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The Directors  
Pennon Group Plc  
Peninsula House  
Rydon Lane  
EXETER EX2 7HR

26 February 2003

Our ref: AJH/PJM

Dear Sirs

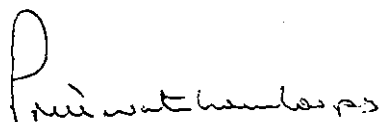
**Notice of resignation of auditors**

Following the conversion of PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, we have agreed with you that the new firm, PricewaterhouseCoopers LLP will be replacing us as auditors.

In accordance with Section 392 of the Companies Act 1985, we give notice that we are resigning as auditors of Pennon Group Plc (and its subsidiaries as listed in the Appendix to this letter), registered number 2366640 with effect from 26 February 2003.

In accordance with Section 394 of the Companies Act 1985, we confirm that there are no circumstances connected with our resignation which we consider should be brought to the notice of the shareholders or creditors of Pennon Group Plc (and its subsidiaries as listed in the Appendix to this letter).

Yours faithfully



PricewaterhouseCoopers



PricewaterhouseCoopers is the successor partnership to the UK firms of Price Waterhouse and Coopers & Lybrand. The principal place of business of PricewaterhouseCoopers and its associate partnerships, and of Coopers & Lybrand, is 1 Embankment Place, London WC2N 6NN. The principal place of business of Price Waterhouse is Southwark Towers, 32 London Bridge Street, London SE1 9SY. Lists of the partners' names are available for inspection at those places.

All partners in the associate partnerships are authorised to conduct business as agents of, and all contracts for services to clients are with, PricewaterhouseCoopers. PricewaterhouseCoopers is authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

## Appendix

### Subsidiaries of Pennon Group Plc (2366640)

• <del>Acetip</del>	<del>(1576464)</del>
• <del>Albion Water Limited</del>	<del>(3102176)</del>
• <del>Astley Minerals Limited</del>	<del>(2763041)</del>
• <del>Dragon Waste limited</del>	<del>(2751860)</del>
• <del>ELE Datasystems</del>	<del>(1085369)</del>
• <del>Exe Continental</del>	<del>(2376963)</del>
• <del>Hodgejoy Recycling Limited</del>	<del>(3055251)</del>
• <del>Lavelle &amp; Sons Limited</del>	<del>(1312867)</del>
• <del>Peninsula</del>	<del>(685236)</del>
• <del>Peninsula Leasing Limited</del>	<del>(3926798)</del>
• <del>Peninsula Properties (Exeter) Limited</del>	<del>(2307220)</del>
• <del>Peninsula Trustees Limited</del>	<del>(2476685)</del>
• <del>Pennon Power Limited</del>	<del>(736732)</del>
• <del>Pennon Share Scheme Trustees Limited</del>	<del>(2388662)</del>
• <del>Pennon Trustee Limited</del>	<del>(2456467)</del>
• <del>pHOX Systems Limited</del>	<del>(1081019)</del>
• <del>Pilsworth Forest Limited</del>	<del>(3081104)</del>
• <del>Pilsworth Forest (1996) Limited</del>	<del>(3231611)</del>
• <del>Rydon Properties Limited</del>	<del>(2406261)</del>
• <del>SWW Pension Trustees (MIS) Limited</del>	<del>(2388783)</del>
• <del>Tokenmarch Limited</del>	<del>(2025496)</del>
• <del>Viridor Contracting Limited</del>	<del>(3736621)</del>
• <del>Viridor Limited</del>	<del>(2298543)</del>
• <del>Viridor Waste Exeter Limited</del>	<del>(1403771)</del>
• <del>Viridor Waste Disposal Limited</del>	<del>(2722409)</del>
• <del>Viridor Waste Hampshire Limited</del>	<del>(2434368)</del>
• <del>Viridor Waste Management Limited</del>	<del>(575069)</del>
• <del>Viridor Waste Suffolk Limited</del>	<del>(2656700)</del>
• <del>Viridor Waste Wootton Limited</del>	<del>(1196767)</del>
• <del>VWM (Scotland) Limited</del>	<del>(188364)</del>