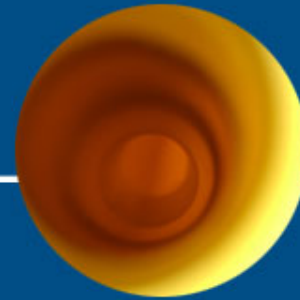


**Visit to Australia
February/March 2006**



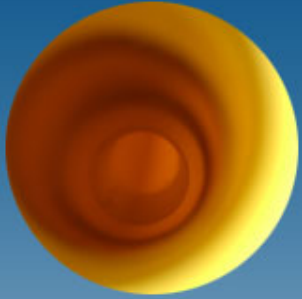
INEXUS

Philip Gibb

Chief Executive



Agenda



- Prospects
- Business Performance
- Markets & Competition
- Regulation
- Operations
- Summary

Considerable growth prospects



Competitive advantages

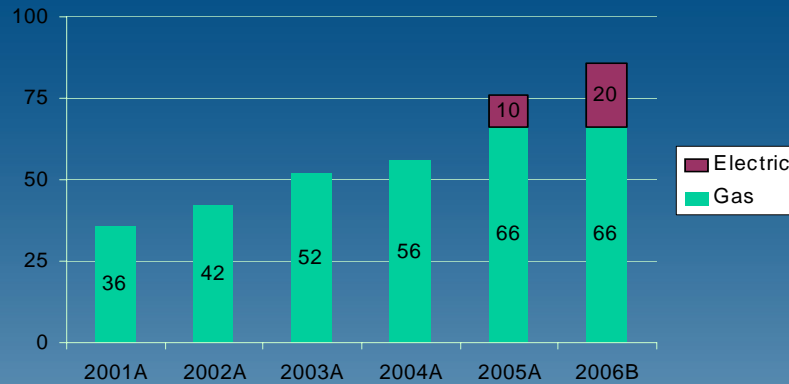
- 1 Market Leader
- 2 Economies of scale
- 3 Strong brand and relationships
- 4 One step ahead of competition
- 5 Electricity – next step change in competitive position

Business performance

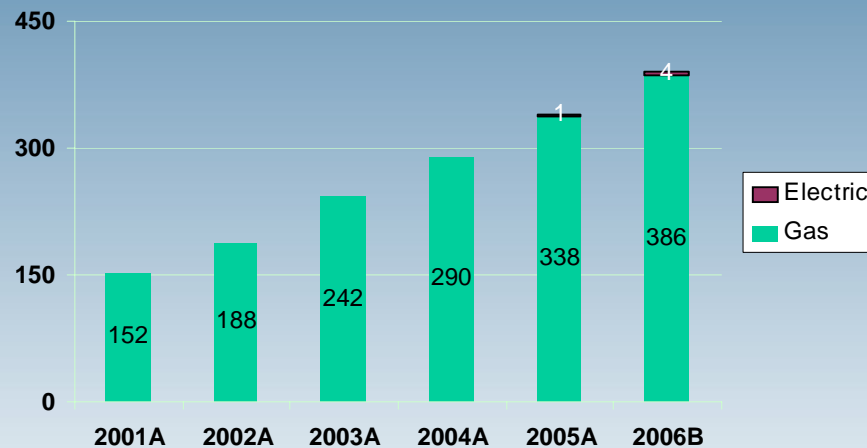


Consistently strong performance

Sales of connections up by 21% CAGR (000s)



Built connections up by 22% CAGR (000s)

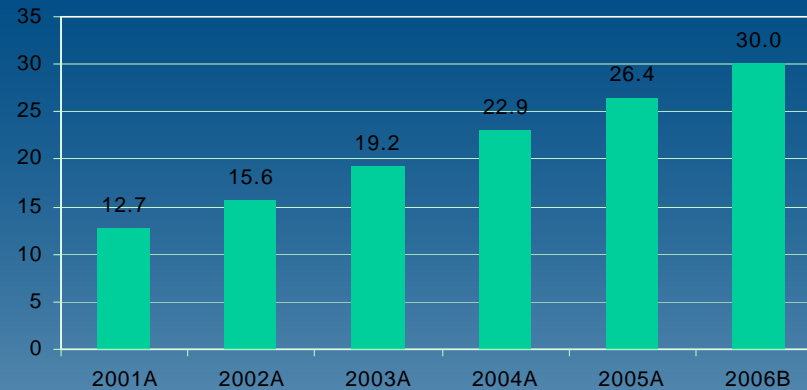


Business performance



Consistently strong performance

Revenue increase of 19% (£m)

