

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorised under the Financial Services and Markets Act 2000 if you are in the United Kingdom, or other appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom. This document should be read in conjunction with the offer document dated 2 December 2016 (the "Offer Document") which accompanies this Loan Note Form of Election. Unless the context otherwise requires, the definitions in the Offer Document also apply to this Loan Note Form of Election. Please read carefully the terms of the Scheme and of the Contractual Offer, as set out in the Offer Document, which are incorporated in, and form part of, this Loan Note Form of Election. The conditions to the Scheme and the implementation of the Scheme, as set out in Part 5 of the Offer Document, and condition and further terms of the Contractual Offer, as set out in Part 6 of the Offer Document, are deemed to be incorporated herein.

If you sell or have sold or otherwise transferred all your Ordinary Shares, please forward this document together with any accompanying documents (but not any personalised accompanying documents including the Forms of Proxy, the Form of Acceptance or the reply paid envelopes) as soon as possible to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. However, such documents should not be forwarded or transmitted in or into any jurisdiction in which such act would constitute a violation of the relevant laws in such jurisdiction. If you have sold or transferred part only of your holding of Ordinary Shares, please retain these documents and consult the bank, stockbroker or other agent through whom the sale or transfer was effected.

The distribution of this document in or into jurisdictions other than the United Kingdom may be restricted by the laws of those jurisdictions and therefore persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws of any such jurisdiction.

Neither this document nor any of the accompanying documents are intended to, and do not, constitute or form part of any offer or invitation to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of, any securities or the solicitation of any vote or approval pursuant to the Scheme or otherwise, in any jurisdiction in which such offer, invitation or solicitation is unlawful.

The ability of Ordinary Shareholders to participate in the Loan Note Alternative may be restricted by the laws of the jurisdiction in which such shareholders are located. Restricted Shareholders shall not be entitled to make any Loan Note Election. If you are in any doubt as to your eligibility to make a Loan Note Election you should seek your own personal financial advice immediately. Restricted Shareholders should read paragraph 14 of Part 3 (Explanatory Statement) and paragraphs 10 and 11 of Part 2 (Letter from Severn Trent directors) of the Offer Document.

LOAN NOTE FORM OF ELECTION FOR LOAN NOTE ALTERNATIVE

RECOMMENDED ACQUISITION OF DEE VALLEY GROUP PLC BY SEVERN TRENT WATER LIMITED

ACTION TO BE TAKEN

Before completing this Loan Note Form of Election, please read carefully the paragraph headed "Action to be Taken" on pages 9 to 11 of the Offer Document together with Part 7 (Summary of the Loan Notes) and Part 8 (How to Make a Loan Note Election) of the Offer Document.

If you wish to receive cash for all the Ordinary Shares that you hold at the Scheme Voting Record Time and do not wish to make an election under the Loan Note Alternative, do not return the Loan Note Form of Election.

If you hold Ordinary Shares in uncertificated form you should not complete a Loan Note Form of Election. If you wish to receive Loan Notes in respect of your Ordinary Shares, you should refer to the instructions for sending TTE Instructions via CREST contained at paragraph 1.2 of Part 8 (How to Make a Loan Note Election) of the Offer Document.

If you hold your Ordinary Shares in certificated form (i.e. you do not hold your Ordinary Shares in CREST) and wish to receive Loan Notes rather than cash in respect of some or all of your Ordinary Shares, this Loan Note Form of Election must be completed in accordance with the instructions set out below. If you hold your Ordinary Shares in CREST and wish to make an election to receive Loan Notes in respect of some or all of your Ordinary Shares please refer to paragraph 1.2 of Part 8 (How to Make a Loan Note Election) of the Offer Document for the procedure on sending a TTE Instruction via CREST. If you wish to elect to receive Loan Notes and you are in any doubt as to whether you are eligible to make an election under this Loan Note Form of Election because you are an Overseas Shareholder, you should complete this Loan Note Form of Election anyway in accordance with the instructions set out below.

If you hold Ordinary Shares in both uncertificated and certificated form (that is, both in CREST and not in CREST) and you wish to make an election for Loan Notes, you must complete a Loan Note Form of Election for those Ordinary Shares held in certificated form and complete a TTE Instruction via CREST in respect of those Ordinary Shares held in uncertificated form. Similarly, you should complete separate Loan Note Forms of Election for Ordinary Shares held in certificated form but under different designations. You can obtain further Loan Note Forms of Election by contacting Capita Asset Services.

