



Annual Review 2009

Delivering gas to the North of England

Northern Gas Networks is responsible for delivering gas to 2.6 million homes and businesses across northern England.

Our network consists of 23,000 miles of pipes and associated delivery and storage apparatus. That's enough to stretch from the North of England to Australia, and back again.

Our area covers northern Cumbria, the North East, and North, East and West Yorkshire, an area of 27,000 square miles with a population of more than 6 million.

Annual Review 2009

4	Introduction
6	Chief Executive Officer's Review
12	Ownership Structure
13	Business Strategy
14	Business Review
22	Performance Review
25	Corporate Governance
26	Board of Directors
28	Management Team
30	Results Summary
31	Corporate Directory



Introduction

Northern Gas Networks is one of eight gas distribution networks which deliver gas to domestic, industrial and commercial users.

It covers 27,000 square miles of the country, northern Cumbria, the North East, and North, East and West Yorkshire, an area with a population of 6.5 million people, of whom 2.6 million are gas users.

Our apprentices are recognised each year at the annual awards ceremony



Our business is regulated: the Office of Gas and Electricity Markets (Ofgem) is the economic and operational regulator; the Health and Safety Executive (HSE) monitors safety performance; the Environment Agency oversees the company's impact on the environment; and Consumer Direct represents customers' interests.

Northern Gas Networks was created on 1st June, 2005, when it took ownership of the assets distributing gas across northern England. It is unique in the gas industry by being the only company to work under a strategic asset management model. This sees Northern Gas Networks holding the legal and licence obligations but outsourcing to a strategic partner the daily operational activities. United Utilities Operations Limited (UUOL) carry out the maintenance, emergency and replacement works under an Asset Services Agreement (ASA) with performance monitored and measured across a range of activities.

This unique approach enables each partner to clearly focus on their own specific part of the relationship whilst at the same time driving a commercial focus in all activities.

This Annual Review covers the business and performance results for Northern Gas Networks Holdings Limited and its subsidiaries Northern Gas Networks Limited and Northern Gas Networks Finance Plc, collectively Northern Gas Networks, for the period 1st January to 31st December 2009.

Chief Executive Officer's Review

Network Vision

To be benchmarked by Ofgem and the HSE, consistently, in the top two comparable utilities for safety management, efficiency and customer service.

Safety, efficiency and customer service – these are things that drive Northern Gas Networks in our daily operations.

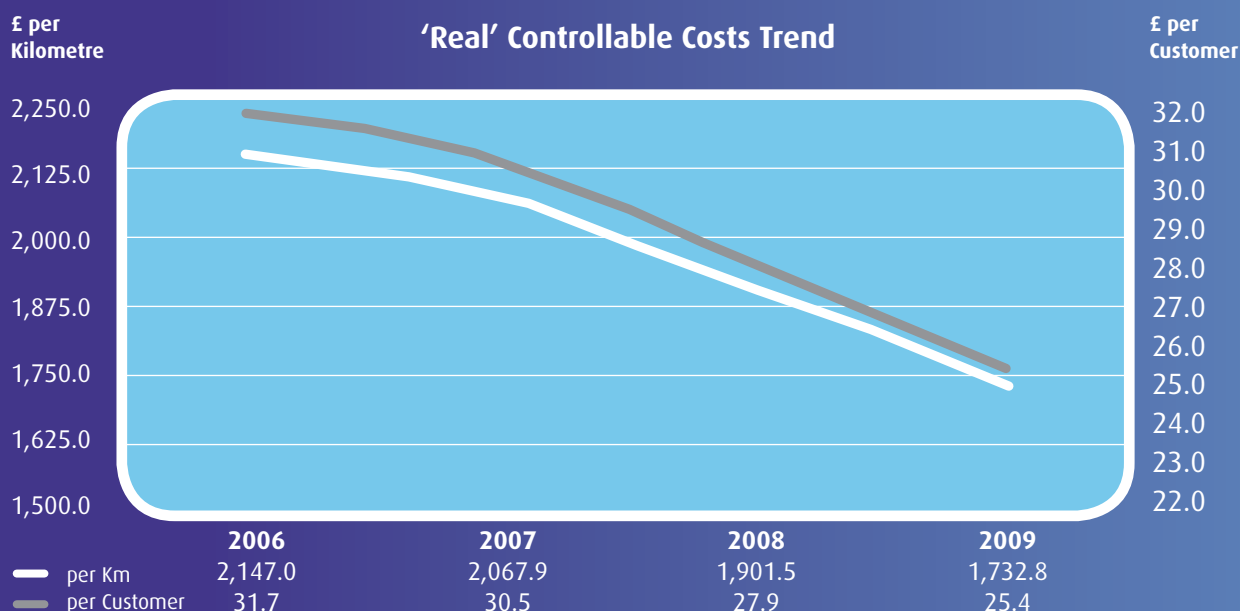
They underpin our activities as we deliver gas to the 2.6 million homes and businesses across the north of England which rely on us for their daily energy needs.

