

NOTICE OF MEETING 2016

This document is important and requires your immediate attention.

If you are in any doubt about its content or the action you should take, you should consult your stockbroker, solicitor, accountant or other independent financial adviser authorised by the Financial Services and Markets Act 2000.

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

Dear Shareholder,

This year's Annual General Meeting (the 'Meeting') will be held at the Ricoh Arena in Coventry on Wednesday 20 July 2016 at 11am and the formal notice of the Meeting is set out overleaf (the 'Notice'). Explanatory notes explaining each of the Resolutions contained in the Notice are also set out overleaf.

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 18 July 2016. Alternatively, you can vote online at www.sharevote.co.uk

If you are a registered shareholder holding shares in your own name and have not elected to receive communications in paper form by post or if you have elected to receive a 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 2016 is now available online at www.severntrent.com

Please note that Severn Trent Plc (the 'Company') operates a Dividend Reinvestment Plan (the 'Plan'), which gives shareholders the option of using their dividend payments to buy more shares in the Company at favourable commission rates. If you would like to participate in this Plan please contact the Equiniti helpline on 0371 384 2268* for an application form. To participate for the July final dividend a completed application form must be received by Equiniti by 5pm on Friday 1 July 2016.

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 82,391 Ordinary Shares representing approximately 0.421% of the issued Ordinary Share capital of the Company (excluding Treasury Shares) as at 23 May 2016, 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

23 May 2016

* Lines are open 8.30am to 5.30pm (UK time) Monday to Friday, excluding public holidays in England and Wales.

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Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the 27th Annual General Meeting (the 'Meeting') of Severn Trent Plc (the 'Company') will be held at the Ricoh Arena, Phoenix Way, Coventry, CV6 6GE on Wednesday 20 July 2016 at 11am to consider and, if thought appropriate, pass Resolutions 1 to 16 as Ordinary Resolutions and Resolutions 17 to 20 as Special Resolutions.

Resolution 1

To receive the accounts and the reports of the Directors and the Auditor for the year ended 31 March 2016.

Resolution 2

To approve the Directors' Remuneration Report in the form set out in the Company's Annual Report and Accounts for the year ended 31 March 2016.

Resolution 3

To declare a final ordinary dividend in respect of the year ended 31 March 2016 of 48.40 pence for each Ordinary Share of 97¹⁷/₁₉ pence.

Resolution 4

To appoint Emma FitzGerald as a Director.

Resolution 5

To appoint Kevin Beeston as a Director.

Resolution 6

To appoint Dominique Reiniche as a Director.

Resolution 7

To reappoint Andrew Duff as a Director.

Resolution 8

To reappoint John Coghlan as a Director.

Resolution 9

To reappoint Olivia Garfield as a Director.

Resolution 10

To reappoint James Bowling as a Director.

Resolution 11

To reappoint Philip Remnant as a Director.

Resolution 12

To reappoint Dr. Angela Strank as a Director.

Resolution 13

To reappoint Deloitte LLP as Auditor of the Company, to hold office until the conclusion of the next General Meeting at which accounts are laid before the Company.

Resolution 14

To authorise the Audit Committee of the Board to determine the remuneration of the Auditor.

Resolution 15

To authorise, generally and unconditionally, the Company and all companies which are subsidiaries of the Company during the period when this Resolution 15 has effect, in accordance with sections 366 and 367 of the Companies Act 2006 (the '2006 Act') to:

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

(as such terms are defined in the 2006 Act) during the period beginning with the date of the passing of this resolution and expiring at the next Annual General Meeting of the Company, or if earlier, on 20 October 2017, provided that the authorised sums referred to in paragraphs i), ii) and iii) above, may be comprised of one or more amounts in different currencies which, for the purposes of calculating the said sums, shall be converted into pounds sterling at the exchange rate published in the London edition of the Financial Times on the date on which the relevant donation is made or expenditure incurred (or the first business day thereafter) or, if earlier, on the day on which the Company enters into any contract or undertaking in relation to the same.