To make a Loan Note Election in respect of Ordinary Shares in certificated form, please:

- read the instructions set out on pages 2 and 4 of this Loan Note Form of Election;
- complete and sign page 3 of this Loan Note Form of Election; and
- return this original Loan Note Form of Election to Capita Asset Services, Corporate Actions at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU. A reply-paid envelope, for use in the UK only, has been provided for your convenience.

Completed and valid Forms of Election must be received by 11.00 a.m. on 17 January 2017 (or such later time (if any) to which the right to make an election may be extended). If you hold Non-Voting Ordinary Shares and wish to accept the Contractual offer you must also complete and return the Form of Acceptance in accordance with the instructions therein.

In the case of joint holders, the signature of any one holder will be sufficient but the names of all the joint holders should be stated and the vote of the senior who tenders a vote will be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority will be determined by the order in which the names stand in the register of members in respect of the Ordinary Shares.

Overseas Shareholders should inform themselves about and observe any applicable legal or regulatory requirements. If you are in any doubt about your position, you should consult your professional adviser in the relevant territory. Dee Valley and Severn Trent reserve the right at their sole discretion to determine that any Ordinary Shareholder electing for the Loan Note Alternative is a Restricted Shareholder and to refuse to issue Loan Notes to that Ordinary Shareholder. In such event, the relevant Ordinary Shareholder shall only be entitled to receive cash consideration as set out in the Offer Document. Neither Dee Valley nor Severn Trent will be liable to any Ordinary Shareholder for making any such determination.

If any Loan Note Form of Election (in the case of certificated shares) or TTE Instruction (in the case of uncertificated shares) is either received after 11.00 a.m. on 17 January 2017 (or such later time (if any) to which the right to make an election may be extended) or is received before such time and date but is not valid or complete in all respects at such time and date, such election shall, for all purposes, be void and the holder of Ordinary Shares purporting to make such election shall not, for any purpose, be entitled to receive any variation of consideration under the Loan Note Alternative. Consequently, the relevant holder of Voting Ordinary Shares will, upon the Scheme becoming effective, or the relevant holder of Non-Voting Ordinary Shares will, upon the Contractual Offer becoming wholly unconditional, only be entitled to receive the cash consideration due under the Scheme or Contractual Offer in respect thereof.

Without prejudice to any other provision of this Loan Note Form of Election or Part 8 of the Offer Document or otherwise, Severn Trent and Dee Valley reserve the right in their absolute discretion to treat as valid in whole or in part any election for the Loan Note Alternative which is not entirely in order.

DO NOT DETACH ANY PART OF THIS LOAN NOTE FORM OF ELECTION

If you have any questions relating to the Offer Document or the completion and return of this Loan Note Form of Election, please call Dee Valley's registrars, Capita Asset Services on 0371 664 0321. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom will be charged at the applicable international rate. The helpline is open between 9.00 a.m. – 5:30 p.m., Monday to Friday excluding public holidays in England and Wales. Please note that Capita Asset Services cannot provide any financial, legal or tax advice and calls may be recorded and monitored for training and security and training purposes.

HOW TO COMPLETE THIS FORM

IF YOU WISH TO RECEIVE CASH FOR ALL THE ORDINARY SHARES THAT YOU HOLD AT THE SCHEME RECORD TIME AND DO NOT WISH TO MAKE AN ELECTION UNDER THE LOAN NOTE ALTERNATIVE, DO NOT RETURN THE LOAN NOTE FORM OF ELECTION.

This Loan Note Form of Election should only be returned if you wish to make an election under the Loan Note Alternative.

1 TO MAKE AN ELECTION UNDER THE LOAN NOTE ALTERNATIVE IN RESPECT OF YOUR ORDINARY SHARES IN CERTIFICATED FORM

To elect for Loan Notes instead of the cash consideration under the Acquisition you should insert in the relevant half/halves of Box A either 'ALL', or the number of your holding of Voting Ordinary Shares and/or Non-Voting Ordinary Shares in respect of which you wish to receive Loan Notes rather than cash consideration.