They are embedded in everything we seek to achieve and are enshrined in our network vision.

During 2009, we worked hard and made great strides towards achieving this vision. Although we still have some way to go, we have delivered a strong performance and made pleasing progress.

Operationally, we have now completed six years of the nationally agreed 30:30 programme to replace all metal gas mains within 30 metres of any property.

During 2009, we replaced 520kms of old iron mains with safer and more reliable plastic pipes. This is a significant achievement and keeps us on target with the plans we have agreed with the Health and Safety Executive (HSE). In addition, we replaced and enhanced our other equipment as required as part of a structured asset management programme. It is pleasing to record that we have successfully maintained our accreditation under the stringent PAS55 regime, which gives us demonstrable external assurance that our asset management strategy is fit for purpose.



The continued investment in our distribution network ensures it remains one of the safest and most reliable.

To supplement this, we have delivered another good year of safety performance. The year under review saw a further reduction in Lost Time Incidents (LTIs) – where members of our workforce are injured and require to be absent from work – and our LTI frequency rate dropped to its lowest ever. We also introduced a number of initiatives to galvanise our workforce to make our sites even safer for members of the public and this delivered a significant reduction in the number of Members of the Public (MOPs) being hurt as a result of our operational works.



To further underpin our commitment to safety, we also put considerable effort into spreading the safety message to young people in the North of England.

During the year we gave safety presentations to 16,000 children of primary school age. Our 'Playsafe and Staysafe' programme teaches youngsters about the dangers of playing near roadworks. We also support emergency services and other community organisations in our region by taking part in safety schemes which teach youngsters what to do if they smell gas and how to recognise the warning signs of carbon monoxide.

We also delivered an innovative way in spreading the safety word across the population of northern England. For the first time ever, we produced our own radio advertisements. Featuring the voices of a selection of our own employees, this promotes the 0800 111 999 National Gas Emergency Service number.

As well as a constant focus on our safety performance, **we also strive to minimise the environmental impact of our day-to-day activities.**



In January 2009, our roadworks were recognised as amongst the 'greenest' in the country thanks to a pioneering agreement between Northern Gas Networks and highways authorities in Yorkshire.

The Yorkshire Highways Authorities and Utilities Committee (YHAUC) became the first in the UK to agree an environmental framework which encourages the use of recycled materials in roadworks.

And the first product to be given the green light for use was CBEM3 – a sustainable material developed by Northern Gas Networks and our operating partner United Utilities Operations Limited (UUOL).

The revolutionary product, which had been many years in making and testing, is made from material excavated during roadworks. The material is collected on-site and taken to our plant in Leeds where it is screened and crushed. We then add cement and water and use it to re-fill the hole it was excavated from.

We used our own people to record gas safety adverts for local radio stations across northern England.



Its use saves around 25,000 tonnes of waste from going to landfill every year and massively reduces the use of virgin aggregates.

We hope the YHAUC agreement will pave the way for similar schemes to operate in other parts of the region as we are keen to introduce a similar plant in the North East.

Not only does this deliver environmental benefits, but it is cost-effective and helps speed up our roadworks thus delivering on our efficiency and customer service targets.

Our waste recycling is complemented by the introduction of new technology which will cut the amount of excavation we need to do on gas mains repair jobs, and increase accuracy when digging.

