meetings (Resolution 14)**

This special resolution allows the Company to hold general meetings (other than Annual General Meetings) on 14 days' notice.

Although the Company's articles of association currently permit this, regulations are due to come into force on 3 August 2009 to implement the Shareholder Rights Directive in the UK, which, as currently drafted, will increase the notice period to 21 days unless shareholders approve, annually, the holding of general meetings (other than annual general meetings) on 14 days' notice. Although the final form of the regulations is not yet known the directors consider it to be appropriate to pass this Resolution 14 to prevent the Company being constrained by the regulations when they come into force.

### **Renewal of the Severn Trent Sharesave Scheme (Resolution 15)**

The Severn Trent Sharesave Scheme (the 'Scheme'), which has operated for 20 years is open to most employees and executive directors and has proved to be a popular and tax advantageous incentive over the years. The directors wish to renew the Scheme which would otherwise expire later this year, and this will require the passing of a resolution at the Meeting authorising the directors to extend the life of the Scheme for a further period of 10 years. At the same time, the directors wish to alter the Scheme to update the rules in respect of current UK Listing Authority requirements, recent changes in institutional investors' best practice and statutory changes relating to sharesave schemes.

### **Approval of the Severn Trent Share Matching Plan (Resolution 16)**

The Remuneration Committee wishes to adopt a Share Matching Plan which will be operated in conjunction with the annual bonuses payable under the Company's Annual Bonus Scheme adopted in 2007.

At present, the maximum bonus opportunity for executive directors is 120% of salary with the on target level of bonus set at half of this. The bonus outturn is based on a balanced scorecard of key performance indicators which the board considers have an impact on the longer term financial performance of the Company.

The Annual Bonus Scheme provides that 50% of any bonus which is payable to executive directors will be received in the form of deferred shares which are normally only released after three years provided the participant has remained in employment, but without the achievement of any further performance targets.

The Remuneration Committee has reviewed the deferred shares arrangements and now wishes to revise them so that in addition to the compulsory deferral of shares, participants will receive an award of additional shares to match the number of deferred shares. The additional matching shares will only vest to the extent the same total shareholder return based performance targets as for awards under the Long Term Incentive Plan are satisfied, and the participant is in continuous employment as for the Long Term Incentive Plan. The Remuneration Committee believes the new Share Matching Plan will improve retention and increase the proportion of variable pay based on both the short and long term performance of the Company and thereby better align the interests of participants with those of shareholders.

The first awards under the Share Matching Plan will be made in 2010 following the payment of annual bonuses for 2009/10.

The key features of the Share Matching Plan are as follows:

**Eligibility** All employees and executive directors will be eligible although participation will be limited to those executive directors and other members of the Executive Committee subject to bonus deferral.

**Grant of Awards** No payment will be required for the grant or vesting of awards. The Remuneration Committee will determine whether to make matching share awards whenever deferred shares are awarded. Any matching share awards will be based on a ratio of matching to deferred shares which cannot exceed 1:1. However, for awards to be granted in 2010 the ratio will not exceed 1 matching share to every 2 deferred shares.

**Vesting** Matching shares will normally vest three years after grant provided the participant remains in employment and the performance conditions are satisfied.

**Performance Conditions** The performance condition which will apply for the awards to be made in 2010 is that the Company's total shareholder return over a three year performance period is in line with at least the median total shareholder return of a comparator group of companies – the companies ranked between 51st and 150th in the FTSE Index by market capitalisation excluding investment funds at that time. At median performance, 25% of the shares will vest and at top quartile performance, 100% will vest. In addition, for awards to vest, the Remuneration Committee must be satisfied that the Company's total shareholder return is reflective of the Company's underlying financial performance.

**Scheme Limits** The maximum number of shares which may be newly issued under the Share Matching Plan will not exceed 5% of the issued ordinary share capital of the Company over any 10 year period. When added to the number of shares awarded under other discretionary executive schemes, the limit on the number of newly issued shares will be 10% of the issued ordinary share capital over any 10 year period.

**Good Leavers** Where a participant leaves early on account of injury, disability, ill health, redundancy, retirement or other circumstances approved by the Remuneration Committee, or upon the sale of the subsidiary or business for which he or she works, or in the event of his or her death, the award shall vest to the extent the performance condition has been satisfied at that time and (unless the Remuneration Committee decides otherwise) subject to time prorating.

