

PENNON GROUP PLC

The information set out below is provided in compliance with Section 311A of the Companies Act 2006.

MATTERS SET OUT IN THE NOTICE OF ANNUAL GENERAL MEETING

The twenty-second Annual General Meeting of Pennon Group Plc (the "Company") will be held at Sandy Park Conference Centre, Sandy Park Way, Exeter, Devon EX2 7NN on Thursday, 28 July 2011 at 11.00 a.m.

The following is an extract from the Notice of Annual General Meeting of the Company detailing the matters set out in the Notice. The full Notice of Annual General Meeting can be found on this website.

Ordinary Resolutions Proposed

[Report and Accounts](#)

Resolution 1

That the Directors' Report and the financial statements for the year ended 31 March 2011 be received and adopted, together with the report of the auditors.

[Dividend](#)

Resolution 2

That a final dividend of 17.15p per ordinary share recommended by the Directors for the year ended 31 March 2011 be declared for payment on 7 October 2011.

[Remuneration Report](#)

Resolution 3

That the Directors' Remuneration Report for the financial year 2010/11, as contained in the Company's Annual Report 2011, be approved.

[Directors](#)

Resolution 4

That Mr K G Harvey who is retiring in accordance with corporate governance best practice and the recommendations of the UK Corporate Governance Code be re-elected as a Director.

Resolution 5

That Mr M D Angle who is retiring in accordance with the recommendations of the UK Corporate Governance Code be re-elected as a Director.

Resolution 6

That Mr G D Connell who is retiring in accordance with the recommendations of the UK Corporate Governance Code be re-elected as a Director.

Resolution 7

That Mr C I J H Drummond who is retiring in accordance with the recommendations of the UK Corporate Governance Code be re-elected as a Director.

Resolution 8

That Mr D J Dupont who is retiring in accordance with the Company's Articles of Association and the recommendations of the UK Corporate Governance Code be re-elected as a Director.

Resolution 9

That Mr C Loughlin who is retiring in accordance with the recommendations of the UK Corporate Governance Code be re-elected as a Director.

Resolution 10

That Ms D A Nichols who is retiring in accordance with the recommendations of the UK Corporate Governance Code be re-elected as a Director.

Auditors

Resolution 11

That PricewaterhouseCoopers LLP be appointed auditors of the Company to hold office until the conclusion of the next Annual General Meeting at which accounts are laid before the Company.

Resolution 12

That the Directors be authorised to fix the remuneration of the auditors.

Political donations

Resolution 13

That in accordance with Section 366 of the Companies Act 2006 the Company, and all companies that are subsidiaries of the Company at any time during the period for which the resolution has effect, be generally and unconditionally authorised to:

- (a) make political donations to political parties and/or independent election candidates not exceeding £75,000 in total;
- (b) make political donations to political organisations other than political parties not exceeding £75,000 in total; and
- (c) incur political expenditure not exceeding £75,000 in total,

during the period from the date of this resolution to the date of the next Annual General Meeting of the Company in 2012, provided that the aggregate amount of any such donations and expenditure shall not exceed £75,000 and that for the purpose of this resolution the terms 'political donations', 'political parties', 'independent election candidates', 'political organisations' and 'political expenditure' have the meanings set out in Sections 363 to 365 of the Companies Act 2006.

It continues to be the policy of the Company and its subsidiaries not to make political donations, but as explained in more detail under the 'Political Donations' section of the Explanatory Notes on page 8 of this Notice, it is considered to be necessary to obtain such authorisation to avoid any possible technical breach of the Companies Act 2006 due to the uncertainty created by the wide definitions in the Act of what can be regarded as a political donation or political expenditure.

All-Employee Share Ownership Plan

Resolution 14

That the Pennon Group All-Employee Share Ownership Plan be renewed.

Executive Share Option Scheme

Resolution 15

That the Executive Share Option Scheme be renewed.

Authority to allot shares

Resolution 16

That:

(a) the Directors be generally and unconditionally authorised, in accordance with Section 551 of the Companies Act 2006, to exercise all powers of the Company to allot shares in the Company and grant rights to subscribe for, or convert any security into, shares in the Company:

(i) up to a maximum nominal amount of £48,541,689 (such amount to be reduced by the nominal amount of any equity securities (as defined in Section 560 of the Companies Act 2006) allotted under paragraph (ii) below in excess of £48,541,689; and

(ii) comprising equity securities (as defined in Section 560 of the Companies Act 2006) up to a maximum nominal amount of £97,083,378 (such amount to be reduced by any shares allotted or rights granted under paragraph (i) above) in connection with an offer by way of a rights issue:

(A) to holders of ordinary shares in proportion (as nearly as may be practicable) to their existing holdings; and

(B) to 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;

(b) this authority 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 2012;

(c) the Company may, before this authority expires, make an offer or enter into an agreement which would or might require shares to be allotted or rights to be granted after it expires and the Directors may allot shares or grant rights in pursuance of such offer or agreement as if this authority had not expired; and

(d) all previous unutilised authorities under Section 551 of the Companies Act 2006 shall cease to have effect (save to the extent that the same are exercisable pursuant to Section 551(7) of the Companies Act 2006 by reason of any offer or agreement made prior to the date of this resolution which would or might require shares to be allotted or rights to be granted on or after that date).

Special Resolutions Proposed

Authority to disapply pre-emption rights Resolution 17

That:

(a) the Directors be given power:

(i) subject to the passing of Resolution 16 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 of that Act, including a sale of treasury shares, wholly 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 16 (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 16 (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 £7,368,828;

(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 2012;

(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.

Authority to purchase own shares

Resolution 18

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 35,780,115 (being no more than 10% of the issued share capital exclusive of treasury shares of the Company as at 19 June 2011);
- (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 2012, 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.

Notice of general meetings

Resolution 19

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

NUMBER OF SHARES IN ISSUE AND VOTING RIGHTS

As at 19 June 2011 (being the last practicable date prior to the publication of this Notice of Annual General Meeting) the Company's issued share capital consists of 362,104,614 ordinary shares of 40.7p each, of which 4,303,462 ordinary shares are held in treasury.

Therefore, the total voting rights in the Company as at 19 June 2011 are 357,801,152.

28 June 2011