

## **NOTICE OF MEETING**

Severn Trent Plc  
Annual General Meeting 2004  
National Exhibition Centre  
Birmingham  
B40 1NT

27 July 2004 at 2.30pm

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

28 June 2004

**Severn Trent Plc**  
2297 Coventry Road  
Birmingham B26 3PU  
Tel 0121 722 4000  
Fax 0121 722 4800  
[www.severntrent.com](http://www.severntrent.com)

Dear Shareholder

I am pleased to invite you to the company's fifteenth Annual General Meeting (AGM), which will be held at the National Exhibition Centre in Birmingham on Tuesday 27 July 2004 at 2.30pm.

The Notice of Meeting for the AGM is also included in this document. It sets out the resolutions to be proposed and includes brief explanatory notes on the business to be considered at the meeting.

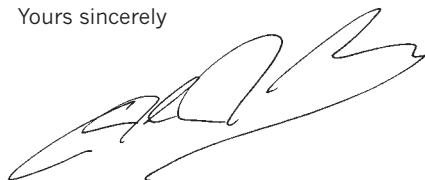
At this time each year we send a considerable amount of documentation to our shareholders. This includes the Annual Report and Accounts, or Annual Review, as well as the Notice of Meeting and Forms of Proxy that allows you to attend and vote at the AGM. Those documents are already available on-line from our web-site [www.severntrent.com](http://www.severntrent.com). You can help us minimise the resources used and reduce the impact on the environment by electing to receive future reports and related documentation electronically. If you wish to take advantage of this service for future mailings you may register your request on our registrar's website at [www.shareview.co.uk](http://www.shareview.co.uk)

Your directors consider that the resolutions in the Notice of Meeting are in the best interests of shareholders as a whole and we recommend that you vote in favour of them.

Your participation in the AGM is important to us and even if you are unable to attend in person you can give your voting instruction on-line at [www.sharevote.co.uk](http://www.sharevote.co.uk) or by post.

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

Yours sincerely



**David Arculus**  
Chairman

## NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the fifteenth Annual General Meeting of Severn Trent Plc (the "Company") will be held in the Salamander Suite at the National Exhibition Centre, Birmingham, B40 1NT on Tuesday 27 July 2004 at 2.30pm for the following purposes:

To consider and, if thought fit, pass resolutions 1 to 12 and 16 to 19 as ordinary resolutions, and resolutions 13 to 15 as special resolutions.

### **Resolution 1**

To receive the Report of the Directors and the audited accounts for the year ended 31 March 2004.

### **Resolution 2**

To approve the remuneration report for the year ended 31 March 2004.

### **Resolution 3**

To declare a final dividend in respect of the year ended 31 March 2004 of 29.27 pence (net) for each ordinary share of 65<sup>5</sup>/<sub>19</sub> pence.

### **Resolution 4**

To re-appoint Mr J K Banyard, who retires by rotation, as a Director of the Company.

### **Resolution 5**

To re-appoint Mr B Duckworth, who retires by rotation, as a Director of the Company.

### **Resolution 6**

To re-appoint Dr J D G McAdam, who retires by rotation, as a Director of the Company.

### **Resolution 7**

To re-appoint Mr F A Osborn, who retires by rotation, as a Director of the Company.

### **Resolution 8**

To re-appoint Mr M J Houston, who has been appointed since the last annual General Meeting, as a Director of the Company.

### **Resolution 9**

To re-appoint Mr C S Matthews, who has been appointed since the last annual General Meeting, as a Director of the Company.

### **Resolution 10**

To re-appoint Mr J B Smith, who has been appointed since the last annual General Meeting, as a Director of the Company.

### **Resolution 11**

To re-appoint PricewaterhouseCoopers 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 12**

That the authority conferred on the Directors to allot relevant securities as defined in section 80 of the Companies Act 1985 (as amended) be renewed for the period ending on the date of the Annual General Meeting in 2009 or on 26 July 2009, whichever is the earlier, and the maximum amount of relevant securities which the Directors may allot during this period shall be £74,327,058.

### **Resolution 13**

That subject to the passing of Resolution 12 set out in the Notice of Annual General Meeting dated 7 June 2004 the power to disapply the pre-emption provisions of section 89 of the Companies Act 1985 (as amended) and to allot equity securities (within the meaning of section 94 of that Act) for cash pursuant to Resolution 12 or by way of a sale of treasury shares be renewed for a period ending on the date of the Annual General Meeting in 2005 or 26 October 2005, whichever is the earlier, and the maximum amount of equity securities which the Directors may so allot (other than in connection with a rights issue) shall be £11,261,675.

