



PENNON

GROUP PLC

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Investment Conference

Frankfurt, 1-2 February 2011

Pennon Group Plc (“Pennon Group”)

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Pennon Group Plc

Overview

Pennon Group Plc is a large FTSE 250 company which operates and invests in water and sewerage services, waste management, recycling and renewable energy. It has assets of around £3.9 billion and a workforce of over 4,100 people

Pennon Group's business is operated through two subsidiaries:

- **South West Water Limited** holds the water and sewerage appointments for Devon, Cornwall and parts of Dorset and Somerset
- **Viridor Limited** is one of the leading waste management, recycling and renewable energy businesses in the United Kingdom
- E-mail alert service available from website, www.pennon-group.co.uk

Pennon Group Plc

Strategy

- Pennon Group Board's strategy is to promote the success of the Group for the benefit of its shareholders through its focus on water and sewerage services, waste management, recycling and renewable energy

- In pursuit of its strategy the Group aims to be a pre-eminent provider of customer services to high standards of quality, efficiency and reliability whilst having regard to a wide range of matters including:
 - the impact of its operations and activities on the community and the environment
 - the maintenance of high standards of business conduct
 - the need to foster business relationships with suppliers, customers and other key persons important to the success of the Group
 - the likely long-term consequences of any decisions
 - the interests of its employees

Pennon Group Plc

SRI Credentials

- Latest **Carbon Disclosure** rating of 72 and a **Carbon Performance** rating of 'B'
 - Pennon registered for the **Carbon Reduction Commitment Energy Efficiency Scheme** - first allowances to be purchased in April 2011
- Pennon Group **generates more than double** the energy it consumes
- Member of the **FTSE Environmental Opportunities All-Share Index**
- Continued participation in the **FTSE4Good Index**
- SWW / Viridor notable 2009/10 SRI Achievements on pages 18-19 and 28-29

Pennon Group Plc

Investment Characteristics

- Top end of FTSE 250
- Clearly focussed strategy
- Steady growth with exposure to resource/cyclical upswings
- Strong SRI credentials
- Index linked asset base
- Defensive

Pennon Group Plc

Summary Financial Results

	For the half year ended			Full Year
	30 September			2009/10
	2010	2009 (Restated) ⁽¹⁾	Change	(Restated) ⁽¹⁾
	£m	£m		£m
Group revenue	593.2	535.5	10.8%	1,068.9
Group operating profit	133.3	133.3	-	266.3
- SWW	100.4	100.7	(0.3)%	193.5
- Viridor	33.4	32.0	4.4%	72.8
<i>Viridor PBIT plus joint ventures</i>	38.4	33.1	16.0%	77.0
Group profit before tax	96.2	95.5	0.7%	185.8
- SWW	70.2	70.6	(0.6)%	129.5
- Viridor	28.6	22.2	28.8%	55.1
Earnings per share⁽²⁾	21.0p	20.7p	1.4%	40.8p
Dividend per share	7.50p	6.95p	7.9%	22.55p

- **SWW results include**
 - increased demand from summer usage during dry weather
 - asset sales in H1
- **Viridor results include recyclate prices recovered from the low levels of H1 2009/10**

⁽¹⁾ Restated for the application of IFRIC18, effective from 1 July 2009

⁽²⁾ Underlying – before deferred tax

Pennon Group Plc

Net Borrowings

	As at 30 September		As at 31 March
	2010 £m	2009 £m	2010 £m
Loans and finance leases			
- over one year	2,339	2,009	2,160
- under one year	78	317	229
	<u>2,417</u>	<u>2,326</u>	<u>2,389</u>
Less: cash and cash equivalents	(540)	(428)	(494)
Net borrowings	<u>1,877</u>	<u>1,898</u>	<u>1,895</u>
Net gearing ⁽¹⁾	74%	77%	74%
SWW debt/Regulatory Capital Value (RCV)	58%	62%	61%

- **Gearing stable**
- **Significant pre-funding for SWW & Viridor**

⁽¹⁾ Net debt / (equity + net debt)

Pennon Group Plc

Net Debt Analysis as at 30 September 2010

	£m
Finance leasing	1,221
Bank bilaterals – Revolving Credit Facilities/term loans	350
EIB	276
Index linked bond 2057	219
Bond 2040	132
Private placements	100
Convertible bond	114
Other	5
Total gross debt	<hr/> 2,417
Less: Cash/liquid investments	(540)
Total net debt	<hr/> 1,877 <hr/>

- **Key role of finance leasing**
- **Diversified funding sources**

Pennon Group Plc

Net Interest Payable⁽¹⁾

	For the half year ended 30 September		Full Year
	2010 £m	2009 £m	2009/10 £m
Interest payable	(44.9)	(40.1)	(87.4)
Interest receivable on shareholder loans to joint ventures	3.1	1.2	3.1
Other interest receivable	2.6	3.4	6.1
Net interest payable	<u>(39.2)</u>	<u>(35.5)</u>	<u>(78.2)</u>
Average rate of interest	4.2%	3.7%	4.1%
Net interest cover	3.4x	3.8x	3.4x

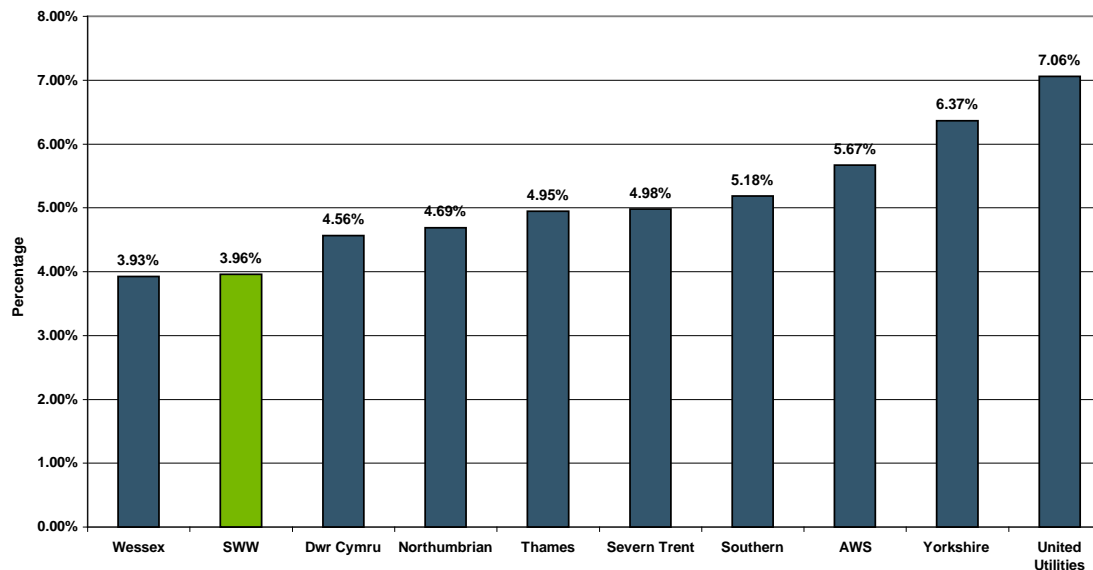
- **Growing contribution from shareholder loans to JVs**
- **Effective management of interest rates**
 - **Group 4.2%**
 - **SWW 4.0%**
- **Average interest rate impacted by the cost of carry of pre-funding**
 - **SWW rate comprises debt interest cost 3.6% and cost of pre-funding 0.4%**
- **Higher Plc interest costs from the pre-funding of Viridor investment**

