

Part I

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FOR IMMEDIATE RELEASE

16 November 2016

This announcement contains inside information

Recommended Acquisition

of

Dee Valley Group Plc

by

Severn Trent Water Limited, a wholly owned subsidiary of Severn Trent Plc

Summary

- The Boards of Dee Valley and Severn Trent are pleased to announce that they have reached agreement on the terms of a recommended acquisition of the entire issued and to be issued voting and non-voting ordinary share capital of Dee Valley by Severn Trent Water.
- Under the terms of the Acquisition, Dee Valley Ordinary Voting Shareholders will receive 1,705 pence in cash per Dee Valley Ordinary Voting Share they hold. The Acquisition includes a comparable cash Offer for the Dee Valley Ordinary Non-Voting Shares priced at 1,601 per share, in accordance with Rule 14 of the Code. The Acquisition values the entire issued ordinary share capital of Dee Valley at approximately £78.5 million.
- Dee Valley is a natural fit for Severn Trent as it operates in neighbouring areas in England and Wales.
- Severn Trent intends to maintain a separate Welsh licence for Dee Valley and, subject to regulatory approval, intends that the whole of Severn Trent's business in Wales will be regulated under Welsh Government Policy.
- Severn Trent is one of the leading water companies and intends to enhance the current service offering for Dee Valley's customers, including by extending support for vulnerable customers. Dee Valley's customers will share in half of any wholesale cost efficiencies achieved, which will be reflected in future bills.
- Severn Trent is undertaking an over £3 billion investment programme in AMP6. Severn Trent intends to fully support continued investment in infrastructure in the Dee Valley region.
- Severn Trent is confident that, through the application of Severn Trent's successful operating model, economies of scale and lower cost of financing to the operations of Dee Valley, this will deliver attractive returns to Severn Trent shareholders. The Acquisition is expected to be earnings accretive from completion.
- The Dee Valley Board believes that the terms of the Acquisition are in the best interests of Dee Valley Ordinary Shareholders as a whole and intends to recommend unanimously that:
 - Dee Valley Ordinary Voting Shareholders vote in favour of the resolutions to be proposed at the Court Meeting and the General Meeting which are to be convened to approve the Acquisition; and
 - Dee Valley Ordinary Non-Voting Shareholders accept the Offer.
- The Offer is conditional on the Scheme becoming Effective. However, the Scheme is not conditional on the Offer becoming or being declared unconditional in all respects.
- The Dee Valley Board has withdrawn its recommendation of the acquisition by Ancala and proposes to adjourn the meetings in respect of Ancala's acquisition.

Commenting on the Acquisition, Liv Garfield, Chief Executive of Severn Trent said:

"The announcement of our purchase of Dee Valley represents an opportunity for Severn Trent to apply its successful operating model for the benefit of customers across an enlarged asset base, in a neighbouring geographic area. We intend to bring real benefits to Dee Valley's operations and customers by bringing best practice and investment to support and enhance the service the company provides and by sharing the savings we can generate. We are looking forward to engaging with the customers and Welsh regulators and bringing our skills in water services to Dee Valley."

Commenting on the Acquisition, Jon Schofield, Chairman of Dee Valley said:

"The Board of Dee Valley has reached agreement on the terms of a recommended acquisition of Dee Valley by Severn Trent Water. We believe that the Acquisition provides attractive value to Dee Valley shareholders."

This summary should be read in conjunction with the full text of the following announcement including the Appendices. The Conditions and certain further terms of the Acquisition are set out in Appendix I to this announcement. Appendix II contains the definitions of certain terms used in this announcement.

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Further information

This announcement is not intended to and does not constitute, or form part of, any offer to sell or subscribe for or an invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Acquisition or otherwise, nor shall there be any sale, issuance or transfer of securities of Dee Valley in any jurisdiction in contravention of applicable law. This announcement does not constitute a prospectus or a prospectus equivalent document.

Any vote in respect of the Acquisition should only be made on the basis of the information contained in the Scheme Circular, which will contain the full terms and conditions of the Acquisition, the Scheme (including details of how to vote) and the Offer (including details of how to accept the Offer). Dee Valley Ordinary Shareholders are advised to read the formal documentation in relation to the Acquisition carefully once it has been dispatched.

Please be aware that addresses, electronic addresses and certain other information provided by Dee Valley Ordinary Shareholders, persons with information rights and other relevant persons in connection with the receipt of communications from Dee Valley may be provided to Severn Trent during the offer period as required under Section 4 of Appendix 4 of the Code.

N. M. Rothschild & Sons Limited, which is authorised and regulated by the FCA in the United Kingdom, is acting exclusively for Severn Trent and no one else in connection with the Acquisition and will not be responsible to anyone other than Severn Trent for providing the protections afforded to its clients or for providing advice in relation to the Acquisition or any other matters referred to in this Announcement.

Investec Bank plc is authorised by the Prudential Regulation Authority and regulated by the FCA and the Prudential Regulation Authority in the UK. Investec Bank plc is acting exclusively as financial adviser to Dee Valley and no one else in connection with the Acquisition and shall not be responsible to anyone other than Dee Valley for providing the protections afforded to clients of Investec Bank plc nor for providing advice in connection with the Acquisition or any matter referred to herein.

Barclays Bank PLC, acting through its Investment Bank, which is authorised by the Prudential Regulation Authority and regulated in the United Kingdom by the FCA and the Prudential Regulation Authority, is acting exclusively for Severn Trent and no one else in connection with the matters referred to in this Announcement and will not be responsible to anyone other than Severn Trent for providing the protections afforded to clients of Barclays nor for providing advice in relation to the matters referred to in this Announcement.

Morgan Stanley & Co. International plc, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the United Kingdom, is acting exclusively for Severn Trent and no-one else in connection with the Acquisition. In connection with such matters, Morgan Stanley & Co. International plc, its affiliates and their respective directors, officers, employees and agents will not regard any other person as their client, nor will they be responsible to any other person for providing the protections afforded to their clients or for providing advice in relation to the Acquisition, the contents of this announcement or any other matter referred to herein.

Overseas jurisdictions

The release, publication or distribution of this announcement in or into, jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this announcement comes who are not resident in the United Kingdom should inform themselves about, and observe, any applicable restrictions. Dee Valley Ordinary Shareholders who are in any doubt regarding such matters should consult an appropriate independent adviser in the relevant jurisdiction without delay. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Acquisition disclaim any responsibility or liability for the violation of such restrictions by any person.

The Offer is not being made, directly or indirectly, in or into, or by the use of the mails or any means or instrumentality (including, without limitation telephonically or electronically) of interstate or foreign commerce of, or any facilities of a national securities exchange of, the United States or any other Restricted Jurisdictions, and the Offer should not be accepted by any such use, means, instrumentality or facility or from such jurisdictions. Copies of this document and any related offering documents are not being, and may not be, mailed or otherwise distributed in, into or from, whether by use of the mails, or by any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce, or any facility of a national securities exchange of, the United States or any other Restricted Jurisdictions. Persons receiving

such documents (including, without limitation, custodians, nominees and trustees) must not distribute or send them into or from such jurisdictions or use such mails or any such means, instrumentality or facility for any purpose directly or indirectly in connection with this Offer and doing so will render invalid any relevant purported acceptance of the Offer.

This announcement has been prepared for the purposes of complying with English law and the Code and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of jurisdictions outside the United Kingdom.

Additional information for US investors in Dee Valley

These materials are not for distribution, directly or indirectly, in or into the United States (including its territories and possessions, any State of the United States and the District of Columbia). These materials do not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States.

Dee Valley and Severn Trent Water are each organised under the laws of England. All of the officers and directors of Dee Valley and Severn Trent Water are residents of countries other than the United States. It may not be possible to sue Dee Valley, Severn Trent Water or their respective officers or directors in a non-US court for violations of US securities laws. It may be difficult to compel Dee Valley, Severn Trent Water and their respective affiliates to subject themselves to the jurisdiction and judgment of a US court.

The Scheme

Shareholders in the United States should note that the Acquisition relates to the shares of an English company and, in respect of the Dee Valley Ordinary Voting Shares, is proposed to be made by means of a scheme of arrangement provided for under, and governed by, English law. Neither the proxy solicitation nor the tender offer rules under the US Securities Exchange Act of 1934, as amended, will apply to the Scheme. Moreover the Scheme will be subject to the disclosure requirements, rules and practices applicable in the UK to schemes of arrangement, which differ from the disclosure requirements of the US proxy solicitation rules and tender offer rules. Financial information included in this announcement and the Scheme Circular has been or will be prepared in accordance with, where relevant International Financial Reporting Standards as adopted by the European Union and/or accounting standards applicable in the UK and may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

The Offer

The Offer in respect of Dee Valley Ordinary Non-Voting Shares relates to the shares of an English company and will be governed by English law on the implementation of such an offer. The Offer is not intended to be made pursuant to the provisions of any other legal system. Shareholders should note that the Offer is subject to English disclosure rules, which are different from those in the United States. The Offer will not be made to any Dee Valley Ordinary Shareholders in Restricted Jurisdictions.