**Change of Control** In the event of a change of control, awards will vest to the extent the performance condition has been satisfied and (unless the Remuneration Committee decides otherwise) subject to time prorating.

**Dividend Equivalents** Upon release of any share matching award, additional shares will be added to the number of shares released to reflect the value of dividends paid during the performance period.

**Variation of Share Capital** Upon any rights issue, capitalisation issue, consolidation, division or reduction of share capital, or any other variation of share capital, awards will be adjusted in such manner as the Remuneration Committee considers fair and reasonable.

**Alterations** The Share Matching Plan may be altered by the Remuneration Committee except where the alterations relate to eligibility, scheme limits, individual limits, the basis for determining individual entitlement and adjustments on a variation of share capital, in which case shareholder approval will be required, unless the alterations involve only minor administrative changes or alterations to reflect changes to the securities law, tax or regulatory requirements for such schemes.

**Overseas Sub-Plans** The Remuneration Committee will have the power to adopt sub-plans based on the Share Matching Plan but modified to take account of local securities laws, tax and other requirements.

All benefits under the Share Matching Plan will be non pensionable.

A copy of the draft rules of the Severn Trent Share Matching Plan will be available for inspection at the registered office of the Company and at the offices of Herbert Smith LLP, Exchange House, Primrose Street, London EC2A 2HS during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for the period from the date of the Notice and up to and including the date of the Meeting and at the International Convention Centre, Broad Street, Birmingham B1 2EA from 1pm on the day of the Meeting.

### Approval and adoption of new articles of association

In the notice of meeting to last year's Annual General Meeting, it was anticipated that shareholders would be asked to approve further changes to the Company's articles of association at the Meeting to reflect the final provisions of the 2006 Act coming into effect. As the 2006 Act will not now be fully in force until October 2009 the Company has decided not to amend its articles of association this year, rather shareholders will be asked to approve changes to the Company's articles of association at next year's Annual General Meeting to fully reflect the provisions of the 2006 Act.

# General notes

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## Entitlement to attend and vote

To have the right to attend and vote at the Meeting (and also for the purposes of calculating how many votes a person may cast) a person must have their name entered on the register of members of the Company at 6pm on Sunday 19 July 2009 (or, if the Meeting is adjourned, at 6pm on the day which is two days prior to the date fixed for the adjourned Meeting). Changes to entries on the register after this time will be disregarded in determining the rights of any person to attend or vote at the Meeting.

Persons who are not shareholders of the Company (or duly appointed proxies or corporate representatives) will not be admitted to the Meeting unless prior arrangements are made with the Company.

## Appointment of proxies

A shareholder entitled to attend and to vote at the Meeting is entitled to appoint another person or persons (who need not be a shareholder of the Company) to attend the Meeting, and any adjournment thereof, to exercise all or any of his rights to attend, speak and vote at the Meeting. A shareholder can appoint more than one proxy in relation to the Meeting, provided that each proxy is appointed to exercise the rights attached to different shares held by him. Forms of Proxy should be deposited at the office of the Company's registrar, Equiniti, Aspect House, Spencer Road, Lancing BN99 6NJ not less than 48 hours before the time for holding the Meeting. Appointing a proxy does not preclude you from attending the Meeting and voting in person. If you attend the Meeting in person, your proxy appointment will automatically be terminated. Further details are set out in the notes to the Form of Proxy.

To change your proxy instructions you may return a new proxy appointment using the methods set out below. Where you have appointed a proxy using the hard copy Form of Proxy and would like to change the instructions using another hard copy Form of Proxy, please contact the Company's registrar, Equiniti on 0871 384 2967. The deadline for receipt of proxy appointments (see above) also applies in relation to amended instructions. Any attempt to terminate or amend a proxy appointment received after the relevant deadline will be disregarded. Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same meeting, the one which is last sent shall be treated as replacing and revoking the other or others, save that where both paper and electronic proxy instructions are returned then, in the absence of other evidence, those received last by the Company's registrar, Equiniti, will take precedence.

## Electronic proxy voting

Shareholders may register the appointment of a proxy online at [www.sharevote.co.uk](http://www.sharevote.co.uk) where full details of the procedure are given. The website is operated by the Company's registrar, Equiniti. Shareholders are advised to read the terms and conditions relating to the use of this facility before appointing a proxy. These terms and conditions may be viewed on the website. Any electronic communication sent by a shareholder that is found to contain a computer virus will not be accepted. Electronic communication facilities are available to all shareholders and those who use them will not be disadvantaged in any way.