Resolution 16

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

- i) up to an aggregate nominal amount of £76,860,515; and
- ii) up to a further aggregate nominal amount of £76,860,515 provided that a) they are equity securities (within the meaning of section 560(1) of the 2006 Act) and b) they are offered by way of a rights issue to holders of Ordinary Shares on the register of members of the Company at such record date(s) as the Directors may determine where the equity securities respectively attributable to the interests of the ordinary shareholders are proportionate (as nearly as may be practicable) to the respective numbers of Ordinary Shares held by them on any such record date, subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with Treasury Shares, fractional entitlements or legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange or any other matter whatsoever,

provided that this authority shall expire at the next Annual General Meeting of the Company, or if earlier, on 20 October 2017, save that the Company shall be entitled to make offers or agreements before the expiry of such authority which would or might require shares to be allotted or Rights to be granted after such expiry and the Directors shall be entitled to allot shares and grant Rights pursuant to any such offer or agreement as if this authority had not expired; and all unexercised authorities previously granted to the Directors to allot shares and grant Rights be and are hereby revoked.

Resolution 17

To empower the Directors pursuant to sections 570 and 573 of the Companies Act 2006 (the '2006 Act') to allot equity securities (within the meaning of section 560 of the 2006 Act) for cash either pursuant to the authority conferred by Resolution 16 above or by way of a sale of Treasury Shares as if section 561(1) of the 2006 Act did not apply to any such allotment provided that this power shall be limited to:

- i) the allotment of equity securities in connection with an offer of securities (but in the case of the authority granted under sub-paragraph ii) of Resolution 16 above by way of rights issue only) in favour of the holders of Ordinary Shares in the Company on the register of members of the Company at such record date(s) as the Directors may determine where the equity securities respectively attributable to the interests of the ordinary shareholders are proportionate (as nearly as may be practicable) to the respective numbers of Ordinary Shares held by them on any such record date(s), subject to such exclusions or other arrangements as the Directors may deem necessary or expedient to deal with Treasury Shares, fractional entitlements or legal or practical problems arising under the laws of any overseas territory or the requirements of any regulatory body or stock exchange or any other matter whatsoever; and
- ii) the allotment (otherwise than pursuant to sub-paragraph i) of this Resolution 17) to any person or persons of equity securities up to an aggregate nominal amount of £11,529,077 representing approximately 5% of the issued share capital of the Company as at 23 May 2016,

and shall expire upon the expiry of the general authority conferred by Resolution 16 above, save that the Company shall be entitled to make offers or agreements before the expiry of such power which would or might require equity securities to be allotted after such expiry and the Directors shall be entitled to allot equity securities pursuant to any such offer or agreement as if this power had not expired.

Resolution 18

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

- i) the Company may not purchase more than 23,554,028 Ordinary Shares;
- ii) the Company may not pay less than 97¹⁷/₁₀₀ 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, or if earlier, on 20 October 2017, save that the Company may make a contract, before this authority ends, to purchase Ordinary Shares where the purchase is or may be completed (fully or partly) after this authority ends and may purchase its Ordinary Shares pursuant to any such contract.

Resolution 19

To adopt the Articles of Association produced to the meeting and initialled by the Chairman of the Meeting for the purpose of identification as the new Articles of Association of the Company in substitution for, and to the exclusion of, the existing Articles of Association.

Resolution 20

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

23 May 2016

Board of Directors

John Coghlan BCom, ACA (58) ●■◆

Independent Non-Executive Director
Appointed to the Board on 23 May 2014

Chairman of the Audit and Treasury Committees

John is a chartered accountant and has a valuable background in financial and general management across a variety of sectors. Currently, John is also a Non-Executive Director of Associated British Ports Companies, and a Non-Executive Director and Chairman of the Remuneration Committee of Lavendon Group plc. Previously, John was a Director of Exel Plc for 11 years to 2006, where he was Deputy Chief Executive and Group Finance Director. Since 2006, John has been a Non-Executive Director of various publicly-quoted and private equity-owned companies.