A new keyhole camera, which produces images similar to ultra-sound, has been introduced in our front-line operations. This allows our engineers to identify blockages or corrosion in pipes and helps repair teams identify where they need to dig and repair, speeding up the process for the benefit of our business and our customers.

Of course, we recognise that the work we do has the potential to disrupt the daily lives of thousands of people – whether that is through our mains replacement, connections works or the emergency services we provide.

This cannot be done without causing disruption to road users and pedestrians and that inevitably leads to some complaints. So to reduce the number of complaints we have received in the year by 40% is a great performance and one that we are all proud of.

Another proud moment came in July when our new system control room came online in Sunderland. This multi-million pound investment allows our engineering team to successfully manage the daily flows of gas around our network.

Shortly after that, we completed a project to improve our mapping systems. This involved realigning 1.4 million of our gas carrying assets against a revised background and then migrating to a new mapping system – Mastermap. As well as significantly improving the 'look' of our records, this is a much more powerful and flexible system compared with its predecessor and will serve us well for many years.

We're helping remove hundreds of people from Fuel Poverty. This project is in New Wortley, Leeds.



During the summer months we also launched a partnership with community interest group Community Energy Solutions to extend our network to more than 2,000 fuel poor households in Yorkshire. This was made possible thanks to a new Ofgem programme which encourages network extensions to fuel poor areas. We became the first distribution network to complete a major scheme under the new rules.

September brought significant developments in both IT and our connections business.

A new network-wide IT programme, the 'Way Ahead Project' was launched in partnership with our operating partner. The team are making great progress upgrading, and where necessary replacing, IT systems and databases. This in turn will deliver improvements in performance for the benefit of the people who rely on us day in and day out for the unbroken delivery of gas to their homes and businesses.

In Connections, we welcomed a new delivery partner, Carillion, onboard following a six-month transition from the previous contractor. Despite the big changes, the transition was completed smoothly and the early indications already show a marked improvement in performance.

We also celebrated the outstanding performance of some of our network's younger employees during September at the third annual Northern Gas Networks Apprentice of the Year awards. These young people are the lifeblood of our business and I was delighted to recognise their outstanding contribution.

All in all, 2009 was a good year. Operating during the worst recession in living memory which inevitably impacted upon our return to investors, we remained focused on our core activities and made progress against our objectives. We delivered good operational performance, especially in health and safety, we are making improvements in customer service, and maintained our constant search for new ways of delivering improvements and efficiencies in everything we do.

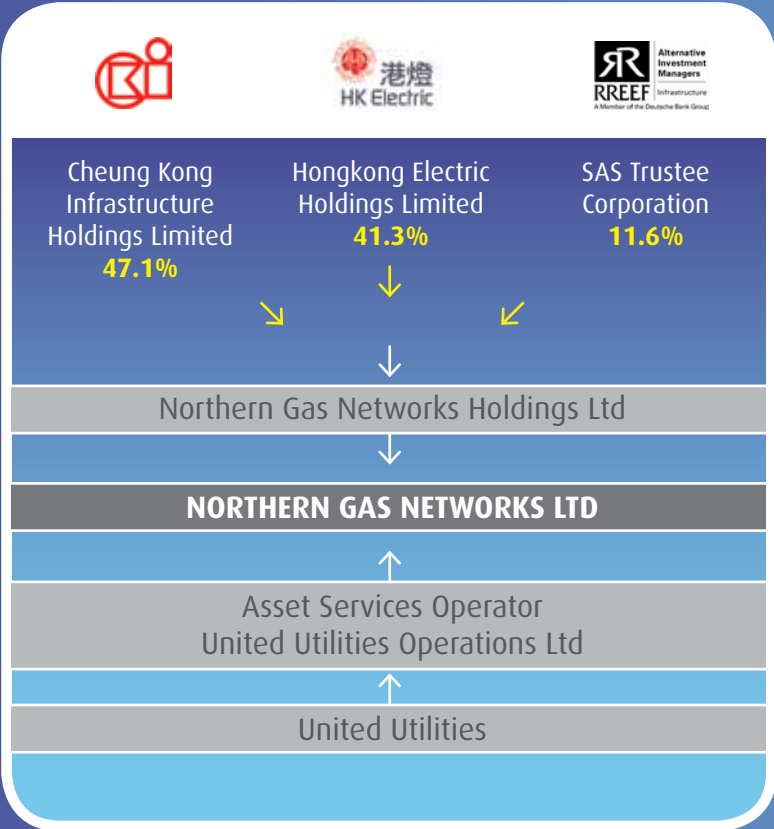
Finally, I would like to thank everyone in Northern Gas Networks, from the engineers in the frontline through to the Board of Directors, for their help in making that possible.