⁽¹⁾ Excludes pensions net interest, discount unwind on provisions and IFRIC12 "Contract interest receivable"

Water Industry

2009/10 Average Interest Rate

Water Industry 2009/10 Average Interest Rate on Net Debt



- One-off benefit from 2009/10 low/negative RPI for companies with high level of index-linked debt
- SWW interest rate consistently low

Source: Pennon calculation based on company Annual Reports

Basis: Net interest payable (excluding pensions net interest) / average net debt

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Efficient Financing Strategy

- Mix of fixed, floating and index-linked rate borrowings
 - locks in benefit of low interest rates versus OFWAT assumptions
 - c.24% of SWW current debt index-linked to 2041-2057
- At least 50% of SWW net debt fixed for K5 in line with Group Policy
 - weighted average rate of 3.8%
- Significant finance leasing with long maturity and secured margins
- New financing initiatives in 2010/11
 - £325m new/refinanced facilities since 31 March 2010 including the SWW £150m 2040 Bond
- £125m EIB loan under negotiation
- **Average debt maturity 23 years**
- **Index-linked debt: average real rate 1.66%**

Pennon Group Plc

Liquidity

- Cash balances of £540m at 30 September 2010 (includes c.£86m deposits with Letter of Credit providers and lessors)
- Committed undrawn facilities of £250m at 30 September 2010
- Committed funding in place for South West Water
 - c.£200m will mature over the rest of K5 (2010-2015) equivalent to 10% of SWW gross debt and 8% of RCV
 - c.£290m due to mature in K6 (2015-2020)
- Refinancing of existing facilities being progressed as required

Pennon Group Plc

Dividends

- Interim dividend increased by 7.9% to 7.5p per share
- Enhanced progressive dividend policy: 4% real to end of K5 period (March 2015)
- Scrip dividend alternative



SOUTH WEST WATER

South West Water Regional Context

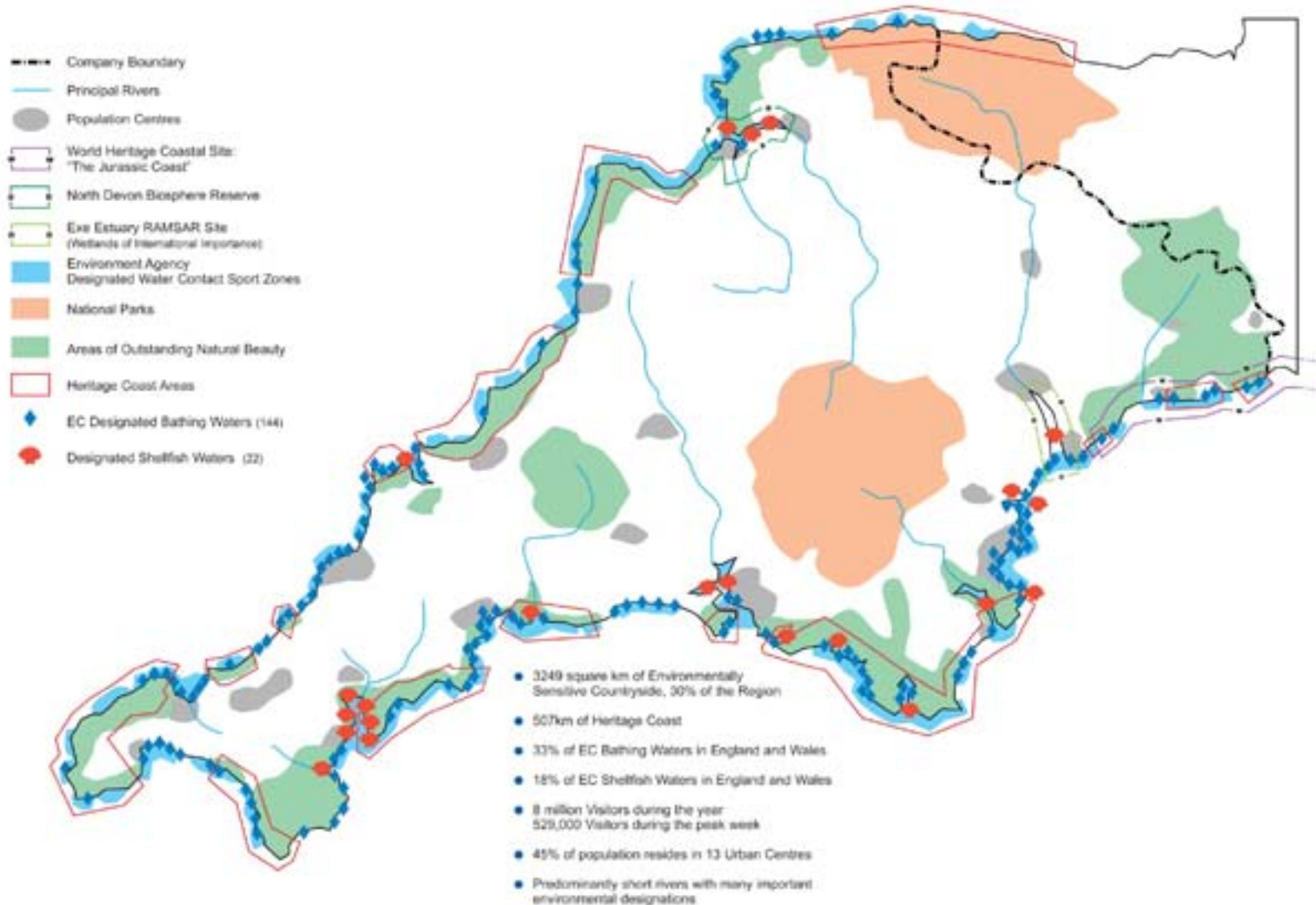


South West Water

Key Business Statistics

- 1.65m resident population; 10m annual visitors
- Water and sewerage undertaker serving a region of nearly 10,300 km²
- 15,100 km of water distribution mains; 9,300 km of sewers
- 15 impounding reservoirs; 39 water treatment works; 634 waste water treatment works
- 70% domestic customers metered
- 1,200 employees
- Region of outstanding environmental quality

