

09 February 2010
PENNON GROUP PLC
INTERIM MANAGEMENT STATEMENT

Financial performance at Pennon Group Plc since 1 October 2009 has been in line with management expectations.

South West Water remains on target to meet the K4 regulatory contract. As announced on 18 January 2010, SWW has decided not to ask Ofwat to refer its Price Determination to the Competition Commission.

Despite current economic conditions Viridor is performing well and remains confident of delivering continued full year growth in profits.

The Group has now fixed or put in place swaps to cover £733m of South West Water debt to the end of K5. In addition, a further £70m remains fixed from K4 up to March 2011. In total this amounts to 50% of South West Water's net debt fixed for the first year of K5. The average rate achieved on the £803m fixed rate debt is circa 3.75%. In addition, £353m of South West Water's debt is index linked at an overall real rate of 1.66%.

Since 1 October the Group has secured £270m of funding, including re-financing £165m of existing funding.

The Board announced last month its intention to continue to pursue a progressive policy of growing the Group dividend in real terms, at least up to 2014/15 and expects to be able to provide further detail with its Preliminary Results on Tuesday 25 May 2010.

The interim dividend for the year ending 31 March 2010, announced with the Company's Half Year Report on 19 November 2009, of 6.95p per share will now be paid to shareholders on 1 April 2010 (6 days earlier than previously announced). The final date for receipt of Forms of Election/Mandate in respect of the scrip dividend alternative for the interim dividend (which will be sent to shareholders on 19 February 2010) will therefore now be 15 March instead of 22 March 2010 as previously announced.

Further information on Pennon, South West Water and Viridor can be found on the Group's website, www.pennon-group.co.uk

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