Ownership Structure

For most of 2009 a consortium of four partners owned Northern Gas Networks. However, in November 2009 United Utilities sold its 15% stake, on a proportionate basis, to the other three shareholders.

These partners provide a high level of strategic guidance and experience to enable Northern Gas Networks to operate at the optimum level. They are each and together committed to enabling the network to safely and effectively deliver gas through its pipelines to the gas users of northern England.

The role of the consortium is to support management and to guide Northern Gas Networks, ensuring it operates to the highest possible standards of corporate governance, acts as a socially responsible corporate citizen and meets all its legal and social requirements.



Business Strategy

The core role of Northern Gas Networks is to safely and efficiently deliver a secure and reliable supply of gas to the homes and businesses across the North of England.

The people of northern Cumbria, the North East and most of Yorkshire rely on us for the fuel to heat their homes, for hot water and cooking; many businesses rely on us for the fuel to heat their premises and fuel their business processes.

We aim to meet their needs each and every day; and at the same time strive to meet our business vision, which is to be measured by our regulators – the Health & Safety Executive and Ofgem – as being in the top two gas distribution networks for efficiency, customer service and health and safety.

In practice this means being cost-effective in everything we do, searching for economies whilst at the same time doing nothing to compromise the health and safety of our own people and the people we serve, or to diminish the high standards of customer service which we aim to deliver.

In order to deliver this business strategy Northern Gas Networks will work closely with its operational partners and engage fully with its external stakeholders.

Business Review

Regulation & Commercial

Following an organisational restructure a combined Regulation & Commercial department was established in late 2009. The department is responsible for managing NGN's relationship with Ofgem and other market participants. NGN continues to have good relationships with the industry regulator and others in the industry. It also manages various commercial contracts, notably the Asset Services Agreement with UUOL, and is responsible for NGN's procurement and other commercial activities.

Highlights of work carried out by the department during the year were as detailed below.

- Satisfactorily resolving a number of commercial issues with UUOL under the Asset Services Agreement (ASA) which have generated benefits for both parties. These include agreements on benefit sharing for specific cost reduction initiatives and agreement on year on year improvements in key performance indicators.
- Obtaining best value for money in letting two major IS projects.
- Improving the performance of the Connections business through joint working with UUOL to introduce a new delivery sub-contractor and improve the IT systems.
- 2009 was an extremely volatile year for UK gas prices notably a collapse in prices around March and April. The department was able to ensure NGN significantly out-performed the shrinkage budget.
- Introduced a revamped Regulatory Compliance Policy. There were no significant non-compliances during the year.
- Sponsored a data accuracy project which automated a number of reporting processes which had previously been prepared manually, significantly reducing the potential for errors in the data.
- Delivered more than 700 new gas connections to fuel poor households.
- Developed an operational and commercial framework for the injection of biomethane into our network.

“Delivered over 700 new gas connections to fuel poor households.”

Communications and Customer Service

Relationship management is the core role of the Communications and Customer Service team, whether that is with MPs and local councillors, the media or individuals whose lives are affected by the work which Northern Gas Networks and its business partners carry out.

We have continued to enhance the way in which we communicate with our customers, fine-tuning the way in which our customer liaison officers (CLOs) work as we replaced more than 520km of old metal gas mains with new plastic pipes. The role of the CLO is to carry out site risk assessments, from a customer's perspective, before mains work begins, and to be the eyes and ears of the organisation as the operational work is delivered.

They encourage customers to complete Impression Cards, which record opinions of the way in which the work has been delivered and provide vital information to enable the operational delivery to be improved.

