

2006

Notice of meeting



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,

I am pleased to invite you to the Company's seventeenth Annual General Meeting (AGM) which will be held at the International Convention Centre in Birmingham on Tuesday 25 July 2006 at 11.00am.

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 Form of Proxy that allow you to attend and vote at the AGM. Those documents are also available from our website at 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.

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 or by post.

The Directors consider that the resolutions in the Notice of Meeting are in the best interests of shareholders as a whole and recommend 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.

A handwritten signature in black ink, appearing to read "John Egan".

Sir John Egan
Chairman
22 June 2006

Severn Trent Plc
Annual General Meeting 2006
International Convention Centre
Broad Street
Birmingham
B1 2EA

25 July 2006 at 11.00am

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the seventeenth Annual General Meeting of Severn Trent Plc (the "Company") will be held at the International Convention Centre, Broad Street, Birmingham, B1 2EA on Tuesday 25 July 2006 at 11.00 am for the following purposes:

To consider and, if thought fit, pass resolutions 1 to 11 and 14 to 16 as ordinary resolutions, and resolutions 12 and 13 as special resolutions.

Resolution 1

To receive the Report of the Directors and the audited accounts for the year ended 31 March 2006.

Resolution 2

To approve the Directors' remuneration report for the year ended 31 March 2006.

Resolution 3

To declare a final dividend in respect of the year ended 31 March 2006 of 31.97 pence for each ordinary share of 65⁵/₁₉ pence.

Resolution 4

To re-appoint Bernard Bulkin as a Director.

Resolution 5

To re-appoint Richard Davey as a Director.

Resolution 6

To re-appoint Martin Houston as a Director.

Resolution 7

To re-appoint Colin Matthews as a Director.

Resolution 8

To re-appoint Michael McKeon as a Director.

Resolution 9

To re-appoint John Smith as a Director.

Resolution 10

To re-appoint Deloitte & Touche 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 11

That the authority conferred on the Directors to allot relevant securities (as defined in section 80(2) of the Companies Act 1985) be renewed for the period ending on the date of the Annual General Meeting in 2007 or on 24 October 2007, whichever is the earlier, 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. The maximum amount of relevant securities which the Directors may allot during this period shall be £75,184,416 (equivalent to 115,201,928 ordinary shares, representing 33% of the total issued share capital as at 2 June 2006).

Resolution 12

That, subject to the passing of Resolution 11 set out in the Notice of Annual General Meeting dated 22 June 2006, the power to disapply the pre-emption provisions of section 89 of the Companies Act 1985 and to allot equity securities (as defined in section 94 of that Act) for cash pursuant to Resolution 11 or by way of a sale of treasury shares be renewed for a period ending on the date of the Annual General Meeting in 2007 or 24 October 2007, 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 £11,391,577 (equivalent to 17,454,837 ordinary shares representing 5% of the total issued share capital as at 2 June 2006).

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 two days prior to the meeting or prior to any adjournment thereof. 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 Company's registrar, Lloyds TSB Registrars, The Causeway, Worthing BN99 6LB not less than 48 hours before the time for holding the meeting.

Electronic proxy voting

Shareholders may register the appointment of a proxy on-line at www.sharevote.co.uk where full details of the procedure are given. The website is operated by the Company's registrar, 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 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 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 (ID 7RA01) no later than 11.00am on Sunday 23 July 2006 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 Trustee of the Severn Trent Share Incentive Plan 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 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 11.00am on Tuesday 18 July 2006. Voting directions may also be given on-line at www.sharevote.co.uk.

Inspection of documents

The following documents, which are available for inspection during normal business hours at the registered office of the Company on any business day, may also be inspected on the day of the meeting at the International Convention Centre, Broad Street, Birmingham B1 2EA from 10.00am until shortly after the meeting closes:

copies of the executive Directors' service contracts with the Company;

copies of the non-executive Directors' letters of appointment;

the register of interests of the Directors in the share capital of the Company; and

the register of substantial shareholders.

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; and

You may see details of your individual shareholdings quickly and securely on-line.

If you wish to take advantage of this service you may register your request with the Company's registrar at www.shareview.co.uk.

Directors seeking re-appointment



Top row
Bernard Bulkin
Martin Houston
Michael McKeon

Bottom row
Richard Davey
Colin Matthews
John Smith

Bernard Bulkin BS PhD FRSC FRSA FIE (64)*

Bernard joined the Board on 1 January 2006. He is Chairman of AEA Technology Plc and a non-executive Director of Accelergy Corporation in California. He is also a Venture Partner at Vantage Point, an international venture capital firm. Bernard is a Commissioner on the UK Sustainable Development Commission and a board member of the UK Centre for Economic and Environmental Development. He is also a member of the DTI Sustainable Energy Policy Advisory Board. In 2003 he retired as Chief Scientist at BP Plc, where he had worked for eighteen years.

Richard Davey (57)*

Richard joined the Board on 1 January 2006. He is a non-executive Director of Yorkshire Building Society and Amlin Plc. He also served as a non-executive Director of Freeserve Plc from 1999 to 2001 and of Scottish Widows Fund and Life Assurance Society from 1996 to 2000. The majority of Richard's executive career was spent in investment banking at N M Rothschild & Sons where he served in various roles including Head of Investment Banking. Prior to that, he worked at various organisations including Merrill Lynch International Limited and Exco International Plc.

Martin Houston BSc MSc DIC (48)*

Martin joined the Board in September 2003. He is 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 is a Fellow of the Geological Society of London.

