

NOTICE OF MEETING 2015

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 advisor.

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 Wednesday 15 July 2015 at 11am 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 registrar) as soon as possible. Equiniti must receive the Form of Proxy by 11am on Monday 13 July 2015. Alternatively, you can vote online at www.sharevote.co.uk

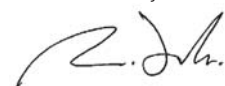
If you are a registered shareholder holding shares in your own name and have not elected to receive communications in paper form by post or if you have elected to receive paper notification that shareholder communications are available to view online, I can advise you that the Annual Report and Accounts for the year ended 31 March 2015 is now available online at www.severntrent.com

Please note that the company operates a Dividend Reinvestment Plan, which gives shareholders the option of using their dividend payments to buy more shares in Severn Trent Plc (the 'Company') at favourable commission rates. If you would like to participate in this Plan please contact the Equiniti helpline on 0871 384 2268* for an application form. To participate for the July final dividend a completed application form must be received by Equiniti by Friday 3 July 2015.

The board considers the Resolutions are likely to promote the success of the Company and are in the best interests of the Company and its shareholders as a whole. The directors unanimously recommend that you vote in favour of the Resolutions as they intend to do in respect of their own beneficial holdings which amount in aggregate to 37,291 ordinary shares representing approximately 0.016% of the issued ordinary share capital of the Company as at 21 May 2015, being the latest practicable date prior to publication of this document.

Your directors and I look forward to your participation in respect of this year's Annual General Meeting and take the opportunity to thank you for your continued support.

Yours faithfully,



Andrew Duff

Chairman

21 May 2015

* Calls to this number are charged at 8p per minute plus network extras. Lines are open 8.30am to 5.30pm Monday to Friday, excluding UK bank holidays.

**SEVERN
TRENT**

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 26th 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 Wednesday 15 July 2015 at 11am to consider and, if thought appropriate, pass Resolutions 1 to 16 as ordinary resolutions and Resolutions 17 to 19 as special resolutions.

Resolution 1

To receive the accounts and the reports of the directors and the auditor for the year ended 31 March 2015.

Resolution 2

To approve the directors' remuneration report, other than the part containing the directors' remuneration policy, in the form set out in the Company's Annual Report and Accounts for the year ended 31 March 2015.

Resolution 3

To approve the directors' remuneration policy in the form set out in the directors' remuneration report in the Company's Annual Report and Accounts for the year ended 31 March 2015.

Resolution 4

To declare a final ordinary dividend in respect of the year ended 31 March 2015 of 50.94 pence for each ordinary share of 97¹⁷/₁₉ pence.

Resolution 5

To appoint James Bowling as a director.

Resolution 6

To reappoint John Coghlan as a director.

Resolution 7

To reappoint Andrew Duff as a director.

Resolution 8

To reappoint Gordon Fryett as a director.

Resolution 9

To reappoint Olivia Garfield as a director.

Resolution 10

To reappoint Martin Lamb as a director.

Resolution 11

To reappoint Philip Remnant as a director.

Resolution 12

To reappoint Dr Angela Strank as a director.

Resolution 13

To reappoint Deloitte LLP as auditor of the Company, to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.

Resolution 14

To authorise the Audit Committee of the board to determine the remuneration of the auditor.

Resolution 15

To authorise, generally and unconditionally, the Company and all companies which are subsidiaries of the Company during the period when this Resolution 15 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 expiring at the next Annual General Meeting of the Company, or if earlier, on 15 October 2016, 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 16

To authorise, generally and unconditionally, the directors in accordance with section 551 of the Companies Act 2006 (the '2006 Act') to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company ('Rights'):

- i) up to an aggregate nominal amount of £78,047,859.41; and
- ii) up to a further aggregate nominal amount of £78,047,859.41 provided that a) they are equity securities (within the meaning of section 560(1) of the 2006 Act) and b) 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, 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 at the next Annual General Meeting of the Company, or if earlier, on 15 October 2016, save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require shares to be allotted or Rights to be granted after such expiry and the directors shall be entitled to allot shares and grant Rights 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 shares and grant Rights be and are hereby revoked.

