

THIS LETTER IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt about the action you should take, you are recommended to seek immediately your own financial advice from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser duly authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser. If you have sold or otherwise transferred all your shares in Northumbrian Water Group Plc please send this letter and the accompanying document, as soon as possible, to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee. However, such documents should not be sent to any jurisdiction where to do so might constitute a violation of local securities laws or regulations.

29 June 2011

To Northumbrian Water Shareholders and, for information only, to persons with information rights and holders of awards granted under Northumbrian Water share plans

Dear Sir or Madam,

Announcements regarding a potential cash offer for Northumbrian Water Group Plc (“Northumbrian Water” or the “Company”)

On 27 June 2011 Cheung Kong Infrastructure Holdings Limited (“**CKI**”) released an announcement in relation to a potential cash offer for Northumbrian Water. In accordance with the City Code on Takeovers and Mergers (the “**Code**”), please find attached the text of CKI’s announcement together with the text of the Company’s subsequent announcement in response.

Copies of these announcements and this letter are also available on Northumbrian Water’s website at www.nwg.co.uk.

Yours faithfully,



Sir Derek Wanless,
Chairman

Please be aware that addresses, electronic addresses and certain other information provided by Northumbrian Water Shareholders, persons with information rights and other relevant persons (for example, and holders of awards granted under Northumbrian Water share plans) for the receipt of communications from the Company may be provided to an offeror during the offer period as required under Section 4 of Appendix 4 of the Code.

This letter is being sent in accordance with Rule 2.6 of the Code. The directors of Northumbrian Water accept responsibility for the information contained in this letter, except that the only responsibility accepted by the directors of Northumbrian Water in respect of the information contained in this letter relating to the announcement by CKI, which has been compiled from published sources, is to ensure that such information has been correctly and fairly reproduced and presented. Subject as aforesaid, to the best of the knowledge and belief of the directors of Northumbrian Water (who have taken all reasonable care to ensure that such is the case), the information contained in this letter is in accordance with the facts and does not omit anything likely to affect the import of such information.

Dealing Disclosure Requirements

Under Rule 8.3(a) of the Code, any person who is interested in 1 per cent. or more of any class of relevant securities of an offeree company or of any paper offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period.

An Opening Position Disclosure must contain details of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any paper offeror(s). An Opening Position Disclosure by a person to whom Rule 8.3(a) applies must be made by no later than 3.30 pm (London time) on the 10th business day following the commencement of the offer period and, if appropriate, by no later than 3.30 pm (London time) on the 10th business day following the announcement in which any paper offeror is first identified. Relevant persons who deal in the relevant securities of the offeree company or of a paper offeror prior to the deadline for making an Opening Position Disclosure must instead make a Dealing Disclosure.

Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1 per cent. or more of any class of relevant securities of the offeree company or of any paper offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any paper offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person's interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any paper offeror, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

If two or more persons act together pursuant to an agreement or understanding, whether formal or informal, to acquire or control an interest in relevant securities of an offeree company or a paper offeror, they will be deemed to be a single person for the purpose of Rule 8.3.

Opening Position Disclosures must also be made by the offeree company and by any offeror and Dealing Disclosures must also be made by the offeree company, by any offeror and by any persons acting in concert with any of them (see Rules 8.1, 8.2 and 8.4).

Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. If you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure, you should contact the Panel's Market Surveillance Unit on +44 (0)20 7638 0129.

Announcement by CKI to the London Stock Exchange on 27 June 2011

Cheung Kong Infrastructure Holdings
27 June 2011

Cheung Kong Infrastructure Holdings Limited (“CKI”) Statement regarding Northumbrian Water Group plc (“Northumbrian Water”)

CKI notes the recent speculation regarding a possible offer for Northumbrian Water.

CKI is in the preliminary stages of assessing a potential cash offer for Northumbrian Water. There can be no certainty that an offer will ultimately be forthcoming.

A further announcement will be made when appropriate.

Enquiries:

CKI
Wendy Tong Barnes
Chief Corporate Affairs Officer
Telephone: +852 2122 2150

This announcement is not intended to, and does not, constitute or form part of any offer, invitation or solicitation of any offer to purchase, otherwise acquire, subscribe for, sell or otherwise dispose of any securities. This announcement has been prepared in accordance with English law and the City Code on takeovers and Mergers (the “City Code”), and information disclosed may not be the same as that which would have been prepared in accordance with laws outside of the United Kingdom.

The distribution of this announcement in jurisdictions outside of the United Kingdom may be restricted by law, and therefore persons into whose possession this announcement comes should inform themselves about, and observe, any such restrictions. Any failure to comply with the restrictions may constitute a violation of the securities law of any such jurisdiction.

This announcement will be made available on CKI’s website (www.cki.com.hk) by no later than 12 noon (London time) on Tuesday 28 June 2011.

Dealing Disclosure Requirements

Under Rule 8.3(a) of the Code, any person who is interested in 1 per cent. or more of any class of relevant securities of an offeree company or of any paper offeror (being any offeror other than an offeror in respect of which it has been announced that its offer is, or is likely to be, solely in cash) must make an Opening Position Disclosure following the commencement of the offer period.

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Under Rule 8.3(b) of the Code, any person who is, or becomes, interested in 1 per cent. or more of any class of relevant securities of the offeree company or of any paper offeror must make a Dealing Disclosure if the person deals in any relevant securities of the offeree company or of any paper offeror. A Dealing Disclosure must contain details of the dealing concerned and of the person’s interests and short positions in, and rights to subscribe for, any relevant securities of each of (i) the offeree company and (ii) any paper offeror, save to the extent that these details have previously been disclosed under Rule 8. A Dealing Disclosure by a person to whom Rule 8.3(b) applies must be made by no later than 3.30 pm (London time) on the business day following the date of the relevant dealing.

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Announcement by Northumbrian Water to the London Stock Exchange on 27 June 2011

NOT FOR RELEASE, PUBLICATION OR DISTRIBUTION, IN WHOLE OR IN PART, IN, INTO OR FROM ANY JURISDICTION WHERE TO DO SO WOULD CONSTITUTE A VIOLATION OF THE RELEVANT LAWS OF THAT JURISDICTION

For immediate release

27 June 2011

Northumbrian Water Group Plc ('Northumbrian Water' or the 'Company') Statement regarding possible offer

The Board of Northumbrian Water notes the announcement earlier today from Cheung Kong Infrastructure Holdings Limited that it is in the preliminary stages of assessing a potential cash offer for the Company.

The Board confirms that it has not received any proposal which could result in an offer or possible offer for the Company.

Enquiries:

Pelham Bell Pottinger +44 (0)20 7861 3112
James Henderson
Archie Berens

In accordance with Rule 2.10 of the Code, Northumbrian Water confirms that, as at 27 June 2011, it had a total of 518,623,845 ordinary shares of 10 pence each ("Ordinary Shares") in issue and admitted to trading on the London Stock Exchange.

The International Securities Identification Number for the Ordinary Shares is GB0033029744.

Dealing Disclosure Requirements

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