Disclosure requirements

Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a

securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

Forward-looking statements

This announcement contains certain forward-looking statements, including statements regarding Severn Trent's and Dee Valley's plans, objectives and expected performance. Such statements relate to events and depend on circumstances that will occur in the future and are subject to risks, uncertainties and assumptions. There are a number of factors which could cause actual results and developments to differ materially from those expressed or implied by such forward looking statements, including, among others the enactment of legislation or regulation that may impose costs or restrict activities; the re-negotiation of contracts or licences; fluctuations in demand and pricing in the water and wastewater industry; fluctuations in exchange controls; changes in government policy and taxations; industrial disputes; war and terrorism. These forward-looking statements speak only as at the date of this document. No statement in this announcement should be interpreted to mean that earnings per Severn Trent share for the current or future financial periods would necessarily match or exceed Severn Trent's historical earnings per share.

Publication of this announcement

A copy of this announcement will be available subject to certain restrictions relating to persons resident in Restricted Jurisdictions on www.severntrent.com and www.deevalleywater.co.uk.

The contents of Severn Trent's website and Dee Valley's website are not incorporated into and do not form part of this announcement.

A hard copy of this announcement will be sent to Dee Valley Ordinary Shareholders (other than Dee Valley Ordinary Shareholders who have elected to receive electronic communications) in the near future. Dee Valley Ordinary Shareholders may request a hard copy of this announcement by contacting Tracy Bragg, Head of Legal and Regulation, during business hours on +44 (0)1978 833213 or by submitting a request in writing to Tracy Bragg, Head of Legal and Regulation at Dee Valley Group plc, Packsaddle, Wrexham Road, Rhostyllen, Wrexham, LL14 4EH. Dee Valley Ordinary Shareholders may also request that all future documents, announcements and information to be sent to them in relation to the Acquisition should be in hard copy form.

Part II

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION

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16 November 2016

Recommended Acquisition

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Dee Valley Group Plc

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Severn Trent Water Limited, a wholly owned subsidiary of Severn Trent Plc

1. Introduction

The Boards of Dee Valley and Severn Trent are pleased to announce that they have reached agreement on the terms of a recommended acquisition of the entire issued and to be issued voting and non-voting ordinary share capital of Dee Valley by Severn Trent Water.

The terms of the Acquisition value each Dee Valley Ordinary Voting Share at 1,705 pence and each Dee Valley Ordinary Non-Voting Share at 1,601 pence and the entire issued ordinary share capital of Dee Valley at approximately £78.5 million.

The acquisition of the Dee Valley Ordinary Voting Shares represents:

- a premium of 24.5 per cent. over the closing market price of 1,370 pence per Dee Valley Ordinary Voting Share on 20 October 2016, being the Business Day immediately prior to the date that an offer period commenced in respect of Dee Valley;
- a premium of 24.2 per cent. over the volume weighted average price of a Dee Valley Ordinary Voting Share over the 3 months to 20 October 2016; and
- a premium of 10.0 per cent. to the offer price of 1,550 pence per Dee Valley Ordinary Voting Share announced by Ancala on 21 October 2016.

The Acquisition includes a comparable cash Offer for the Dee Valley Ordinary Non-Voting Shares priced in accordance with Rule 14 of the Code. On the basis of the ratio of the closing prices of the Dee Valley Ordinary Voting Shares and the Dee Valley Ordinary Non-Voting Shares over the six month period ended 20 October 2016, the Offer for the Dee Valley Ordinary Non-Voting Shares will be made at a price of 1,601 pence per Dee Valley Ordinary Non-Voting Share and represents:

- a premium of 26.1 per cent. over the closing market price of 1,270 pence per Dee Valley Ordinary Non-Voting Share on 20 October 2016, being the Business Day immediately prior to the date that an offer period commenced in respect of Dee Valley;
- a premium of 29.0 per cent. over the volume weighted average price of a Dee Valley Ordinary Non-Voting Share over the 3 months to 20 October 2016; and
- a premium of 10.0 per cent. to the offer price of 1,455 pence per Dee Valley Ordinary Non-Voting Share announced by Ancala on 21 October 2016.

2. Summary of terms

Under the terms of the Acquisition, Dee Valley Ordinary Shareholders, other than Dee Valley Ordinary Shareholders in Restricted Jurisdictions, will be entitled to receive:

For each Dee Valley Ordinary Voting Share	1,705 pence in cash
For each Dee Valley Ordinary Non-Voting Share	1,601 pence in cash

The Acquisition values the entire issued ordinary share capital of Dee Valley at approximately £78.5 million.

It is intended that the Acquisition will be implemented by means of a court-sanctioned scheme of arrangement of Dee Valley under Part 26 of the Companies Act in respect of the Dee Valley Ordinary Voting Shares and by a contractual takeover offer in respect of the Dee Valley Ordinary Non-Voting Shares, of which further details are contained in paragraph 9 below.

The Acquisition does not include an offer to acquire the B Shares issued by Dee Valley.

3. **Background to and reasons for the Acquisition**

Since the start of AMP6, Severn Trent's management has demonstrated its ability to drive performance by placing customers at the heart of Severn Trent's decision making process, applying an innovative approach to totex, leveraging its procurement expertise and maintaining an intense focus on all areas which impact customers. Severn Trent is delivering significant totex efficiencies and ODI rewards, despite the challenging targets set by Ofwat.

Dee Valley is a water only company, encompassing wholesale and retail operations, which operates in neighbouring areas of Cheshire, England and North Wales to Severn Trent. Dee Valley's PR14 Final Determination provides for Dee Valley to deliver RCV growth of 32 per cent. (in real terms) over AMP6, the highest growth of all water only and water and sewerage companies.

Severn Trent believes the acquisition of Dee Valley represents an opportunity for Severn Trent to deliver attractive returns to its shareholders through applying its successful operating model across an enlarged asset base, in a contiguous geographic area. The Acquisition is expected to be earnings accretive from completion.

Severn Trent is undertaking an over £3 billion investment programme in AMP6. Severn Trent intends to fully support continued investment in infrastructure in the Dee Valley region.

Severn Trent intends to deliver Dee Valley's strategy of providing the highest level of customer service and value for money by applying where appropriate its industry leading operating procedures, environmental policies and strong customer service skills to the operations of Dee Valley for the benefit of Dee Valley's customers and of the region which it serves.

Severn Trent believes that Dee Valley customers will benefit from this transaction as:

- Severn Trent intends to enhance the current customer service offering including by extending support for vulnerable customers;
- they will share in half of any wholesale cost efficiencies achieved, which will be reflected in future bills;
- Severn Trent has committed to Ofwat that it will not seek the small company WACC premium for Dee Valley at any future price review, and that it will be accepting updated financial ring fencing licence conditions that will provide greater customer protection; and
- subject to regulatory approvals, customers in Wales will be subject to Welsh Government policy and customers in England will be subject to English policy.

Severn Trent plans to maintain the Welsh identity of Dee Valley and intends to maintain a separate Welsh licence for Dee Valley and, subject to regulatory approval, intends that the whole of Severn Trent's business in Wales will be regulated under Welsh Government policy. This will allow water services in all areas of Wales to be subject to Welsh Government policy and assists in delivering the 2014 recommendations of the Commission on Devolution in Wales (the Silk Commission).

Severn Trent will target outperformance in Dee Valley during AMP6 and beyond and believes that the enlarged group will benefit from:

- the application of Severn Trent's innovative totex approach, economies of scale and procurement expertise to Dee Valley's business to deliver its significant investment programme efficiently for customers. In particular, Severn Trent will look for efficiencies in delivering Dee Valley's significant investment plans over AMP6;
- the potential for additional operational synergies from: shared overheads and savings from the delisting of Dee Valley;
- a focus on further improving bad debt performance; and
- the provision of significant financial support to deliver Dee Valley's capital programme efficiently, given Severn Trent Water's better credit rating, Severn Trent's lower cost of debt and Severn Trent's access to a broader range of funding sources.

4. **Background to and reasons for the Recommendation**

On 21 October 2016, it was announced that the Dee Valley Board and the board of Ancala had reached agreement on the recommended acquisition by Ancala of the Dee Valley Ordinary Voting Shares for 1,550 pence per share and the Dee Valley Ordinary Non-Voting Shares for 1,455 pence per share. Severn Trent has been in discussions with Dee Valley about the possibility of making an offer since the summer and the Boards of Dee Valley and Severn Trent are now pleased to announce that they have reached an agreement on the terms of the Acquisition, which values Dee Valley at a higher price than under the Ancala offer.

The Acquisition price of 1,705 pence per Dee Valley Ordinary Voting Share represents a 10.0 per cent. premium to the proposal from Ancala in respect of the Dee Valley Ordinary Voting Shares and the Acquisition price of 1,601 pence per Dee Valley Ordinary Non-Voting Share represents a 10.0 per cent. premium to the proposal from Ancala in respect of the Dee Valley Ordinary Non-Voting Shares. Other than the CMA Condition, the Acquisition is, in all material respects, on the same terms and conditions as the proposal from Ancala.