Resolution 17

To empower the directors pursuant to sections 570 and 573 of the Companies Act 2006 (the '2006 Act') to allot equity securities (within the meaning of section 560 of the 2006 Act) for cash either pursuant to the authority conferred by Resolution 16 above or by way of a sale of treasury shares as if section 561(1) of the 2006 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 16 above by way of rights issue only) in favour of the holders of ordinary shares in the Company 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; and
- ii) the allotment (otherwise than pursuant to sub-paragraph i) of this Resolution 17) to any person or persons of equity securities up to an aggregate nominal amount of £11,707,178.

and shall expire upon the expiry of the general authority conferred by Resolution 16 above, save that the Company shall be entitled to make offers or agreements before the expiry of such power 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 power had not expired.

Resolution 18

To authorise, generally and unconditionally, the Company to make market purchases (within the meaning of section 693(4) of the Companies Act 2006 (the '2006 Act')) of its ordinary shares, 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 23,949,741 ordinary shares;
- ii) the Company may not pay less than 97¹⁷/₁₉ 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 19

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

By order of the board

Bronagh Kennedy

General Counsel and Company Secretary
Severn Trent Plc
Severn Trent Centre
2 St John's Street
Coventry CV1 2LZ
Registered in England and Wales
Registration No. 2366619

21 May 2015

Board of directors

STRONG LEADERSHIP

Committee membership key

- Audit Committee
- ▲ Corporate Responsibility Committee
- ❖ Executive Committee
- Nominations Committee
- ★ Remuneration Committee
- ◆ Treasury Committee

1. Martin Lamb BSc MBA (55) ● ★ ■ Senior Independent Non-executive Director Appointed to the board on 29 February 2008

Martin brings extensive experience to the board of managing and developing large engineering businesses in all parts of the world. His strong engineering expertise, commercial acumen, experience of managing complex projects, and familiarity with current market pressures leave him well placed to add value to the Severn Trent business. In May 2014, Martin left the board of IMI plc having served as Chief Executive for 13 years and after 33 years with the company. On 1 March 2014, Martin was appointed Chairman of Evoqua Water Technologies and on 14 January 2015, he was appointed non-executive director of Mercia Technologies Plc. On 24 April 2015, Martin was appointed Chairman of Rotork Plc. Previously Martin was a non-executive director of Spectris Plc.

External appointments

- Chairman of Rotork Plc
- Chairman of Evoqua Water Technologies LLC
- Non-executive director of Mercia Technologies Plc
- Member of the Advisory Board of AEA Investors Management (UK) Limited

2. John Coghlan BCom, ACA (57) ● ■ ◆ Independent Non-executive director Appointed to the board on 23 May 2014 Chairman of the Treasury Committee

John is a chartered accountant and is a valuable addition to the board's existing skill set. He became Chairman of the Audit Committee following the AGM on 16 July 2014 and Chairman of the Treasury Committee in April 2015. John brings to the board extensive financial expertise. Currently John is also Chairman of Inchcape Shipping Services and a non-executive director and Chairman of the Remuneration Committee of Lavendon Group plc. Previously, he was a director of Exel Plc for 11 years to 2006, where he was Deputy Chief Executive and Group Finance Director. Since 2006, John has been a non-executive director of various publicly-quoted and private equity-owned companies.

External appointments

- Chairman of Inchcape Shipping Services
- Non-executive director and Chairman of the Remuneration Committee of Lavendon Group plc
- Chairman of Freight Transport Association Ireland Limited

3. James Bowling BA, ACA (46) ◆ ❖ Chief Financial Officer Appointed to the board on 1 April 2015

James is a chartered accountant, having started his career with Touche Ross and brings significant financial management, M&A and business transformation expertise to the board. Prior to joining Severn Trent, James was interim Chief Financial Officer of Shire plc, where he had been since 2005, first as Head of Group Reporting and from 2008 as Group Financial Controller. Prior to joining Shire, James spent nine years at Ford Motor Company in various finance roles of increasing responsibility.