External appointments

- Non-Executive Director of Associated British Ports Companies
- Non-Executive Director and Chairman of the Remuneration Committee of Lavendon Group plc
- Chairman of Freight Transport Association Ireland Limited

James Bowling BA (Hons) Econ, ACA (47) ◆◆

Chief Financial Officer
Appointed to the Board on 1 April 2015

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

Dr. Angela Strank BSc PhD (63) ▲●★

Independent Non-Executive Director
Appointed to the Board on 24 January 2014

Angela brings a wealth of strategic, technical and commercial experience to the Board. Angela is Head of Downstream Technology and Group Chief Scientist at BP plc. She is a member of the Downstream Executive Leadership Team. Angela is responsible for enabling delivery of the Downstream strategic agenda through the development of differentiated technology advantage across the refining, fuels, lubricants and petrochemicals businesses. Since joining BP in 1982, she has held many senior leadership roles around the world in business development, commercial and technology, including in 2012, Vice President and Head of the Chief Executive's Office. In 2010, Angela was the winner of the UK First Woman's Award in Science and Technology in recognition of pioneering UK women in business and industry. Her track record and experience in strategy, operations, technology and transformational change are a complementary addition to the Board's skill set.

External appointments

- Board Governor, University of Manchester

Olivia Garfield BA (Hons) (40) ▲◆

Chief Executive
Appointed to the Board on 11 April 2014

Olivia (Liv) brings to the Board a wealth of experience managing customer service delivery and complex infrastructure and organisations in a regulated environment. Before joining Severn Trent, she was Chief Executive Officer of Openreach, part of the BT Group, where she spearheaded and oversaw the commercial roll-out of fibre broadband to two thirds of the country. Liv joined BT in 2002 and held the pivotal roles of Group Director of Strategy and Regulation, Managing Director Commercial and Brands, Global Services and UK Customer Services Director. From 1998 to 2002, Liv worked for Accenture as a consultant in the Communications and High Tech Market Unit, designing and implementing business change solutions across a number of industry sectors.

External appointments

- Director of Water Plus Limited – joint venture with United Utilities

Andrew Duff BSc FEI (57) ▲●★

Non-Executive Chairman
Appointed to the Board on 10 May 2010 and Chairman on 20 July 2010 Chairman of the Nominations Committee

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

External appointments

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

STRONG LEADERSHIP

Committee membership key

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

The Hon. Philip Remnant CBE FCA MA (61) ■●★◆
Independent Non-Executive Director
Appointed to the Board on 31 March 2014
Chairman of the Remuneration Committee

Philip is a senior investment banker and brings substantial advisory and regulatory experience to the Board. A chartered accountant, he is Senior independent Director of Prudential Plc and Chairman of M&G Group Limited, Deputy Chairman of the Takeover Panel, Senior Independent Director of UK Financial Investments Limited and Chairman of City of London Investment Trust plc. Previously, Philip was Vice Chairman of Credit Suisse First Boston Europe and Head of the UK Investment Banking Department. Philip was Director General of the Takeover Panel for two years between 2001 and 2003, and again in 2010. He served on the Board of Northern Rock plc from 2008 to 2010 and from 2007 to 2012 was Chairman of the Shareholder Executive.

External appointments

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

Emma FitzGerald MA, DPhil Oxon, MBA (49) ◆
Managing Director, Wholesale Operations
Appointed to the Board on 1 April 2016

Emma joined Severn Trent in July 2015 as Managing Director, Wholesale Operations. Emma was previously CEO of Gas Distribution at National Grid. Until 1 December 2015, she was a Non-Executive Director of Alent Plc.

Prior to joining National Grid, she pursued a 20 year career with Royal Dutch Shell where she held a variety of technical, strategic and general management positions based in Asia and Europe, including Vice President Global Retail Network and Managing Director of Shell China/Hong Kong Lubricants based in Beijing. Emma's experience and expertise will bring a huge amount of value in ensuring the delivery of the commitments we have made in our business plan.