Following careful consideration, the Dee Valley Board considers the Acquisition represents a superior offer for Dee Valley Ordinary Shareholders as compared with the Ancala proposal. Accordingly, the Dee Valley Board intends to recommend unanimously that Dee Valley Ordinary Voting Shareholders vote in favour of the Scheme in respect of the Dee Valley Ordinary Voting Shares and all Dee Valley Ordinary Non-Voting Shareholders accept the Offer in respect of their Dee Valley Ordinary Non-Voting Shares.

The Dee Valley Board has withdrawn its recommendation of the proposals from Ancala and intends to seek the permission of the Court to adjourn the court meeting to consider, and if thought fit, approve the Ancala proposal in respect of the Dee Valley Ordinary Voting Shares convened for 9.30 am on 28 November 2016 and intends to adjourn the Dee Valley general meeting to consider and, if thought fit, approve the Ancala proposal and associated matters convened for 9.45 am on 28 November 2016. The Dee Valley Board also hereby notifies that it has withdrawn its request for cancellation of admission of its Non-Voting Shares to the standard segment of the UK Listing Authority and of trading in such shares on the London Stock Exchange's Main Market for listed securities, scheduled for 6 December 2016. Further information relating to delisting is contained in paragraph 10 of Part II of this announcement.

5. **Recommendation to Dee Valley Ordinary Shareholders**

The Dee Valley Board, which has been so advised by Investec as to the financial terms of the Acquisition, considers the terms of the Acquisition to be fair and reasonable. In providing its advice, Investec has taken into account the commercial assessments of the Dee Valley Board.

The Dee Valley Board believes that the terms of the Acquisition are in the best interests of Dee Valley Ordinary Shareholders as a whole and intends to recommend unanimously that:

- all Dee Valley Ordinary Shareholders vote in favour of the resolutions to be proposed at the Court Meeting and the General Meeting which are to be convened to approve the Acquisition; and
- all Dee Valley Ordinary Non-Voting Shareholders accept the Offer.

6. **Information on Severn Trent Group**

Severn Trent is a FTSE 100 company. Severn Trent provides clean water and waste water services in the UK and internationally through its regulated and non-regulated businesses – Severn Trent Water and Severn Trent Services.

Severn Trent is one of the largest of the 10 regulated water and sewerage companies in England and Wales. Severn Trent provides high quality services to more than 4.3 million households and businesses in the Midlands and mid-Wales.

For the year ended 31 March 2016, Severn Trent Group turnover was £1,787 million with reported profit before interest and taxation of £524 million.

7. **Information on Dee Valley Group**

Dee Valley is the holding company for the Dee Valley Group. Dee Valley, through its trading subsidiary Dee Valley Water, which is the licensed water undertaker for Wrexham, Chester and the surrounding areas, has been supplying water to its community for more than 150 years. Dee Valley supplies drinking water to approximately 125,000 domestic and business customers in northeast Wales and in northwest Cheshire.

For the year ended 31 March 2016, Dee Valley Group revenue was £23.1 million and profit from operations was £6.6 million.

8. **Management, employees etc.**

Severn Trent attaches great importance to the skills, operational experience and technical expertise of the existing employees of Dee Valley.

Severn Trent intends to maintain front line field force operations at Dee Valley's current locations in Wrexham and Chester.

Severn Trent confirms that, following implementation of the Acquisition, the existing contractual and statutory employment rights of all Dee Valley Group employees will be honoured. Dee Valley employees will also have access to job opportunities across the wider Severn Trent group, including at its nearby Shrewsbury office.

With regard to future employer contributions to the Defined Benefit Scheme, the Dee Valley Group has agreed a schedule of contributions with the trustee of the scheme which will subsist until January 2022 and Severn Trent will honour these commitments.

Following the Effective Date, Severn Trent intends to delist Dee Valley and re-register it as a private company. Upon the Scheme becoming effective it is proposed that the Dee Valley Directors will resign from the Dee Valley Board and will be replaced by directors appointed by Severn Trent.

9. **Structure of the Acquisition Scheme**

It is intended that the Acquisition of the Dee Valley Ordinary Voting Shares will be implemented by means of a court-sanctioned scheme of arrangement of Dee Valley under Part 26 of the Companies Act.

The purpose of the Scheme is to provide for Severn Trent Water to become the owner of the entire issued and to be issued ordinary voting share capital of Dee Valley. In order to achieve this, the Scheme Shares will be transferred to Severn Trent Water under the Scheme. In consideration for this transfer, the Scheme Shareholders will receive cash on the basis set out in paragraph 2 of this announcement. The transfer to Severn Trent Water of the Scheme Shares will result in all of the ordinary voting share capital of Dee Valley becoming wholly owned by Severn Trent Water.

The Scheme requires approval by Scheme Shareholders by the passing of a resolution at the Court Meeting. This resolution must be approved by a majority in number of the holders of Scheme Shares present and voting, either in person or by proxy, representing not less than 75 per cent. in value of the Scheme Shares held by such holders. In addition, resolutions to deal with certain ancillary matters must be passed at the General Meeting to be held immediately after the Court Meeting.

The Scheme must also be sanctioned by the Court. Any Dee Valley Ordinary Voting Shareholder is entitled to attend the Scheme Court Hearing in person or through counsel to support or oppose the sanctioning of the Scheme. The Scheme will only become Effective upon delivery to the Registrar of Companies of a copy of the Court Order.

The Scheme is also subject to certain Conditions and certain further terms referred to in Appendix I of this announcement and to be set out in the Scheme Circular. The Conditions in Appendix I provide that the Scheme will lapse if, amongst other things:

- (a) the Court Meeting and General Meeting are not held on or before the 22nd day after the expected date of the meetings, which will be set out in the Scheme Circular in due course (or such later date as may be agreed by Severn Trent and Dee Valley);
- (b) the Scheme Court Hearing is not held on or before the later of: (i) the 22nd day after the expected date of the hearing, which will be set out in the Scheme Circular in due course; and (ii) seven days after all the Conditions other than Conditions 1(b), 2(c) and 2(d) are satisfied (or such later date as may be agreed by Severn Trent and Dee Valley); or
- (c) the Scheme does not become Effective by 31 May 2017 (or such later date as may be agreed by Severn Trent and Dee Valley),

provided that these deadlines may be waived by Severn Trent.

The Acquisition is also conditional upon there not being any Phase 2 CMA Reference.

Once the Scheme becomes Effective, it will be binding on all Scheme Shareholders, whether or not they voted at the Court Meeting and the General Meeting and, if they did vote, whether or not they voted in favour of or against the resolutions proposed at those meetings.

The terms of the Scheme will provide that the Scheme Shares will be acquired under the Scheme fully paid and free from all liens, equitable interests, charges, encumbrances, options, rights of pre-emption and any other third party rights or interests of any nature whatsoever and together with all rights attaching thereto, including the right to receive and retain all dividends and other distributions and returns of value declared, paid or made after the Effective Date.

Severn Trent Water reserves the right, subject to the prior consent of the Panel, to elect to implement the acquisition of the Dee Valley Ordinary Voting Shares by way of a takeover offer (as such term is defined in section 974 of the Companies Act). In such event, such a takeover offer will be implemented on the same terms (subject to appropriate amendments as described in Part 3 of Appendix I), so far as applicable, as those which would apply to the Scheme. Furthermore, if such an offer is made and sufficient acceptances of such

offer are received, when aggregated with Dee Valley Ordinary Voting Shares otherwise acquired by Severn Trent Water, it is the intention of Severn Trent Water to apply the provisions of section 979 of the Companies Act to acquire compulsorily any outstanding Dee Valley Ordinary Voting Shares to which such offer relates.

Offer

It is intended that the Acquisition of the Dee Valley Ordinary Non-Voting Shares will be implemented by way of a contractual takeover offer. Severn Trent Water reserves the right, subject to the prior consent of the Panel, to elect to implement the acquisition of the Dee Valley Ordinary Non-Voting Shares by way of a scheme of arrangement under Part 26 of the Companies Act. In such event, the scheme of arrangement in relation to the Dee Valley Ordinary Non-Voting Shares will be implemented on substantially the same terms, so far as applicable, as those which would apply to the Offer.

The Offer is conditional upon the Scheme becoming Effective. However the Scheme is not conditional upon the Offer becoming or being declared unconditional in all respects.

Distributions

If any dividend or other distribution or return of value is proposed, declared, made, paid or becomes payable by Dee Valley in respect of a Dee Valley Ordinary Share on or after the date of this announcement and prior to the offer period ending, Severn Trent Water will have the right to reduce the value of the consideration payable for each Dee Valley Ordinary Share of the relevant class by up to the amount per such Dee Valley Ordinary Share of such dividend, distribution or return of value except where the Dee Valley Ordinary Share is or will be acquired pursuant to the Scheme or Offer (as the case may be) on a basis which entitles Severn Trent Water to receive the dividend, distribution or return of value and to retain it. If Severn Trent Water exercises such right to reduce the value of the consideration payable for each Dee Valley Ordinary Share of a particular class by the amount per such Dee Valley Ordinary Share of any dividend that has not been paid, the relevant Dee Valley Ordinary Shareholders shall be entitled to receive and retain such dividend when paid.