Impression Cards are also used to elicit customers' views on other operational work, Connections and Repair, and give essential feedback for the organisation.

A key indicator of how customers rate our work is the number of complaints received on an annual basis. During 2009 the number of complaints dropped by 40%, which is a remarkable achievement when much of our work causes disruption and inconvenience to road users.

In the quarterly surveys of customer opinions carried out by the economic regulator Ofgem we have seen both improvements and deterioration. In the Replacement and Connections parts of the business we have seen sustained improvements, and while our position in the Repair league table has slipped, our overall scores have remained consistent.

The Chartered Institute of Public Relations again recognised the important work the team carries out with an award in the North East's regional annual awards and we continue to work hard to deliver the vitally important messages relating to gas safety across all our stakeholder groups.



Corporate Services

It is Corporate Services' role to manage compliance with the company's governance and performance principles.

The responsibilities of the Internal Audit function include ensuring that all business activities are subject to internal audit as part of a planned audit programme, ensuring a strong control framework is maintained across all the network's activities.

Additionally, Corporate Services provide tax compliance, reporting and advisory services to Northern Gas Networks. The department also maintains the risk management framework, ensuring risks are mitigated by action plans throughout the business.

Human Resources (HR) is managed as part of Corporate Services. HR identifies and assists in meeting the development needs of NGN employees; provides advice to Northern Gas Networks and its employees; is responsible for recruitment, maintaining systems for remuneration, training requirements/needs and the performance management system (which includes managing the framework for setting and reviewing employee performance against individual and corporate goals and objectives).

Corporate Services also has overall responsibility for IT, and as such is involved in developing and maintaining IT policies and procedures in conjunction with the Head of IT and other business partners. IT is a service partnership with the relevant business units, with IT and line management sharing the responsibility for the definition of service levels and the management of associated costs. IT outsources detailed technology support to gain access to the necessary skills and to control costs whilst retaining control over the business use and configuration of its IT assets.

Finance

During 2009 the primary areas of focus of the Finance team have continued to be as detailed below.

- Managing the financial results of the company against a backdrop of difficult economic conditions leading to low and negative inflation conditions. The availability and cost of financing has also created additional challenges within the year which the team has had to react to.
- Preparing, auditing and analysing large amounts of financial and operational data in relation to Ofgem's new annual cost reporting requirements.
- Preparation of a Strategic Plan for the organisation for the next five years with an accompanying detailed Business Plan again reacting to the difficult economic conditions.
- Minimising the financing charges incurred by the business through strong cash management and forecasting.
- Maintaining a robust internal controls framework with comprehensive clear policies and procedures.
- Working closely with Corporate Services to ensure compliance with all financial and operational covenants, as well as ensuring full compliance with all financially related statutory and regulatory obligations and reporting requirements.
- Reaffirming our existing strong investment grade credit ratings of BBB+/Baa1.

- Refinancing £200m of bank debt into a 10-year corporate bond, maturing in 2019 and putting in place a new £200m Forward Starting Bank Facility with our key relationship lenders to provide adequate credit lines to meet the requirements of the business over coming years.

Shortly after the year-end a further £200m 30-year long term corporate bond was successfully issued, which has further strengthened the financial position of the organisation, removing any near term refinancing risk.

Bradley McKay,
Apprentice of
the Year 2009.



Our plant in Sheepscar, Leeds, recycles spoil from excavations and was the first in the UK to be approved by highways authorities.

Health, Safety & Environment

The Health, Safety & Environment (HS&E) team at Northern Gas Networks worked closely with United Utilities Operations Limited (UUOL) and its contractor partners during 2009, resulting in a continuous improvement in HS&E performance.

This close working relationship is reinforced by the long-standing excellent professional relationship between Northern Gas Networks and the Health & Safety Executive (HSE).

It also serves to ensure that a safety-first approach is always adopted by employees and contractors working in the streets and highways within the network and by support staff who are office-based.

The highlights of the year are as detailed below.

