



This letter is being sent to shareholders of Pennon Group Plc for information only and no action is required to be taken. However, if you have sold or transferred all your shares in Pennon Group Plc please forward this letter to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

21 August 2014

Dear Shareholder

Change of Auditors

You will be aware that at the Annual General Meeting ("AGM") of Pennon Group Plc held on 31 July 2014 Ernst & Young LLP were appointed as statutory auditors of the Company until the next AGM. This was a new appointment following a competitive tender process carried out by Pennon Group in accordance with good corporate governance.

PricewaterhouseCoopers LLP ("PwC"), the Company's previous statutory auditors, ceased to hold office on 31 July 2014 and, as required by Section 519(3) of the Companies Act 2006, PwC have now deposited a statement with the Company of the circumstances connected with them ceasing to hold office as auditors of the Company.

In accordance with the requirements of Section 520(2) of the Act, a copy of the statement received from PwC is set out overleaf for your information. It confirms that Pennon Group Plc in accordance with good governance has undertaken a formal audit tender process for the position of statutory auditor and that PwC were not invited to tender. In addition, PwC confirm that there are no further circumstances which they consider should be brought to the notice of the Company's shareholders or creditors.

The Board wishes to thank PricewaterhouseCoopers LLP for the services they have provided as statutory auditor to the Pennon Group of companies during their period of appointment.

Yours sincerely

A handwritten signature in black ink, appearing to read "Ken Harvey", written over a horizontal line.

Ken Harvey
Chairman



The Directors
Pennon Group Plc
Peninsula House
Rydon Lane
Exeter
EX2 7HR

8 August 2014

Dear Sirs,

Statement of Circumstances connected with ceasing to hold office as Auditors

In accordance with Section 519 of the Companies Act 2006, we set out below the circumstances connected with our ceasing to hold office as auditors of Pennon Group Plc, registered no: 2366640 (the Company) effective from 31 July 2014.

In accordance with good governance, the Audit Committee of the Company has undertaken a formal tender process for the position of statutory auditor, to which we were not invited.

There are no further circumstances which we consider should be brought to the notice of the Company's shareholders or creditors

Yours faithfully,

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers LLP'.

PricewaterhouseCoopers LLP

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PricewaterhouseCoopers LLP is a limited liability partnership registered in England with registered number OC303525. The registered office of PricewaterhouseCoopers LLP is 1 Embankment Place, London WC2N 6RH. PricewaterhouseCoopers LLP is authorised and regulated by the Financial Conduct Authority for designated investment business.