

**THE COMPANIES ACT 1985**  
**PRIVATE COMPANY LIMITED BY SHARES**  
**ARTICLES OF ASSOCIATION OF**  
**SOUTH WEST WATER LIMITED\***

(Adopted on 29 August 1989)

1. The regulations contained in Table A in the Schedule to the Companies (Tables A to F) Regulations 1985 as amended by the Companies (Tables A to F) (Amendment) Regulations 1985 (hereinafter called "Table A") shall apply to the Company save insofar as they are varied or excluded by or are inconsistent with these articles of association (together hereinafter referred to as "these Articles"); and regulation 1 shall so apply as if references to "these regulations" included references to these Articles. Accordingly, in these Articles, "the Act" means the Companies Act 1985, including any statutory modification or re-enactment of it for the time being in force; and any reference to any statutory modification or re-enactment of that provision for the time being in force.
2. Regulations 24, 73 to 80 (inclusive), 94 to 97 (inclusive) and 101 in Table A shall not apply to the Company.
3. Sections 89(1) and 90(1) to (6) (inclusive) of the Act, in their application to allotments by the Company of equity securities, are hereby excluded.
4. The directors may in their absolute discretion, and without giving any reason, decline to register any transfer of any share, whether or not fully paid.
5. A member or members holding a majority in nominal value of the issued Ordinary Shares in the Company may appoint any person who is willing to act to be a director, either to fill a vacancy or as an additional director, and may remove from office any director however appointed. Any such appointment or removal shall be effected by an instrument in writing signed by the member or members concerned, or in the case of a corporate member, signed by one of its directors on its behalf, and shall take effect on lodgment at the office.
6. The directors may appoint any person who is willing to act to be a director, either to fill a vacancy or as an additional director.
7. The Company may by ordinary resolution appoint any person who is willing to act to be a director, either to fill a vacancy or as an additional director and, without prejudice to the provisions of the Act, may by ordinary resolution remove a director from office.

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\* The Company was incorporated under the name "South West Water Services Limited" and adopted its present name on 1 August 1998.



8. The removal of a director under Article 5 or 7 shall be without prejudice to any claim the director may have for breach of any contract of service between him and the Company.
9. No person shall be disqualified from being or becoming a director by reason of his attaining or having attained the age of 70 or any other age.
10. A director who has duly declared his interest (so far as he is required to do so) may vote at a meeting of the directors or of a committee of the directors on any resolution concerning a matter in which he is interested, directly or indirectly. If he does, his vote shall be counted; and whether or not he does, his presence at the meeting shall be taken into account in calculating the quorum.
11. The directors may appoint any person (not being a director) to any office or employment having a designation or title including the word "director" or attach to any existing office or employment with the Company such designation or title and may terminate any such appointment or the use of such designation or title. The inclusion of the word "Director" in the designation or title of any such office or employment shall not imply that such person is, or is deemed to be, or is empowered in any respect to act as a director of the Company for any of the purposes of the Act or these Articles.
12. The seal shall be used only by the authority of a resolution of the directors or of a committee of the directors. The directors may determine whether any instrument to which the seal is affixed shall be signed, whether autographically or otherwise, and may so determine either generally or in relation to a particular instrument or type of instrument. Unless otherwise determined by the directors:
  - (i) share certificates and, subject to the provisions of any instrument constituting the same, certificates issued under the seal in respect of any debentures or other securities, need not be signed, and any signatures may be applied to any such certificate by an mechanical or other means or may be printed on it; and
  - (ii) every other instrument to which the seal is affixed shall be signed by one director and by the secretary or another director.
13. (A) Notwithstanding any provision in these Articles to the contrary, each of the following matters shall only be effective, at any time prior to 31st December 1994 (or, if earlier, the date of redemption of the Special Share pursuant to Article 9 of the Articles of Association of the Holding Company), with the prior consent in writing of the Holding Company:
  - (i) the amendment, removal or alteration of the effect of this Article;
  - (ii) the creation or issue of any shares in the capital of the Company other than an issue of such shares the full beneficial ownership of which is vested in the Holding Company;

- (iii) any abrogation, variation, waiver or modification of any of the rights or privileges attaching to any shares of any class in the Company held by the Holding Company or on its behalf.

(B) For the purpose of this Article 13 the "Holding Company" means South West Water Plc.\*

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\* On 1 August 1998, "South West Water Plc" changed its name to "Pennon Group Plc".