

Annual General Meeting 30 July 2009





Sir Derek Wanless Chairman



Annual General Meeting 2009

The Board



**Martin
Nègre**

Independent
Non-
executive
Director



**Jenny
Williams**

Independent
Non-
executive
Director



**Claude
Lamoureux**

Non-
executive
Director



**Sir Patrick
Brown**

Senior
Independent
Non-
executive
Director



**Alex Scott-
Barrett**

Independent
Non-
executive
Director



**John
Cuthbert**

Managing
Director



**Sir Derek
Wanless**

Chairman



**Chris
Green**

Finance
Director



**Martin
Parker**

Company
Secretary

Agenda

Business review

John Cuthbert

Financial review

Chris Green

Formal business

Sir Derek Wanless



John Cuthbert Managing Director Business review

Highlights

Financial

- revenue increase in line with Retail Price Index (RPI)
- funding secured to 2011

Operational

- investment programme on track
- continued high levels of customer satisfaction
- Abberton planning agreed
- Queen's Award for Enterprise: Sustainable Development

Dividend policy

- final dividend of 8.50p per share, full ordinary dividend of 12.79p per share
- progressive dividend policy of around 3% p.a. real growth maintained

Good operational performance

NWL

Water and waste water contracts

- Ireland**
- Scotland**
- Gibraltar**

NWL - Water

- high standard of drinking water quality maintained
- leakage targets met
- planning permission granted for Abberton reservoir scheme in Essex



NWL - Environment

Bathing water results

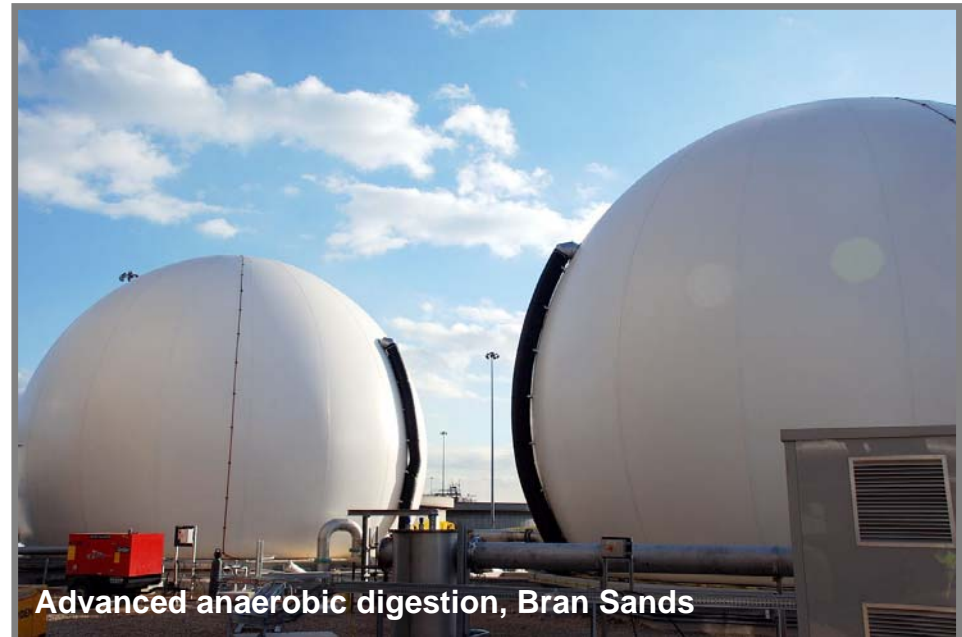
- all met Mandatory Standard
- 20 met Guideline Standard

All 158 consented sewage treatment works met standard

Increased investment to address sewer flooding

Renewable energy over 20% by 2015

Carbon reduction target of 35% by 2020



NWL - Customer

New customer promise

High standards of service maintained

Metering

20% in North

43% in Essex

56% in Suffolk



NWL - Corporate responsibility



Queen's Award for Enterprise:
Sustainable Development

Utility Industry Achievement Awards
'Utility Company of the Year'