## Electronic proxy appointment through CREST

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual.

All messages relating to the appointment of a proxy, or an instruction to a previously appointed proxy, which are to be transmitted through CREST, must be received by Equiniti (ID RA19) not later than 2pm on Sunday 19 July 2009 or, if the Meeting is adjourned, 48 hours before the time for holding the adjourned Meeting.

It is the responsibility of the CREST member concerned to take such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this regard, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat a CREST Proxy Instruction as invalid in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

## Electronic poll voting

Voting on all resolutions will be conducted by way of a poll rather than a show of hands. This is a more transparent method of voting as member votes are to be counted according to the number of shares held.

As at last year's Annual General Meeting, and in line with many other public companies, we will be asking shareholders who attend the Meeting in person or by proxy to vote on the resolutions at the Meeting using a hand held electronic voting system. This will record all votes cast for each resolution and display them on a screen providing immediate detailed results for shareholders to see.

As soon as practicable following the Meeting, the results of the voting at the Meeting and the number of proxy votes cast for and against and the number of votes actively withheld in respect of each of the Resolutions will be announced via a Regulatory Information Service and also placed on the Company's website, [www.severntrent.com](http://www.severntrent.com)

## Employee share schemes

An employee whose shares are held by the trustee of the Severn Trent Share Incentive Plan (the 'Trustee') is not entitled to attend the Meeting in respect of those shares. However, the employee can instruct the Trustee how to vote on his/her behalf on any resolution set out in the Notice. Forms of Direction will be sent to those employees concerned and should be returned to the address on the reverse of the form so as to be received not later than 2pm on 14 July 2009. Employees may also instruct the Trustee how to vote through the [www.sharevote.co.uk](http://www.sharevote.co.uk) website.

### Information rights

A copy of the Notice has been sent for information only to persons who have been nominated by a member to enjoy information rights under section 146 of the 2006 Act (a 'Nominated Person'). The right to appoint a proxy cannot be exercised by a Nominated Person; it can only be exercised by the member. However, a Nominated Person may have a right under an agreement between him and the member by whom he was nominated to be appointed as a proxy for the Meeting or to have someone else so appointed. If a Nominated Person does not have such a right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.

### Corporate representatives

In order to facilitate voting by corporate representatives at the Meeting, arrangements will be put in place so that (i) if a corporate shareholder has appointed the chairman of the Meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at the Meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the Meeting but the corporate shareholder has not appointed the chairman of the Meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives ([www.icsa.org.uk](http://www.icsa.org.uk)) for further details of this procedure. The guidance includes a sample form of representation letter if the chairman is being appointed as described in (i) above.

### Electronic communication service

Shareholders are reminded that they may receive shareholder communications from the Company electronically. The electronic communication service offers the following benefits:

- the Company's full Annual Report and Accounts can be viewed on the day they are published;
- your votes on resolutions to be proposed at general meetings of the Company can be cast electronically;
- important shareholder communications may be received electronically; and
- you may see details of your individual shareholdings quickly and securely online.

If you wish to take advantage of this service you may register your request with the Company's registrar, Equiniti, on their website at [www.shareview.co.uk](http://www.shareview.co.uk)

### Total voting rights

As at 26 May 2009, being the latest practicable date before the publication of the Notice, the Company's issued and voting share capital consisted of 236,467,742 ordinary shares of 97<sup>1</sup>/<sub>19</sub> pence each carrying one vote each. Therefore the total number of voting rights in the Company is 236,467,742.

### Inspection of documents

A copy of the draft rules of the Severn Trent Sharesave Scheme, showing the proposed amendments, and a copy of the draft rules of the Severn Trent Share Matching Plan will be available for inspection at the registered office of the Company and at the offices of Herbert Smith LLP, Exchange House, Primrose Street, London EC2A 2HS during usual business hours on any weekday (Saturdays, Sundays and public holidays excepted) for the period from the date of the Notice and up to and including the date of the Meeting and at the International Convention Centre, Broad Street, Birmingham B1 2EA from 1pm on the day of the Meeting.

The following documents, which are available for inspection during normal business hours at the registered office of the Company on any weekday (Saturdays, Sundays and public holidays excepted), may also be inspected at the International Convention Centre, Broad Street, Birmingham B1 2EA from 1pm on the day of the Meeting:

- copies of the executive directors' service contracts with the Company; and
- copies of the non-executive directors' letters of appointment.