- A 2.25 % reduction in fleet fuel usage in 2009.
- A 25 % reduction in car mileage.
- Successfully maintained our environmental credentials through ISO 14001 in 2009 in partnership with UUOL.
- Successfully attained the occupational health and safety standard OHSAS 18001 in partnership with UUOL.
- Maintenance of an excellent professional working relationship with the HSE.
- Reduced Lost Time Injuries (LTIs) from 7 in 2008 to 5 in 2009.
- Decreased the network's rolling 12-month LTI frequency rate to its lowest ever position of 0.10 compared to 0.67 in April 2005.
- Implemented a range of initiatives which significantly improved the safety of members of the public, reducing injuries from 25 in 2008 to 4 in 2009.



Legal

The role of the Legal Directorate is to provide a full range of legal services to Northern Gas Networks. This encompasses all legal aspects of the Company's operation, company secretariat functions, insurance, claims handling and the management of the network's real property assets. It also operates a Legal Compliance Management System to ensure adherence to all applicable legislation and regulations.

Network

The Network directorate is responsible for efficiently and effectively managing the physical assets of Northern Gas Networks to ensure the continuous flow of gas to the 2.6m users in the network.

In 2009 the team focused on three key areas: Capital and Replacement Investments, System Operations and Asset Management.

The most significant achievement in the year was the successful handover to the network of the management of gas flows. Since the creation of Northern Gas Networks in 2005, the physical management of gas flows had continued to be delivered by National Grid. This allowed Northern Gas Networks to work collaboratively with the other gas distribution networks, to develop a new computer software management system, and each network to build a physical new control room.

The transfer of control was only possible following a lengthy process to develop a new control room in the North of England – with a nearby back-up site – and to transfer and train staff to operate it around the clock. This required a re-working of the network's own Safety Case, with approval from the Health & Safety Executive.

The transfer was made on 15th July, since when Northern Gas Networks has managed the flow of gas at 23 sites from the National Transmission System (NTS) into the distribution network.

This multi-million pound investment now allows Northern Gas Networks to successfully manage the daily flows of gas around the North of England, ensuring the network is operating at optimum performance.

Severe weather in the Autumn and early Winter put the network assets under extreme pressure. Heavy rainfall and flooded rivers meant many bridges which carried gas equipment were under threat of being washed away, which led to gas flows being more closely managed than is usually the case. Cold weather, the coldest in more than 20 years, also meant managing the daily balancing of gas flows was more demanding and problematic. Through it all the NGN team, together with their colleagues in UUOL, stepped up to the challenges and kept the gas flowing.





A number of major capital investment projects were completed in 2009 focusing on the above ground installations including gas holder and pressure reduction sites. The key drivers were to ensure a safe and secure gas supply and legislative compliance. Work also continued on upgrading security at key operational sites.

The largest annual investment delivered by Northern Gas Networks is the mains replacement programme. This is delivered nationally, with all eight gas distribution networks having agreed targets to replace ageing metallic assets with new polyethylene pipes. The programme's objective is to replace all metallic pipes within 30 metres of property over a 30 year timeframe; last year was the sixth year it has been in place.

During 2009 Northern Gas Networks replaced more than 520 kms of pipes (325 miles). The selection of pipes to be replaced is carried out on a risk basis, through the Mains Risk Priority System, the model which allocates a risk score to an individual pipe.

In the four years that the model has been used Northern Gas Networks has replaced more than 2,300 km (1,420 miles) of metal mains. This has delivered a 40% reduction in the network's mains risk profile, reducing the risk of a serious incident resulting from an escape of gas from one of these pipes.

The way in which the network's assets are managed was re-accredited to the strenuous PAS55 certification. This was first achieved in January 2008, and the second re-accreditation was successfully made in December 2009. PAS55 is an internationally recognised standard for the management of physical assets.