Companies that Count 2008

BITC Corporate Responsibility Index
'Platinum Plus' status



2008 
UTILITY INDUSTRY
ACHIEVEMENT AWARDS
WINNER

Business  CR INDEX
Community  PLATINUM PLUS

NWL - Investment programme



Invested £229m to deliver regulatory outputs

16km trunk main to improve supply to Newcastle

139km water mains renewed or relined

103 unsatisfactory storm overflows replaced/improved

114 properties removed from risk of flooding

Improvement work at Lartington and Layer

Weather radar station constructed

Abberton reservoir scheme progressing

NWL - People

University partnership

- Masters programme
- Undergraduate programme
- Management development

Training – target 90% to NVQ Level 2

Apprenticeship scheme

Improvements in health and safety



Draft Determination for period April 2010 - March 2015

Investment of £1.2 billion

– increase of 1% on current five year period

Cost of capital of 4.5% (real post-tax)

– decrease of 0.2% from Final Business Plan

**Average increase in household bills before inflation,
2009/10 to 2014/15**

– North East 1%

– Essex & Suffolk 9%

Outlook

Periodic Review

- Draft determination received 23 July
- Final determination 26 November

Economic recession

Future legislation

Strong operational and financial performance

Continued focus on water and waste water activities



Chris Green Finance Director Financial review

Results summary

	2009	2008	%
	£m	£m	
Revenue	694.1	670.4	4
Profit before interest	273.6	277.8	-2
Interest	(121.7)	(108.0)	13
Profit before tax	152.7	170.3	-10
Profit after tax	(11.9)	158.3	-108
Dividend	12.79p	12.07p	6
Earnings per share			
- Basic	(2.45p)	30.52p	-108
- Adjusted	22.05p	26.72p	-17

Movement in net debt

	2009	2008
	£m	£m
Net cash flow from operations	368.9	381.8
Net interest paid	(108.6)	(113.1)
Advanced contributions - retirement benefits	-	(22.6)
Taxation	(29.6)	(26.3)
Net capital expenditure	(219.4)	(214.5)
Equity dividends paid	(64.0)	(59.7)
Bond indexation	(22.2)	(16.2)
Other/non-cash items	(4.4)	(0.2)
Increase in net debt	<u>(79.3)</u>	<u>(70.8)</u>

Gearing

% of RCV¹

	2009	2008
	%	%
NWG	67	65
NWL	61	59
NWL appointed	60	58

Outlook stable to 2010

¹ Regulatory Capital Value at 31 March 2009 £2,998m (2008: £2,976m)

Funding facilities update

Long dated finance lease (£50m, March 2043)

- final tranche drawn September 2008 (£20.8m)
- variable rate linked to RPI

European Investment Bank (EIB) facility (£100m, March 2022)

- drawn March 2007
- swapped to fixed at 4.98%, January 2009

EIB facility (£120m, September 2025)

