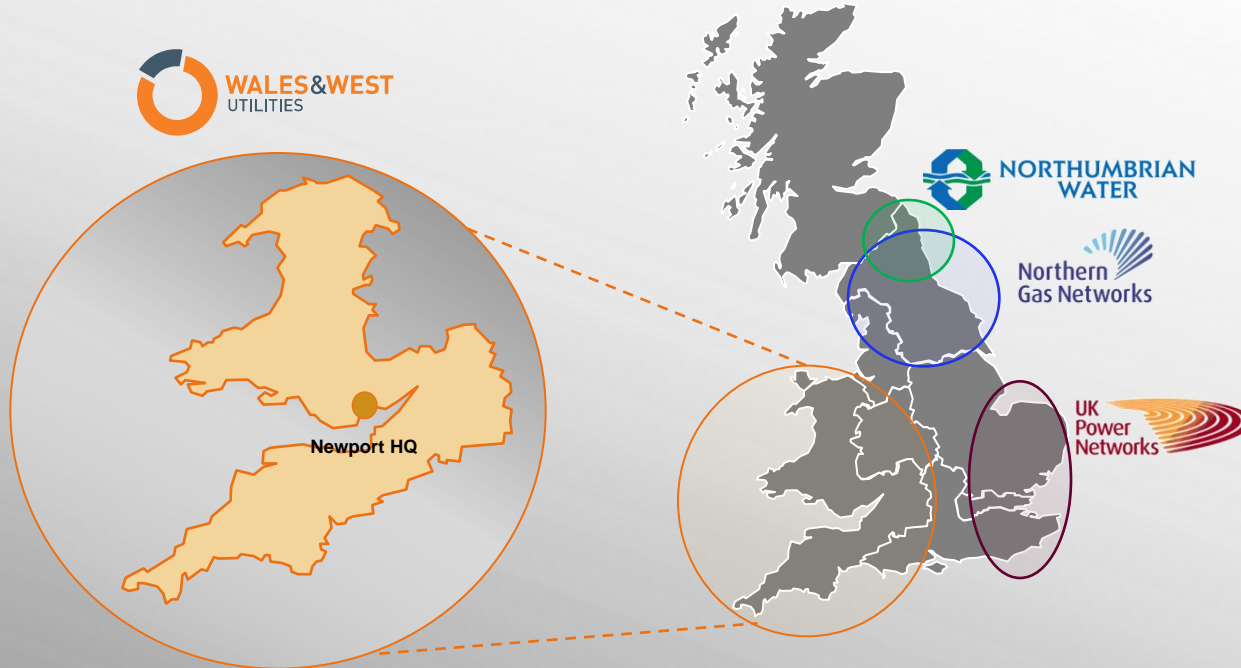


# Wales & West Utilities

## Analyst Presentation



李嘉誠基金會  
LI KA SHING FOUNDATION



July 25, 2012

STRICTLY PRIVATE AND CONFIDENTIAL

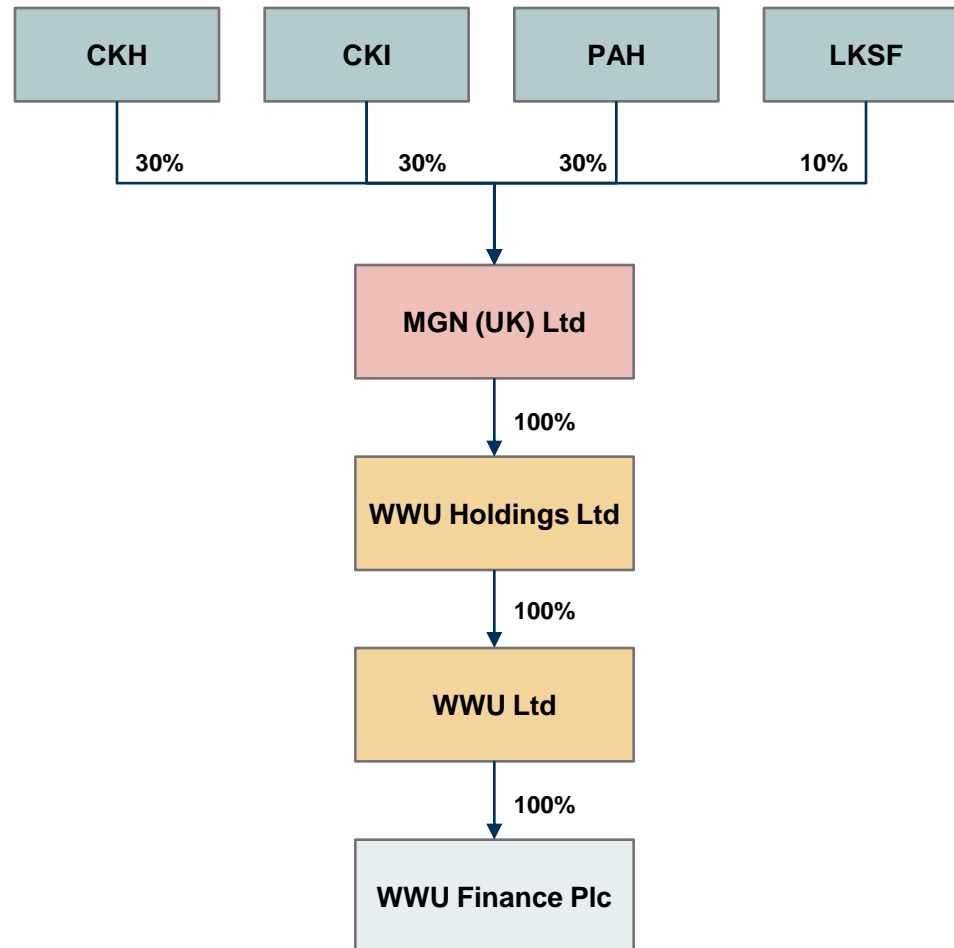
# Transaction Overview

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- Total equity value for the transaction = £645m
- WWU will maintain the current debt structure
- Target closing date end of September 2012, subject to successful completion of regulatory approvals