**Resolution 14**

That the Company is authorised generally and without conditions to make market purchases (as defined in section 163 (3) of the Companies Act 1985) (as amended) of its ordinary shares of 65<sup>5</sup>/<sub>19</sub> pence each, but:

the Company may not purchase more than 34,511,587 ordinary shares;

the Company may not pay less than 65<sup>5</sup>/<sub>19</sub> pence for each ordinary share;

the Company may not pay, in respect of each ordinary share, more than 5% over the average of the middle market price of the ordinary shares 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 the ordinary shares;

this authority will last from today until the Company's Annual General Meeting in 2005 or 26 October 2005, whichever is the earlier; and

the Company may agree, before the authority ends, to purchase ordinary shares where the purchase is or may be completed (fully or partly) after the authority ends.

**Resolution 15**

That the Articles of Association of the Company be amended by the adoption of the amendments to Articles 46, 52, 68, 73, 76, 80, 83, 84, 86, 96, 102, 127, 135, 136, and 152 highlighted in the revised print of the Articles of Association produced to the meeting and initialled by the Chairman for the purpose of identification only.

**Resolution 16**

That the Company is generally and without conditions authorised for the purposes of Part XA of the Companies Act 1985 (as amended) to make donations to EU political organisations and to incur EU political expenditure (as such terms are defined in section 347A of that Act) provided that:

the maximum sums which may be donated to EU political organisations and incurred in respect of EU political expenditure shall together not exceed £50,000;

this authority will last from today until the Company's Annual General Meeting in 2005 unless previously renewed, varied or revoked by the Company in general meeting; and

the Company may enter into a contract or undertaking under this authority prior to its expiry, which contract or undertaking may be performed wholly or partly after such expiry, and may make donations to EU political organisations and incur EU political expenditure in pursuance of such contract or undertaking.

**Resolution 17**

That the Company's subsidiary, Severn Trent Water Limited, is generally and without conditions authorised for the purposes of Part XA of the Companies Act 1985 (as amended) to make donations to EU political organisations and to incur EU political expenditure (as such terms are defined in section 347A of that Act) provided that:

the maximum sums which may be donated to EU political organisations and incurred in respect of EU political expenditure shall together not exceed £50,000;

this authority will last from today until the Company's Annual General Meeting in 2005 unless previously renewed, varied or revoked by the Company in general meeting; and

Severn Trent Water Limited may enter into a contract or undertaking under this authority prior to its expiry, which contract or undertaking may be performed wholly or partly after such expiry, and may make donations to EU political organisations and incur EU political expenditure in pursuance of such contract or undertaking.

**Resolution 18**

That the Company's subsidiary, Biffa Waste Services Limited, is generally and without conditions authorised for the purposes of Part XA of the Companies Act 1985 (as amended) to make donations to EU political organisations and to incur EU political expenditure (as such terms are defined in section 347A of that Act) provided that:

the maximum sums which may be donated to EU political organisations and incurred in respect of EU political expenditure shall together not exceed £25,000;

this authority will last from today until the Company's Annual General Meeting in 2005 unless previously renewed, varied or revoked by the Company in general meeting; and

Biffa Waste Services Limited may enter into a contract or undertaking under this authority prior to its expiry, which contract or undertaking may be performed wholly or partly after such expiry, and may make donations to EU political organisations and incur EU political expenditure in pursuance of such contract or undertaking.

**Resolution 19**

That the Company's subsidiary, Biffa Treatment NV, is generally and without conditions authorised for the purposes of Part XA of the Companies Act 1985 (as amended) to make donations to EU political organisations and to incur EU political expenditure (as such terms are defined in section 347A of that Act) provided that:

the maximum sums which may be donated to EU political organisations and incurred in respect of EU political expenditure shall together not exceed £25,000;

this authority will last from today until the Company's Annual General Meeting in 2005 unless previously renewed, varied or revoked by the Company in general meeting; and

Biffa Treatment NV may enter into a contract or undertaking under this authority prior to its expiry, which contract or undertaking may be performed wholly or partly after such expiry, and may make donations to EU political organisations and incur EU political expenditure in pursuance of such contract or undertaking.