If any such dividend, distribution or return of value is paid or made after the date of this announcement and Severn Trent Water exercises its rights described above, any reference in this announcement to the consideration payable under the Scheme or Offer (as the case may be) shall be deemed to be a reference to the consideration as so reduced. Any exercise by Severn Trent Water of its rights referred to in this paragraph shall be the subject of an announcement and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the terms of the Scheme or Offer (as the case may be).

10. De-listing and re-registration

It is intended that the last day of dealings in, and for registration of transfers of, Dee Valley Ordinary Voting Shares (other than the registration of the transfer of the Scheme Shares to Severn Trent Water pursuant to the Scheme) will be the last Business Day prior to the Scheme Effective Date, following which all Dee Valley Ordinary Voting Shares will be suspended from the Official List and from trading on the London Stock Exchange's Main Market for listed securities, and Dee Valley Ordinary Voting Shares will be disabled in CREST.

After the Scheme Record Time and before the Scheme becomes effective, entitlements to Dee Valley Ordinary Voting Shares in CREST will be cancelled and such entitlements rematerialised. On the Effective Date, all share certificates in respect of Dee Valley Ordinary Voting Shares will cease to be valid and should be destroyed.

Application will be made to the UK Listing Authority for the cancellation of the listing of the Dee Valley Ordinary Voting Shares on the Official List and to the London Stock Exchange for the cancellation of the admission to trading of Dee Valley Ordinary Voting Shares on the London Stock Exchange's Main Market for listed securities. It is expected that such

delisting and cancellation of admission to trading would take effect on the Business Day after the Effective Date.

Subject to the Scheme becoming effective, application will be made to the UK Listing Authority for the cancellation of the standard listing of the Dee Valley Ordinary Non-Voting Shares on the Official List and to the London Stock Exchange for the cancellation of the admission to trading of Dee Valley Ordinary Non-Voting Shares on the London Stock Exchange's Main Market for listed securities.

Dee Valley Ordinary Non-Voting Shareholders should be aware that the listing of the Dee Valley Ordinary Non-Voting Shares on the standard segment of the Official List will be cancelled if the Scheme becomes effective, irrespective of the level of acceptances of the Offer and without any further consent or approval being required to be obtained from holders of the Dee Valley Ordinary Non-Voting Shares. Delisting would significantly reduce the liquidity and marketability of any Dee Valley Ordinary Non-Voting Shares in respect of which acceptances of the Offer are not submitted.

Severn Trent intends to re-register Dee Valley as a private company as soon as it is appropriate to do so under the provisions of the Companies Act.

11. **Offer-related arrangements**

Severn Trent and Dee Valley entered into a confidentiality agreement on 5 July 2016, pursuant to which Severn Trent and Dee Valley have mutually undertaken to keep confidential information relating to the other party and not to disclose it to third parties (other than permitted recipients) save to the extent required by applicable law or regulation (the "**Confidentiality Agreement**"). The confidentiality obligation will remain in force until 5 years from the date of the Confidentiality Agreement.

Severn Trent Water and Dee Valley entered into a co-operation agreement on 15 November 2016 (the "**Co-operation Agreement**") to set out the mutual commitments to regulate how the Acquisition is implemented: (i) Severn Trent Water shall be responsible for all correspondence, filings, notifications and submissions in respect of obtaining regulatory clearance for the Acquisition; (ii) Severn Trent Water and Dee Valley have agreed to provide each other with all reasonable information, assistance and access for the purpose of obtaining regulatory clearance for the Acquisition; (iii) Severn Trent Water has agreed to provide Dee Valley with all reasonable co-operation, information and assistance for the purposes of the Scheme Circular, use reasonable endeavours to satisfy the Conditions and keep Dee Valley informed as to progress on satisfaction of the Conditions; (iv) Severn Trent Water has reserved its right to implement the Acquisition of the Dee Valley Ordinary Voting Shares by way of a takeover offer and agreed that the provisions of this Co-operation Agreement will continue to apply in the event of a takeover offer being made or if the Scheme is altered in any way; (v) Severn Trent Water has reserved its right to implement the Acquisition of the Dee Valley Ordinary Non-Voting Shares by way of a scheme of arrangement and agreed that the provisions of the Co-operation Agreement will continue to apply in the event of a scheme of arrangement or if the Offer is altered in any way; and (vi) prior to the Scheme Court Hearing, Severn Trent Water has agreed to notify Dee Valley either that all the Conditions have been satisfied or waived or that it intends to invoke a Condition.

The Co-operation Agreement will terminate with immediate effect in the event that: (i) the Scheme (or, if applicable, takeover offer) is withdrawn or lapses in accordance with its terms and/or the consent of the Panel; (ii) the Dee Valley Directors withdraw their recommendation of the Scheme (or, if applicable, takeover offer); (iii) any of the long stop dates have not been met; or (iv) if agreed in writing by Severn Trent Water and Dee Valley.

12. **Financing of the Acquisition**

Severn Trent Water will finance the consideration pursuant to the Acquisition from its existing cash resources.

Rothschild, financial adviser to Severn Trent, is satisfied that Severn Trent Water has the necessary financial resources available to satisfy in full the cash consideration payable under the Acquisition.

13. **Disclosure of interests in Dee Valley Ordinary Shares**

As at the close of business on 15 November 2016, being the last practicable Business Day prior to this announcement, and save as disclosed in this announcement, neither Severn Trent Water, nor so far as Severn Trent Water is aware, any person acting or deemed to be acting in concert with Severn Trent Water, has:

- (i) any interest, or right to subscribe for, any relevant securities of Dee Valley;
- (ii) any short positions in respect of any securities of Dee Valley (whether conditional or absolute and whether in money or otherwise) including any short position under a derivative, any agreement to sell or any delivery obligation or right to require another person to purchase or take delivery of, relevant securities of Dee Valley;
- (iii) borrowed or lent (save for borrowed securities which have either been lent or sold) or entered into any financial collateral arrangements relating to any relevant Dee Valley securities; or
- (iv) procured an irrevocable commitment or letter of intent to vote in favour of the Scheme or to accept a takeover offer in respect of any relevant Dee Valley securities.

In the interests of maintaining confidentiality, Severn Trent Water has not yet completed its enquiries in respect of the matters referred to in this paragraph of certain parties deemed to be acting in concert with Severn Trent Water for the purposes of the Acquisition. Enquiries of such parties will be completed as soon as practicable. In accordance with Note 2(a)(i) on Rule 8 of the Code, further disclosures, if any, required in respect of such parties will be made as soon as possible and in any event by no later than 12 noon (London time) on the day falling 10 Business Days from today.

14. **Expected timetable**

Further details of the Scheme and Offer, including an indicative timetable for each, will be contained in the Scheme Circular, which will also include the notices of the Court Meeting and the General Meeting and specify the necessary actions to be taken by Dee Valley Ordinary Shareholders, which will be sent to Dee Valley Ordinary Shareholders as soon as practicable and in any event within 28 days of this announcement unless otherwise agreed with the Panel.

The phase 1 clearance from the CMA for the transaction is expected to be achieved within approximately 40 working days from the date of this announcement.

15. **Documents available on website**

Copies of the following documents will be available at www.severntrent.com and www.deevalleywater.co.uk from no later than 12 noon on the Business Day following the date of this announcement until the end of the offer period:

- the Confidentiality Agreement referred to in paragraph 11 above;
- the Co-operation Agreement referred to in paragraph 11 above; and
- this announcement.

16. **General**

The Acquisition will be made subject to the Conditions and on the terms contained in Appendix I to this announcement and on the further terms and Conditions to be set out in the Scheme Circular. The Scheme and the Offer will be governed by English law and subject to the applicable rules and regulations of the London Stock Exchange, the Panel and the FCA.

Investec has given and not withdrawn its consent to the publication of this announcement with the inclusion herein of the references to its name in the form and context in which it appears.

The Conditions and certain further terms of the Acquisition are set out in Appendix I to this announcement. Appendix II contains the definitions of certain terms used in this announcement.

Enquiries:

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Further information

This announcement is not intended to and does not constitute, or form part of, any offer to sell or subscribe for or an invitation to purchase or subscribe for any securities or the solicitation of any vote or approval in any jurisdiction pursuant to the Acquisition or otherwise, nor shall there be any sale, issuance or transfer of securities of Dee Valley in any jurisdiction in contravention of applicable law. This announcement does not constitute a prospectus or a prospectus equivalent document.

