



Rating Action: Thames Water Utilities Finance Limited

Moody's upgrades to A3 three GBP-bonds from Thames Water Utilities Finance

Approximately GBP700 Million of Debt Securities Affected

London, 12 February 2008 -- Moody's Investors Service has today upgraded to A3 from Baa1 the ratings of three Sterling-denominated bonds with a total value of approximately GBP700 million, issued by Thames Water Utilities Finance Limited ("TWUF") and guaranteed by Thames Water Utilities Limited ("TWUL"), the UK regulated water and sewerage utility. At the same time, Moody's has changed the outlook to stable from developing.

Today's rating upgrade is in response to TWUF's announcement that the holders of these bonds have voted to accede to the terms and conditions of the structured financing executed by TWUL on 30 August 2007 with the issuance of approximately GBP0.9 billion of Class A Unwrapped Notes (the "Class A Notes") through its other finance conduit, Thames Water Utilities Cayman Finance Limited ("TWUCF"), under a GBP10 billion multi-currency medium-term note programme (the "MTN Programme"). The three Sterling-denominated bonds will now incorporate the terms of the MTN Programme. Accordingly, the ratings of these bonds have been aligned to the A3 ratings assigned to the Class A Notes.

With the accession to the terms and conditions of the structured financing of the last three remaining Sterling-denominated bonds, all of TWUF's bonds are now rated A3 with a stable outlook, with the exception of the JPY4 billion 2.280% bond due in March 2008, which is rated Baa1 with a stable outlook, as its holders did not consent to amending this bond's terms in line with those of the MTN Programme.

The ratings of the following bonds issued by Thames Water Utilities Finance Limited and guaranteed by Thames Water Utilities Limited were upgraded to A3, stable outlook, from Baa1, developing outlook:

- GBP175 million Floating EMTN, Ser. 37 due 2021
- GBP330 million 6.750% EMTN, Ser. 11 due 2028
- GBP200 million 6.500% EMTN, Ser. 22 due 2032

Moody's previous rating action for TWUF was the upgrade to A3 with a stable outlook, from Baa1 with developing outlook, of certain Yen-denominated bonds on 6 September 2007 following the announcement of the completion of the consent solicitation procedure launched by TWUF for the accession of these bonds to the terms and conditions of the structured financing.

Thames Water Utilities Finance Limited is a finance conduit for Thames Water Utilities Limited, the largest of ten water and wastewater utilities in England and Wales in terms of population served, with a regulated asset value as at 31 March 2007 of approximately GBP6.5 billion.

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