South West Water Environmental Context



South West Water

Notable 2009/10 SRI Achievements - I

Pure Water

- **Water mains refurbishment and replacement** programme completed ahead of schedule
- Industry-leading **leakage performance** level
 - 40% reduction since 1995
- **No hosepipe bans or drought orders** – 2010 14th consecutive summer
- Industry leading **water quality** 99.98% - well above national average
- Best ever **Overall Performance Assessment (OPA)** – highest amongst quoted companies

SWW's vision: "Pure Water, Pure Service and Pure Environment"

South West Water

Notable 2009/10 SRI Achievements - II

Pure Service

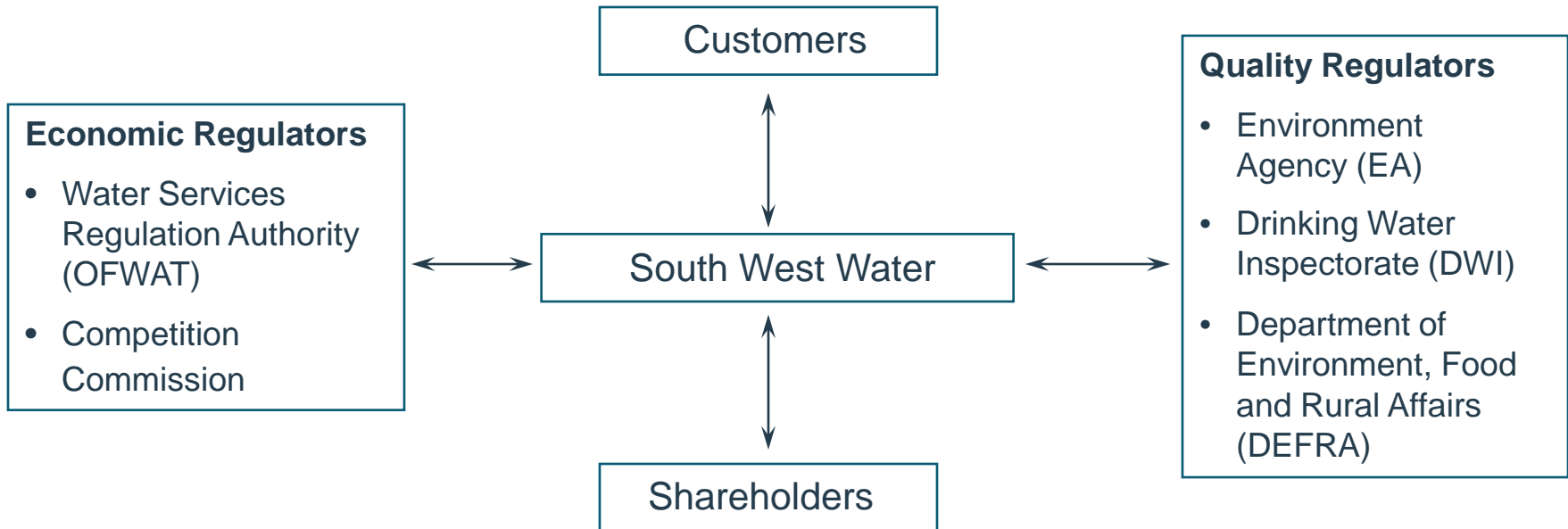
- 7,000 households have benefitted from our **WaterCare programme** since 2007
- 7,341 customers on our **Priority Services Register** being provided with additional help

Pure Environment

- **Innovative partnerships** delivering environmental improvements
 - Bathing water management projects
 - 'Upstream Thinking' and catchment management
- Final "**Clean Sweep**" schemes (improving coastal water quality) almost complete
- **No Category 1 incidents** (waste water discharge) for 11th successive year
- '**Upstream Thinking**' (flagship environmental project) wins Water Industry Achievement Award for sustainable water improvements
- 70% domestic customers now **metered**

SWW's vision: "Pure Water, Pure Service and Pure Environment"

South West Water *Stakeholders and Regulators*



South West Water

Financial Performance Summary

	For the half year ended 30 September		Full Year
	2010	2009 (Restated) ⁽¹⁾	2009/10 (Restated) ⁽¹⁾
	£m	£m	£m
Revenue	230.9	226.5	444.2
Operating profit before restructuring costs	102.8	102.6	198.5
Operating profit	100.4	100.7	193.5

- **H1 operating profit stable, despite reduced allowed rate of return**

⁽¹⁾ Restated for the application of IFRIC18 "Transfers of assets from customer", effective from 1 July 2009

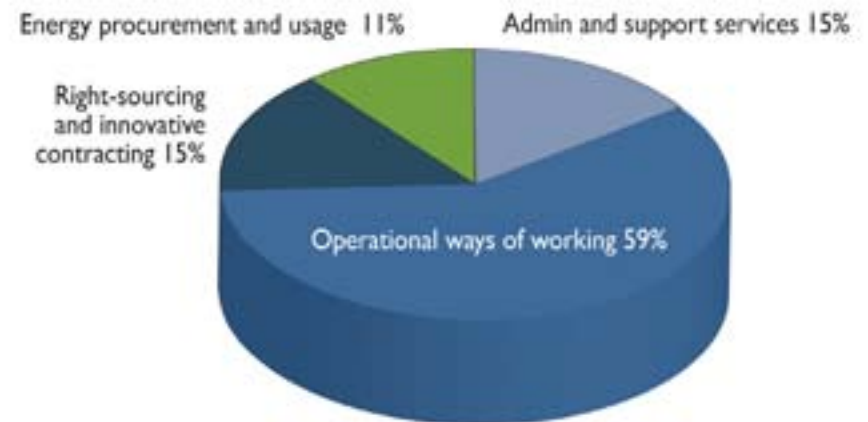
South West Water *Operating Cost Efficiency*

- K5 opex efficiency 2.8%⁽¹⁾ pa
 - step change required
 - focus on front-end loaded delivery
 - targeting highest efficiency band rating

- Efficiency delivery
 - operational ways of working
 - right-sourcing and innovative contracting
 - energy procurement and usage
 - re-aligned admin & support services

- Efficiency of £4.4m (6.1%)⁽²⁾ delivered in H1 2010/11 (H1 2009/10 £2m)

2010-2015 (K5)



⁽¹⁾ Average over K5

⁽²⁾ Annual equivalent

South West Water Capital Programme

2005-2010 (K4)



2010-2015 (K5)