2 MAXIMUM NUMBER OF ORDINARY SHARES IN RESPECT OF WHICH ELECTIONS CAN BE MADE

The number entered in the relevant half/halves of Box A must not exceed the number of Voting Ordinary Shares and/or Non-Voting Ordinary Shares of which you are the registered holder at the Scheme Record Time. If the number(s) entered in the relevant half/halves of Box A exceeds the number of Voting Ordinary Shares and/or Non-Voting Ordinary Shares of which you are the registered holder immediately prior to the Scheme Record Time, the Loan Note Form of Election you have made will be in respect of all your Voting Ordinary Shares and/or Non-Voting Ordinary Shares (as applicable).

3 INVALID ELECTIONS

If your Loan Note Form of Election under the Loan Note Alternative is invalid for any reason, you will receive your entitlement under the Acquisition as if you had not made a Loan Note Election.

4 SIGNATURES

All Ordinary Shareholders who are individuals should sign and date this Loan Note Form of Election in the presence of an independent witness who should also sign this Loan Note Form of Election (copies will not be accepted) and insert their name and address. The independent witness must be at least 18 years of age and must not be your spouse or other immediate family member or any joint holders of Ordinary Shares. If this Loan Note Form of Election is not signed by the registered holder(s) please insert the name(s) and capacity (e.g. executor) of the person(s) signing this Loan Note Form of Election. The person signing this Loan Note Form of Election should provide evidence of his/her authority. If this Loan Note Form of Election is signed under a power of attorney, the original power of attorney (or a duly certified copy) should accompany this Loan Note Form of Election. This Loan Note Form of Election shall be a binding legal contract when executed by you (or whoever signs on your behalf) and any joint holders. A company may execute this Loan Note Form of Election under its common seal, the seal being affixed and witnessed in accordance with its articles of association or other regulations. Alternatively, this Loan Note Form of Election may be executed on behalf of a company by two authorised signatories or a director of the company in the presence of a witness who attests the signature. A company incorporated outside England and Wales may sign in accordance with the provisions of the Overseas Companies (Execution of Documents and Registration of Charges) Regulations 2009. In all cases, the name of the company must be inserted above the signatures.

5 ALTERNATIVE ADDRESS

If you wish to notify Capita Asset Services of a change of address or wish the consideration and/or any return documents to be sent to someone other than the sole or first named registered holder insert in Section C in BLOCK CAPITALS your new address or the name and address of the person or agent (e.g. your bank) in the United Kingdom to whom you wish the consideration or return documents to be sent and place a cross in the appropriate box. The address you insert must not be in a Restricted Jurisdiction.

6 CONTACT DETAILS

Please insert in Section D a telephone number on which you can be contacted during normal working hours in the event of any questions arising from the completion of this Loan Note Form of Election.

PLEASE COMPLETE (IN BLACK INK AND BLOCK CAPITALS) AND RETURN THE ORIGINAL SIGNED AND DATED FORM TO CAPITA ASSET SERVICES AS EXPLAINED ON PAGES 2 AND 4. IF YOU WISH TO RECEIVE CASH FOR ALL THE ORDINARY SHARES THAT YOU HOLD AT THE SCHEME RECORD TIME AND DO NOT WISH TO MAKE AN ELECTION UNDER THE LOAN NOTE ALTERNATIVE, DO NOT RETURN THE LOAN NOTE FORM OF ELECTION. IF YOU HOLD NON-VOTING ORDINARY SHARES YOU MUST ALSO COMPLETE AND RETURN A FORM OF ACCEPTANCE AS EXPLAINED IN PARAGRAPH 14 OF PART 2 OF THE OFFER DOCUMENT.

REGISTERED SHAREHOLDING DETAILS

For your information only, this is the number of Voting Ordinary Shares and/or Non-Voting Ordinary Shares in certificated form held by you as at close of business 30 November 2016

Voting Ordinary Shares	Non-Voting Ordinary Shares

Box A
Insert "ALL" or the number of your Voting Ordinary Shares and/or Non-Voting Ordinary Shares for which you wish to elect to receive Loan Notes in the relevant half/halves of this Box A.

Voting Ordinary Shares	Non-Voting Ordinary Shares

A **TO ELECT FOR LOAN NOTES**
Complete BOX A and, if appropriate, Sections C and/or D and then sign Section B as explained on pages 2 and 4.