# Acquisition Structure in a nutshell

- Target closing date end of September 2012, subject to successful completion of regulatory approvals



# WWU and NGN Business Overview

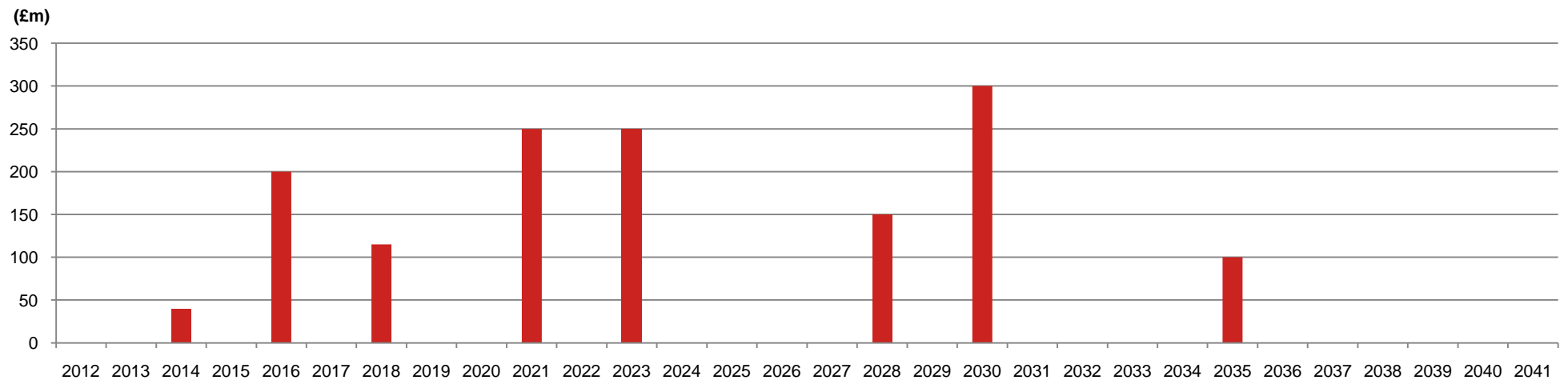
Key Parameters	WWU	NGN
Network coverage	42,000 km <sup>2</sup>	37,000 km <sup>2</sup>
Main pipeline	35,000 km	25,000 km
RAV (as at 31 Mar 2012)	c £1.7bn	c £1.7bn
Population served	c. 7.4m	c 6.7m
Direct employees	1,460	1,229
Credit Rating (S&P, Moody's, Fitch)	A-/Baa1/A-	BBB+/Baa1/-

