

**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 SUCH JURISDICTION**

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.

Enquiries

Deutsche Bank

+ 44 (0)20 7545 8000

(Financial adviser and corporate broker to Northumbrian)

Alan Brown

Omar Faruqui

Martyn Nicholas

Martin Pengelley (Corporate Broking)

Pelham Bell Pottinger

+44 (0)20 7861 3112

(PR adviser to Northumbrian)

James Henderson

Archie Berens

RBC

+ 44 (0)20 7653 4000

(Lead financial adviser and corporate broker to UK Water)

Dai Clement

Mark Preston

Edward Golder

Alexander Thomas

HSBC

+44 (0)20 7991 8888

(Financial adviser and corporate broker to UK Water)

Charles Packshaw

Eric Lyons

James Pincus

Stuart Dickson (Corporate Broking)

Deutsche Bank AG is authorised under German Banking Law (competent authority: BaFin - Federal Financial Supervisory Authority) and authorised and subject to limited regulation by the FSA. Details about the extent of Deutsche Bank AG's authorisation and regulation by the FSA are available on request. Deutsche Bank AG, London Branch is acting as financial adviser to Northumbrian and no one else in connection with the matters set out in this announcement and will not be responsible to anyone other than Northumbrian for providing the protections afforded to clients of Deutsche Bank AG, London Branch, nor for providing advice in relation to any matter referred to herein.

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.

The release, publication or distribution of this announcement in jurisdictions other than the United Kingdom may be restricted by law and therefore any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe, any applicable legal and regulatory requirements. Any failure to comply with the applicable requirements may constitute a violation of the securities laws of any such jurisdiction. This announcement has been prepared for the purpose of complying with English law and the City Code and the information disclosed may not be the same as that which would have been disclosed if this announcement had been prepared in accordance with the laws of jurisdictions outside the United Kingdom.

In accordance with Rule 19.11 of the City Code, a copy of this announcement will be made available on the following websites: www.nwg.co.uk and www.cki.com.hk.