4. Andrew Duff BSc FEI (56) ▲ ● ★ Non-executive Chairman Appointed to the board on 10 May 2010 and Chairman on 20 July 2010 Chairman of the Nominations Committee

Andrew's extensive experience of international and regulated business, strategic management and customer service in high profile, dynamic environments has equipped him well for the role of Chairman of the group. Andrew spent 16 years at BP in marketing, strategy and oil trading. He joined National Power in 1998 and the board of Innogy plc upon its demerger from National Power in 2000. He played a leading role in its restructuring and transformation through the opening of competition in energy markets culminating in its subsequent sale to RWE in 2003. He became CEO of the successor Company, RWE npower, and a member of the RWE Group Executive Committee. He was a non-executive director of Wolseley Plc from July 2004 until November 2013. Andrew was appointed non-executive Deputy Chairman of Elementis plc on 1 April 2014 and became non-executive Chairman of Elementis plc on 24 April 2014.

External appointments

- Non-executive Chairman and Chairman of the Nomination Committee of Elementis plc
- Member of the CBI President's Committee
- Trustee of Macmillan Cancer Support and Earth Trust
- Fellow of the Energy Institute





5. Olivia Garfield BA (Hons) (39) ▲❖

Chief Executive Officer

Appointed to the board on 11 April 2014

Olivia (Liv) brings to the board a wealth of experience managing customer service delivery and complex infrastructure and organisations in a regulated environment. Before joining Severn Trent, she was Chief Executive Officer of Openreach, part of the BT Group, where she spearheaded and oversaw the commercial rollout of fibre broadband to two-thirds of the country. She joined BT in 2002 and held the pivotal roles of Group Director of Strategy and Regulation, Managing Director Commercial and Brands, Global Services and UK Customer Services Director. From 1998 to 2002, Liv worked for Accenture as a consultant in the Communications and High Tech Market Unit, designing and implementing business change solutions across a number of industry sectors. On 28 February 2015, Liv retired from the board of Tesco Plc as non-executive director. In October 2014, Liv stepped down as a member of the Nominations Committee of Severn Trent.

6. Dr Angela Strank BSc PhD (62) ▲●★

Independent Non-executive director

Appointed to the board on 24 January 2014

Angela brings a wealth of strategic, technical and commercial experience to the board. Angela is Head of Technology, Downstream at BP Group, effective 1 June 2015. She is also BP's Chief Scientist. She has held various other senior leadership roles at BP since joining in 1982, most recently including Vice President and Head of the Chief Executive's Office. In 2010 Angela was the winner of the UK First Woman's Award in Science and Technology in recognition of pioneering UK women in business and industry. Her track record and experience in strategy, operations, technology and transformational change are a complementary addition to the board's skill set.

External appointments

- Board of Governors of the University of Manchester
- University College London, Energy Institute
- International Advisory Board

7. The Hon. Philip Remnant CBE ACA MA (60) ■●★◆

Independent Non-executive director

Appointed to the board on 31 March 2014

Chairman of the Remuneration Committee

Philip is a senior investment banker and brings substantial advisory and regulatory experience to the board. A chartered accountant, he is Senior Independent Director of Prudential Plc, Deputy Chairman of the Takeover Panel, Senior Independent Director of UK Financial Investments Limited and Chairman of City of London Investment Trust plc. Previously, Philip was Vice Chairman of Credit Suisse First Boston Europe and Head of the UK Investment Banking Department. Philip was Director General of the Takeover Panel for two years between 2001 and 2003, and again in 2010. Previously he served on the board of Northern Rock plc and from 2007 to 2012 was Chairman of the Shareholder Executive.

