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# Notice of Meeting 2013

SEVERN  
TRENT

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

If you are in any doubt about the action you should take, you should consult your independent financial adviser.

If you have recently sold or transferred your shares in Severn Trent Plc please forward this document to your bank, stockbroker or other agent through or to whom the sale or transfer was effected for delivery to the purchaser or transferee.



# Notice of Meeting

Dear Shareholder

This year's Annual General Meeting (the 'Meeting') will be held at the International Convention Centre in Birmingham on Wednesday 17 July 2013 at 11am and the formal notice of the Meeting is set out overleaf (the 'Notice').

If you would like to vote on the Resolutions in the Notice but cannot come to the Meeting, please fill in the Form of Proxy sent to you with the Notice and return it to Equiniti (our registrar) as soon as possible. Equiniti must receive the Form of Proxy by 11am on Monday 15 July 2013. Alternatively, you can vote online at [www.sharevote.co.uk](http://www.sharevote.co.uk)

If you are a registered shareholder holding shares in your own name and have not elected to receive communications in paper form by post or if you have elected to receive paper notification that shareholder communications are available to view online, I can advise you that the Annual Report and Accounts for the year ended 31 March 2013 is now available online at [www.severntrent.com](http://www.severntrent.com)

Please note that the company operates a Dividend Reinvestment Plan, which gives shareholders the option of using their dividend payments to buy more shares in Severn Trent Plc (the 'Company') at favourable commission rates.

If you would like to participate in this Plan please contact the Equiniti helpline on 0871 384 2268\* for an application form. To participate for the July final dividend a completed application form must be received by Equiniti by Friday 5 July 2013.

The board considers the Resolutions are likely to promote the success of the Company and are in the best interests of the Company and its shareholders as a whole. The directors unanimously recommend that you vote in favour of the Resolutions as they intend to do in respect of their own beneficial holdings which amount in aggregate to 102,562 ordinary shares representing approximately 0.04% of the issued ordinary share capital of the Company as at 29 May 2013, being the latest practicable date prior to publication of this document.

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

Yours faithfully,



**Andrew Duff**

Chairman

17 June 2013

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

# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 24th Annual General Meeting (the 'Meeting') of Severn Trent Plc (the 'Company') will be held at the International Convention Centre, Broad Street, Birmingham B1 2EA on Wednesday 17 July 2013 at 11am to consider and, if thought appropriate, pass Resolutions 1 to 18 as ordinary resolutions and Resolutions 19 to 21 as special resolutions.

## Resolution 1

To receive the accounts and the reports of the directors and the auditors for the year ended 31 March 2013.

## Resolution 2

To declare a final ordinary dividend in respect of the year ended 31 March 2013 of 45.51 pence for each ordinary share of 97<sup>17</sup>/<sub>19</sub> pence.

## Resolution 3

To approve the Directors' remuneration report for the year ended 31 March 2013.

## Resolution 4

To reappoint Tony Ballance as a director.

## Resolution 5

To reappoint Bernard Bulkin as a director.

## Resolution 6

To reappoint Richard Davey as a director.

## Resolution 7

To reappoint Andrew Duff as a director.

## Resolution 8

To reappoint Gordon Fryett as a director.

## Resolution 9

To reappoint Martin Kane as a director.

## Resolution 10

To reappoint Martin Lamb as a director.

## Resolution 11

To reappoint Michael McKeon as a director.

## Resolution 12

To reappoint Baroness Noakes as a director.

## Resolution 13

To reappoint Andy Smith as a director.

## Resolution 14

To reappoint Tony Wray as a director.

## Resolution 15

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

## Resolution 16

To authorise the directors to determine the remuneration of the auditors.

## Resolution 17

To authorise, generally and unconditionally, the Company and all companies which are subsidiaries of the Company during the period when this Resolution 17 has effect, in accordance with sections 366 and 367 of the Companies Act 2006 (the '2006 Act') to:

- i) make political donations to political parties or independent election candidates not exceeding £50,000 in total;
- ii) make political donations to political organisations other than political parties not exceeding £50,000 in total; and
- iii) incur political expenditure not exceeding £50,000 in total,

(as such terms are defined in the 2006 Act) during the period beginning with the date of the passing of this resolution and expiring at the conclusion of the next Annual General Meeting of the Company provided that the authorised sums referred to in paragraphs i), ii) and iii) above, may be comprised of one or more amounts in different currencies which, for the purposes of calculating the said sums, shall be converted into pounds sterling at the exchange rate published in the London edition of the Financial Times on the date on which the relevant donation is made or expenditure incurred (or the first business day thereafter) or, if earlier, on the day on which the Company enters into any contract or undertaking in relation to the same.