Any vote in respect of the Acquisition should only be made on the basis of the information contained in the Scheme Circular, which will contain the full terms and conditions of the Acquisition and the Scheme (including details of how to vote) and the Offer (including how to accept the Offer). Dee Valley Ordinary Shareholders are advised to read the formal documentation in relation to the Acquisition carefully once it has been dispatched.

Please be aware that addresses, electronic addresses and certain other information provided by Dee Valley Ordinary Shareholders, persons with information rights and other relevant persons in connection with the receipt of communications from Dee Valley may be provided to Severn Trent during the offer period as required under Section 4 of Appendix 4 of the Code.

N. M. Rothschild & Sons Limited, which is authorised and regulated by the FCA in the United Kingdom, is acting exclusively for Severn Trent and no one else in connection with the Acquisition and will not be responsible to anyone other than Severn Trent for providing

the protections afforded to its clients or for providing advice in relation to the Acquisition or any other matters referred to in this Announcement.

Investec Bank plc is authorised by the Prudential Regulation Authority and regulated by the FCA and the Prudential Regulation Authority in the UK. Investec Bank plc is acting exclusively as financial adviser to Dee Valley and no one else in connection with the Acquisition and shall not be responsible to anyone other than Dee Valley for providing the protections afforded to clients of Investec Bank plc nor for providing advice in connection with the Acquisition or any matter referred to herein.

Barclays Bank PLC, acting through its Investment Bank, which is authorised by the Prudential Regulation Authority and regulated in the United Kingdom by the FCA and the Prudential Regulation Authority, is acting exclusively for Severn Trent and no one else in connection with the matters referred to in this Announcement and will not be responsible to anyone other than Severn Trent for providing the protections afforded to clients of Barclays nor for providing advice in relation to the matters referred to in this Announcement.

Morgan Stanley & Co. International plc, which is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the United Kingdom, is acting exclusively for Severn Trent and no-one else in connection with the Acquisition. In connection with such matters, Morgan Stanley & Co. International plc, its affiliates and their respective directors, officers, employees and agents will not regard any other person as their client, nor will they be responsible to any other person for providing the protections afforded to their clients or for providing advice in relation to the Acquisition, the contents of this announcement or any other matter referred to herein.

Overseas jurisdictions

The release, publication or distribution of this announcement in or into, jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this announcement comes who are not resident in the United Kingdom should inform themselves about, and observe, any applicable restrictions. Dee Valley Ordinary Shareholders who are in any doubt regarding such matters should consult an appropriate independent adviser in the relevant jurisdiction without delay. Any failure to comply with such restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Acquisition disclaim any responsibility or liability for the violation of such restrictions by any person.

The Offer is not being made, directly or indirectly, in or into, or by the use of the mails or any means or instrumentality (including, without limitation telephonically or electronically) of interstate or foreign commerce of, or any facilities of a national securities exchange of, the United States or any other Restricted Jurisdictions, and the Offer should not be accepted by any such use, means, instrumentality or facility or from such jurisdictions. Copies of this document and any related offering documents are not being, and may not be, mailed or otherwise distributed in, into or from, whether by use of the mails, or by any means or instrumentality (including, without limitation, telephonically or electronically) of interstate or foreign commerce, or any facility of a national securities exchange of, the United States or any other Restricted Jurisdictions. Persons receiving such documents (including, without limitation, custodians, nominees and trustees) must not distribute or send them into or from such jurisdictions or use such mails or any such means, instrumentality or facility for any purpose directly or indirectly in connection with this Offer and doing so will render invalid any relevant purported acceptance of the Offer.

This announcement has been prepared for the purposes of complying with English law and the Code and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of jurisdictions outside the United Kingdom.

Additional information for US investors in Dee Valley

These materials are not for distribution, directly or indirectly, in or into the United States (including its territories and possessions, any State of the United States and the District of Columbia). These materials do not constitute or form a part of any offer or solicitation to purchase or subscribe for securities in the United States.

Dee Valley and Severn Trent Water are each organised under the laws of England. All of the officers and directors of Dee Valley and Severn Trent Water are residents of countries other than the United States. It may not be possible to sue Dee Valley, Severn Trent Water or their respective officers or directors in a non-US court for violations of US securities laws. It may be difficult to compel Dee Valley, Severn Trent Water and their respective affiliates to subject themselves to the jurisdiction and judgment of a US court.

The Scheme

Dee Valley Ordinary Shareholders in the United States should note that the Acquisition relates to the shares of an English company and, in respect of the Dee Valley Ordinary Voting Shares, is proposed to be made by means of a scheme of arrangement provided for under, and governed by, English law. Neither the proxy solicitation nor the tender offer rules under the US Securities Exchange Act of 1934, as amended, will apply to the Scheme. Moreover the Scheme will be subject to the disclosure requirements, rules and practices applicable in the UK to schemes of arrangement, which differ from the disclosure requirements of the US proxy solicitation rules and tender offer rules. Financial information included in this announcement and the Scheme Circular has been or will be prepared in accordance with, where relevant International Financial Reporting Standards as adopted by the European Union and/or accounting standards applicable in the UK and may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the United States.

The Offer

The Offer in respect of Dee Valley Ordinary Non-Voting Shares relates to the shares of an English company and will be governed by English law on the implementation of such an offer. The Offer is not intended to be made pursuant to the provisions of any other legal system. Shareholders should note that the Offer is subject to English disclosure rules, which are different from those in the United States. The Offer will not be made to any Dee Valley Ordinary Shareholders in Restricted Jurisdictions.

Disclosure requirements

Under Rule 8.3(a) of the Code, any person who is interested in 1% or more of any class of relevant securities of an offeree company or of any securities exchange offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period and, if later, following the announcement in which any securities exchange offeror is first identified. An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any securities exchange offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a securities exchange offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1% or more of any class of relevant securities of the offeree company or of any securities exchange offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any securities exchange offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and

rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any securities exchange offeror(s), save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a securities exchange offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

Forward-looking statements

This announcement contains certain forward-looking statements, including statements regarding Severn Trent's and Dee Valley's plans, objectives and expected performance. Such statements relate to events and depend on circumstances that will occur in the future and are subject to risks, uncertainties and assumptions. There are a number of factors which could cause actual results and developments to differ materially from those expressed or implied by such forward looking statements, including, among others the enactment of legislation or regulation that may impose costs or restrict activities; the re-negotiation of contracts or licences; fluctuations in demand and pricing in the water and wastewater industry; fluctuations in exchange controls; changes in government policy and taxations; industrial disputes; war and terrorism. These forward-looking statements speak only as at the date of this document.

Publication of this announcement

A copy of this announcement will be available subject to certain restrictions relating to persons resident in Restricted Jurisdictions on www.severntrent.com and www.deevalleywater.co.uk.

The contents of Severn Trent's website and Dee Valley's website are not incorporated into and do not form part of this announcement.

A hard copy of this Announcement will be sent to Dee Valley Ordinary Shareholders (other than Dee Valley Ordinary Shareholders who have elected to receive electronic communications) in the near future. Dee Valley Ordinary Shareholders may request a hard copy of this Announcement by contacting Tracy Bragg, Head of Legal and Regulation, during business hours on +44 (0) 1978 833213 or by submitting a request in writing to Tracy Bragg, Head of Legal and Regulation at Dee Valley Group plc, Packsaddle, Wrexham Road, Rhostyllen, Wrexham, LL14 4EH. Dee Valley Ordinary Shareholders may also request that all future documents, announcements and information to be sent to them in relation to the Acquisition should be in hard copy form.

APPENDIX I

CONDITIONS AND CERTAIN FURTHER TERMS OF THE ACQUISITION

Part 1 Conditions of the Scheme

1. The Scheme will be conditional upon:
 - (a) the Scheme Meeting and General Meeting being held on or before the 22nd day after the expected date of the meetings to be set out in the Scheme Circular in due course or such later date (if any) as Severn Trent Water and Dee Valley may agree;
 - (b) the Scheme Court Hearing being held on or before the later of (i) the 22nd day after the expected date of the hearing date to be set out in the Scheme Circular in due course; and (ii) 7 days after all the Conditions other than this Condition 1(b), Conditions 2(c) and 2(d) are satisfied, or such later date (if any) as Severn Trent Water and Dee Valley may agree; and
 - (c) the Scheme becoming unconditional and becoming Effective by no later than 31 May 2017 or such later date (if any) as Severn Trent Water and Dee Valley may agree and (if required) the Court may allow.
2. The Scheme will also be conditional on:
 - (a) its approval by a majority in number of Scheme Shareholders present, entitled to vote and voting at the Court Meeting, or at any adjournment thereof, either in person or by proxy, representing not less than 75 per cent. in value of the Scheme Shares voted by them;
 - (b) all resolutions required to approve and implement the Scheme (including, without limitation, to amend Dee Valley's articles of association) being duly passed by the requisite majority or majorities of the Dee Valley Ordinary Voting Shareholders at the General Meeting, or at any adjournment thereof;
 - (c) the sanction of the Scheme by the Court (with or without modifications, on terms reasonably acceptable to Dee Valley and Severn Trent Water); and
 - (d) an office copy of the Court Order being delivered for registration to the Registrar of Companies.
3. The Scheme is also conditional on the following conditions having been satisfied or, where applicable, waived and accordingly the necessary actions to make the Scheme Effective will not be taken unless such conditions have been so satisfied or waived:
 - (a) it being established on terms satisfactory to Severn Trent Water that it is not the intention of the CMA to make a Phase 2 CMA Reference in respect of the Acquisition or any matters arising therefrom;
 - (b) no government or governmental, quasi-governmental, supranational, statutory, administrative or regulatory body, authority, court, trade agency, association, institution, environmental body, Merger Control Authority or any other person or body in any jurisdiction (each a "**Relevant Authority**") having decided to take, instituted, implemented or threatened any action, proceedings, suit, investigation, enquiry or reference, or made, proposed or enacted any statute, regulation, order or decision or taken any other steps and there not continuing to be outstanding any statute, regulation, order or decision, which would or would reasonably be expected to:
 - (i) make the Acquisition or the acquisition of any Dee Valley Ordinary Shares, or control of Dee Valley by Severn Trent Water void, illegal or unenforceable or otherwise materially restrict, restrain, prohibit, delay or

