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For Immediate Release

14 October 2011

**RECOMMENDED CASH OFFER FOR NORTHUMBRIAN WATER GROUP PLC ("NORTHUMBRIAN")
BY UK WATER (2011) LIMITED ("UK WATER")**

Effective Date of Scheme of Arrangement

Northumbrian and UK Water are pleased to announce that the scheme of arrangement to effect the recommended proposal for the acquisition of Northumbrian by UK Water (the "**Scheme**") has today become Effective.

Following an application by Northumbrian to the UK Listing Authority, the admission of the Northumbrian Shares to the Official List and to trading on the London Stock Exchange's main market for listed securities in each case has been cancelled with effect from 8:00 a.m. today.

The consideration of 465 pence per Scheme Share to be paid by UK Water to Scheme Shareholders pursuant to the Scheme is expected to be despatched (in the case of certificated holders of Scheme Shares) or settled in CREST (in the case of uncertificated holders of Scheme Shares) by no later than 28 October 2011.

Terms and expressions in this announcement shall, unless the context otherwise requires, have the same meanings as given to them in the circular of Northumbrian, dated 26 August 2011, sent to Northumbrian Shareholders relating to the Scheme.

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RBC and HSBC, which are authorised and regulated in the United Kingdom by the Financial Services Authority, are acting for UK Water and no one else in connection with the Acquisition and this announcement and will not be responsible to anyone other than UK Water for providing the protections afforded to their respective clients or for providing advice in connection with the Acquisition or any matter referred to herein.

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