- K5 maintenance focused investment programme
- Targeting 5% outperformance of Final Determination⁽¹⁾
- Expenditure £40.3m in H1 2010/11 (H1 2009/10 £71.5m⁽²⁾)
 - construction works on an Exeter water treatment works flood defence scheme
 - connected Stannon Lake (4th largest reservoir) into network

⁽¹⁾ The price limits and expenditure plans determined by OFWAT for SWW for 2010-2015. Using COPI assumed by Ofwat in FD09 - targeting better than Capital Expenditure Incentive Scheme (CIS) baseline performance

⁽²⁾ Prior year includes £18.3m water mains rehabilitation project

South West Water

Operational Highlights: Delivering the Regulatory Contract - I

- Step change in operational cost efficiency
 - organisational restructuring £4m costs planned in 2010/11 (H1 - £2.4m)
 - 94% of K5 energy purchased at lower price than in 2009 Final Determination for K5 from OFWAT
- Bad debt charge stable as a percentage of revenue
 - marginal increase in bad debt provision
 - slower collection of new debt offset by targeted collections of older debt
 - schemes assisting vulnerable customers in place
 - FreshStart and Watercare schemes
 - metering and debt advice campaign directed at vulnerable customers

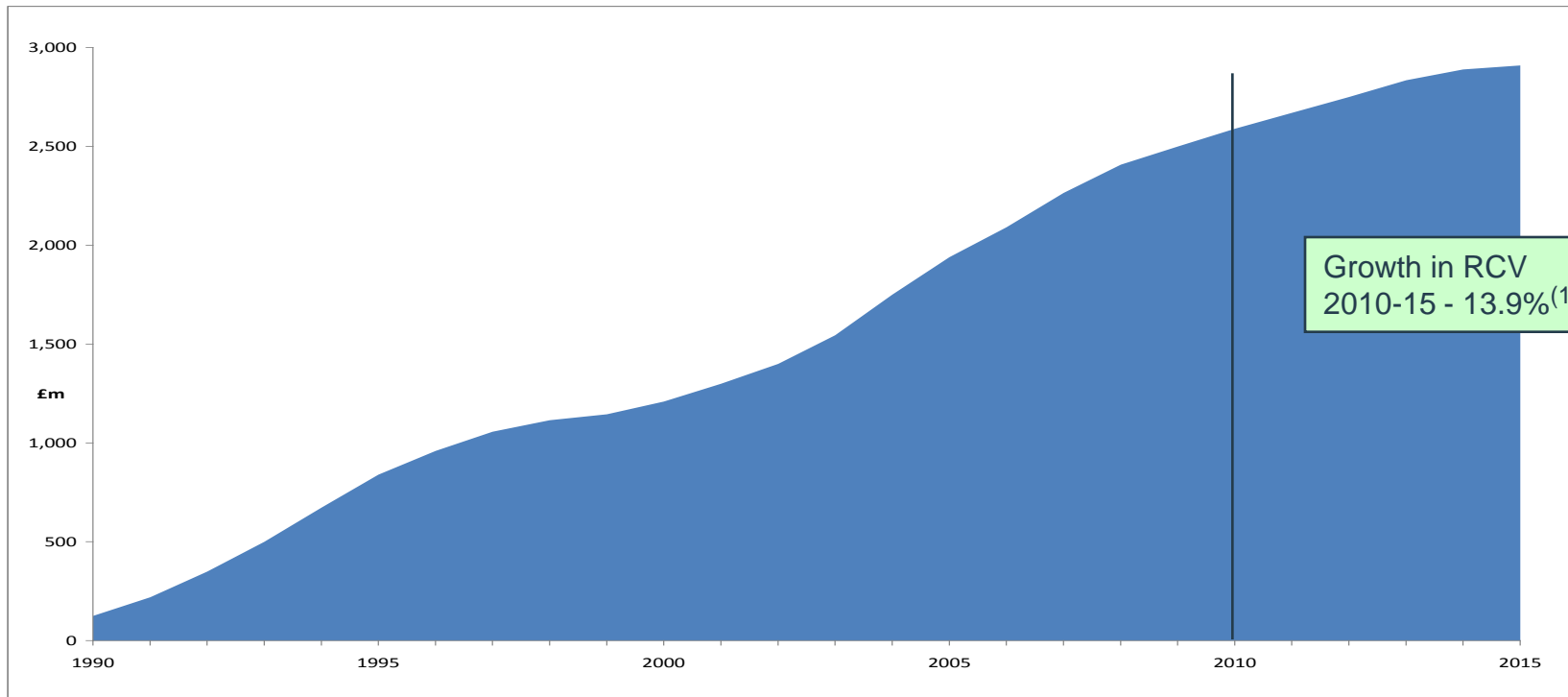
South West Water

Operational Highlights: Delivering the Regulatory Contract - II

Logging up/IDoK potential

- **Private sewers**
 - adoption planned for October 2011
 - updating studies to ascertain scale of capital investment
- **Water Framework Directive and Revised Bathing Water Directive**
 - studies under way to ascertain scale of capital investment
- **Strong start to the new regulatory contract**

South West Water Shareholder Value



- Expect growth in Regulatory Capital Value to continue to exceed growth in net debt
- Gearing at H1 58%
 - expect to increase slightly at year end due to timing of dividend payments
- Potential for future investment to further increase RCV growth
 - e.g. private sewers adoption

⁽¹⁾ Outturn prices growth for K5 based on RPI 3.4% 10/11, 2.9% average thereafter

Viridor

Viridor *Strategy*

- To grow and add value by
 - proactively developing new recycling operations to meet ambitious EU/UK targets
 - successfully exploiting the huge potential in waste-based renewable energy generation
 - capitalising on strong position in landfill waste disposal

Viridor

Notable 2009/10 SRI Achievements - I

- **1.9m tonnes recovered / recycled**
 - Six major recycling-led contracts secured or started
- **Power generation** capacity increased by 27.5MW
 - Two additional EfW facilities incorporated into operations
- All planning consents achieved at **UKs largest ever combined waste and renewable energy project** at Greater Manchester
 - 29 of 42 new facilities built and now operational
- **5 new recycling facilities** now operational