External appointments

- The Windsor Leadership Trust – Company Vice President and Trustee
- BUPA – Association Member

Dominique Reiniche MBA (60)
Independent Non-Executive Director
To be appointed to the Board with effect from 20 July 2016

Dominique has a wealth of operational experience in Europe and has international consumer marketing and innovation experience. Dominique is Independent Vice Chairman of CHR Hansen Holdings A/S and also a Non-Executive Director of Mondi Plc, Paypal (Europe) and AXA SA. Dominique started her career with Procter & Gamble AG before moving to Kraft Jacobs Suchard AG as Director of Marketing and Strategy where she was also a member of the Executive Committee. Dominique previously held a number of senior roles at Coca-Cola Enterprises and at Coca-Cola Company, including President – Western Europe, President – Europe and Chairman – Europe. Until December 2015, Dominique was a Non-Executive Director of Peugeot-Citroen SA.

External appointments

- Non-Executive Director of Mondi Plc
- Non-Executive Director of Paypal (Europe)
- Non-Executive Director of AXA SA
- Independent Vice Chairman of CHR Hansen Holdings A/S

Kevin Beeston FCMA (53)
Independent Non-Executive Director
Appointed to the Board with effect from 1 June 2016

Kevin has a wealth of commercial, financial and high level management experience. Kevin is Chairman of Taylor Wimpey plc and Equiniti plc and also a Non-Executive Director of The Football Association Premier League Limited. Previously Kevin spent 25 years at Serco plc, where he held the roles of Finance Director, Chief Executive and finally Chairman until 2010. Kevin was previously Chairman of Domestic & General Limited and Partnerships in Care Limited and a Non-Executive Director of IMI plc.

External appointments

- Chairman of Taylor Wimpey plc
- Chairman of Equiniti plc
- Non-Executive Director of The Football Association Premier League Limited

Explanatory notes

Annual Report and Accounts (Resolution 1)

The Directors must lay before shareholders the accounts of the Company for the financial year ended 31 March 2016, the reports of the Directors and the report of the Auditor of the Company on those accounts.

Directors' Remuneration Report (Resolutions 2)

Resolution 2 is the Ordinary Resolution to approve the Directors' Remuneration Report.

In accordance with the provisions of the Companies Act 2006, the Directors' Remuneration Report contains:

- a statement by Philip Remnant, Chairman of the Company's Remuneration Committee; and
- the annual report on remuneration, which sets out payments made in the financial year ended 31 March 2016.

The statement by the Chairman of the Remuneration Committee and the annual report on remuneration will, as in the past, be put to an annual advisory shareholder vote by Ordinary Resolution. This vote will be in respect of the content of the Remuneration Report, is not specific to any Director's level or terms of remuneration and does not affect the future remuneration paid to any Director. The Company's Auditor, Deloitte LLP, has audited those parts of the Remuneration Report that are required to be audited and their report is issued in the Annual Report and Accounts of the Company.

The Directors' Remuneration Report is set out in full in the Annual Report and Accounts on pages 89 to 101.

Shareholders approved the Directors' Remuneration Policy at the Annual General Meeting in 2015 and therefore there is no requirement for shareholders to approve a Remuneration Policy this year. The Directors' Remuneration Policy will be put to shareholders again no later than the Company's Annual General Meeting in the year 2018.

Declaration of an ordinary dividend (Resolution 3)

A final ordinary dividend of 48.40 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 17 June 2016. 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 22 July 2016.

Reappointment and appointment of Directors (Resolutions 4 to 12)

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

However, the UK Corporate Governance Code requires that all Directors of companies in the FTSE 350 index, such as the Company, should be subject to annual election by shareholders. Accordingly, all the Directors, with the exception of Martin Lamb and Gordon Fryett, will retire at this year's Annual General Meeting and submit themselves for reappointment, or in the case of Emma FitzGerald, Kevin Beeston and Dominique Reiniche, appointment, by the shareholders.