## Resolution 18

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

- i) up to an aggregate nominal amount of £77,931,583; and
- ii) up to a further aggregate nominal amount of £77,931,583 provided that a) they are equity securities (within the meaning of section 560(1) of the 2006 Act) and b) they are offered by way of a rights issue to holders of ordinary shares on the register of members of the Company at such record date(s) as the directors may determine where the equity securities respectively attributable to the interests of the ordinary shareholders are proportionate (as nearly as may be practicable) to the respective numbers of ordinary shares held by them on any such record date, subject to such exclusions or other arrangements as the directors

## Notice of Annual General Meeting

may deem necessary or expedient to deal with treasury shares, fractional entitlements or legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange or any other matter whatsoever,

provided that this authority shall expire on the date of the next Annual General Meeting of the Company, save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require shares to be allotted or Rights to be granted after such expiry and the directors shall be entitled to allot shares and grant Rights pursuant to any such offer or agreement as if this authority had not expired; and all unexercised authorities previously granted to the directors to allot shares and grant Rights be and are hereby revoked.

### Resolution 19

To empower the directors pursuant to sections 570 and 573 of the 2006 Act to allot equity securities (within the meaning of section 560 of the 2006 Act) for cash either pursuant to the authority conferred by Resolution 18 above or by way of a sale of treasury shares as if section 561(1) of the 2006 Act did not apply to any such allotment provided that this power shall be limited to:

- i) the allotment of equity securities in connection with an offer of securities (but in the case of the authority granted under sub-paragraph ii) of Resolution 18 above by way of rights issue only) in favour of the holders of ordinary shares in the Company on the register of members of the Company at such record date(s) as the directors may determine where the equity securities respectively attributable to the interests of the ordinary shareholders are proportionate (as nearly as may be practicable) to the respective numbers of ordinary shares held by them on any such record date(s), subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with treasury shares, fractional entitlements or legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange or any other matter whatsoever; and
- ii) the allotment (otherwise than pursuant to sub-paragraph i) of this Resolution 19) to any person or persons of equity securities up to an aggregate nominal amount of £11,689,736,

and shall expire upon the expiry of the general authority conferred by Resolution 18 above, save that the Company shall be entitled to make offers or agreements before the expiry of such power which would or might require equity securities to be allotted after such expiry and the directors shall be entitled to allot equity

securities pursuant to any such offer or agreement as if this power had not expired.

### Resolution 20

To authorise, generally and unconditionally, the Company to make market purchases (within the meaning of section 693(4) of the 2006 Act) of its ordinary shares, on such terms and in such manner as the directors may from time to time determine provided that:

- i) the Company may not purchase more than 23,882,260 ordinary shares;
- ii) the Company may not pay less than 97<sup>17</sup>/<sub>19</sub> pence for each ordinary share; and
- iii) the Company may not pay, in respect of each ordinary share, more than 5% over the average of the middle market price of an ordinary share based on the London Stock Exchange Daily Official List, for the five business days immediately before the day on which the Company agrees to buy such ordinary share,

and this authority shall expire at the conclusion of the next Annual General Meeting of the Company, save that the Company may make a contract, before this authority ends, to purchase ordinary shares where the purchase is or may be completed (fully or partly) after this authority ends and may purchase its ordinary shares pursuant to any such contract.

### Resolution 21

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

By order of the board

#### Bronagh Kennedy

General Counsel and Company Secretary

Severn Trent Plc

Severn Trent Centre

2 St John's Street

Coventry CV1 2LZ

Registered in England and Wales

Registration No. 2366619

29 May 2013

# Directors seeking reappointment



## Dr Tony Ballance

BSc (Hons) MA (Econ) PhD (48)

Director, Strategy and Regulation

Appointed to the board on 2 October 2007

Tony's extensive experience in utility policy and regulation leaves him ideally placed to lead the company's strategic and regulatory work.