- drawn September 2008
- fixed rate at 5.186%

Funding facilities update

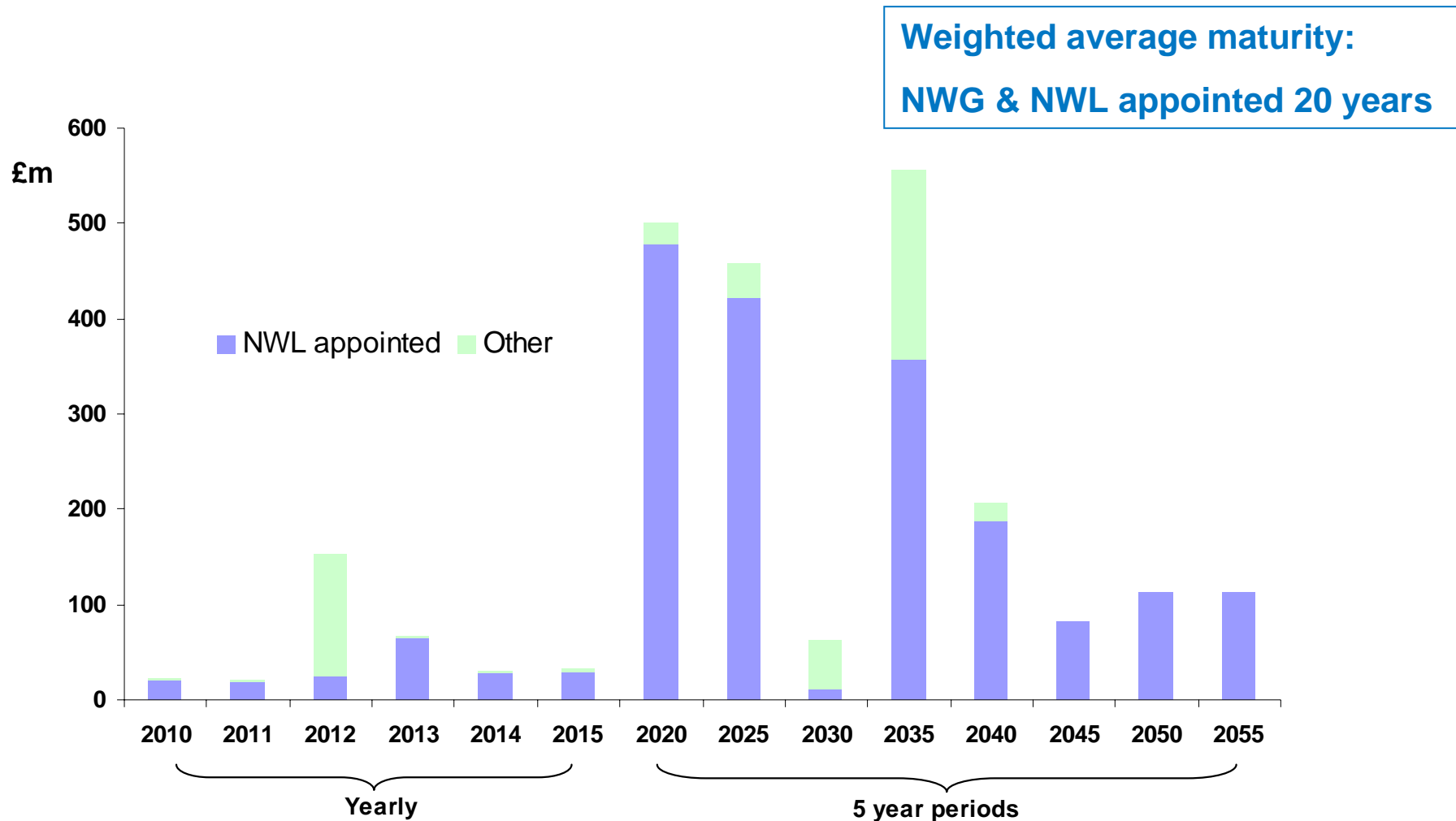
Group facility (£125m, May 2011)

- swapped to fixed at 2.8%

Liquidity

- cash at 31 March 2009 £253m
- funding in place to 2011
- undrawn committed facilities £75m

Gross debt maturity profile





Sir Derek Wanless

Chairman

Northumbrian Water Group plc Annual General Meeting Formal business

30 July 2009

Resolution 1

To receive and adopt the audited financial statements and the reports of the Directors and the Auditors for the year ended 31 March 2009.

Resolution 1

To receive and adopt the audited financial statements and the reports of the Directors and the Auditors for the year ended 31 March 2009.