By Order of the Board  
**P P Davies** LL.B. Solicitor  
Group General Counsel and Company Secretary

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

7 June 2004

## DIRECTORS SEEKING REAPPOINTMENT



**Top row**  
John Banyard  
Brian Duckworth  
Martin Houston  
John Smith

**Bottom row**  
John McAdam  
Derek Osborn  
Colin Matthews

**John Banyard** BScEng FEng FICE FCIWEM (59) (Executive Director)  
Mr Banyard joined the Board in January 1998. He is an executive Director of Severn Trent Water Ltd with responsibility for asset management. He is also a Director of UK Water Industry Research Ltd, a member of the Court of Cranfield University and the Royal Academy of Engineering Visiting Professor of Water Engineering at Loughborough University. Mr Banyard is a Chartered Civil Engineer and has worked in a number of engineering roles within the group since joining Severn Trent in 1974. He was elected a Fellow of the Royal Academy of Engineering in 1997. He is currently President of the Pipeline Industries Guild.

**Brian Duckworth** BA FCCA FCIWEM FIWO (55) (Executive Director)  
Mr Duckworth joined the Board in November 1994. He has worked in various roles since joining Severn Trent in 1974 and was appointed Managing Director of Severn Trent Water Ltd on 1 April 1995. Mr Duckworth was appointed as a non-executive Director of Avon Rubber plc and Redrow Plc in 2002. He has served as the President of the Institution of Water Officers and Chairman of Water UK, the water industry's trade association.

**Martin Houston** BSc MSc DIC (46) (Non-executive Director)  
Mr Houston joined the Board on 1 September 2003. He is currently Executive Vice President and Managing Director of BG Group's North American, Caribbean and Global Liquefied Natural Gas business and a member of the Group Executive Committee. He joined BG Group in 1983 and has held a number of technical and commercial roles with a predominantly international focus. He has a BSc in Geology from Newcastle University and an MSc in Petroleum Geology from Imperial College, London. He is a fellow of the Geological Society of London and sits on the board of SIGTTO (Society of International Gas Tanker & Terminal Operators Ltd).

**John Smith** FCCA, Hon. FRIBA (46) (Non-executive Director)  
Mr Smith joined the Board on 3 November 2003. He is a member of the H M Treasury's Public Services Productivity Panel, the Accounting Standards Board and the 100 Group of Finance Directors. He is a Fellow of the Chartered Association of Certified Accountants. After training with a firm of accountants, Mr Smith joined the British Railways Board, moving up over a period of 14 years to head up their corporate demerger team. In 1989 he moved to the BBC, becoming Director of Finance, Property and Business Affairs in 1997. Mr Smith has held a non-executive directorship with Vickers Plc, was a member of the advisory board of Zurich Financial Services UK and was a Director of the Royal Television Society.

**John McAdam** BSc PhD (56) (Non-executive Director)  
Dr McAdam joined the Board on 18 September 2000. He is Chief Executive and a member of the Board of ICI PLC. He joined ICI in 1997 following the acquisition of the Specialty Chemical Businesses from Unilever where he held a number of senior positions in Birds Eye Walls Ltd, Unichema International and Quest International. He was appointed Executive Vice President Coatings and Chief Executive of ICI Paints in 1998, and joined the Board of ICI PLC soon after when he also became responsible for Corporate Research & Technology. He took over as Chief Executive of ICI PLC in April 2003. He is a member of the University of Surrey Business Advisory Group.

**Derek Osborn** CB (63) (Non-executive Director)  
Mr Osborn joined the Board on 21 September 1998 and is a leading figure in the environmental world. He was Chairman of the UK Round Table on Sustainable Development from 1999 to 2000 and is now a member of the UK Commission on Sustainable Development. He has been Chairman of UNED UK since 1996 and was Chairman of the International Institute for Environment and Development from 1998 to 2002. He is Chairman of Jupiter Global Green Investment Trust and of the international advisory board of ERM CVS. Mr Osborn was Director General of Environment Protection in the Department of the Environment from 1990 to 1995 and Chairman of the Management Board of the European Environment Agency from 1995 to 1999.

**Colin Matthews** MA CEng (48) (Non-executive Director)  
Mr Matthews joined the Board on 17 October 2003. He is a Chartered Engineer who has worked in Japan, France, Canada, and the UK. He worked for the (American) General Electric Company for nine years and subsequently spent five years at British Airways, first as Director of Engineering then as Director of Technical Operations, responsible for all aircraft maintenance, IT and procurement. He then joined the Board of Lattice Group Plc as Group Managing Director of Transco until its merger with the National Grid. He has held his current position as CEO of Hays Plc since November 2002. Mr Matthews holds a first class degree in Engineering from Cambridge University.

## EXPLANATORY NOTES

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

The Directors must lay before the Meeting the accounts of the Company for the financial year ended 31 March 2004, the report of the Directors and the report of the Auditors of the Company on those accounts.