Prior to joining Severn Trent he held the posts of Chief Economist for Ofwat, economic consultant, director of London Economics and was a director of Stone and Webster Consultants.

### External appointments

Member of Water UK Council

### Committee membership

Executive Committee



## Dr Bernard Bulkin

BS PhD FRSC FRSA FIE (71)

Independent non-executive director

Appointed to the board on 1 January 2006

Bernard's successful and wide ranging career in academia and business has provided him with in depth experience in scientific, technology and engineering industries. He held the prominent position of Chief Scientist of BP Plc. His involvement in both innovation and policy on climate change and renewable energy, and his significant skills and experience in delivering performance improvement on safety and environmental operational issues, make his contribution to the board invaluable.

### External appointments

Non-executive director of Ze-gen Corporation (US)

Non-executive Chairman of Pursuit Dynamics plc

Chair of the Office of Renewable Energy Deployment at the UK Department of Energy and Climate Change

### Committee membership

Audit Committee

Corporate Responsibility Committee (Chairman)

Nominations Committee

Remuneration Committee



## Richard Davey

BA (64)

Senior independent non-executive director

Appointed to the board on 1 January 2006

Richard spent the majority of his executive career in investment banking at NM Rothschild and Sons, in roles including Head of Investment Banking.

Richard brings invaluable specialist financial expertise to the board, the Audit Committee and as chair of the Remuneration Committee, having run Rothschild's Financial Services Group and worked with a number of high street banks and insurers. Previously he held non-executive roles at Yorkshire Building Society, where he was Vice Chairman, Freeserve Plc and Scottish Widows Fund and Life Assurance Society.

### External appointments

Non-executive Chairman, member of the Audit and Nomination Committees of Amlin Plc

### Committee membership

Audit Committee

Nominations Committee

Remuneration Committee (Chairman)



## Martin Lamb

BSc MBA (53)

Independent non-executive director

Appointed to the board on 29 February 2008

Martin has extensive experience of managing and developing large engineering businesses in all parts of the world. Martin has worked for IMI for over 25 years where he has held a number of senior management roles. His strong commercial acumen, experience of managing complex projects, and familiarity with current market pressures as a serving Chief Executive leave him well placed to add value to the Severn Trent business. Previously Martin was a non-executive director of Spectris plc.

### External appointments

Chief Executive and member of the Nominations

Committee of IMI plc

Member of the Advisory Board of AEA Investors (UK) Limited

### Committee membership

Nominations Committee

Remuneration Committee



## Michael McKeon

MA CA (56)

Finance Director

Appointed to the board on 13 December 2005

Michael brings significant financial and commercial expertise to the board and has over seven years' experience of the Severn Trent group. Prior to joining Severn Trent he was Finance Director of Novar Plc and before that, held various senior roles with Rolls-Royce Plc, including Finance Director of Aerospace Group. He has extensive international business experience having worked overseas for CarnaudMetalbox, Elf Atochem and Price Waterhouse. Michael is a Chartered Accountant and a Member of the Institute of Chartered Accountants of Scotland.

### External appointments

Non-executive director and Chairman of the

Audit Committee of The Merchants Trust Plc

### Committee membership

Executive Committee



## Baroness Noakes

DBE LLB FCA (63)

Independent non-executive director

Appointed to the board on 29 February 2008

Sheila brings valuable expertise to the board as an experienced director and Audit Committee Chairman of UK listed companies and with extensive and varied professional, political and public sector experience. A qualified chartered accountant, she previously headed KPMG's European and International Government practices and has been President of the Institute of Chartered Accountants in England and Wales. Sheila was appointed to the House of Lords in 2000 and has served on the Conservative front bench in various roles including as shadow treasury minister between 2003 and May 2010. Previously she held non-executive roles on the Court of the Bank of England, Hanson Plc, ICI Plc, John Laing and SThree.