interfere with the implementation thereof, or impose additional conditions or obligations with respect thereto, or require material amendment thereof or otherwise challenge or interfere therewith;

- (ii) require or prevent the divestiture by any member of the Dee Valley Group or any company of which 20 per cent. or more of the voting capital is held by any member of the Dee Valley Group or any partnership, joint venture, firm or company in which any member of the Dee Valley Group may be interested (the "**wider Dee Valley Group**") or by any member of the Severn Trent Group or any associated undertaking or any company of which 20 per cent. or more of the voting capital is held by the Severn Trent Group or any partnership, joint venture, firm or company in which any member of the Severn Trent Group may be interested (the "**wider Severn Trent Group**") of all or any portion of their respective businesses, assets or property or impose any limitation on the ability of any of them to conduct their respective businesses or own any of their assets or property to an extent which is material in the context of the Dee Valley Group taken as a whole or material in the context of the Acquisition;
- (iii) impose any limitation on or result in a delay in the ability of any member of the wider Dee Valley Group or the wider Severn Trent Group to acquire or to hold or to exercise effectively any rights of ownership of shares or loans or securities convertible into shares in any member of the wider Dee Valley Group or of the wider Severn Trent Group held or owned by it or to exercise management control over any member of the wider Dee Valley Group or of the wider Severn Trent Group to an extent which is material in the context of the Dee Valley Group taken as a whole or material in the context of the Acquisition;
- (iv) require any member of the wider Severn Trent Group or the wider Dee Valley Group to acquire or offer to acquire any shares or other securities in any member of the wider Dee Valley Group where such acquisition or offer is material in the context of the Dee Valley Group taken as a whole or material in the context of the Acquisition; or
- (v) otherwise materially and adversely affect the assets, business, profits or prospects of any member of the wider Severn Trent Group or of any member of the wider Dee Valley Group;

and all applicable waiting and other time periods during which any such Relevant Authority could decide to take, institute, implement or threaten any such action, proceeding, suit, investigation, enquiry or reference having expired, lapsed or been terminated;

- (c) all necessary notifications and filings having been made, all applicable waiting periods (including any extensions thereof) under any applicable legislation or regulations of any jurisdiction having expired, lapsed or been terminated, in each case in respect of the Acquisition and the acquisition of any Dee Valley Ordinary Shares, or of control of Dee Valley, by Severn Trent Water, and all authorisations, orders, recognitions, grants, consents, licences, confirmations, clearances, permissions and approvals ("**Authorisations**") necessary or appropriate in any jurisdiction for, or in respect of, the Acquisition and the proposed acquisition of any Dee Valley Ordinary Shares, or of control of Dee Valley, by Severn Trent Water and to carry on the business of any member of the wider Severn Trent Group or of the wider Dee Valley Group having been obtained, in terms and in a form satisfactory to Severn Trent Water, from all appropriate Relevant Authorities and from any persons or bodies with whom any member of the wider Severn Trent Group or the wider Dee Valley Group has entered into contractual arrangements and all such Authorisations remaining in full force and effect at the time at which the Acquisition become Effective and Severn Trent having no

knowledge of an intention or proposal to revoke, suspend or modify or not to renew any of the same and all necessary statutory or regulatory obligations in any jurisdiction having been complied with;

(d) except as Fairly Disclosed, there being no provision of any arrangement, agreement, licence, permit or other instrument to which any member of the wider Dee Valley Group is a party or by or to which any such member or any of their assets is or may be bound, entitled or subject to and which, in consequence of the Acquisition or the acquisition or proposed acquisition of any Dee Valley Ordinary Shares, or control of Dee Valley, by Severn Trent Water or otherwise, would or would reasonably be expected to, result in:

- (i) any monies borrowed by, or other indebtedness actual or contingent of, any such member of the wider Dee Valley Group being or becoming repayable or being capable of being declared repayable immediately or prior to its or their stated maturity or the ability of any such member to borrow monies or incur any indebtedness being inhibited or becoming capable of being withdrawn;
- (ii) the creation or enforcement of any mortgage, charge or other security interest over the whole or any part of the business, property or assets of any such member or any such security (whenever arising or having arisen) being enforced or becoming enforceable;
- (iii) any such arrangement, agreement, licence or instrument being terminated or adversely modified or any action being taken of an adverse nature or any obligation or liability arising thereunder;
- (iv) any assets of any such member being disposed of or charged, or right arising under which any such asset could be required to be disposed of or charged, other than in the ordinary course of business;
- (v) the interest or business of any such member of the wider Dee Valley Group in or with any firm or body or person, or any agreements or arrangements relating to such interest or business, being terminated or adversely modified or affected;
- (vi) any such member ceasing to be able to carry on business under any name under which it presently does so;
- (vii) the creation of liabilities (actual or contingent) by any such member; or
- (viii) the financial or trading position of any such member being prejudiced or adversely affected,

which in each case is material in the context of the Dee Valley Group taken as a whole or material in the context of the Acquisition, and no event having occurred which, under any provision of any arrangement, agreement, licence or other instrument to which any member of the wider Dee Valley Group is a party, or to which any such member or any of its assets may be bound, entitled or subject, could result in any of the events or circumstances as are referred to in paragraphs (i) to (viii) of this condition (d);

(e) except as Fairly Disclosed, no member of the wider Dee Valley Group having, since 31 March 2016:

- (i) issued, agreed to issue or proposed the issue of additional shares or securities of any class, or securities convertible into, or exchangeable for or rights, warrants or options to subscribe for or acquire, any such shares, securities or convertible securities (save as between Dee Valley

and wholly-owned subsidiaries of Dee Valley), or redeemed, purchased or reduced any part of its share capital;

- (ii) sold or transferred or agreed to sell or transfer any Treasury Shares;
- (iii) recommended, declared, paid or made or proposed to recommend, declare, pay or make any bonus, dividend or other distribution other than to Dee Valley or a wholly-owned subsidiary of Dee Valley;
- (iv) agreed, authorised, proposed or announced its intention to propose any merger or demerger or acquisition or disposal of assets or shares which in each case is material in the context of the Dee Valley Group taken as a whole or material in the context of the Acquisition or to any material change in its share or loan capital;
- (v) issued, authorised or proposed the issue of any debentures or incurred any indebtedness or contingent liability which in each case is material in the context of the Dee Valley Group taken as a whole or material in the context of the Acquisition;
- (vi) acquired or disposed of or transferred, mortgaged or encumbered any asset or any right, title or interest in any asset in a manner which in each case is material in the context of the Dee Valley Group taken as a whole or material in the context of the Acquisition;
- (vii) entered into or varied or announced its intention to enter into or vary any contract, arrangement or commitment (whether in respect of capital expenditure or otherwise) which is of a long-term or unusual nature or involves or could involve an obligation of a nature or magnitude which in each case is material in the context of the Dee Valley Group taken as a whole or material in the context of the Acquisition;
- (viii) entered into or proposed or announced its intention to enter into any reconstruction, amalgamation, transaction or arrangement which in each case is material in the context of the Dee Valley Group taken as a whole or material in the context of the Acquisition;
- (ix) taken any action nor having had any steps taken or legal proceedings started or threatened against it for its winding-up or dissolution or for it to enter into any arrangement or composition for the benefit of its creditors, or for the appointment of a receiver, administrator, trustee or similar officer if it or any of its assets (or any analogous proceedings or appointment in any overseas jurisdiction) (save in respect of a member of the wider Dee Valley Group which is dormant and was solvent at the relevant time);
- (x) been unable, or admitted in writing that it is unable, to pay its debts or having stopped or suspended (or threatened to stop or suspend) payment of its debts generally or ceased or threatened to cease carrying on all or a substantial part of its business;
- (xi) entered into or varied or made any offer to enter into or vary the terms of any service agreement or arrangement with any of the directors of Dee Valley other than (i) in accordance with ordinary course annual reviews in line with past practice in the two years prior to the date hereof and consistent with Dee Valley's approved and published remuneration policy or (ii) as otherwise agreed with Severn Trent Water;