External appointments

- Senior Independent Director and member of the Audit, Nominations and Remuneration Committees of Prudential Plc
- Deputy Chairman of the Takeover Panel
- Non-executive director of UK Financial Investments Limited
- Non-executive Chairman of City of London Investment Trust plc
- Governor of Goodenough College
- Trustee of St Paul's Cathedral Foundation

8. Gordon Fryett (61) ▲●

Independent Non-executive director

Appointed to the board on 1 July 2009

Chairman of the Corporate Responsibility Committee

Gordon has extensive experience working in and with international businesses, managing significant capital expenditure. His in-depth retail expertise at both executive and operational level in a customer facing, highly competitive environment enables him to bring substantial experience and expertise to the board and the Corporate Responsibility Committee. Gordon held the position of Group Property Director at Tesco Plc until his retirement in November 2013. He previously held a number of senior roles within the Tesco Group, including Operations Director, International Support Director and CEO Republic of Ireland.

External appointments

- Alumnus of INSEAD
- Non-executive director of W & J Linney Limited

Explanatory notes

Annual Report and Accounts (Resolution 1)

The directors must lay before shareholders the accounts of the Company for the financial year ended 31 March 2015, the reports of the directors and the report of the auditor of the Company on those accounts.

Directors' Remuneration report (Resolutions 2 and 3)

In accordance with the provisions of the 2006 Act, the directors' remuneration report contains:

- a statement by Philip Remnant, Chairman of the Company's Remuneration Committee;
- the annual report on remuneration, which sets out payments made in the financial year ending 31 March 2015; and
- the directors' remuneration policy in relation to future payments to the directors and former directors.

The statement by the Chairman of the Remuneration Committee and the annual report on remuneration will, as in the past, be put to an annual advisory shareholder vote by ordinary resolution. The policy part of the report, which sets out the Company's forward looking policy on directors' remuneration (including the approach to exit payments to directors), is subject to a binding shareholder vote by ordinary resolution at least every three years.

The directors' remuneration report is set out in full in the Annual Report and Accounts on pages 69 to 85.

Resolution 2 is the ordinary resolution to approve the directors' remuneration report, other than the part containing the directors' remuneration policy. Resolution 2 is an advisory resolution and does not affect the future remuneration paid to any director.

Resolution 3 is the ordinary resolution to approve the directors' remuneration policy which is set out on pages 71 to 75 of the directors' remuneration report in the Annual Report and Accounts. Whilst the Company sought approval for its current directors' remuneration policy at the last AGM in 2014, the Remuneration Committee considered it appropriate, given the new board structure and the change in performance metrics for the long term incentive awards, to undertake a review of directors' remuneration and is proposing to make the changes to the policy which are set out in further detail in the Annual Statement by the Chairman of the Remuneration Committee on page 69 of the Annual Report and Accounts.

As noted in the directors' remuneration policy on pages 69 and 70 of the Annual Report and Accounts, the directors' remuneration policy will commence on 15 July 2015. Payments will continue to be made to directors and former directors in line with existing contractual arrangements until this date.

Once the directors' remuneration policy has been approved, all payments by the Company to the directors and any former directors must be made in accordance with the policy (unless a payment has been separately approved by a shareholder resolution).

If the directors' remuneration policy is approved and remains unchanged, it will be valid for up to three financial years without a new shareholder approval. If the Company wishes to change the directors' remuneration policy, it will need to put the revised policy to a vote again before it can implement the new policy.

If the directors' remuneration policy is not approved for any reason, the Company will, if and to the extent permitted by the 2006 Act, continue to make payments to directors in accordance with existing contractual arrangements and will seek shareholder approval for a revised policy as soon as is practicable.

Declaration of an ordinary dividend (Resolution 4)

A final ordinary dividend of 50.94 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 2015. 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 ordinary dividend will be 24 July 2015.

Reappointment and appointment of directors (Resolutions 5 to 12)

Under the Company's Articles of Association, all directors are required to retire and submit themselves for appointment or reappointment if they have been appointed by the board since the previous Annual General Meeting or if it is the third Annual General Meeting following that at which they were appointed or last reappointed.