### External appointments

Non-executive director, member of the Group Audit,

Group Nominations and Board Risk Committees of

The Royal Bank of Scotland Group Plc

Deputy Chairman, senior independent director and

Chairman of the Nominations Committee of

Carpetright Plc

Trustee of the Thomson Reuters Founders Share

Company

### Committee membership

Audit Committee (Chairman)

Nominations Committee

## Directors seeking reappointment

**Andrew Duff**

BSc FEI (54)

Non-executive Chairman

Appointed to the board on 10 May 2010 and Chairman on 20 July 2010

Andrew's extensive experience of international and regulated business, strategic management and customer service in high profile, dynamic environments have equipped him well for the role of Chairman of the group. Andrew spent 16 years at BP in marketing, strategy and oil trading. He joined National Power in 1998 and the board of its daughter company Innogy plc upon its demerger from National Power in 2000. He led the restructuring and subsequent sale of Innogy to RWE in 2003. He became CEO of the successor company, npower, and a member of the RWE Group Executive Committee. He was non-executive Chairman of RWE npower until his retirement in December 2010.

**External appointments**

Senior independent director, Chairman of the Remuneration Committee, member of the Audit Committee and Nominations Committee of Wolseley Plc  
Member of the CBI President's Committee  
Trustee of Macmillan Cancer Support and Earth Trust  
Fellow of the Energy Institute

**Committee membership**

Corporate Responsibility Committee  
Nominations Committee (Chairman)  
Remuneration Committee

**Andy Smith**

BTech (Hons) (52)

Director of Water Services

Appointed to the board on 2 October 2007  
Andy brings a broad range of executive and operational expertise gained from diverse sectors to the board. Andy has significant experience having worked in the UK and overseas with global businesses such as BP, Mars and Pepsi, in engineering and operational management roles. Previously he was Group HR Director and a member of the board at Boots Group Plc.

**Committee membership**

Executive Committee

**Gordon Fryett**

(59)

Independent non-executive director

Appointed to the board on 1 July 2009

Gordon's extensive experience working in and with international businesses, managing significant capital expenditure and in depth retail expertise at both executive and operational level in a customer facing, highly competitive environment, enables him to bring substantial experience and expertise to the board. He is currently Group Property Director at Tesco Plc, having previously held a number of senior roles within the Tesco Group, including Operations Director, International Support Director and CEO Republic of Ireland.

**External appointments**

Alumnus of INSEAD

**Committee membership**

Corporate Responsibility Committee  
Nominations Committee

**Tony Wray**

BSc (Hons) (51)

Chief Executive

Appointed to the board on 7 March 2005

Tony became Chief Executive on 2 October 2007.

His extensive experience in a wide range of operational and strategic leadership roles in the energy, telecoms, water and waste industries enables him to bring a multi disciplined approach to his contribution to the board. Tony brings to his position an in depth operational knowledge of Severn Trent and strategic vision for the group. Previously he was director of Networks at Eircom, the Republic of Ireland's telephone operation and has held director roles within Transco and National Grid Transco.

**External appointments**

Non-executive director, Chairman of the Board Risk and Compliance Committee and member of the Audit Committee of Grainger plc  
Member of Business Advisory Board for 'Living with Environmental Change'  
Member of Water UK Board

**Committee membership**

Corporate Responsibility Committee  
Executive Committee (Chairman)  
Nominations Committee

**Martin Kane**

BSc CEng CEnv MICE MIWEM FIW (60)

Chief Executive Officer, Severn Trent Services

Appointed to the board on 2 October 2007

Martin joined Severn Trent Water in 1975 and has held various senior roles giving him an extensive and unique understanding of the design, construction and operation of water and waste water treatment plants, water distribution networks and sewerage systems. Martin was Director of Customer Relations, Severn Trent Water, from May 2006 until January 2012, when he was appointed Chief Executive Officer of Severn Trent Services.

**External appointments**

Member of the boards of Utilities and Service Industries Training Limited and National Association of Water Companies (US)  
Trustee of International Society for Trenchless Technology

**Committee membership**

Executive Committee

# Explanatory notes

## Annual Report and Accounts (Resolution 1)

The directors must lay before shareholders the accounts of the Company for the financial year ended 31 March 2013, the report of the directors and the report of the auditors of the Company on those accounts.

## Declaration of an ordinary dividend (Resolution 2)

A final ordinary dividend of 45.51 pence has been recommended by the directors for payment to ordinary shareholders who are on the register of members of the Company at 6pm on 21 June 2013. A final dividend can only be declared by the shareholders at a general meeting but must not exceed the amount recommended by the directors. If so declared the date of payment of the final ordinary dividend will be 26 July 2013.