- (xii) waived, compromised or settled any claim which is material in the context of the wider Dee Valley Group; or
 - (xiii) entered into or made an offer (which remains open for acceptance) to enter into any agreement, arrangement or commitment or passed any resolution with respect to any of the transactions or events referred to in this condition (e);
- (f) since 31 March 2016, save as Fairly Disclosed or as disclosed in this announcement:
- (i) there having been no adverse change in the business, assets, financial or trading position or profits or prospects of any member of the wider Dee Valley Group;
 - (ii) no litigation, arbitration proceedings, prosecution or other legal proceedings having been instituted, announced or threatened by or against or remaining outstanding against any member of the wider Dee Valley Group and no enquiry or investigation by or complaint or reference to any Relevant Authority against or in respect of any member of the wider Dee Valley Group having been threatened, announced or instituted or remaining outstanding; and
 - (iii) no contingent or other liability having arisen or been incurred which might reasonably be expected to adversely affect any member of the Dee Valley Group;
- (g) Severn Trent Water not having discovered that, save as Fairly Disclosed:
- (i) the financial, business or other information concerning the wider Dee Valley Group which has been disclosed at any time by or on behalf of any member of the wider Dee Valley Group whether publicly (by the delivery of an announcement to a Regulatory Information Service) or to Severn Trent Water or its professional advisers, either contains a misrepresentation of fact or omits to state a fact necessary to make the information contained therein not materially misleading;
 - (ii) any member of the wider Dee Valley Group is subject to any liability, contingent or otherwise, which is not disclosed in the annual report and accounts of Dee Valley for the financial year ended 31 March 2016;
 - (iii) any past or present member of the wider Dee Valley Group has not complied with all applicable legislation or regulations of any jurisdiction or any notice or requirement of any Relevant Authority with regard to the storage, disposal, discharge, spillage, leak or emission of any waste or hazardous substance or any substance likely to impair the environment or harm human health which non-compliance would be likely to give rise to any liability (whether actual or contingent) on the part of any member of the wider Dee Valley Group;
 - (iv) there has been a disposal, spillage, emission, discharge or leak of waste or hazardous substance or any substance likely to impair the environment or harm human health on, or from, any land or other asset now or previously owned, occupied or made use of by any past or present member of the wider Dee Valley Group, or in which any such member may now or previously have had an interest, which would be likely to give rise to any liability (whether actual or contingent) on the part of any member of the wider Dee Valley Group;
 - (v) there is or is reasonably likely to be any obligation or liability (whether actual or contingent) to make good, repair, reinstate or clean up any property now or previously owned, occupied or made use of by any past or present member of the wider Dee Valley Group or in which any such

member may now or previously have had an interest under any environmental legislation or regulation or notice, circular or order of any Relevant Authority in any jurisdiction; or

- (vi) circumstances exist whereby a person or class of persons would be reasonably likely to have any claim or claims in respect of any product or process of manufacture, or materials used therein, now or previously manufactured, sold or carried out by any past or present member of the wider Dee Valley Group which claim or claims would be reasonably likely to affect adversely any member of the wider Dee Valley Group.

Conditions (a) to (g) inclusive must be fulfilled, be determined by Severn Trent Water to be or remain satisfied or (if capable of waiver) be waived by Severn Trent Water by 11.59 p.m. on the date immediately preceding the Scheme Court Hearing (or such later date as agreed between Dee Valley and Severn Trent Water and with the approval of the Panel (if required)), failing which the Scheme shall lapse.

To the extent permitted by law and subject to the requirements of the Panel, Severn Trent Water reserves the right to waive all or any of Conditions 1, 3(a) to (g) inclusive, in whole or in part. Severn Trent Water shall be under no obligation to waive or treat as fulfilled any of Conditions 3(a) to (g) inclusive by a date earlier than the date specified above in Condition 1 for the fulfilment thereof notwithstanding that the other Conditions of the Acquisition may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any of such Conditions may not be capable of fulfilment.

The Scheme will not proceed if the CMA makes a Phase 2 CMA Reference in respect of the Acquisition before the date of the Court Meeting. In such event neither Dee Valley, Severn Trent Water nor any Dee Valley Ordinary Shareholder will be bound by any term of the Scheme.

Part 2 Condition of the Offer

1. The Offer will be subject to the condition that the Scheme has become Effective.

Part 3 Certain further terms of the Acquisition

1. Severn Trent Water reserves the right, subject to the prior consent of the Panel, to elect to implement the Acquisition of the Dee Valley Ordinary Voting Shares by way of takeover offer (as defined in section 974 of the Companies Act). In such event, such offer will (unless otherwise determined by Severn Trent Water and subject to the consent of the Panel) be implemented on the same terms and conditions subject to appropriate amendments to reflect the change in method of effecting the Acquisition, which may include changing the consideration structure under the terms of the Acquisition and (without limitation and subject to the consent of the Panel) acceptance conditions set at: (i) 90 per cent. (or such lesser percentage, being more than 50 per cent., as Severn Trent Water may decide) of the voting rights then exercisable at a general meeting of the holders of the Dee Valley Ordinary Voting Shares, including, for this purpose, any such voting rights attaching to Dee Valley Ordinary Voting Shares that are unconditionally allotted or issued, and to any Treasury Shares which are unconditionally transferred or sold by Dee Valley, before the takeover offer becomes or is declared unconditional as to acceptances, whether pursuant to the exercise of any outstanding subscription or conversion rights or otherwise, and (ii) 90 per cent. (or such lesser percentage, being more than 50 per cent., as Severn Trent Water may decide) of the Dee Valley Ordinary Voting Shares in issue before the takeover offer becomes or is declared unconditional as to acceptances, whether pursuant to the exercise of any outstanding subscription or conversion rights or otherwise.
2. Severn Trent Water also reserves the right, with the consent of Dee Valley to elect to implement the acquisition of the Dee Valley Ordinary Non-Voting Shares by way of a scheme of arrangement under Part 26 of the Companies Act. In such event, the scheme of arrangement will be implemented on the same terms (subject to appropriate amendments), so far as applicable, as those which would apply to the Offer.

3. If Severn Trent Water is required by the Panel to make an offer for Dee Valley Ordinary Voting Shares under the provisions of Rule 9 of the Code, Severn Trent Water may make such alterations to any of the above conditions as are necessary to comply with the provisions of that Rule.
4. The Scheme and the Offer and any dispute or claim arising out of, or in connection with, them (whether contractual or non-contractual in nature) will be governed by English law and will be subject to the jurisdiction of the Courts of England.
5. The Dee Valley Ordinary Voting Shares will be acquired under the Scheme and the Dee Valley Ordinary Non-Voting Shares will be acquired under the Offer in each case fully paid and free from all liens, equitable interests, charges, encumbrances, options, rights of pre-emption and any other third party rights or interests of any nature whatsoever and together with all rights attaching thereto, including the right to receive and retain all dividends and other distributions and returns of value declared, paid or made after the Effective Date. If any dividend or other distribution or return of value is proposed, declared, made, paid or becomes payable by Dee Valley in respect of a Dee Valley Ordinary Share on or after the date of this announcement and prior to end of the offer period, Severn Trent Water will have the right to reduce the value of the consideration payable for each Dee Valley Ordinary Share of the relevant class by up to the amount per such Dee Valley Ordinary Share of such dividend, distribution or return of value except where the Dee Valley Ordinary Share is or will be acquired pursuant to the Scheme or Offer (as the case may be) on a basis which entitles Severn Trent Water to receive the dividend, distribution or return of value and to retain it. If Severn Trent Water exercises such right to reduce the value of the consideration payable for each Dee Valley Ordinary Share of a particular class by the amount per Dee Valley Ordinary Share of any dividend that has not been paid, the relevant Dee Valley Ordinary Shareholders shall be entitled to receive and retain such dividend when paid. If any such dividend or distribution or return of value is paid or made after the date of this announcement and Severn Trent Water exercises its rights described above, any reference in this announcement to the consideration payable under the Scheme or Offer (as the case may be) shall be deemed to be a reference to the consideration as so reduced. Any exercise by Severn Trent Water of its rights referred to in this paragraph shall be the subject of an announcement and, for the avoidance of doubt, shall not be regarded as constituting any revision or variation of the terms of the Scheme or Offer (as the case may be).
6. Under Rule 13.5 of the Code, Severn Trent Water may not invoke a condition to the Acquisition so as to cause the Acquisition not to proceed, to lapse or to be withdrawn unless the circumstances which give rise to the right to invoke the condition are of material significance to Severn Trent Water in the context of the Acquisition. The conditions contained in paragraphs 1 and 2 of Part 1 of this Appendix are not subject to this provision of the Code.