However, the UK Corporate Governance Code requires that all directors of companies in the FTSE 350 index, such as the Company, should be subject to annual election by shareholders. Accordingly, except as noted below, all the directors will retire at this year's Annual General Meeting and submit themselves for reappointment, or in the case of James Bowling, appointment, by the shareholders.

Michael McKeon retired from the board on 1 April 2015. Following changes made to the board composition during the year, Tony Ballance, Martin Kane and Andy Smith ceased to be directors of the Company on 23 January 2015. The whole of the board and I would like to thank Michael, Tony, Martin and Andy for their excellent contribution during their tenure as directors.

As stated in the Nominations Committee report in the Annual Report and Accounts, the Nominations Committee supports and recommends the election of James Bowling, Chief Financial Officer, as a director. James Bowling brings new skills and experience to the board.

Following a formal 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. The board has considered whether each of the independent non-executive directors is free from any relationship that could materially interfere with the exercise of his or her judgement and has considered that each continues to be independent.

The Nominations Committee supports and recommends all of the proposed reappointments and appointments.

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

Reappointment and remuneration of the auditor (Resolutions 13 and 14)

The Company is required to appoint auditor at each general meeting at which accounts are laid before the Company, to hold office until the next such meeting. Resolution 13 proposes the reappointment of Deloitte LLP as auditor of the Company and Resolution 14 authorises the Audit Committee of the board, in accordance with standard practice, to agree the level of their remuneration.

Authority to make political donations and incur political expenditure (Resolution 15)

Resolution 15 deals with political donations. Under the Companies Act 2006 (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 15 to renew the authority granted by shareholders at last year's Annual General Meeting. 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 15 also covers any political donations made or political expenditure incurred, by any subsidiaries of the Company.

Authority to allot shares (Resolution 16)

At last year's Annual General Meeting the directors were given authority to allot shares in line with institutional investor guidelines, currently the Investment Association ('IA') guidelines published in July 2014. Resolution 16 will, if passed, renew this authority to allot on broadly the same terms as last year's resolution.

Accordingly, Resolution 16 will, if passed, grant the directors authority to allot shares in the capital of the Company up to a maximum nominal amount of £156,095,718.82, representing the IA guideline limit of approximately two-thirds of the Company's issued ordinary share capital as at 21 May 2015, being the latest practicable date before the publication of the Notice. Of this amount, 79,726,308 ordinary shares (representing approximately one-third of the Company's issued ordinary share capital) can only be allotted pursuant to a rights issue. This authority shall expire at the next Annual General Meeting of the Company, or if earlier, on 15 October 2016.

The directors have no present intention of exercising this authority.

Disapplication of statutory pre-emption rights (Resolution 17)

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 16 above for cash without complying with the statutory pre-emption provisions in certain circumstances. This authority will permit the directors to allot:

- i) shares up to a nominal amount of £156,095,718.82 (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 £78,047,859.41 (representing one-third of the Company's issued ordinary share capital) (in each case subject to adjustments for fractional entitlements and overseas shareholders); and
- ii) shares up to a maximum nominal value of £11,707,178 representing approximately 5% of the issued ordinary share capital of the Company as at 21 May 2015, being the latest practicable date before the publication of the Notice, otherwise than in connection with an offer to existing shareholders.

Explanatory notes continued

This disapplication authority is in line with institutional shareholder guidance, and in particular with the Pre-emption Group's Statement of Principles (the 'Pre-emption Principles'). The Pre-emption Principles were revised in 2015 to allow the authority for an issue of shares for cash otherwise than in connection with a pre-emptive offer to be increased from 5% to 10% of the Company's issued ordinary share capital, provided that the Company confirms that it intends to use the additional 5% authority only in connection with an acquisition or specified capital investment. The board therefore confirms, in accordance with the Pre-emption Principles, that to the extent that the authority in paragraph ii) of Resolution 17 is used for an issue of ordinary shares with a nominal value in excess of £11,707,178 (that is 5% of the Company's issued ordinary share capital as at 21 May 2015, the latest practicable date prior to publication of this document), it intends that it will only be used in connection with an acquisition or specified capital investment which is announced contemporaneously with the issue, or which has taken place in the preceding six-month period and is disclosed in the announcement of the issue.