## Approval of the Directors' remuneration report (Resolution 3)

In accordance with section 439 of the 2006 Act, shareholders are invited to vote on the Directors' remuneration report, which can be found on pages 57 to 70 of the Annual Report and Accounts. However, the vote is advisory only, and the directors' entitlement to remuneration is not conditional on this resolution being passed.

## Reappointment of directors (Resolutions 4 to 14)

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

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

Following a formal review, the Nominations Committee has confirmed that each director standing for reappointment continues to make a valuable contribution to the board's deliberations and continues to demonstrate commitment. The Nominations Committee supports and recommends all of the proposed reappointments.

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

## Reappointment and remuneration of the auditors (Resolutions 15 and 16)

The Company is required to appoint auditors at each general meeting at which accounts are laid before the Company, to hold office until the next such meeting. Resolution 15 proposes the reappointment of Deloitte LLP as auditors of the Company and Resolution 16 authorises the directors, in accordance with standard practice, to agree the level of their remuneration. The Audit Committee will approve the audit fees for recommendation to the board.

## Authority to make political donations and incur political expenditure (Resolution 17)

Resolution 17 deals with political donations. Under the 2006 Act, political donations to any political parties, independent election candidates or political organisations or the incurring of political expenditure are prohibited unless authorised by shareholders in advance. What constitutes a political donation, a political party, a political organisation, or political expenditure is not easy to decide, as the legislation is capable of wide interpretation. Sponsorship, subscriptions, payment of expenses, paid leave for employees fulfilling public duties, and support for bodies representing the business community in policy review or reform, may fall within this.

Therefore, notwithstanding that the Company has no intention either now or in the future of making any political donation or incurring any political expenditure in respect of any political party, political organisation or independent election candidate, the board has decided to put forward Resolution 17 to renew the authority granted by shareholders at last year's Annual General Meeting. This will allow the Company to continue to support the community and put forward its views to wider business and Government interests without running the risk of being in breach of the law. As permitted under the 2006 Act, Resolution 17 also covers any political donations made, or political expenditure incurred, by any subsidiaries of the Company.

## Authority to allot shares (Resolution 18)

At last year's Annual General Meeting the directors were given authority to allot shares in line with the revised ABI guidelines published in December 2008. Resolution 18 will, if passed, renew this authority to allot on broadly the same terms as last year's resolution.

Accordingly, Resolution 18 will, if passed, grant the directors authority to allot shares in the capital of the Company up to a maximum nominal amount of £155,863,168 representing the ABI guideline limit of approximately two thirds of the Company's issued ordinary share capital as at 29 May 2013, being the latest practicable date before the publication of the Notice. Of this amount, 79,607,532 ordinary shares (representing approximately one third of the Company's issued ordinary share capital) can only be allotted pursuant to a rights issue. This authority will last until next year's Annual General Meeting.

The directors have no present intention of exercising this authority.

## Disapplication of statutory pre-emption rights (Resolution 19)

This special resolution proposes to give the directors authority to allot shares in the capital of the Company pursuant to the authority granted under Resolution 18 above for cash without complying with the statutory pre-emption provisions in certain circumstances. In light of the ABI guidelines referred to in Resolution 18 above, this authority will permit the directors to allot:

- i) shares up to a nominal amount of £155,863,168 (representing two thirds of the Company's issued share capital) on an offer to existing shareholders on a pre-emptive basis. However, unless the shares are allotted pursuant to a rights issue (rather than an open offer), the directors may only allot shares up to a nominal amount of £77,931,583 (representing one third of the Company's issued ordinary share capital) (in each case subject to adjustments for fractional entitlements and overseas shareholders); and
- ii) shares up to a maximum nominal value of £11,689,736, representing approximately 5% of the issued ordinary share capital of the Company as at 29 May 2013, being the latest practicable date before the publication of the Notice, otherwise than in connection with an offer to existing shareholders.

## Authority for the Company to purchase its own shares (Resolution 20)

This special resolution proposes the renewal of the authority granted at last year's Annual General Meeting. If passed, it will allow the Company to buy back up to 23.8 million of its ordinary shares on the London Stock Exchange. This equates to approximately 10% of the Company's issued share capital. This Resolution 20 sets out the lowest and highest prices that the Company can pay for the shares. This authority will expire at the conclusion of next year's Annual General Meeting.