APPENDIX II

DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise:

"Acquisition"	the proposed acquisition by Severn Trent Water of the Dee Valley Ordinary Voting Shares by way of the Scheme and the Dee Valley Ordinary Non-Voting Shares by way of the Offer
"AMP"	Asset Management Plan
"Ancala"	Ancala Fornia Limited a limited company incorporated in England and Wales with registered number 10421753 and whose registered office is at 40 Gracechurch Street, London, EC3V 0BT
"Barclays"	Barclays Bank PLC, acting through its Investment Bank
"Board"	board of directors
"B Shares"	the preference B shares issued by Dee Valley, having the rights set out in article 7 of Dee Valley's articles of association
"Business Day"	a day (other than a Saturday or Sunday and public holidays in the UK) on which banks are open for general business in London
"CMA"	the UK Competition and Markets Authority
"CMA Condition"	Condition 3(a) in Part 1 of Appendix I
"Code"	the City Code on Takeovers and Mergers
"Companies Act"	Companies Act 2006 (as amended)
"Conditions"	the conditions to the implementation of the Acquisition (including the Scheme and Offer) which are set out in Appendix I to this announcement and to be set out in the Scheme Circular
"Court"	Her Majesty's High Court of Justice in England and Wales
"Court Meeting"	the meeting or meetings of Scheme Shareholders or any class or classes thereof to be convened by an order of the Court under the Companies Act, notice of which will be set out in the Scheme Circular, to consider and if thought fit approve the Scheme (with or without amendment) including any adjournment thereof
"Court Order"	the order of the Court sanctioning the Scheme

	under Part 26 of the Companies Act
"CREST"	the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI 2001/3755)) in respect of which Euroclear UK & Ireland Ltd is the operator
"Dealing Disclosure"	an announcement pursuant to Rule 8 of the Code containing details of dealings in interests in relevant securities of a party to an offer
"Dee Valley"	Dee Valley Group Plc (registered number 04316684) with registered office at Packsaddle, Wrexham Road, Rhostyllen, Wrexham, LL14 4EH
"Dee Valley Directors" or "Dee Valley Board"	the board of directors of Dee Valley and "Dee Valley Director" means any one of them
"Dee Valley Group"	Dee Valley and its subsidiary undertakings
"Dee Valley Ordinary Non-Voting Shareholders"	holders of Dee Valley Ordinary Non-Voting Shares
"Dee Valley Ordinary Non-Voting Shares"	ordinary non-voting shares of 5p each in the capital of Dee Valley
"Dee Valley Ordinary Shareholders"	holders of Dee Valley Ordinary Voting Shares and/or Dee Valley Ordinary Non-Voting Shares (as the context may require)
"Dee Valley Ordinary Shares"	Dee Valley Ordinary Voting Shares and Dee Valley Ordinary Non-Voting Shares
"Dee Valley Ordinary Voting Shareholders"	holders of Dee Valley Ordinary Voting Shares
"Dee Valley Ordinary Voting Shares"	ordinary voting shares of 5p each in the capital of Dee Valley
"Dee Valley Water"	Dee Valley Water Plc (registered number 03527628) with registered office at Packsaddle, Wrexham Road, Rhostyllen, Wrexham, LL14 4EH
"Defined Benefit Scheme"	the Water Companies Pension Scheme (Dee Valley Water Plc Section)
"Effective"	in the context of the Acquisition of the Dee Valley Ordinary Voting Shares: <ul style="list-style-type: none"> (i) if the Acquisition of the Dee Valley Ordinary Voting Shares is implemented by way of Scheme, means the Scheme having become effective pursuant to its terms; or (ii) if the Acquisition of the Dee Valley Ordinary Voting Shares is implemented by way of a takeover offer, such offer having become or been declared unconditional in all respects in accordance with their terms

"Effective Date"	the date on which the Scheme becomes effective pursuant to its terms
"Fairly Disclosed"	the information fairly disclosed, by or on behalf of Dee Valley (i) by any Regulatory Information Service after 31 March 2016 but on or before the date of this Announcement; (ii) in the electronic data room established by Dee Valley for the Acquisition as at 22 August 2016; (iii) in writing, by any member of the wider Dee Valley Group, to any member of the Severn Trent Group, before the date of this announcement or (iv) in Dee Valley's annual report and accounts for the year ended 31 March 2016
"FCA"	the Financial Conduct Authority
"General Meeting"	the general meeting of Dee Valley Ordinary Voting Shareholders to be convened in connection with the Acquisition, notice of which will be set out in the Scheme Circular, to consider and if thought fit approve various matters in connection with the Acquisition, including any adjournment thereof
"Investec"	Investec Bank plc
"London Stock Exchange"	London Stock Exchange plc
"Merger Control Authority"	any national, supra-national or regional, government or governmental, quasi-governmental, statutory, regulatory or investigative body or court, in any jurisdiction, responsible for the review and/or approval of mergers, acquisitions, concentrations, joint ventures, or any other similar matter
"Morgan Stanley"	Morgan Stanley & Co. International plc
"ODI"	Outcome Delivery Incentive
"Official List"	the official list maintained by the UK Listing Authority pursuant to Part 6 of the Financial Services and Markets Act 2000
"Ofwat"	the economic regulator for water and sewerage services in England and Wales
"Opening Position Disclosure"	an announcement pursuant to Rule 8 of the Code containing details of interests or short positions in, or rights to subscribe for, any relevant securities of a party to an offer
"Panel" or "Takeover Panel"	the Panel on Takeovers and Mergers
"Phase 2 CMA Reference"	a reference of the Acquisition, or any matters arising therefrom, to the chair of the CMA for the constitution of a group under Schedule 4 to the Enterprise and Regulatory Reform Act 2013

"PR14 Final Determination"	final determination set by Ofwat during its 2014 price review
"RCV"	Regulatory Capital Value
"Registrar of Companies"	the Registrar of Companies in England and Wales
"Regulatory Information Service"	a primary information provider which has been approved by the FCA to disseminate regulated information
"Restricted Jurisdictions"	United States or any other jurisdiction where local laws or regulations may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Acquisition is sent or made available to Dee Valley Ordinary Shareholders in that jurisdiction
"Rothschild"	N. M. Rothschild & Sons Limited
"Scheme" or "Scheme of Arrangement"	the scheme of arrangement proposed to be made under Part 26 of the Companies Act between Dee Valley and the holders of the Scheme Shares to be set out in the Scheme Circular, with or subject to any modification, addition or condition approved or imposed by the Court
"Scheme Circular"	the document to be sent to Dee Valley Ordinary Shareholders setting out, amongst other things, (i) the Scheme and notices convening the Court Meeting and the General Meeting; and (ii) the terms and condition of the Offer
"Scheme Court Hearing"	the hearing of the Court to sanction the Scheme
"Scheme Record Time"	6.00pm on the Business Day immediately preceding the Effective Date
"Scheme Shareholders"	holders of Scheme Shares and a "Scheme Shareholder" shall mean any one of those scheme shareholders
"Scheme Shares"	the Dee Valley Ordinary Voting Shares: <ul style="list-style-type: none"> (i) in issue at the date of the Scheme Circular and which remain in issue at the Scheme Record Time; (ii) (if any) issued after the date of the Scheme Circular but before the Voting Record Time and which remain in issue at the Scheme Record Time; and (iii) (if any) issued at or after the Voting Record Time but at or before the Scheme Record Time on terms that the holder thereof shall be bound by the Scheme or in respect of which the original or any subsequent holders thereof are, or have agreed in writing to be, bound by the

	<p>Scheme and, in each case, which remain in issue at the Scheme Record Time, excluding, in any case, any Dee Valley Ordinary Voting Shares held by or on behalf of Severn Trent Water or the Severn Trent Group at the Scheme Record Time</p>
"Severn Trent"	Severn Trent Plc (registered number 02366619) with registered office at Severn Trent Centre, 2 St. John's Street, Coventry, CV1 2LZ
"Severn Trent Group"	Severn Trent and its subsidiary undertakings
"Severn Trent Water"	Severn Trent Water Limited (registered number 02366686) with registered office at Severn Trent Centre, 2 St. John's Street, Coventry, CV1 2LZ
"subsidiary" and "subsidiary undertaking"	have the meanings given to them in the Companies Act
"Treasury Shares"	shares held as treasury shares as defined in section 724(5) of the Companies Act
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland
"UK Listing Authority"	the Financial Conduct Authority when it is exercising its powers under Part 6 of the Financial Services and Markets Act 2000 as amended
"United States" or "US"	the United States of America, its territories and possessions, any State of the United States of America, the District of Columbia, and all other areas subject to its jurisdiction
"Voting Record Time"	the time and date specified in the Scheme Circular by reference to which entitlement to vote at the Court Meeting will be determined, expected to be 6.00pm on the day which is two days before the date of the Court Meeting or if the Court Meeting is adjourned, 6.00pm on the day which is two days before such adjourned meeting
"£"	pounds sterling, the lawful currency for the time being of the UK and references to "pence" and "p" shall be construed accordingly