***Recycling and Waste Management Business of the Year** (National Recycling Awards, July 2010)*

Viridor

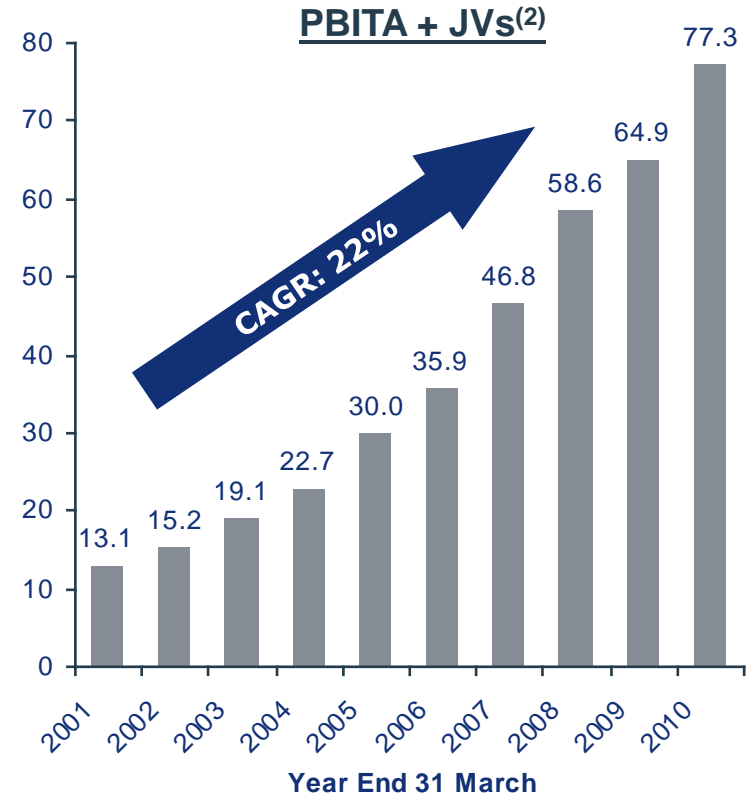
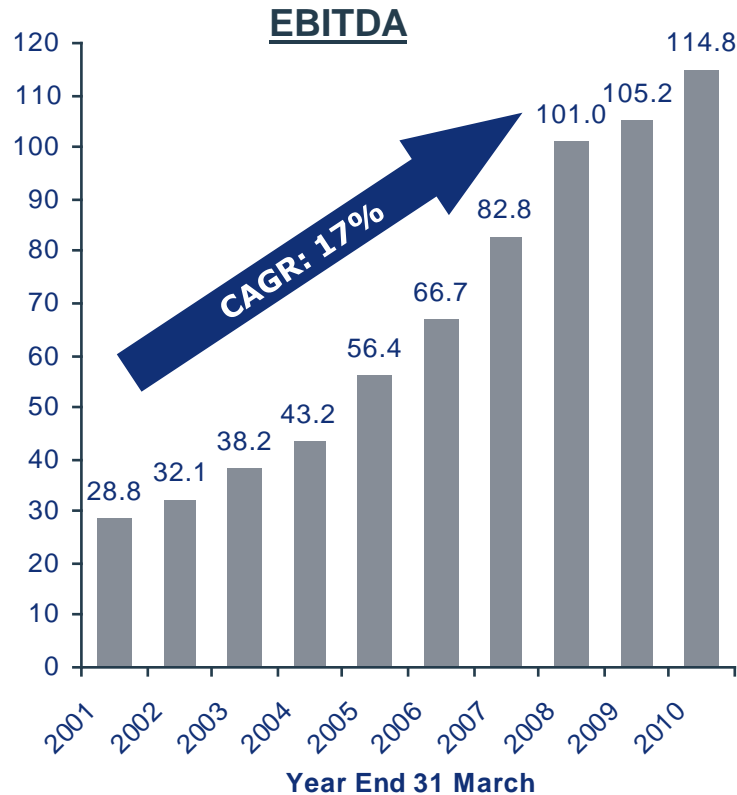
Notable 2009/10 SRI Achievements - II

- 13 out of 16 **corporate responsibility targets** achieved, 2 ongoing, 1 delayed
- **Energy and efficiency reviews** conducted across all Materials Recycling Facilities (MRFs), major reprocessing operations and landfills
 - Significant saving opportunities identified
 - Programme of implementation and evaluation established
- **Employee survey** shows high levels of satisfaction amongst employees
- **Training review completed**
 - Department strengthened
 - Increased access for employees
 - Focus on health and safety
- **Viridor Biodiversity Action Plans** in place at three key sites
 - UK Biodiversity Benchmark initial assessment passed

Recycling and Waste Management Business of the Year (National Recycling Awards, July 2010)

Viridor

Continuing to Deliver Strong Financial Performance⁽¹⁾



⁽¹⁾ 2009 and 2010 figures on an IFRIC 12 basis

⁽²⁾ JVs contributed from 2008

Viridor

2010/11 H1 Financial Performance Summary

	For the half year ended 30 September		Change %	Full Year
	2010 £m	2009 £m		2009/10 £m
Turnover ⁽¹⁾	363.1	309.8	17	626.5
EBITDA	55.6	55.0	1	114.8
PBIT	33.4	32.0	4	72.8
PBIT plus joint ventures ⁽²⁾	38.4	33.1	16	77.0
PBT	28.6	22.2	29	55.1

- **PBIT plus joint ventures up 16%**
- **PBT up 29%**

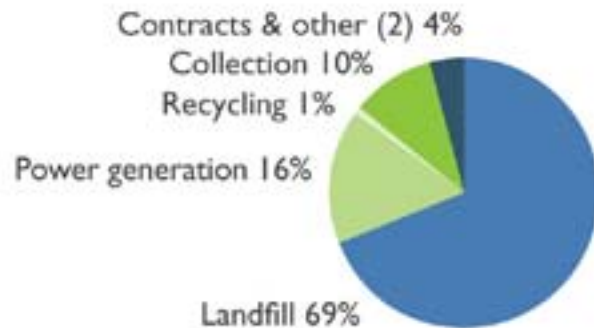
⁽¹⁾ Including landfill tax

⁽²⁾ Interest receivable on shareholder loans plus share of PAT

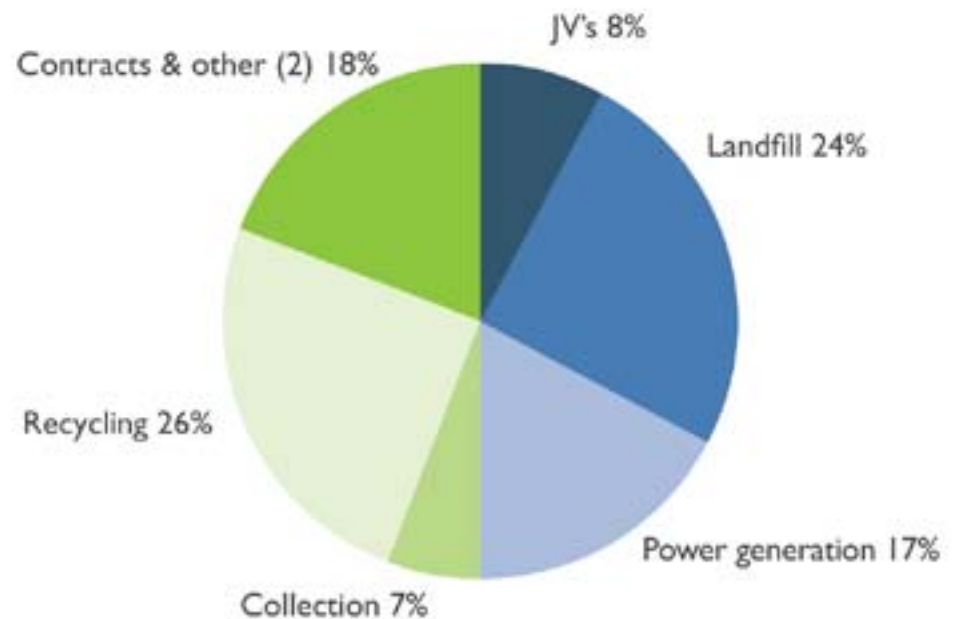
Viridor

Profit Contribution by Segment ⁽¹⁾

Year ended 31 March 2001



Half Year Ended 30 September 2010



- **Business successfully evolving**
- **c.45% of profits from recovering value in waste⁽³⁾**

