

Dee Valley Group plc (the "Company" or "Dee Valley")

Response to Regulatory Review

On 2 December 2004, Ofwat announced its Final Determination of price limits applicable to the period from 2005 to 2010.

Following a detailed analysis of the proposals, the Board of Dee Valley has decided to accept the Final Determination.

Ofwat has set demanding efficiency targets for both operating and capital expenditure. However, the Company believes that it can achieve these cost savings over the five-year period.

In the light of the above, the Board has decided its dividend policy for the next regulatory period, from 2005 to 2010. In the absence of unforeseen circumstances, it is the Board's intention to at least maintain dividends in real terms over the five-year period.

For further information, contact:

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