The board also confirms, in accordance with the Pre-emption Principles, that it does not intend to issue shares for cash representing more than 7.5% of the Company's issued ordinary share capital in any rolling three-year period other than to existing shareholders, save as permitted in connection with an acquisition or specified capital investment as described above, without prior consultation with shareholders.

The directors have no current intention of exercising this authority.

Authority for the Company to purchase its own shares (Resolution 18)

This special resolution proposes the renewal of the authority granted at last year's Annual General Meeting.

The directors are committed to managing the Company's capital effectively. On 13 February 2015 Severn Trent announced the commencement of a share repurchase programme enabling market purchases of the Company's ordinary shares up to total value of £110 million ending no later than 23 November 2015 (the 'Programme'). As at 21 May 2015, being the latest practicable date before the publication of the Notice, the Company had purchased 1,849,256 ordinary shares for a total consideration of £38,518,050 million pursuant to the Programme. If Resolution 18 is passed, it will allow the Company to continue the Programme, enabling it to buy back up to 10% of its ordinary shares on the London Stock Exchange. This equates to approximately 10% of the Company's issued share capital. This Resolution 18 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 will only exercise this authority if they believe it is in shareholders' best interests and will increase the earnings per share.

Listed companies purchasing their own shares are allowed to hold them in treasury as an alternative to cancelling them. No dividends are paid on shares while they are held in treasury and no voting rights attach to treasury shares. Ordinary shares purchased under the Programme will be either cancelled or held in treasury and used to satisfy awards under Severn Trent's share schemes. The Company held 733,946 shares in treasury as at 21 May 2015, being the latest practicable date before the publication of the Notice.

As at 21 May 2015, being the latest practicable date before the publication of the Notice, there were options outstanding to subscribe for 2,442,410 ordinary shares under the Company's employee share schemes. If the outstanding options were fully exercised they would represent 1.02% of the existing 239,178,924 issued ordinary shares of the Company. If the buyback authority was exercised in full, that percentage would be 1.135% of the reduced share capital of 215,261,032 ordinary shares.

Authority to reduce notice periods for general meetings (Resolution 19)

This special resolution allows the Company to hold general meetings (other than Annual General Meetings) on 14 days' notice, and will, if passed, renew the authority passed at last year's Annual General Meeting.

The minimum notice period for general meetings of listed companies is 21 days, but companies may reduce this period to 14 days (other than for Annual General Meetings) provided that two conditions are met. The first condition is that the Company offers a facility for shareholders to vote by electronic means. This condition is met if the Company offers a facility, accessible to all shareholders, to appoint a proxy by means of a website. The second condition is that there is an annual resolution of shareholders approving the reduction of the minimum notice period from 21 days to 14 days.

The board is therefore proposing Resolution 19 to approve 14 days as the minimum period of notice for all general meetings of the Company other than Annual General Meetings.

The authority shall expire at the conclusion of the next Annual General Meeting of the Company, when it is intended that the approval will be renewed.

The directors will consider on a case by case basis whether the use of the flexibility offered by the shorter notice period is merited, taking into account the circumstances, including whether the business of the meeting is time sensitive and whether it is thought to be to the advantage of shareholders as a whole.

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 of the Company at 6pm on Monday 13 July 2015 (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 or her 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 or her. Forms of Proxy should be deposited at the office of the Company's registrar, Equiniti, Aspect House, Spencer Road, Lancing BN99 6DA 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. 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 (calls to this number are charged at 8p per minute plus network extras) or +44 121 415 7044 if calling from outside the UK. Lines are open 8.30am to 5.30pm Monday to Friday (excluding UK bank holidays). 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 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 on the Euroclear website (www.euroclear.com). 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 11am on Monday 13 July 2015 or, if the Meeting is adjourned, 48 hours before the time for holding the adjourned Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Equiniti is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

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.