# Existing financial position

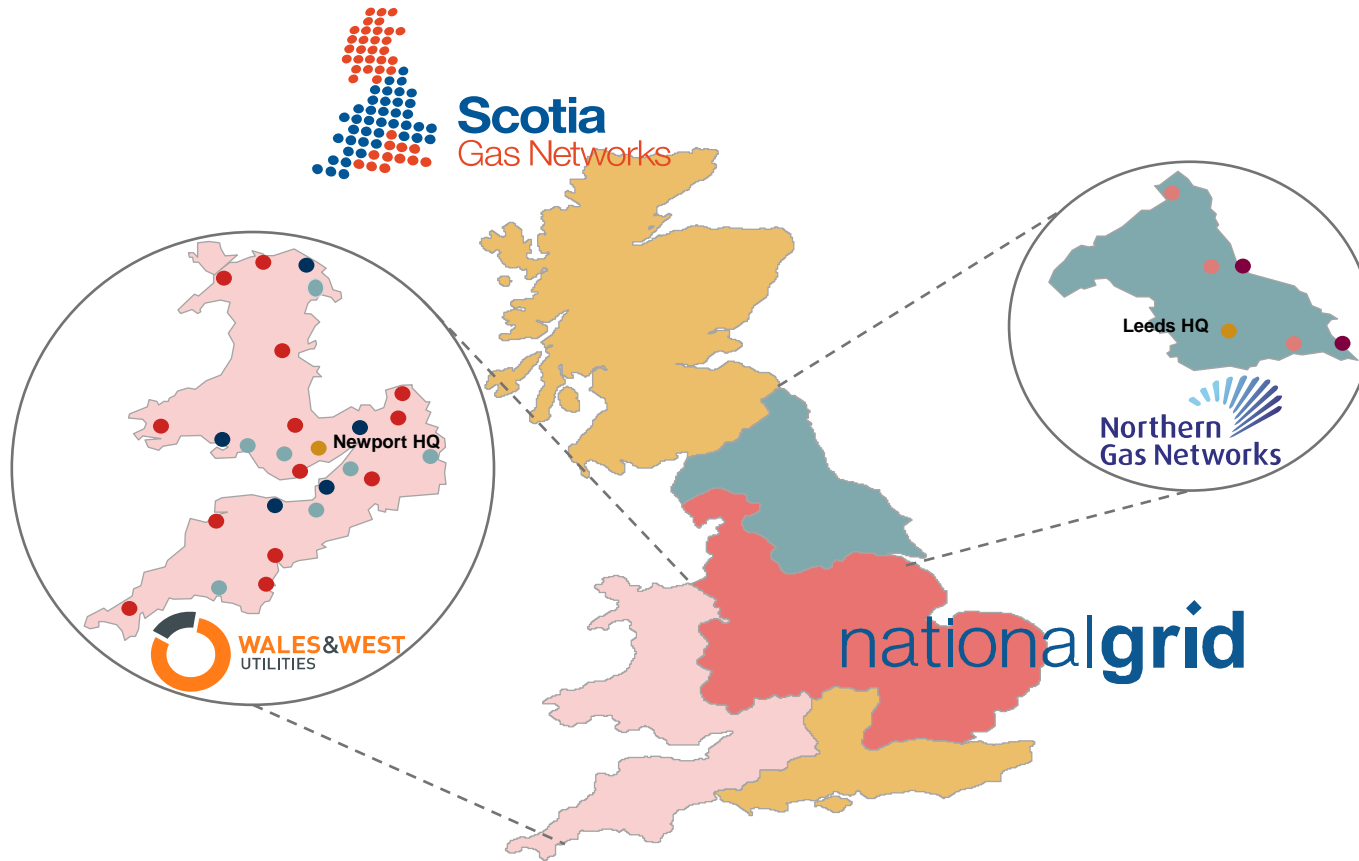
As at Mar 31, 2012:

- Debts = £1,493m
- Net debt = £1,295m
- Absorb existing inflation swaps – intended to match WWU's inflation indexed revenues

## Debt Maturity Profile



# Geographic locations of WWU and NGN



- Drop Off Point
- Fixed Base Operational Site
- Store (unmanned)
- Terminals
- Compressor Stations

# Overview of Initial Proposals for RIIO-GD1

- Ofgem released the Initial Proposals - Headlines on 16 July 2012

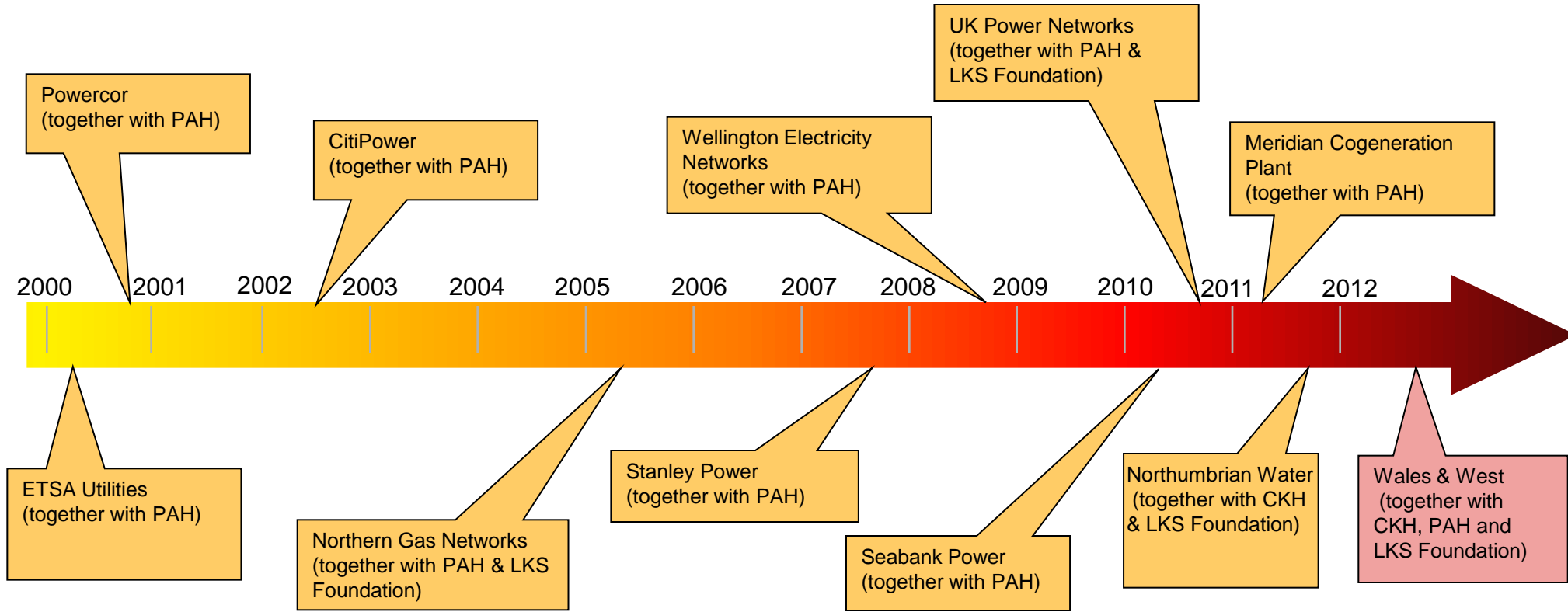
## Key Financial Parameters for all GDNs

Parameter	Initial Proposal
<b>Cost of equity (post-tax real)</b>	6.7%
<b>Cost of debt (pre-tax real)</b>	10-year simple average index
<b>Notional gearing</b>	65%
<b>Repex transition (50% to 100%)</b>	One period, stepped

## A snap shot of the IP for WWU and NGN

Parameter	WWU	NGN
<b>Proposed totex allowances % change against GDPCR1</b>	-15%	4%
<b>IQI score</b>	119	107
<b>Income reward/ penalty (% of totex)</b>	-0.76	1.38

# Appendix 1: CKI's Infrastructure Projects Acquired Since 2000



To be acquired