The directors are committed to managing the Company's capital effectively and purchasing the Company's own ordinary shares is one of the options that the directors keep under review. The directors will only do this if they believe it is in shareholders' best interests and will increase the earnings per share.



## Explanatory notes

Any shares purchased in this way, other than those purchased pursuant to the Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 will be automatically cancelled. Shares purchased pursuant to such regulations may either be held or dealt with by the Company. The Company did not hold any shares in treasury as at 29 May 2013, being the latest practicable date before the publication of the Notice.

As at 29 May 2013, being the latest practicable date before the publication of the Notice, there were options outstanding to subscribe for 2,358,944 ordinary shares under the Company's employee share schemes. If the outstanding options were fully exercised they would represent 1.00% of the existing 238,822,598 issued ordinary shares of the Company. If the buyback authority was exercised in full, that percentage would be 1.10% of the reduced share capital of 214,940,338 ordinary shares.

### **Authority to reduce notice periods for general meetings (Resolution 21)**

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

Before the introduction of the Companies (Shareholders' Rights) Regulations 2009 (the 'Shareholders' Rights Regulations') on 3 August 2009, the minimum notice period permitted by the 2006 Act for general meetings (other than Annual General Meetings) was 14 days. One of the amendments made to the 2006 Act by these regulations was to increase the minimum notice period for general meetings of listed companies to 21 days, but with an ability for companies to reduce this period back to 14 days (other than for Annual General Meetings) provided that two conditions are met. The first condition is that the Company offers a facility for shareholders to vote by electronic means. This condition is met if the Company offers a facility, accessible to all shareholders, to appoint a proxy by means of a website. Please refer to the general notes to this Notice and in particular 'Electronic proxy voting' for details of the Company's arrangements for electronic proxy appointment. The second condition is that there is an annual resolution of shareholders approving the reduction of the minimum notice period from 21 days to 14 days.

The board is therefore proposing Resolution 21 to approve 14 days as the minimum period of notice for all general meetings of the Company other than Annual General Meetings.

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

The directors will consider on a case by case basis whether the use of the flexibility offered by the shorter notice period is merited, taking into account the circumstances, including whether the business of the meeting is time sensitive.

## General notes

### Entitlement to attend and vote

To have the right to attend and vote at the Meeting (and also for the purposes of calculating how many votes a person may cast) a person must have their name entered on the register of members of the Company at 6pm on Monday 15 July 2013 (or, if the Meeting is adjourned, at 6pm on the day which is two days prior to the date fixed for the adjourned Meeting). Changes to entries on the register after this time will be disregarded in determining the rights of any person to attend or vote at the Meeting.

Persons who are not shareholders of the Company (or duly appointed proxies or corporate representatives) will not be admitted to the Meeting unless prior arrangements are made with the Company.

### Appointment of proxies

A shareholder entitled to attend and to vote at the Meeting is entitled to appoint another person or persons (who need not be a shareholder of the Company) to attend the Meeting, and any adjournment thereof, to exercise all or any of his or her rights to attend, speak and vote at the Meeting. A shareholder can appoint more than one proxy in relation to the Meeting, provided that each proxy is appointed to exercise the rights attached to different shares held by him or her. Forms of Proxy should be deposited at the office of the Company's registrar, Equiniti, Aspect House, Spencer Road, Lancing BN99 6DA not less than 48 hours before the time for holding the Meeting. Appointing a proxy does not preclude you from attending the Meeting and voting in person. Further details are set out in the notes to the Form of Proxy.

To change your proxy instructions you may return a new proxy appointment using the methods set out below. Where you have appointed a proxy using the hard copy Form of Proxy and would like to change the instructions using another hard copy Form of Proxy, please contact the Company's registrar, Equiniti on 0871 384 2967 (calls to this number are charged at 8p per minute plus network extras) or +44 121 415 7044 if calling from outside the UK. Lines are open 8.30am to 5.30pm Monday to Friday (excluding UK bank holidays). The deadline for receipt of proxy appointments (see above) also applies in relation to amended instructions. Any attempt to terminate or amend a proxy appointment received after the relevant deadline will be disregarded. Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same meeting, the one which is last sent shall be treated as replacing and revoking the other or others, save that where both paper and electronic proxy instructions are returned then, in the absence of other evidence, those received last by the Company's registrar, Equiniti, will take precedence.