⁽¹⁾ Contribution plus joint ventures (share of PAT and interest) before intangibles and overheads (including pensions)

⁽²⁾ "Contracts" includes West Sussex PFI, Greater Manchester sub-contract, other municipal contracts and sludge contracts and "Other" includes asset disposals

⁽³⁾ Including 2% energy generation in joint ventures

Viridor

Operational Highlights – Joint Ventures

- Joint ventures' contribution increased to £5.0m (from £1.1m in H1 2009/10)
- **Lakeside** (handed over in January 2010)
 - £1.7m share of PAT
 - £1.3m interest on shareholder loans
- **Viridor Laing Greater Manchester**
 - £0.2m share of PAT, IFRIC 12 basis (£1.6m UK GAAP)
 - £1.8m interest on shareholder loans
 - 29 of the total 42 new planned facilities now completed and operational

Viridor

Operational Highlights – Landfill

- Total volumes decreased by 0.3m tonnes or 12% to 1.8m tonnes
 - decrease is primarily third party industrial and commercial
 - impact of landfill diversion/recycling and recession
- Average gate fees increased by 0.4% (to £21.76 per tonne)
- Consented landfill capacity fell from 77m cubic metres (mcm) at 31 March 2010 to 73mcm at 30 September 2010 reflecting usage in the period and lapse of planning at a redundant site

Viridor

Operational Highlights – Contracts & Other

- Profits well ahead
 - Lakeside local authority volumes
 - increased profits from municipal PFI/PPP contracts/sub-contracts
 - other municipal contracts also ahead more than offsetting reduced profits from sludge contracts

Viridor

Operational Highlights – Recycling

- Volumes traded increased by 172,000 tonnes (25%) to a little over 0.9m tonnes with improved mix
 - existing business 119,000 tonnes (18% increase)
 - acquisitions 53,000 tonnes
- Overall recycling revenues per tonne back up to H1 2008/09 peak levels (after the deterioration in H2 2008/09 and H1 2009/10)
- Landfill tax to increase by £8 per year from current £48 per tonne to £80 per tonne in 2014/15
 - enhances long-term economics of recycling and energy recovery
- Recycling and Waste Management Business of the Year (National Recycling Awards, July 2010)
- **Profit per tonne in recycling appreciably above the level in landfill**
- **Recyclate very economical compared to virgin materials**

Viridor *Acquisitions*

- Viridor continues to grow its business by targeted acquisitions where positive synergies will add value for shareholders
- In June Viridor acquired the Reconomy recycling businesses for a debt-free consideration of £23.8m
 - three MRFs in East Anglia and the South Midlands
- In November Viridor acquired Pearsons Group Holdings for a debt-free consideration of £16.0m
 - MRF and associated facilities in Norfolk
- Ongoing infill acquisitions in key strategic hubs
- Both the above acquisitions have significant operational synergies with Viridor's existing operations in the East of England. They also provide additional recyclate volumes for Viridor's national and international trading network
- Reinforces Viridor's position as the largest operator of MRFs in the UK

Viridor

Operational Highlights – Landfill Gas Power Generation

- Total landfill gas power generation increased by 3% to 280GWh⁽¹⁾
- As flagged, average price down 15% to £69 per MWh (£82 per MWh at 30 September 2009)
 - ROC⁽²⁾-able electricity output (brown energy component) sold forward to March 2010 at peak May 2008 forward prices
- Total operational capacity⁽¹⁾ 103MW at 30 September
 - 64% ROCs, 36% NFFO⁽³⁾ plus small amount of sub-contract
 - c.60% of NFFOs migrate to ROCs in 2013/14; balance split between 2011/12 and 2016/17

(1) Excludes 3MW contribution from sub-contract sites in Suffolk

(2) ROC – Renewables Obligation Certificate

(3) NFFO – Non Fossil Fuel Obligation

Viridor

Renewable Energy Summary - I

- **Landfill gas**
 - 103MW (as at 30 September 2010)
- **Lakeside Energy from Waste (EfW)** joint venture with Grondon Waste Management now operational
 - 410,000 tonnes pa and up to 37MW EfW plant at Colnbrook near Heathrow
- **Bolton EfW** facility (part of GMW sub-contract) already operational (120,000 tonnes pa and 9MW)
- **Runcorn/Ineos Chlor Combined Heat and Power (CHP)** (planning permission achieved September 2008; 750,000 tonnes pa, 120MW, Phases I and II)
 - preliminary works for both phases under way
- **Exeter EfW**
 - 60,000 tonnes pa, 3MW
 - planning permission achieved and contracts being finalised
- **Cardiff EfW** (Trident Park)
 - 350,000 tonnes pa, 30MW
 - planning permission achieved
- **Dunbar EfW**
 - 300,000 tonnes pa, 23MW electricity and 17MW heat
 - planning appeal won December 2010

Viridor

Renewable Energy Summary - II

- **Ardley** (Oxfordshire) EfW
 - 300,000 tonnes, 24MW
 - planning appeal won December 2010
- Other possible long-term **EfW** sites include
 - **Avonmouth** (turned down locally; being appealed)
 - **Plymouth**
- 6 planned **Anaerobic Digestion** (AD) plants
 - **Greater Manchester**: planning permission achieved for 4 ADs (up to 8MW); construction programme commenced
 - **Walpole**, Somerset: planning permission achieved
 - **Beddington**, Croydon: planning permission achieved
- **Total operational capacity: 134.5MW⁽¹⁾**
- **Total consented but not operational capacity: c.140MW⁽¹⁾**
- **Target total capacity 300MW+⁽¹⁾ in 5 years' time**