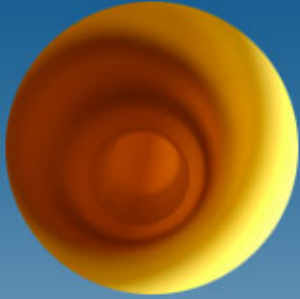


EBITDA increase of 20% (£m)



Note:
EBITDA margin increased from 63%
in 2001 to 69% in 2006

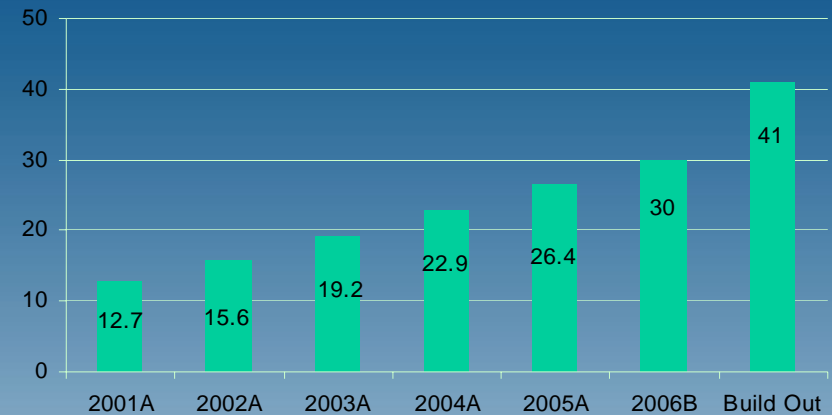
Revenue



Stable, secure long term revenues

- Stable, long term, low risk
- BUT high growth:
- Order book build out
 - Legacy Settlement
 - 96% current revenues
 - 85% total order book

Revenues (£m)

