

Registered No. 2366678

**NORTH WEST WATER LIMITED**

In accordance with Section 381A of the Companies Act 1985 ("the Act") we the undersigned, all the members for the time being entitled to attend and vote at a general meeting of the company, hereby resolve resolutions 1 and 2 as **ORDINARY RESOLUTIONS** and resolutions 3 and 4 as **SPECIAL RESOLUTIONS**:-

**Resolution 1****Increase in authorised share capital**

THAT the authorised share capital of the company be increased beyond the registered capital of £706,837,000 to £725,137,000, by the creation of 18,300,000 additional preference shares of £1.00 ranking *pari passu* with the existing preference shares in the capital of the company.

**Resolution 2****S80 Allotment Authority**

THAT with effect from the time of the passing of this resolution the directors be unconditionally authorised, pursuant to Section 80, Companies Act 1985, to allot relevant securities (as defined in the Act), up to a maximum amount of £236,370,000 at any time or times during the period of five years from the date hereof and at any time thereafter pursuant to any offer or agreement made by the Company before the expiry of this authority.

**Resolution 3****Pre-emption Rights**

THAT the directors be empowered, pursuant to Section 95, of the Companies Act 1985, to allot equity securities for a period of five years following the passing of this resolution, and be limited to a maximum nominal amount of shares equal to the authorised share capital following the passing of resolution 1 above pursuant to the authority conferred by resolution 2 above, and that the Directors shall not be required to have regard to Sections 89(1) and 90(1) to (6) (inclusive).

**Resolution 4****Amendment to Articles of Association**

THAT the Articles of Association of the Company be altered by substituting for the existing article 13 the following article :-



13. The authorised share capital of the Company is £725,137,000, divided into 650,000,000 ordinary shares of £1 each and 75,137,000 preference shares of £1 each.

X *RJF* *Regus-*  
For and on behalf of  
United Utilities PLC  
Dated: 22<sup>nd</sup> June 1998

PNA  
 X ..... PNA LLC  
 United Utilities Nominees Ltd  
 Dated: 22<sup>nd</sup> June 1998

**THE COMPANIES ACT 1985**

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**PRIVATE COMPANY LIMITED BY SHARES**

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**ARTICLES OF ASSOCIATION**

of

**NORTH WEST WATER LIMITED**

(Amended by special resolution on 22 June 1998)

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 in these Articles to a provision of that Act includes a 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.
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. Director who has duly declared his interest (so far as he is required to do) 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 of 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 signature may be applied to any such certificate by any 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. The authorised share capital of the Company is £725,137,000, divided into 650,000,000 ordinary shares of £1 each and 57,137,000 preference shares of £1 each.<sup>1</sup>

<sup>1</sup> Article 13 was amended by Special Resolution dated 22 June 1998

14. Rights and privileges attached to the preference shares:-

(A) With regard to capital, income and voting

i. As regards capital

The preference shares shall entitle the holders thereof on a winding up, liquidation or other return of capital to shareholders of the Company, in priority to the holders of any other class of shares, to repayment of the amount of capital paid up or credited as paid upon the preference shares so held.

ii. As regards income

The holders of the preference shares shall have no entitlement to any dividend declared, paid or made by the Company.

iii. As regards voting

The preference shares shall not entitle the holders to receive notice of, attend or vote (either in person or by proxy and whether on a poll or show of hands) at any general meeting of the Company unless the business of the general meeting of the Company includes the consideration of a resolution for winding up the Company or for a reduction of capital or any resolution directly or indirectly would modify, vary or abrogate any right or privilege attached to the preference shares in which case the holders thereof shall only be entitled to vote at the relevant meeting in respect of such resolution or resolutions.

In the event of any such resolution being considered the preference shareholders shall be entitled to receive notice, attend the meeting, vote, appoint proxies and corporate representatives in accordance with the provisions elsewhere in these Articles of Association relating to meetings generally.

iv. Other rights

The preference shares shall not confer on the holders thereof any further rights to participate in the profits or assets of the Company or to vote.

(B) Application of surplus assets on a winding up

In the winding up of the Company the surplus assets shall be applied to the following purposes and in the following order of priority:-

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- i. the repayment of capital paid up or credited as paid up on the preference shares; and
- ii. to the repayment of capital paid up or credited as paid up on the ordinary shares and any surplus assets shall be divided amongst the holders of the ordinary shares in proportion to the number of ordinary shares each held by them respectively.