⁽¹⁾ Includes share of joint venture capacity

Viridor

PPP Prospects

- Preferred bidder for **Oxfordshire**
- Provisional preferred bidder for **Cheshire***
- One of last two for **South Lanarkshire**
- One of last two for **Glasgow**
- One of last three for **South London Waste Partnership***
- **Peterborough**
 - one of last two for EfW
 - one of last three for MRF
- One of last four for **Gloucestershire***
- One of last four for **South East Wales**
- Viridor continues to bid selectively for other contracts

- **Increasing landfill tax is the fundamental driver for the above projects**
- **Healthy list of prospects including renewable energy/Combined Heat & Power (CHP) and recycling opportunities**

* *Government PFI cutbacks may lead to some delays or changes (PPP vs merchant)*

Viridor *Summary*

- Continues to deliver strong growth with exposure to resource/cyclical upswings
- Successfully exploiting opportunities in
 - recycling
 - renewable energy
- c.45% of profits from recovering value in waste
- Growing contribution from joint ventures

- **Strong strategic positioning and favourable long-term trends**

PENNON



GROUP PLC

Pennon Group Plc

Summary

- Strategy clearly focused on water and sewerage services; waste management; recycling and renewable energy
- **South West Water**
 - strong start to the K5 contract
 - targeting outperformance
- **Viridor** delivering strong growth by exploiting opportunities in recycling and renewable energy
 - c.45% of profits from recovering value in waste
 - growing contributions from joint ventures
- Well funded with efficient long-term financing
- **Group businesses well positioned in current economic conditions**



Appendices

Pennon Group Plc

Fair Value of Borrowings

	As at 30 September 2010			As at 31 March 2010		
	<u>Principal Value</u> £m	<u>Fair Value</u> £m	<u>Diff</u> £m	<u>Principal Value</u> £m	<u>Fair Value</u> £m	<u>Diff</u> £m
Finance Leases	1,201	1,034	167	1,205	968	237
Bank bilaterals – RCFs/term loans	315	315	-	250	250	-
EIB	258	226	32	274	236	38
Index-linked bond 2057	219	169	50	219	190	29
Bond 2040	150	155	(5)	-	-	-
Private placements	100	88	12	200	199	1
Convertible bond	125	163	(38)	125	141	(16)
	<u>2,368</u>	<u>2,150</u>	<u>218</u>	<u>2,273</u>	<u>1,984</u>	<u>289</u>

- **‘Fair value’ benefit £218m**

Pennon Group Plc

Pensions as at 30 September 2010

- Gross pension deficit of £115m (March 2010 - £108m)
 - £84m net of tax (March 2010 - £78m)

	September 2010	March 2010
• Pension schemes' assets	£409m	£402m
Pension schemes' liabilities	<u>£524m</u>	<u>£510m</u>
	£115m = £84m net of tax	£108m = £78m net of tax

- Deficit broadly unchanged from the year end**
- Actuarial valuation (as at 31 March 2010) under way**

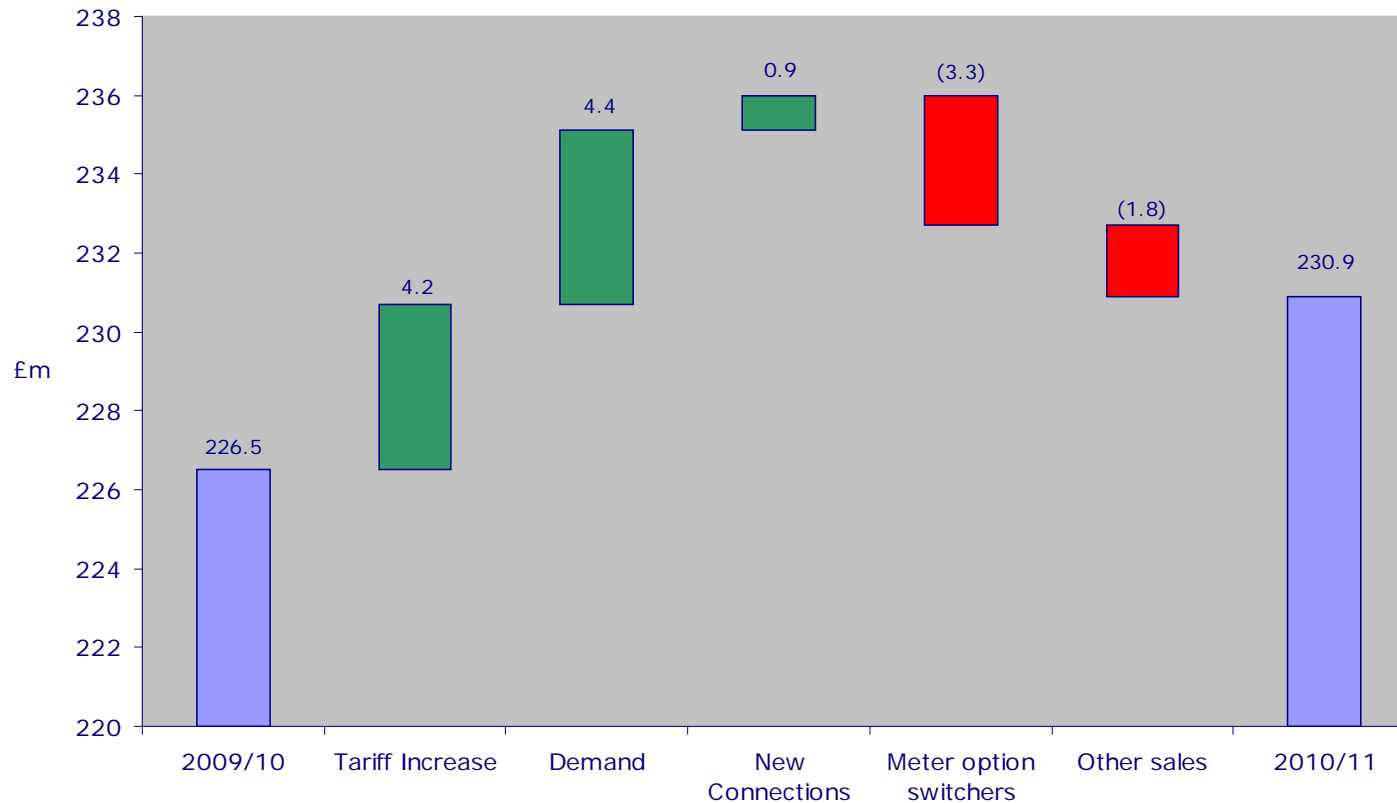
Pennon Group Plc

Taxation

	For the half year ended 30 September		Full Year
	2010 £m	2009 £m	2009/10 £m
UK corporation tax	22.2	23.1	43.0
Deferred tax	(0.8)	3.0	1.3
Deferred tax reduction on change of corporation tax rate	(12.3)	-	-
	9.1	26.1	44.3

