

Company No. 2264638



THE COMPANIES ACTS 1985 AND 1989

COMPANY LIMITED BY SHARES

**SPECIAL RESOLUTIONS**

of

**LYONNAISE EUROPE PLC**  
(the "Company")

At an extraordinary general meeting of the Company held at the offices of Northumbrian Water Group plc, Regent Centre, Gosforth, Newcastle Upon Tyne NE3 3PX on 28 June 1996 the following resolutions were passed as special resolutions:

**SPECIAL RESOLUTIONS**

**1. THAT**

- 1.1 140,000,000 7 per cent convertible preference shares of £1 each in the Company ("7% Preference Shares") held by Lyonnaise des Eaux SA ("Lyonnaise") be converted, by way of redesignation, into 140,000,000 ordinary shares of £1 each ("Conversion") on 28 June 1996 or such other date as the Directors of the Company may elect ("Completion Date");
- 1.2 Immediately following the Conversion the authorised share capital of the Company shall be £655,000,000 made up of 530,000,000 Ordinary Shares ("Ordinary Shares"), 15,000,000 8 per cent redeemable preference shares of £1 each and 110,000,000 7% Preference Shares;
- 1.3 following the Conversion Article 3(a) be amended accordingly;
- 1.4 38,000,000 of the 7% Preference Shares held by Lyonnaise be redeemed for cash by Lyonnaise be redeemed for cash at par on the Completion Date (the "Redemption");

28-JUN-'96(FRI) 17:58 CLIFFORD CHANCE

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P 005

1.5 with effect from (and including) the Completion Date, in substitution for all existing authorities, the directors be generally and unconditionally authorised pursuant to section 80 of the Companies Act 1985 (the "Act") to exercise all the powers of the Company to allot relevant securities (within the meaning of that section) up to an aggregate nominal amount of (a) £18,000,000 in respect of the 7% Preference Shares, such authority to be effective and exercisable forthwith following the Redemption; and (b) £391,000,000 Ordinary Shares for a period expiring (unless previously renewed, varied or revoked by the Company in general meeting) 5 (five) years from the date of passing of this resolution, but the Company may make an offer or agreement which would or might require relevant securities to be allotted after expiry of this authority and the directors may allot relevant securities in pursuance of that offer or agreement.

1.6 In substitution for all existing authorities, the directors be generally empowered pursuant to section 95 of the Act to allot equity securities (within the meaning of section 94(2) of the Act) pursuant to the authority conferred by resolution 1 as if section 89(1) of the Act did not apply to that allotment for a period expiring 5 (five) years after the date of passing of this resolution, but the Company may make an offer or agreement which would or might require equity securities to be allotted after expiry of this authority and the directors may allot equity securities in pursuance of that offer or agreement but so that the authority given by this paragraph 1.6 of this resolution shall be limited, in the case of the allotment of the Ordinary Shares to (a) the Conversion, (b) the allotment of up to 35,000,000 Ordinary Shares and (c) the allotment of such number of Ordinary Shares as may be required pursuant to any conversion of any 7% Preference Shares.

2. 'THAT' the Articles of Association be amended:

2.1 by the deletion of the word "redemption" where it first appears in Article 3(C)(4) and the insertion in its place of the word "conversion";

2.2 by the deletion of the first sentence of Article 3(C)(4)(b) and the insertion in its place of the following:

"In the event that the 7% Holders decide to require conversion of the 7% Preference Shares, they shall give 21 days' prior written notice to the Company of their intention to do so stating their proposal as to what numbers X and Y should be and hence the Conversion Rate (the "Proposed Rate") provided always that such notice shall be

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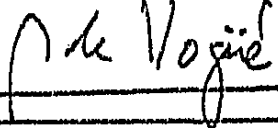
P.006

given not later than 2 June 2005 so that the latest date on which conversion is to be effected is 30 June 2005."

2.3 by the deletion of the wording in Article 3(C)4(c) and the insertion in its place of the following:

"There shall be paid on each 7% Preference Share converted a sum equal to any arrears or accruals of the preferential dividend, to be calculated down to and including the conversion date to be payable whether or not the preferential dividend has been declared or earned."

BY ORDER OF THE BOARD

  
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SECRETARY/DIRECTOR

Dated: 28 June 1996

Registered office:

PO Box 968  
Mildmay Road  
Chelmsford  
Essex CM2 0XW

#### NOTE

A member entitled to attend and vote at the meeting is also entitled to appoint one or more proxies to attend and, on a poll, vote instead of him. The proxy need not be a member of the Company.