	Number of votes	% of votes cast
In favour	395,493,284	99.88
Discretion	427,176	0.11
Against	14,957	0.01
Withheld	391,486	-

Resolution 2

To approve the Directors' remuneration report for the year ended 31 March 2009.

Resolution 2

To approve the Directors' remuneration report for the year ended 31 March 2009.

	Number of votes	% of votes cast
In favour	394,969,245	99.70
Discretion	451,515	0.11
Against	767,423	0.19
Withheld	138,720	-

Resolution 3

To declare a final dividend of 8.50 pence per ordinary 10 pence share.

Resolution 3

To declare a final dividend of 8.50 pence per ordinary 10 pence share.

	Number of votes	% of votes cast
In favour	395,428,807	99.87
Discretion	425,409	0.11
Against	92,596	0.02
Withheld	380,091	-

Resolution 4

To re-appoint as a director John Cuthbert who retires by rotation.

Resolution 4

To re-appoint as a director John Cuthbert who retires by rotation.

	Number of votes	% of votes cast
In favour	394,403,775	99.63
Discretion	444,243	0.11
Against	1,020,199	0.26
Withheld	458,686	-

Resolution 5

To re-appoint as a director Chris Green who retires by rotation.

Resolution 5

To re-appoint as a director Chris Green who retires by rotation.

	Number of votes	% of votes cast
In favour	394,657,966	99.70
Discretion	443,203	0.11
Against	758,680	0.19
Withheld	467,054	-

Resolution 6

To re-appoint Ernst & Young LLP as auditors.

Resolution 6

To re-appoint Ernst & Young LLP as auditors.

	Number of votes	% of votes cast
In favour	395,384,039	99.87
Discretion	436,690	0.11
Against	89,949	0.02
Withheld	416,225	-

Resolution 7

To authorise the directors to determine the auditors' remuneration.

Resolution 7

To authorise the directors to determine the auditors' remuneration.

	Number of votes	% of votes cast
In favour	395,027,797	99.77
Discretion	420,747	0.11
Against	455,803	0.12
Withheld	422,556	-

Resolution 8

To authorise political donations.

Resolution 8

To authorise political donations.

	Number of votes	% of votes cast
In favour	393,155,830	99.46
Discretion	428,835	0.11
Against	1,692,820	0.43
Withheld	1,049,418	-

Resolution 9

To authorise the directors to allot unissued shares.

Resolution 9

To authorise the directors to allot unissued shares.

	Number of votes	% of votes cast
In favour	394,361,854	99.62
Discretion	428,138	0.11
Against	1,077,866	0.27
Withheld	459,045	-

Resolution 10

To authorise the disapplication of pre-emption rights.

Resolution 10

To authorise the disapplication of pre-emption rights.

	Number of votes	% of votes cast
In favour	381,767,311	96.48
Discretion	413,455	0.10
Against	13,514,904	3.42
Withheld	631,233	-

Resolution 11

To authorise the Company to purchase its own shares.

Resolution 11

To authorise the Company to purchase its own shares.

	Number of votes	% of votes cast
In favour	395,226,964	99.83
Discretion	392,184	0.10
Against	291,534	0.07
Withheld	416,221	-

Resolution 12

To amend the Company's Articles of Association.

Resolution 12

To amend the Company's Articles of Association.

	Number of votes	% of votes cast
In favour	395,210,481	99.84
Discretion	417,011	0.11
Against	185,434	0.05
Withheld	513,977	-

Resolution 13

To authorise notice period for general meetings.

Resolution 13

To authorise notice period for general meetings.

	Number of votes	% of votes cast
In favour	393,597,222	99.42
Discretion	404,409	0.10
Against	1,905,564	0.48
Withheld	419,738	-

Northumbrian Water Group plc

A scenic view of Kielder Reservoir. The water is calm and reflects the sky and the surrounding landscape. In the distance, a large blue boat is on the water. The shoreline is covered in dense green trees. The sky is a clear blue with a few wispy clouds.

Thank you for attending