

DEE VALLEY GROUP plc (the “Group”)

The Group’s operating Company, Dee Valley Water, has today, 12 September 2007, applied to Ofwat, the water industry’s financial regulator, for an Interim Determination of Prices.

The application has been triggered by increases in costs incurred in the following areas:

- An increase, over that allowed at the Periodic Review of Prices in 2004, in the number of customers switching from unmeasured to measured charges;
- Increases in the level of bad debts and the cost of debt collection;
- Increases, above the rate of inflation, in charges paid to the Environment Agency for the abstraction of raw water and discharge of effluent; and
- New legal obligations associated with the safety of the operating assets.

Ofwat will announce its determination on the Company’s application no later than Friday 14 December 2007.

Any changes to the prices charged by the Company resulting from this application will become effective from 1 April 2008.