Colin Matthews MA CEng MBA (50)

Colin joined the Board in October 2003, becoming Group Chief Executive on 1 February 2005. He is a Chartered Engineer and worked for the (American) General Electric Company and then for British Airways, first as Director of Engineering, then as Director of Technical Operations, responsible for all aircraft maintenance, IT and procurement. Colin was Group Managing Director of Transco from 2001 to 2002 and CEO of Hays Plc from 2002 to 2004.

Michael McKeon MA CA (49)

Michael joined the Board on 13 December 2005 as Group Finance Director. Prior to that, he was Group Finance Director of the buildings materials group Novar Plc. He worked for Rolls Royce Plc from 1997 to 2000 in various senior roles including Finance Director of the Aerospace Group. Michael has extensive international business experience, having worked overseas for CarnaudMetalbox, Elf Atochem and Price Waterhouse. He is a Member of the Institute of Chartered Accountants of Scotland.

John Smith FCCA Hon.FRIBA (48)*

John joined the Board in November 2003. He is Chief Operating Officer of the BBC and Chief Executive of its trading arm, BBC Worldwide. He is also Vice President of the Royal Television Society. John has held a non-executive directorship with Vickers Plc, was a member of the advisory board of Zurich Financial Services UK and served for three years on the Accounting Standards Board until November 2004.

*Non-executive Director

Explanatory notes

Annual Report and Accounts (Resolution 1)

The Directors must lay before the shareholders the accounts of the Company for the financial year ended 31 March 2006, the report of the Directors and the report of the auditors of the Company on those accounts.

Approval of Directors' remuneration report (Resolution 2)

The Directors' remuneration report for the year ended 31 March 2006 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 2006 and summarised in the Annual Review.

Declaration of a dividend (Resolution 3)

A final dividend of 31.97 pence is recommended by the Directors for payment to the holders of ordinary shares who are on the register of members at the close of business on 30 June 2006. 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 2 August 2006.

Re-appointment of directors (Resolutions 4, 5, 6, 7, 8 and 9)

The Company's Articles of Association require all Directors to submit themselves for re-appointment 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 eligible and so desires, stands for re-appointment at the Annual General Meeting. Directors retire on the basis of their length of service since their last election.

Martin Houston, Colin Matthews and John Smith retire by rotation. Bernard Bulkin, Richard Davey and Michael McKeon have been appointed since the last Annual General Meeting. All six Directors offer themselves for re-appointment.

Following a formal review, the Nominations Committee has confirmed that each Director standing for re-appointment continues to make a valuable contribution to the Board's deliberations and continues to demonstrate commitment. The Committee supports and recommends the proposed re-appointments.

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

Re-appointment and remuneration of auditors (Resolution 10)

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 10 proposes the re-appointment of Deloitte & Touche 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 allot shares (Resolution 11)

Under section 80 of the Companies Act 1985 the Directors of the Company may only allot relevant securities if so authorised by shareholders in general meeting. This resolution proposes that the Directors' authority be renewed for the period to the 2007 Annual General Meeting or 24 October 2007, whichever is the earlier.

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 the renewal of the Directors' authority to issue equity securities for cash without first having to offer those securities to existing shareholders, as is required by section 89 of the Companies Act 1985. Equity securities are ordinary shares in the Company, including any ordinary shares which the Company has purchased and elected to hold as treasury stock, 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 but this resolution would allow the Directors to make alternative arrangements for those shareholders.

Authority for the company to purchase its own shares (Resolution 13)

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 34.9 million of its ordinary shares on the Stock Market. This equates to 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 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 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 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 Treasury Shares as at 2 June 2006.

Authority to make donations to EU political organisations and incur EU political expenditure (Resolutions 14, 15 and 16)

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 includes very broad definitions of donations and political 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 are extremely wide and extend to a number of routine business activities not normally 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 prudent to seek shareholders' approval for the Company and its principal operating subsidiary companies to make donations to EU political organisations and incur EU political expenditure. The AGM in 2005 approved total expenditure of £125,000 over the past year for these companies. This year, the Board is seeking shareholder approval to incur total expenditure of £125,000 per annum over the next three years. The Board will not use this authority to make any political donations as that expression would have been understood before the law was changed.

Resolution 13

That the Company is authorised generally and without conditions to make market purchases (as defined in section 163(3) of the Companies Act 1985) of its ordinary shares of 65⁵/₁₉ pence each, but:

the Company may not purchase more than 34,909,675 ordinary shares;

the Company may not pay less than 65⁵/₁₉ 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 until the Company's Annual General Meeting in 2007 or 24 October 2007, 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 14

That the Company is generally and without conditions authorised for the purposes of Part XA of the Companies Act 1985 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, in aggregate, not exceed the sum of £50,000 during each successive period of 12 months beginning on the date of this Resolution;

this authority will last until the Company's Annual General Meeting in 2009 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 15

That the Company's wholly-owned subsidiary, Severn Trent Water Limited, is generally and without conditions authorised for the purposes of Part XA of the Companies Act 1985 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, in aggregate, not exceed the sum of £50,000 during each successive period of 12 months beginning on the date of this Resolution;

this authority will last until the Company's Annual General Meeting in 2009 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 16

That the Company's wholly-owned subsidiary, Biffa Waste Services Limited, is generally and without conditions authorised for the purposes of Part XA of the Companies Act 1985 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, in aggregate, not exceed the sum of £25,000 during each successive period of 12 months beginning on the date of this Resolution;

this authority will last until the Company's Annual General Meeting in 2009 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.

By Order of the Board

Fiona Smith

Group General Counsel and Company Secretary

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

22 June 2006