### Electronic proxy voting

Shareholders may register the appointment of a proxy online at [www.sharevote.co.uk](http://www.sharevote.co.uk) where full details of the procedure are given. The website is operated by the Company's registrar, Equiniti. Shareholders are advised to read the terms and conditions relating to the use of this facility before appointing a proxy. These terms and conditions may be viewed on the website. Any electronic communication sent by a shareholder that is found to contain a computer virus will not be accepted. Electronic communication facilities are available to all shareholders and those who use them will not be disadvantaged in any way.

### Electronic proxy appointment through CREST

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual on the Euroclear website ([www.euroclear.com/CREST](http://www.euroclear.com/CREST)). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.

In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear's specifications and must contain the information required for such instructions, as described in the CREST Manual.

All messages relating to the appointment of a proxy, or an instruction to a previously appointed proxy, which are to be transmitted through CREST, must be received by Equiniti (ID RA19) not later than 11am on Monday 15 July 2013 or, if the Meeting is adjourned, 48 hours before the time for holding the adjourned Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Equiniti is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

It is the responsibility of the CREST member concerned to take such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this regard, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat a CREST Proxy Instruction as invalid in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

### Employee share schemes

An employee whose shares are held by the trustee of the Severn Trent Share Incentive Plan (the 'Trustee') is not entitled to attend the Meeting in respect of those shares. However, the employee can instruct the Trustee how to vote on his or her behalf on any resolution set out in the Notice. Forms of Direction will be sent to those employees concerned and should be returned to the address on the reverse of the form so as to be received not later than 11am on 11 July 2013. Employees may also instruct the Trustee how to vote through the [www.sharevote.co.uk](http://www.sharevote.co.uk) website.

### Electronic poll voting

Voting on all resolutions will be conducted by way of a poll rather than a show of hands. This is a fairer method of voting as shareholder votes are to be counted according to the number of shares held.

As at last year's Annual General Meeting, and in line with many other public companies, we will be asking shareholders who attend the Meeting in person or by proxy to vote on the resolutions at the Meeting using a hand held electronic voting system. This will record all votes cast for each resolution and display them on a screen providing immediate detailed results for shareholders to see.

As soon as practicable following the Meeting, the results of the voting at the Meeting and the number of proxy votes cast for and against and the number of votes actively withheld in respect of each of the resolutions will be announced via a Regulatory Information Service and also placed on the Company's website, [www.severntrent.com](http://www.severntrent.com)

## General notes

### Shareholder questions

The Company must cause to be answered at the Meeting any question relating to the business being dealt with at the Meeting which is put by a shareholder attending the Meeting, except in certain circumstances, including if it is undesirable in the interests of the Company or the good order of the Meeting that the question be answered or if to do so would involve the disclosure of confidential information.

### Information rights

A copy of the Notice has been sent for information only to persons who have been nominated by a shareholder to enjoy information rights under section 146 of the 2006 Act (a 'Nominated Person'). The right to appoint a proxy cannot be exercised by a Nominated Person; it can only be exercised by the shareholder. However, a Nominated Person may have a right under an agreement between him or her and the shareholder by whom he or she was nominated to be appointed as a proxy for the Meeting or to have someone else so appointed. If a Nominated Person does not have such a right or does not wish to exercise it, he or she may have a right under such an agreement to give instructions to the shareholder as to the exercise of voting rights.

### Audit statements

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

### Shareholder requisition rights

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

### Corporate representatives

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

### Electronic communication service

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

- the Company's full annual report and accounts can be viewed on the day they are published;
- your votes on resolutions to be proposed at general meetings of the Company can be cast electronically;
- important shareholder communications may be received electronically; and
- you can see details of your individual shareholdings quickly and securely online.

If you wish to take advantage of this service you may register your request with the Company's registrar, Equiniti, on their website at [www.shareview.co.uk](http://www.shareview.co.uk)

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

### Total voting rights

As at 29 May 2013, being the latest practicable date before the publication of this Notice, the Company's issued and voting share capital consisted of 238,822,598 ordinary shares of 97<sup>17</sup>/<sub>19</sub> pence each carrying one vote each. Therefore the total number of voting rights in the Company is 238,822,598.

### Website

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

### Inspection of documents

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