Following year end, we announced that our longest serving Non-Executive Directors, Martin Lamb and Gordon Fryett, would retire from the Board after the Annual General Meeting. I would like to thank Martin and Gordon for their valuable contributions to the Board during their tenure. At this time, we announced the appointments of Kevin Beeston to the Board as a Non-Executive Director, with effect from 1 June 2016, and Dominique Reiniche to the Board as a Non-Executive Director, with effect from 20 July 2016.

Kevin will succeed Martin as Senior Independent Non-Executive Director following the conclusion of the Annual General Meeting and will become a member of the Audit, Remuneration and Nominations Committees. Dominique will succeed Gordon as a Non-Executive Director and become a member of the Corporate Responsibility and Nominations Committees. Dr. Angela Strank will succeed Gordon as Chair of the Corporate Responsibility Committee following the conclusion of the Annual General Meeting.

As stated in the Nominations Committee Report in the Annual Report and Accounts, the Nominations Committee supports and recommends the appointment of Emma FitzGerald, Kevin Beeston and Dominique Reiniche, as Directors. Emma, Kevin and Dominique bring new skills and experience to the Board.

Following a formal review, the Nominations Committee has confirmed that each Director standing for reappointment continues to make a valuable contribution to the Board's deliberations and continues to demonstrate commitment. The Board has considered whether each of the Independent Non-Executive Directors is free from any relationship that could materially interfere with the exercise of his or her judgment and has considered that each continues to be independent.

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

Details of the Directors who are standing for reappointment and appointment are included in this Notice of Meeting.

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

The Company is required to appoint the Auditor at each General Meeting at which accounts are laid before the Company, to hold office until the next such meeting. Following the conclusion of a formal tender process for its statutory audit contract, the Board has approved the proposed reappointment of Deloitte LLP as the Company's statutory Auditor, subject to approval by shareholders at the Annual General Meeting.

Resolution 13 proposes the reappointment of Deloitte LLP as Auditor of the Company and Resolution 14 authorises the Audit Committee of the Board, in accordance with standard practice, to agree the level of their remuneration.

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

Resolution 15 deals with political donations. Under the Companies Act 2006 (the '2006 Act'), political donations to any political parties, independent election candidates or political organisations or the incurring of political expenditure are prohibited unless authorised by shareholders in advance. What constitutes a political donation, a political party, a political organisation, or political expenditure is not easy to decide, as the legislation is capable of wide interpretation. Sponsorship, subscriptions, payment of expenses, paid leave for employees fulfilling public duties, and support for bodies representing the business community in policy review or reform, may fall within this.

Therefore, notwithstanding that the Company has no intention either now or in the future of making any political donation or incurring any political expenditure in respect of any political party, political organisation or independent election candidate, the Board has decided to put forward Resolution 15 to renew the authority granted by shareholders at last year's Annual General Meeting. This will allow the Company to continue to support the community and put forward its views to wider business and Government interests without running the risk of being in breach of the law. As permitted under the 2006 Act, Resolution 15 also covers any political donations made or political expenditure incurred, by any subsidiaries of the Company.

Authority to allot shares (Resolution 16)

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

Accordingly, Resolution 16 will, if passed, grant the Directors authority to allot shares in the capital of the Company up to a maximum nominal amount of £153,721,029, representing the IA guideline limit of approximately two thirds of the Company's issued Ordinary Share capital (excluding Treasury Shares) as at 23 May 2016, being the latest practicable date before the publication of the Notice. Of this amount, a maximum of £76,860,515 (representing approximately one third of the Company's issued Ordinary Share capital, excluding Treasury Shares) can only be allotted pursuant to a rights issue. This authority shall expire at the next Annual General Meeting of the Company, or if earlier, on 20 October 2017.

The Directors have no present intention of allotting new Ordinary Shares, except in connection with the Company's employee share schemes, however the Directors consider it appropriate to maintain the flexibility that this authority provides.

As at 23 May 2016, being the latest practicable date before the publication of the Notice, the Company holds 4,136,921 Ordinary Shares in treasury.

Explanatory notes

Disapplication of statutory pre-emption rights (Resolution 17)

This Special Resolution proposes to give the Directors authority to allot shares in the capital of the Company pursuant to the authority granted under Resolution 16 above for cash without complying with the statutory pre-emption provisions in certain circumstances.

