



Glas Cymru Cyfyngedig

Press Release

11 May 2000, 12.30 pm

Glas acquires Welsh Water

The Board of Glas Cymru Cyfyngedig (Glas Cymru) is pleased to announce that the company has today formally acquired Dwr Cymru Welsh Water. Glas Cymru had previously reached agreement with Western Power Distribution on the terms of the acquisition, and following the success of the recent bond issue, which raised £1.85bn, the transaction has been completed.

The acquisition by Glas Cymru will ensure that the ownership and control of Welsh Water is secured for the long term. The Board of Glas Cymru believes that this will be in the best interests of Welsh Water, its customers and the environment. Glas Cymru's plans offer the prospect of lower bills for Welsh Water customers and secure continued investment in the water industry and environment in its whole area of operation.

The new company creates a stable, long term ownership structure for Welsh Water. It focuses the management of Welsh Water exclusively on, and holds them directly accountable for, the efficient provision of high quality services to Welsh Water customers at the lowest available cost.

Because Glas Cymru has no ordinary shareholders, the benefits of a lower cost of capital will go to Welsh Water's customers. Glas Cymru achieved its aim of securing a solid investment grade rating for the bonds issues, allowing it to raise long term capital on attractive terms.

The success of the transaction demonstrates that this innovative structure sits well within the regulatory framework. It is an appropriate way of providing water services in Wales, and customers can be confident that Welsh Water is being managed with a focus on environmental quality and customer demands for lower bills.

Lord Burns, Chairman of Glas Cymru, said today:

"This is a good day for customers in the Welsh Water region. The deal secures local ownership and stewardship of Welsh Water's assets.

This innovative solution has secured the support of customers, the regulator, politicians and investors. Glas Cymru now looks forward to delivering on our promises and to a sustainable and successful future for Welsh Water."

Further information on Glas Cymru and its plans for Welsh Water is available at www.glascymru.com or call 029 2050 4028