

Glas Cymru Announces New Non-Executive Directors

5 March 2001

The Board of Glas Cymru Cyfyngedig is pleased to announce the appointment of three new non-executive directors.

Glas Cymru was formed last year for the sole purpose of acquiring Welsh Water - the regulated water company serving most of Wales and some adjoining areas of England - from its American owners, Western Power Distribution. Glas Cymru expects to complete the acquisition of Welsh Water in the Spring of this year.

Dame Deirdre Hine, 63, is President of the Royal Society of Medicine and Chairman of the Commission for Health Improvement. She has had a long and distinguished career in public health and was awarded the DBE for services to medicine in 1997. Deirdre was Chief Medical Officer at the Welsh Office between 1990 and 1997 and was a Member of the Audit Commission for England and Wales between 1998 and 1999. She is currently an Independent Member of the House of Lords Appointments Commission. Deirdre Hine was born in Cardiff and educated at Westfield House School Cardiff and the University of Wales College of Medicine. She is an Honorary Fellow of the University of Wales Institute, an Honorary Doctor of the University of Wales and an Honorary Fellow of the Royal College of Surgeons.

John Bryant, 57, joined the steel industry in 1965 at the Steel Company of Wales, Port Talbot Works. He joined the Board of British Steel in 1996 and was appointed Chief Executive in January 1999. When British Steel merged with Koninklijke Hoogovens to form Corus in October 1999, John Bryant became Joint Chief Executive. He left Corus in December 2000. He has been a non-executive director of the Bank of Wales since March 1996. John Bryant was born in Cardiff and was educated at West Monmouth School, Pontypool and Cambridge University, where he graduated with a degree in Natural Sciences. He is a Fellow of the Royal Academy of Engineering, a Fellow of the Institute of Materials and an Honorary Doctor of Science of the University of Wales.

Tony Hobson, 53, was Group Finance Director of Legal & General Group plc for 14 years and retired from the Board on 28 February 2001. Legal & General is one of the UK's largest insurance and asset management companies with a current market capitalisation of some £9billion. Prior to joining Legal & General, Tony was Finance Director, Europe, Middle East, and Africa, with Sperry Corporation. He was a non-executive Director of Thames Water plc from 1994 until its recent take-over by RWE, latterly acting as the senior Independent Director. Tony qualified as a chartered accountant with Arthur Andersen & Co and holds degrees from the University of Liverpool and the Darden Graduate School of Business, University of Virginia.

Lord Burns, Chairman of Glas Cymru, said today:

"I am delighted that Dame Deirdre Hine, John Bryant and Tony Hobson have agreed to join the Board of Glas Cymru. We now have a complete Board with a very broad range of skills and expertise to draw upon. All our directors are individuals of standing, with substantial reputations and records of achievement.

"The Board of Glas Cymru will ensure that Welsh Water is well managed, properly accountable and focussed only on providing high quality services at least cost to the communities served by Welsh Water. In addition, the strength and calibre of the Board will contribute to raising the new long maturity, high quality bonds that will finance Welsh Water's assets and its on-going capital investment programme."

The three new appointments bring the number of non-executive directors to six, including the Chairman, Lord Burns. Glas Cymru's constitution requires that the Board at all times has a majority of independent non-executive directors. The other non-executive directors are Alison Carnwath, Chairman of Vitec Group plc and a non-executive director of the Nationwide Building Society and Skillsgroup plc, and Geraint Talfan Davies, former Controller of BBC Wales and Chairman of the Institute of Welsh Affairs. There are currently two executive directors, Nigel Annett and Chris Jones, who until last year were directors of Welsh Water. Mike Brooker, currently Managing Director of Welsh Water, will join the Board of Glas Cymru on completion of the transaction.

Notes for editors

- 1 Glas Cymru is a new and independent company which was formed last year for the sole purpose of acquiring Welsh Water, the regulated company that provides water and sewerage services to over three million people living and working in Wales and some adjoining parts of England. Welsh Water is currently owned by Hyder plc which was taken-over by Western Power Distribution in September last year. Glas Cymru expects to complete the acquisition of Welsh Water in the Spring of this year.
- 2 Glas Cymru is a company limited by guarantee, registered under the Companies Act 1985. A company limited by guarantee is the same as any other company except that it has no share capital, and instead of shareholders it has members. Members of a company limited by guarantee carry out the normal corporate governance duties of shareholders, but unlike shareholders they do not receive dividends nor do they have any other financial interest in the company. The Board of Glas Cymru will be shortly publishing its Membership Policy and will be seeking applications from individuals with an interest in Welsh Water, and who have the experience, knowledge and skills to carry out the important corporate governance role, to become Members of the Company.
- 3 Glas Cymru's plans are mainly concerned with the overall direction of Welsh Water and in particular the way in which Welsh Water is financed and governed. The acquisition of Welsh Water by Glas Cymru will ensure that the ownership and control of Welsh Water is secured for the long term. Glas Cymru will finance Welsh Water's assets with high quality bonds plus financial reserves. This is the key feature of Glas Cymru's plans.
The water industry is very capital intensive and the cost of paying a return on money raised to finance assets is Welsh Water's single biggest cost, currently absorbing nearly a third of Welsh Water's annual revenues. Since privatisation in 1989, Welsh Water has invested over £2.5 billion on water and environmental quality improvements, and it will invest a further £1.2 billion in the five years to 31 March 2005. By demonstrating and reinforcing the fact that Welsh Water, a monopoly providing an essential public service, is a very low risk business, Glas Cymru will reduce Welsh Water's cost of finance and generate significant cost savings for the benefit of Welsh Water's customers. As Glas Cymru has no equity shareholders, all financial surpluses arising from lower costs will be re-invested for the benefit of Welsh Water, its customers and the environment instead of going to equity shareholders as higher dividends.
- 4 On 31 January this year, Ofwat, the water industry regulator, announced that it would allow Glas Cymru's proposals to proceed, provided that a package of modifications to Welsh Water's Licence proposed by Ofwat was full implemented and certain other conditions delivered, and that Glas Cymru's Financing Plan was successful. Glas Cymru's constitution requires that the Board at all times has a majority of non-executive directors and this is reinforced by one of the proposed Licence modifications.

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