### **Approval of Remuneration Report (Resolution 2)**

The remuneration report for the year ended 31 March 2004 has been prepared in accordance with the Directors' Remuneration Report Regulations 2002. Those regulations specify that shareholders must also be given the opportunity to approve it. Accordingly, the Directors invite Shareholders to approve the remuneration report which is included in the Annual Report and Accounts 2004.

### **Declaration of a dividend (Resolution 3)**

A final dividend of 29.27 pence (net) is recommended by the Directors for payment to ordinary shareholders who are on the register of members at the close of business on 18 June 2004. It is proposed that shareholders declare this dividend by passing this resolution. 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 1 October 2004.

### **Reappointment of Directors (Resolutions 4, 5, 6, 7, 8, 9 and 10)**

The Company's Articles of Association require all Directors to submit themselves for reappointment at least every three years. This provision also ensures that, as a minimum, one third of the Board of Directors, together with any Director appointed since the last Annual General Meeting, retires each year and, if they are eligible and so desire, stands for reappointment at the Annual General Meeting. Directors retire on the basis of their length of service since their last election.

John Banyard, Brian Duckworth, John McAdam and Derek Osborn retire by rotation. Martin Houston, Colin Matthews and John Smith have been appointed since the last Annual General Meeting. All seven directors offer themselves for reappointment.

Following a formal performance review the Nominations Committee has confirmed that each Director standing for reappointment continues to make a valuable contribution to the Board's deliberations and continues to demonstrate commitment.

Details of the Directors who are standing for reappointment are included in this Notice of Annual General Meeting.

### **Reappointment and Remuneration of Auditors (Resolution 11)**

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 11 proposes the reappointment of PricewaterhouseCoopers LLP as auditors of the Company and authorises the Directors, in accordance with standard practice, to determine the level of their remuneration. The Audit Committee will approve the audit fees for recommendation to the Board.

### **Authority to Allot Shares (Resolution 12)**

Under section 80 of the Companies Act 1985 (as amended) the Directors of the Company may only allot relevant securities if so authorised by shareholders in general meeting. Such an authority was last provided at the Company's Annual General Meeting in 1999. The authority was given for a five year period and will expire on 28 July 2004.

Resolution 12 proposes that the authority be renewed giving the Directors the power to allot relevant securities up to a nominal value of £74,327,058 (equivalent to 113,888,235 ordinary shares) for a period of five years to expire on 26 July 2009.

### **Disapplication of Statutory Pre-emption Rights (Resolution 13)**

This special resolution proposes the renewal of the Directors' authority to issue equity securities for cash without having to offer these securities to existing shareholders first, as is required by section 89 of the Companies Act 1985 (as amended). Equity securities are ordinary shares in the Company including any ordinary shares which the Company has purchased and elected to hold as treasury stock (as further explained in the notes to Resolution 15)

but they do not include shares which are allotted under employee share schemes. By exempting the Company from the rule in section 89 of that Act, the Directors will have greater flexibility to raise finance.

A rights issue would involve the Company offering existing shareholders the opportunity to buy new ordinary shares. The number of ordinary shares which a shareholder can buy depends on the number he/she already owns. The rules in some countries prevent shareholders from participating in a rights issue. This resolution also allows the Directors to make alternative arrangements for those shareholders.

### **Authority for the Company to Purchase its Own Shares (Resolution 14)**

This special resolution proposes the renewal of the authority granted at the Company's last Annual General Meeting. If passed, it will allow the Company to buy back up to 34.5 million of its ordinary shares on the Stock Market. This equals about 10% of the ordinary shares held by the Company's shareholders. The resolution sets out the lowest and highest prices that the Company can pay for the shares.

The Directors are committed to managing the Company's capital effectively. Purchasing the Company's own ordinary shares is one of the options that the Directors keep under constant review. The Directors will only purchase the Company's own ordinary shares if they believe it is in the shareholders' best interest 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 (the "Treasury Shares Regulations") will be automatically cancelled. Shares purchased pursuant to the Treasury Share Regulations may either be held or dealt with by the Company, as further explained in the notes to Resolution 15 below.

### **Amendments to Articles of Association (Resolution 15)**

This special resolution is proposed to amend the Company's Articles of Association in connection with:

#### 1. Treasury Shares

The Treasury Shares Regulations came into effect on 1 December 2003. They enable companies to retain up to 10% of their issued shares as treasury stock with a view to possible resale at a future date, rather than cancelling them as the legislation previously required. No dividends will be paid on shares while held in treasury, and no voting rights will attach to them. Certain changes have therefore been proposed to the Articles of Association of the Company to take account of the possible existence of treasury shares and their rights.