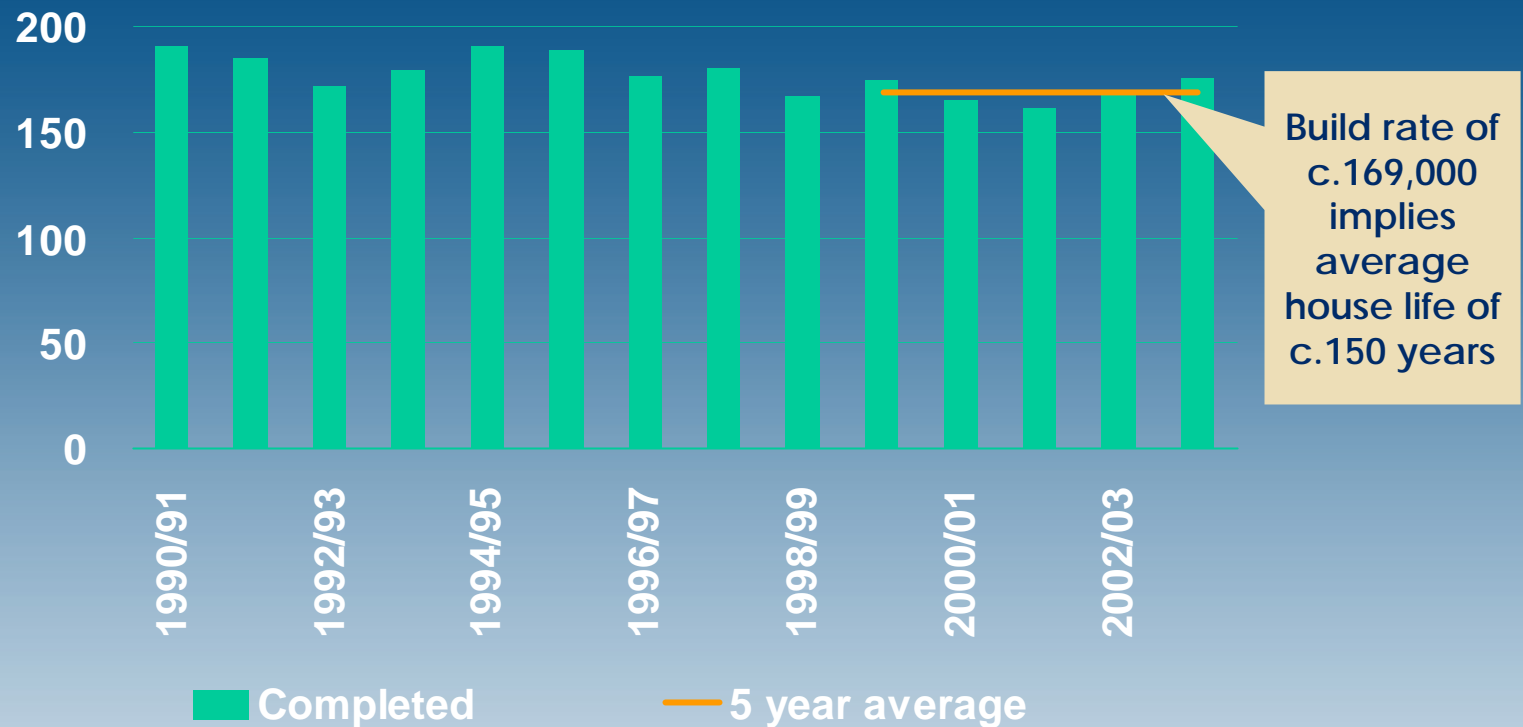


UK new housing market

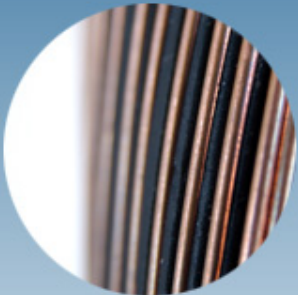
Current build rate close to historic low



Dwellings completed in Great Britain (000s)



Move into electricity networks



Natural evolution

- Rapid market entry
- Significant customer demand
- Larger market
- Suitable regulatory environment
- Significantly lower net capital cost

Declining number of competitors



2005 BGCL

- Assets sold

UGI

- Business sold



2004 Scottish Power

- Business sold

Mowlem

- Business sold



2003 East Midlands

- Business sold

United Utilities

- Business sold

Remaining gas transporters



Sales p.a. ⁽¹⁾

- Inexus >60k 2006 Budget
- Transco ⁽²⁾ c.20-30k
- GTC c.30-35k Organic growth
- SSE <10k Limited geography
- East Surrey Pipelines Infill only

⁽¹⁾ Source: Management estimates

⁽²⁾ Now fragmented into NGT and other DN owners

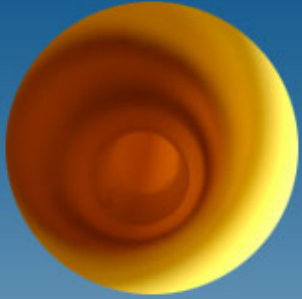
Regulation



- Agreement with OFGEM (UK regulator)
 - Pre 2004 projects – legacy settlement
 - Post 2004 relative price control (RPC)
- Industry wide
- Common principles