This authority will permit the Directors to allot:

- i) shares up to a nominal amount of £153,721,029 (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 £76,860,515 (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 £11,529,077, representing approximately 5% of the issued Ordinary Share capital of the Company as at 23 May 2016, being the latest practicable date before the publication of the Notice, otherwise than in connection with a pre-emptive offer to existing shareholders.

This disapplication authority is in line with the Pre-emption Group's 2015 Statement of Principles (the 'Pre-emption Principles'). The Board confirms that, in accordance with the Pre-emption Principles, it does not intend to issue shares for cash representing more than 7.5% of the company's issued ordinary share capital in any rolling three-year period to those who are not existing shareholders without prior consultation with shareholders.

The authority contained in Resolution 17 will expire upon the expiry of the authority to allot shares conferred in Resolution 16 (that is at the end of the next Annual General Meeting of the Company or, if earlier, 20 October 2017).

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

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

The Directors are committed to managing the Company's capital effectively. In February 2015, the Company announced the commencement of a share repurchase programme enabling market purchases of the Company's Ordinary Shares up to total value of £110 million which was renewed in November 2015 (the 'Programme'). On 20 January 2016, the Company announced that the total amount of Ordinary Shares repurchased by the Company since commencement of the Programme was £110 million and that the Programme had therefore completed.

If Resolution 18 is passed, it will enable the Company to buy back up to 23,554,028 of its Ordinary Shares on the London Stock Exchange. This equates to approximately 10% of the Company's issued share capital. This Resolution 18 sets out the lowest and highest prices that the Company can pay for the shares. This authority will expire at the conclusion of next year's Annual General Meeting or if earlier 20 October 2017. The Directors will only exercise this authority if they believe it is in shareholders' best interests and will increase the earnings per share.

The Directors believe that it is in the best interests of all shareholders that the Company should have the flexibility to make market purchases of its own shares. The Directors would make such purchases only if it would be in the best interests of shareholders generally (taking into account, for example, the financial resources of the Company, the Company's share price, future funding opportunities and the impact on the Company's earnings per share).

Listed companies purchasing their own shares are allowed to hold them in treasury as an alternative to cancelling them. No dividends are paid on shares while they are held in treasury and no voting rights attach to Treasury Shares. Ordinary Shares purchased under the Programme will be either cancelled or held in treasury and used to satisfy awards under the Company's share schemes. As at 23 May 2016, being the latest practicable date before the publication of the Notice, the Company held 4,136,921 shares in treasury.

As at 23 May 2016, being the latest practicable date before the publication of the Notice, there were options outstanding to subscribe for 2,488,154 Ordinary Shares under the Company's employee share schemes. If the outstanding options were fully exercised they would represent 1.056% of the existing 235,540,288 issued Ordinary Shares of the Company (excluding Treasury Shares). If the buyback authority set out in Resolution 18 and the existing authority to purchase Ordinary Shares taken at the 2015 Annual General Meeting (which expires at the end of this year's Annual General Meeting) was exercised in full, that percentage would be 1.174% of the issued share capital of 211,986,260 Ordinary Shares (excluding Treasury Shares).

Amendments to the Articles of Association (Resolution 19)

This Special Resolution proposes that the Company updates its current articles of association (the 'Current Articles') to give more flexibility in relation to untraced shareholders [broadly, being shareholders who have not been in communication with the Company, or cashed or effected a dividend, for a period of 12 years] (the 'New Articles'). A number of other listed companies have updated their articles of association in a similar manner.

Under the Current Articles, the Company is required to give notice to untraced shareholders of the intention to sell their shares by placing notices in newspapers. It is proposed that this be replaced with a requirement for the Company to take all reasonable steps in the circumstances, to trace the shareholder and let him/her know that the Company intends to sell his/her shares. This can include engaging an asset reunification company or other tracing agent to search for shareholders who have not kept their details up-to-date, or taking any other steps we consider appropriate. Shareholders whose shares are sold following this process will not be able to claim the net proceeds of the sale if they do not claim such proceeds from the Company within two years of the date of sale. At the end of the two year period when the former shareholder's claim to the proceeds expires, the Company can use the net proceeds as the Directors consider fit, the Board's intention being that substantially all of the net proceeds be used for good causes of its choice.