If the Company were to purchase any of its own shares pursuant to Resolution 14 and this Resolution 15 is passed, it would consider holding them as treasury stock, pursuant to the authorisations conferred by these Resolutions. This would give the Company the ability to re-issue treasury shares quickly and cost-effectively and would provide the Company with additional flexibility in the management of its capital base. The Company did not hold any treasury stock as at 7 June 2004.

#### 2. Annual aggregate limit of fees paid to non-executive Directors

The current annual aggregate limit was last considered and increased at the AGM in 2001. Since then a significant number of corporate governance initiatives have been introduced resulting in more exacting responsibilities for the non-executive Directors. In addition, their number within the Company has increased. It is necessary for the Company to ensure fees for its non-executive Directors remain aligned with current market rates and, in line with this, the Directors consider it appropriate to increase the annual aggregate limit. To avoid the requirement of reviewing and seeking to increase the cap again in the short term, it is proposed that Article 86 of the Company's Articles of Association be amended by increasing the annual aggregate limit to £950,000.

## EXPLANATORY NOTES

CONTINUED

The number of proposed amendments is such that they have not been described separately in Resolution 15 but a copy of the company's existing Articles of Association and a copy marked up to show the differences between those and the Articles of Association as proposed to be amended pursuant to Resolution 15, will be available for inspection from the date of this Notice up to the close of the Annual General Meeting at the offices of Herbert Smith, Exchange House, Primrose Street, London EC2A 2HS and at the registered office of the Company during usual business hours. A further copy will be available for inspection at the place of the meeting from 1.30pm until the close of the Annual General Meeting.

### **Authority to make Donations to EU Political Organisations and incur EU Political Expenditure (Resolutions 16, 17, 18 and 19).**

It is the Company's policy not to make any donations to political parties and the Board does not intend to change that policy. However, the law regulating political donations changed in 2001. It now includes very broad definitions of political donations

and expenditure of more than £5,000 in any one year made to organisations within the European Community which are, or could be, categorised as EU political organisations. The legislation also requires a separate resolution of the holding company to be passed with respect to each subsidiary company concerned.

The meaning and implications of the legislation remain unclear but appear to be very broad and could extend to a number of routine business activities that would not be thought to be political donations in the usual sense. Given that the nature of the Company's and its subsidiaries' business means it is frequently involved with public bodies and political representatives, and in order to avoid any possibility of inadvertently contravening the legislation, the Board considers it would be prudent to seek shareholders' approval for the Company and its principal operating subsidiary companies to incur total expenditure of £150,000 in the forthcoming year. The Board will not use this authority to make any political donations as that expression would have been understood before the law was changed.

---

## GENERAL NOTES

### **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 no later than 6.00pm on 25 July 2004. 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 Severn Trent Plc 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 one or more proxies to attend the meeting, and any adjournment thereof, and on a poll, vote instead of him/her. The Chairman of the Meeting will also permit duly appointed proxies to speak at the meeting. A proxy need not be a shareholder of Severn Trent Plc. Forms of Proxy should be deposited at the office of the registrars, Lloyds TSB Registrars, The Causeway, Worthing BN99 6BY not less than 48 hours before the time for holding the meeting.

### **Electronic proxy voting**

Shareholders may register the appointment of a proxy by contacting the [www.sharevote.co.uk](http://www.sharevote.co.uk) website, where full details of the procedure are given. That website is operated by the Company's registrars, Lloyds TSB Registrars. 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 communications 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 AGM to be held on 27 July 2004 and any adjournment(s) thereof by using the procedures 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 Lloyds TSB Registrars (ID7RA01) no later than 8.00pm on Friday 23rd July 2004 or if the meeting is adjourned, close of business on the day three days prior to the day fixed for the adjourned meeting.

### **Employee Share Schemes**

An employee whose shares are held by the Trustees under either the Severn Trent Profit Sharing Schemes or the Severn Trent Share Incentive Plan is not entitled to attend the meeting in respect of those shares. However, the employee can, in the meantime, instruct the Trustees how to vote on his/her behalf on any resolution set out in the Notice of Annual General Meeting should the resolution be put to a formal vote by poll. Voting direction forms will be sent to those employees concerned. Voting directions should be returned to the address on the reverse of the form so as to be received not later than 2.30pm on Tuesday 20 July 2004. Employees may also instruct the Trustees how to vote by contacting the [www.sharevote.co.uk](http://www.sharevote.co.uk) website.

### **Electronic communication service**

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

- The Company's full Annual Report and Accounts and Annual Review can be viewed on the day they are published
- Your AGM votes can be cast electronically
- Important shareholder communications may be received electronically
- 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 on our registrar's website at [www.shareview.co.uk](http://www.shareview.co.uk).