General notes continued

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 or 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 11am on 10 July 2015. Employees may also instruct the Trustee how to vote through the www.sharevote.co.uk website.

Electronic poll voting

Voting on Resolutions 1 to 19 will be conducted by way of a poll rather than a show of hands. This is a fairer method of voting as shareholder 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

Shareholder questions

The Company must cause to be answered at the Meeting any question relating to the business being dealt with at the Meeting which is put by a member attending the Meeting, except (i) if to do so would interfere unduly with the preparation for the Meeting or involve the disclosure of confidential information, (ii) if the answer has already been given on a website in the form of an answer to a question, or (iii) if it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered.

Information rights

A copy of the Notice has been sent for information only to persons who have been nominated by a shareholder to enjoy information rights under section 146 of the Companies Act 2006 ('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 shareholder. However, a Nominated Person may have a right under an agreement between him or her and the shareholder by whom he or she 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 or she may have a right under such an agreement to give instructions to the shareholder as to the exercise of voting rights.

Audit statements

Shareholders satisfying the thresholds in section 527 of the 2006 Act can require the Company to publish a statement on its website setting out any matter relating to a) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the Meeting; or b) any circumstances connected with the auditor of the Company ceasing to hold office since the last Annual General Meeting, that the shareholders propose to raise at the Meeting. The Company cannot require the shareholders requesting the publication to pay its expenses. Any statement placed on the website must also be sent to the Company's auditor no later than the time it makes its statement available on the website. The business which may be dealt with at the Meeting includes any statement that the Company has been required to publish on its website.

Shareholder requisition rights

Shareholders satisfying the threshold requirements in sections 338 and 338A of the 2006 Act, can require the Company: i) to give, to shareholders of the Company entitled to receive notice of the Meeting, notice of a resolution which those shareholders intend to move (and which may properly be moved) at the Meeting; and/or ii) to include in the business to be dealt with at the Meeting any matter (other than a proposed resolution) which may properly be included in the business at the Meeting. A resolution may properly be moved, or a matter properly included in the business unless: a) (in the case of a resolution only) it would, if passed, be ineffective (whether by reason of any inconsistency with any enactment or the Company's constitution or otherwise); b) it is defamatory of any person; or c) it is frivolous or vexatious. A request made pursuant to this right may be in hard copy or electronic form, must identify the resolution of which notice is to be given or the matter to be included in the business, must be authenticated by the person(s) making it and must be received by the Company not later than six clear weeks before the date of the Meeting, and (in the case of a matter to be included in the business only) must be accompanied by a statement setting out the grounds for the request.

Corporate representatives

A shareholder of the Company which is a corporation may authorise a person or persons to act as its representative(s) at the Meeting. In accordance with the provisions of the 2006 Act, each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual shareholder of the Company, provided that they do not do so in relation to the same shares. It is no longer necessary to nominate a designated corporate representative.

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 can 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

A shareholder may not use any electronic address provided in this Notice to communicate with the Company for any purposes other than those expressly stated.

Total voting rights

As at 21 May 2015, being the latest practicable date before the publication of this Notice, the Company's issued and voting share capital consisted of 239,178,924 ordinary shares of 97¹⁷/₁₉ pence, each carrying one vote each. Therefore the total number of voting rights in the Company is 239,178,924.

Website

The contents of this Notice, details of the total number of shares in respect of which shareholders are entitled to exercise voting rights at the Meeting, the total voting rights that shareholders are entitled to exercise at the Meeting and, if applicable, any shareholders' statements, shareholders' resolutions or shareholders' matters of business received by the Company after the date of this Notice will be available on the Company's website, www.severntrent.com

Inspection of documents

The following documents, are available for inspection during normal business hours at the registered office of the Company on any weekday (Saturdays, Sundays and public holidays excepted), from the date of this Notice until and including the day of the Meeting and may be inspected at the International Convention Centre, Broad Street, Birmingham B1 2EA from 10am 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.