The New Articles also contain related changes in respect of unclaimed dividends or other money payable on the shares of untraced shareholders which are sold.

A copy of the proposed New Articles and the Current Articles marked up to show the proposed changes are available for inspection on our website (www.severntrent.com).

Authority to reduce notice periods for General Meetings (Resolution 20)

This Special Resolution allows the Company to hold General Meetings [other than Annual General Meetings] on 14 days' notice, and will, if passed, renew the authority passed at last year's Annual General Meeting.

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

The Board is therefore proposing Resolution 20 to approve 14 days as the minimum period of notice for all General Meetings of the Company other than Annual General Meetings.

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

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

General notes

Adoption of Financial Reporting Standard (FRS) 101 – Reduced Disclosure Framework

Following the publication of FRS 100, the Company adopts the FRS 101 Reduced Disclosure Framework for its individual financial statements. A shareholder or shareholders holding in aggregate 5% or more of the total allotted shares in the Company may object to the application of FRS 101 Reduced Disclosure Framework to the Company's individual financial statements by notifying the Company Secretary, in writing, at the following address: Severn Trent Centre, 2 St John's Street, Coventry, CV1 2LZ not later than 19 July 2016.

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 6.30pm on Monday 18 July 2016 (or, if the Meeting is adjourned, at 6.30pm 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 0371 384 2967 or +44 121 415 7044 if calling from outside the UK. Lines are open 8.30am to 5.30pm Monday to Friday, excluding public holidays in England and Wales. The deadline for receipt of proxy appointments (see above) also applies in relation to amended instructions. Any attempt to terminate or amend a proxy appointment received after the relevant deadline will be disregarded. Where two or more valid separate appointments of proxy are received in respect of the same share in respect of the same meeting, the one which is last sent shall be treated as replacing and revoking the other or others, save that where both paper and electronic proxy instructions are returned then, in the absence of other evidence, those received last by the Company's registrar, Equiniti, will take precedence.

Electronic proxy voting

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

Electronic proxy appointment through CREST

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

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

All messages relating to the appointment of a proxy, or an instruction to a previously appointed proxy, which are to be transmitted through CREST, must be received by Equiniti (ID RA19) not later than 11am on Monday 18 July 2016 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 14 July 2016. Employees may also instruct the Trustee how to vote through the www.sharevote.co.uk website.

Electronic poll voting

Voting on Resolutions 1 to 20 will be conducted by way of a poll rather than a show of hands. This is a fairer method of voting as shareholder votes are to be counted according to the number of shares held.

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

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

Shareholder questions

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

Information rights

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

General notes

Audit statements

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

Shareholder requisition rights

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

Corporate representatives

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

Electronic communication service

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

- the Company's full Annual Report and Accounts can be viewed on the day they are published;
- your votes on resolutions to be proposed at General Meetings of the Company can be cast electronically;
- important shareholder communications may be received electronically; and
- you can see details of your individual shareholdings quickly and securely online.

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

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

Total voting rights

As at 23 May 2016, being the latest practicable date before the publication of this Notice, the Company's issued and voting share capital consisted of 239,677,209 Ordinary Shares of 97¹⁷/₁₆ pence, each carrying one vote each. Therefore the total number of voting rights in the Company is 235,540,288. The Company current holds 4,136,921 Ordinary Shares in treasury.

Website

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

Inspection of documents

The following documents, are available for inspection during normal business hours at the registered office of the Company on any weekday (Saturdays, Sundays and public holidays excepted), from the date of this Notice until and including the day of the Meeting and may be inspected at the Ricoh Arena, Phoenix Way, Coventry, CV6 6GE 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 together with a copy of the Company's Current Articles of Association and the proposed New Articles of Association that reflect the amendments described on page 9.