

THE COMPANIES ACTS 1985 AND 2006

COMPANY LIMITED BY SHARES

SPECIAL RESOLUTIONS

-of-

PENNON GROUP PLC

At the Annual General Meeting of the Company held at Exeter Golf and Country Club, Topsham Road, Countess Wear, Exeter EX2 7AE on Thursday 30 July 2015 the following Resolutions were passed as Special Resolutions as stated:-

SPECIAL RESOLUTION (Resolution 15)

Authority to disapply pre-emption rights

THAT

(a) the Directors be given power:

- (i) subject to the passing of Resolution 14 above, to allot equity securities (as defined in Section 560 of the Companies Act 2006) for cash pursuant to the authority conferred on them by that resolution under Section 551 of that Act; and
- (ii) to allot equity securities as defined in Section 560 (3) of that Act (sale of treasury shares) for cash,

in either case as if Section 561 of that Act did not apply to the allotment or sale, but this power shall be limited:

- (A) to the allotment of equity securities in connection with an offer or issue of equity securities (but in the case of the authority granted under Resolution 14 (a)(ii), by way of a rights issue only) to or in favour of:
 - (I) holders of Ordinary shares in proportion (as nearly as may be practicable) to their existing holdings; and
 - (II) holders of other equity securities if this is required by the rights of those securities or, if the Directors consider it necessary, as permitted by the rights of those securities;

and so that the Directors may make such exclusions or other arrangements as they consider expedient in relation to treasury shares, fractional entitlements, record dates, shares represented by depositary receipts, legal or practical problems under the laws in any territory or the requirements of any relevant regulatory body or stock exchange or any other matter; and

- (B) to the allotment of equity securities pursuant to the authority granted under Resolution 14 (a) (i) and/or by virtue of Section 560(3) of the Companies Act 2006 (in each case otherwise than under paragraph (A) above) up to a maximum nominal amount of £16,729,502; and

- (b) this power shall expire at the conclusion of the next Annual General Meeting of the Company after the passing of this resolution or, if earlier, at the close of business on 1 October 2016;
- (c) all previous unutilised authorities under Sections 570 and 573 of the Companies Act 2006 shall cease to have effect; and
- (d) the Company may, before this power expires, make an offer or enter into an agreement, which would or might require equity securities to be allotted after it expires and the Directors may allot equity securities in pursuance of such offer or agreement as if this power had not expired.

SPECIAL RESOLUTION (Resolution 16)

Authority to purchase own shares

THAT

in accordance with the Companies Act 2006, the Company is generally and unconditionally authorised for the purposes of Section 701 of the Companies Act 2006 to make market purchases (within the meaning of Section 693(4) of the Companies Act 2006) of Ordinary shares of 40.7p each in the capital of the Company on such terms and in such manner as the Directors of the Company may from time to time determine, provided that:

- (a) the maximum number of Ordinary shares that may be purchased under this authority is 41,104,429 (being no more than 10% of the issued share capital exclusive of treasury shares of the Company as at 19 June 2015);
- (b) the minimum price which may be paid for each Ordinary share is 40.7p (exclusive of expenses payable by the Company in connection with the purchase);
- (c) the maximum price which may be paid for each Ordinary share purchased under this authority shall not be more than the higher of (i) an amount equal to 105% of the average of the middle market quotations for such Ordinary shares as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which that Ordinary share is purchased; and (ii) the amount stipulated by Article 5(i) of the Buyback and Stabilisation Regulation 2003 (in each case exclusive of expenses payable by the Company in connection with the purchase);
- (d) this authority will, unless previously varied, revoked or renewed, expire at the conclusion of the next Annual General Meeting of the Company or, if earlier, on 1 October 2016, but the Company may make a contract or contracts to purchase Ordinary shares under this authority before its expiry which will or may be executed wholly or partly after the expiry of this authority and may make purchases of Ordinary shares pursuant to any such contract; and
- (e) all existing authorities for the Company to make market purchases of Ordinary shares are revoked, except in relation to the purchase of shares under a contract or contracts concluded before the date of this resolution and which has or have not yet been executed.

SPECIAL RESOLUTION (Resolution 17)

Notice of general meetings

THAT

a general meeting, other than an Annual General Meeting, may be called on not less than 14 clear days' notice.

D. C. I. W.

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Assistant Company Secretary
Pennon Group Plc