Legacy settlement

Inexus' strong Legacy Settlement



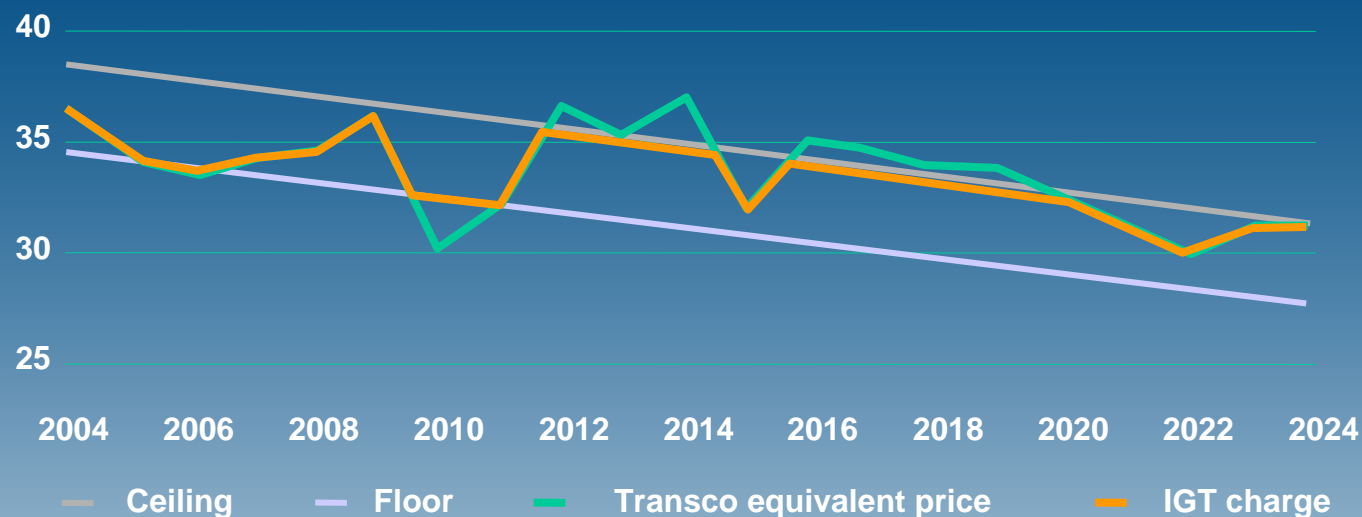
- Covers 96% of current revenues
- Contracted prior to 2004
- Flat real revenues
- Uplifted for RPI
- Long control period
 - End 2018; migration into RPC thereafter

RPC



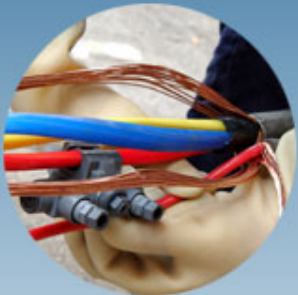
Favourable framework for Inexus

Example of RPC floor and ceiling (£ in real terms)



- Contracted on or after 1 January 2004
- Stability via narrow floor/ ceiling over 20 years
- Long term pricing certainty

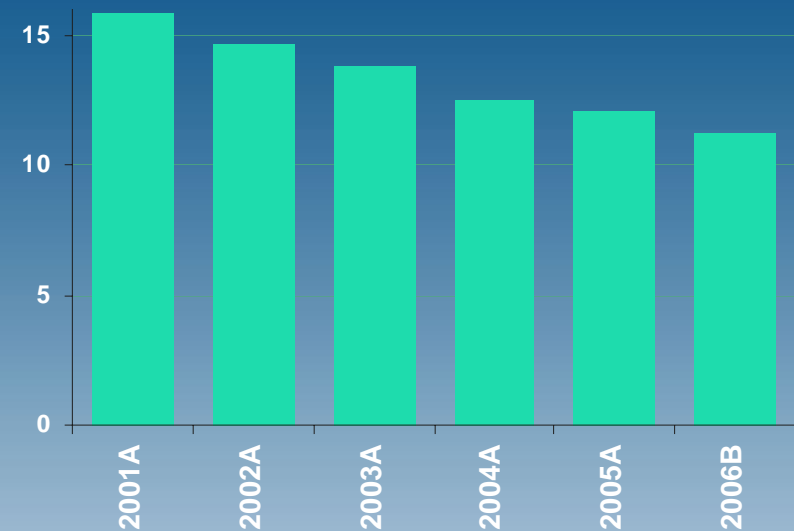
Asset operating costs



Declining unit costs

- Falling opex per connection
- Economies of scale/ efficient systems
- Low repairs and maintenance
- Electricity = further improvement to marginal OPEX

Asset opex/ connection (£)¹



Note:

1. Internal overheads and external operating costs

Construction costs



Significant efficiencies

- **Low build net cost**
 - Build out of existing order book <£200 per connection
 - New networks <£350 per connection
- **Unique build cost model**
 - Direct contracting teams
 - Outsourced supply chain
 - Low inventory cost
 - High volume cost savings
- **Electricity business based on same model**



Summary - a unique platform



Low utility-type risk but strong growth

1 Leading market position

- 491,000 connections, of which c.339,000 installed

2 Strong prospects for growth

- Gas/ electricity, potential for other utilities

3 Stable secure long term revenues

- Certainty re prices; RPI-indexed

4 Highly cash generative

- Predictable, well established costs

5 High quality asset and customer base

- New assets, geographically diverse networks; reliable customer base