B **SIGNATURE CONFIRMING YOUR ELECTIONS EXECUTED AND DELIVERED AS A DEED BY: EXECUTION BY INDIVIDUAL(S):**

Signature(s) of Shareholders	Date	Name and address of Witness	Signature of Witness	Date
1. <input style="width: 200px; height: 20px;" type="text"/>	<input style="width: 60px; height: 20px;" type="text"/>	<input style="width: 150px; height: 40px;" type="text"/>	<input style="width: 150px; height: 20px;" type="text"/>	<input style="width: 60px; height: 20px;" type="text"/>
Print name <input style="width: 150px; height: 20px;" type="text"/>				
2. <input style="width: 200px; height: 20px;" type="text"/>	<input style="width: 60px; height: 20px;" type="text"/>	<input style="width: 150px; height: 40px;" type="text"/>	<input style="width: 150px; height: 20px;" type="text"/>	<input style="width: 60px; height: 20px;" type="text"/>
Print name <input style="width: 150px; height: 20px;" type="text"/>				
3. <input style="width: 200px; height: 20px;" type="text"/>	<input style="width: 60px; height: 20px;" type="text"/>	<input style="width: 150px; height: 40px;" type="text"/>	<input style="width: 150px; height: 20px;" type="text"/>	<input style="width: 60px; height: 20px;" type="text"/>
Print name <input style="width: 150px; height: 20px;" type="text"/>				
4. <input style="width: 200px; height: 20px;" type="text"/>	<input style="width: 60px; height: 20px;" type="text"/>	<input style="width: 150px; height: 40px;" type="text"/>	<input style="width: 150px; height: 20px;" type="text"/>	<input style="width: 60px; height: 20px;" type="text"/>
Print name <input style="width: 150px; height: 20px;" type="text"/>				

Note: all Ordinary Shareholders who are individuals should sign and date this Loan Note Form of Election in accordance with the instructions in note 4 on page 2 of this Loan Note Form of Election. If signing under power of attorney, please attach the original power of attorney (or a copy thereof duly certified in accordance with the Powers of Attorney Act 1971).

EXECUTION BY A COMPANY: Executed and delivered as a deed by the company named below

Affix Company Seal Here <div style="border: 1px solid black; width: 150px; height: 100px; margin-top: 10px;"></div>	Name of company <input style="width: 100%; height: 20px;" type="text"/> Signature <input style="width: 100%; height: 20px;" type="text"/> Signature <input style="width: 100%; height: 20px;" type="text"/>	Name of Director <input style="width: 100%; height: 20px;" type="text"/> Name of Director/Secretary/Witness* <input style="width: 100%; height: 20px;" type="text"/> <input style="width: 100%; height: 20px;" type="text"/> Witness address (if required) <input style="width: 100%; height: 40px;" type="text"/>
--	--	--

*Delete as appropriate

Note: all Ordinary Shareholders which are companies should sign and date this Loan Note Form of Election in accordance with the instructions in note 4 on page 2 of this Loan Note Form of Election. If signing under power of attorney, please attach the original power of attorney (or a copy thereof duly certified in accordance with the Powers of Attorney Act 1971).

C **CHANGE OF ADDRESS OR ALTERNATIVE ADDRESS FOR CONSIDERATION (TO BE COMPLETED IN BLOCK CAPITALS)**

If you are confirming a change of address please put a cross in the box opposite in black ink and complete your details below
 If you would like the consideration sent to an alternative address please put a cross in the box opposite in black ink and insert the address details below

Name <input style="width: 300px; height: 20px;" type="text"/>	House number/name <input style="width: 300px; height: 20px;" type="text"/>
Address <input style="width: 950px; height: 20px;" type="text"/>	
Country <input style="width: 300px; height: 20px;" type="text"/>	Postcode <input style="width: 300px; height: 20px;" type="text"/>

NOTE THAT ANY NEW OR ALTERNATIVE ADDRESS MUST NOT BE IN A RESTRICTED JURISDICTION.

D **CONTACT DETAILS**
Telephone number on which you can be contacted during normal working hours (including area code) in the event of a query arising from the completion of this Loan Note Form of Election:

NOTES REGARDING THE COMPLETION AND LODGING OF THIS LOAN NOTE FORM OF ELECTION

In order to be valid, this Loan Note Form of Election must (except as described below) be signed personally by the registered Ordinary Shareholder or by all the joint registered Ordinary Shareholders.