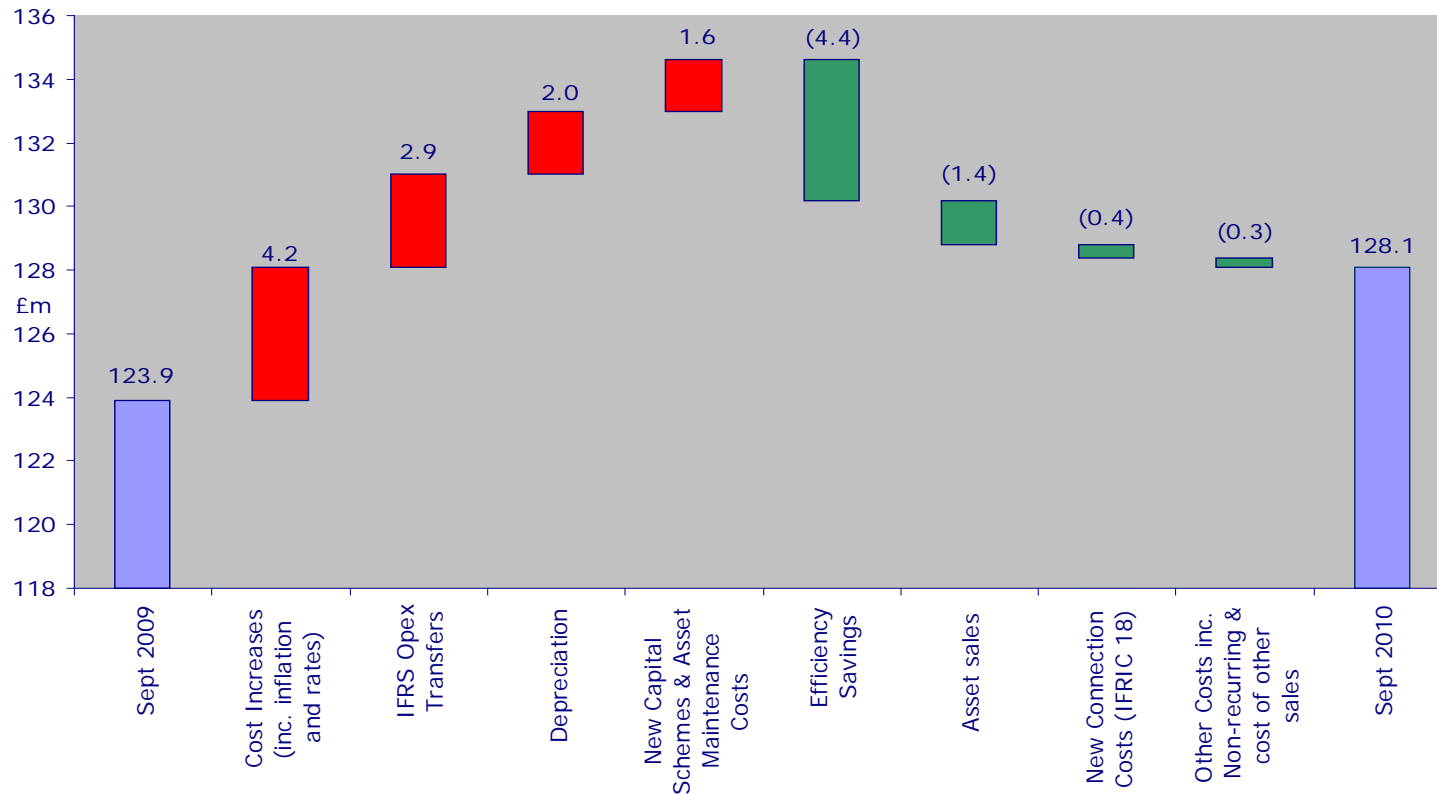
- **Mainstream tax charge 23% (H1 2009/10 - 24%)**

South West Water Revenue



- Tariff increase of 1.4% (inc RPI)
- Increased demand reflecting summer usage, H2 expected to be impacted by lower customer demand
- Continued programme of domestic meter optants – 70% domestic customers now metered

South West Water Operating Costs ⁽¹⁾



- Step change in operating cost efficiency
- Cost increases from rates and higher accounting charges for pensions
- Cost increases lower than headline rate of inflation
- New capital scheme costs and depreciation reflect growing asset base
- Asset sales in H1

⁽¹⁾ Before restructuring

Viridor

2010/11 H1 Financial Highlights

- Revenue increased by £53.3m (17%) to £363.1m
 - acquisitions⁽¹⁾ accounted for £17.8m
 - existing business increased by £35.5m (including increase in landfill tax of £8.2m)
- EBITDA increased by £0.6m to £55.6m
- PBIT increased by £1.4m (4%) to £33.4m
- Joint ventures (Lakeside and Viridor Laing Greater Manchester) interest receivable on shareholder loans £3.1m (H1 2009/10 - £1.2m) and share of profit after tax £1.9m (H1 2009/10 - £(0.1)m)
- PBIT plus joint ventures increased by £5.3m (16%) to £38.4m
- PBT increased by £6.4m (29%) to £28.6m
- Capex £30.5m (H1 2009/10 - £26.4m)
- Investment in joint ventures £7.2m (H1 2009/10 - £22.5m)

Viridor

Strong Strategic Positioning

- Traditional landfill business remains strong
- Ambitious EU/UK waste management targets for recycling, energy from waste, landfill diversion
 - Landfill Directive/WEEE Directive etc
 - backed by steeply rising landfill tax and other mechanisms
 - c£15bn investment required in UK by 2020
- Ambitious EU/UK renewable energy targets
 - waste provides low cost, base load, distributed energy
 - key technologies: methane capture (landfill gas/anaerobic digestion) and combustion (especially CHP)
 - waste already the major source of renewable energy in UK (1.5% of total UK electricity with potential to reach 6% by 2015)
- World resource constraints increasingly recognised (oil/pulp/metals/aggregates/topsoil)
 - pressure on manufacturers to prove green credentials
 - recycles substantially cheaper than virgin materials; now an established market
- Significant planning barriers for waste and renewable energy infrastructure

Pennon Group Plc

Glossary of Terms

South West Water

COPI	Construction Outputs Price Index
FD09	2009 Final Determination for 2010 - 2015
Final Determination	The price limits and expenditure plans determined by OFWAT for SWW for a 5 year period
K4	2005 - 2010
K5	2010 – 2015
K6	2015 - 2020
RCV	Regulatory Capital Value
RPI	Retail Price Index

Viridor

CHP	Combined Heat and Power
EfW	Energy from Waste
MRF	Materials Recycling Facility
NFFO	Non Fossil Fuel Obligation
ROC	Renewables Obligation Certificate