

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 Sandy Park Conference Centre, Sandy Park Way, Exeter EX2 7NN on Thursday 6 July 2017 the following Resolutions were passed as Special Resolutions as stated:-

SPECIAL RESOLUTION (Resolution 16)

General 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 £8,474,756;

- (b) this power shall expire at the conclusion of the next AGM of the Company after the passing of this resolution or, if earlier, at the close of business on 1 October 2018; and
- (c) 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 17)

Authority to disapply pre-emption rights in connection with an acquisition or specified capital investment.

That:

- (a) the Directors, in addition to any authority granted under Resolution 16 above, be given power:
 - (i) subject to the passing of Resolution 14, 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:

 - (A) limited to the allotment of equity securities up to a maximum nominal amount of £8,474,756; and
 - (B) used only for the purposes of financing (or refinancing, if the authority is to be used within six months after the original transaction) a transaction which the Board of the Company determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice;
- (b) this power shall expire at the conclusion of the next AGM of the Company after the passing of this resolution or, if earlier, at the close of business on 1 October 2018; and
- (c) 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 18)

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 41,644,994 (being no more than 10% of the issued share capital exclusive of treasury shares of the Company as at 23 May 2017);
- (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 (exclusive of expenses payable by the Company in connection with the purchase) 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) an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share as derived from the London Stock Exchange Trading system;
- (d) this authority will, unless previously varied, revoked or renewed, expire at the conclusion of the next AGM of the Company or, if earlier, on 1 October 2018, 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 19)

Notice of general meetings

That a general meeting, other than an AGM, may be called on not less than 14 clear days' notice.



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K Senior
Deputy Company Secretary
Pennon Group plc