(1) If you hold Ordinary Shares in uncertificated form (i.e. in CREST) and wish to elect for the Loan Note Alternative

If you hold Ordinary Shares in uncertificated form you should not complete a Loan Note Form of Election. If you wish to receive Loan Notes in respect of your Ordinary Shares, you should refer to the instructions for sending TTE Instructions via CREST contained at paragraph 1.2 of Part 8 (How to Make a Loan Note Election) of the Offer Document.

(2) If a registered Ordinary Shareholder is away from home (e.g. abroad or on holiday)

Send this Loan Note Form of Election by the quickest means (e.g. airmail) to the Ordinary Shareholder for execution (but not into a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the relevant laws of that jurisdiction) or, if he/she has executed a power of attorney, have this Loan Note Form of Election signed by the attorney. In the latter case, you should follow the instructions in note (5) below.

(3) If the sole registered Ordinary Shareholder has died

If probate or letters of administration has/have been registered with Dee Valley, this Loan Note Form of Election must be signed by the personal representative(s) of the deceased and returned to Capita Asset Services at the address below. If probate or letters of administration has/have not been registered with Dee Valley the personal representative(s) should sign this Loan Note Form of Election and forward it to Capita Asset Services together with evidence of that personal representative's authority to sign, namely the sealed office copy grant of probate by 11.00 a.m. on 17 January 2017 (or such later time (if any) to which the right to make an election may be extended). However, once obtained, the grant of probate or letters of administration must be lodged before the consideration due under the Scheme and/or Contractual Offer can be forwarded to the personal representative.

(4) If one of the registered Ordinary Shareholders in a joint account has died

The surviving registered Ordinary Shareholder(s) should complete this Loan Note Form of Election and return it to Capita Asset Services accompanied by a copy of the death certificate and the relevant probate or letters of administration of the deceased Ordinary Shareholder.

(5) If this Loan Note Form of Election is signed under a power of attorney

The completed Loan Note Form of Election should be returned to Capita Asset Services accompanied by the original power of attorney (or a duly certified copy, as provided in the Powers of Attorney Act 1971) by 11.00 a.m. on 17 January 2017 (or such later time (if any) to which the right to make an election may be extended). The power of attorney will be noted and returned. No other signatures will be accepted.

(6) If the registered Ordinary Shareholder does not return this Loan Note Form of Election

If the registered Ordinary Shareholder does not return this Loan Note Form of Election to Capita Asset Services by 11.00 a.m. on the Business Day prior to the date of the Scheme Court Hearing (or such later time (if any) to which the right to make an election may be extended), or does not make or is not deemed to have made a valid election using this Loan Note Form of Election, they will receive the cash consideration only.

(7) Form and validity of Forms of Election

Dee Valley and Severn Trent will determine all questions as to form and validity, including the timing of receipt, of any Forms of Election in their absolute discretion and may, if they so determine, accept a Loan Note Form of Election which is received after the relevant time or which is not valid and complete in all respects. Neither Dee Valley nor Severn Trent or any other person will be under any duty to give notice of any defect or irregularity in any Loan Note Form of Election or incur any liability for failure to give any such notification.

(8) Overseas Shareholders

The attention of Overseas Shareholders is drawn to paragraphs 13 and 14 of Part 3 (Explanatory Statement) and paragraphs 10 and 11 of Part 2 (Letter from Severn Trent directors) of the Offer Document. Overseas Shareholders should consult their professional adviser to ascertain whether the Acquisition will be subject to any restrictions or require compliance with any formalities imposed by the laws or regulations of, or any regulatory body or authority located in, the jurisdictions in which they are resident. **The Loan Note Alternative will not be available to Restricted Shareholders. In addition, the release, publication and distribution of this Loan Note Form of Election or the Offer Document in or into jurisdictions other than the United Kingdom may be restricted by law. Persons into whose possession this Loan Note Form of Election or the Offer Document comes should inform themselves about and observe any legal requirements applicable to their relevant jurisdiction.**

(9) General

If an Ordinary Shareholder who has returned a Loan Note Form of Election and subsequently wishes to withdraw or amend such election must notify Capita Asset Services in writing by no later than 11.00 a.m. on 17 January 2017 (or such later time (if any) to which the right to withdraw an election may be extended). Such notice must contain an original signature and clearly specify whether the election is to be withdrawn or amended. Any notices of this nature should be sent to Capita Asset Services at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

DO NOT RETURN THIS FORM IF YOU DO NOT WISH TO MAKE AN ELECTION UNDER THE LOAN NOTE ALTERNATIVE