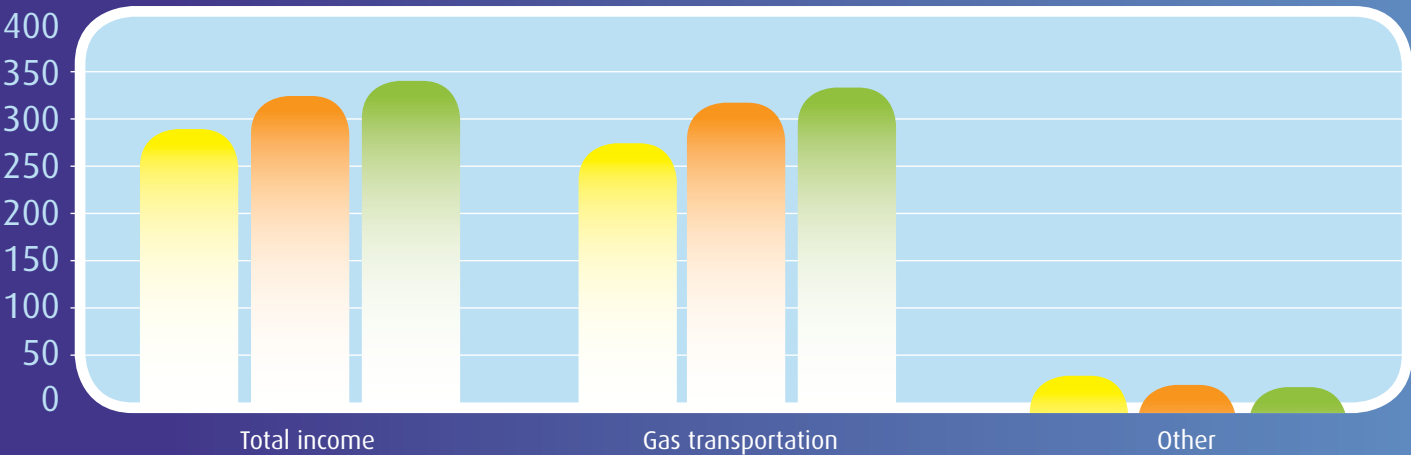
Northern Gas Networks has established asset management plans covering all of its network assets starting at the gas offtake stations through to the emergency control valve at the customers' premises. This includes detailed maintenance procedures and the development of long term investment plans focusing on efficient and timely expenditure.

Performance Review

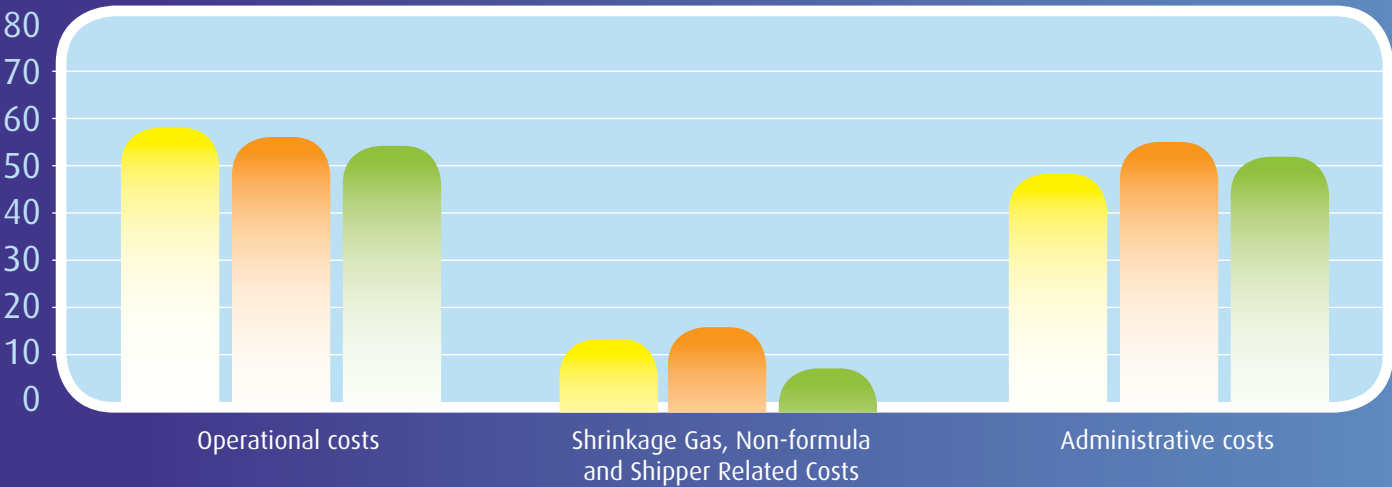
FINANCIAL



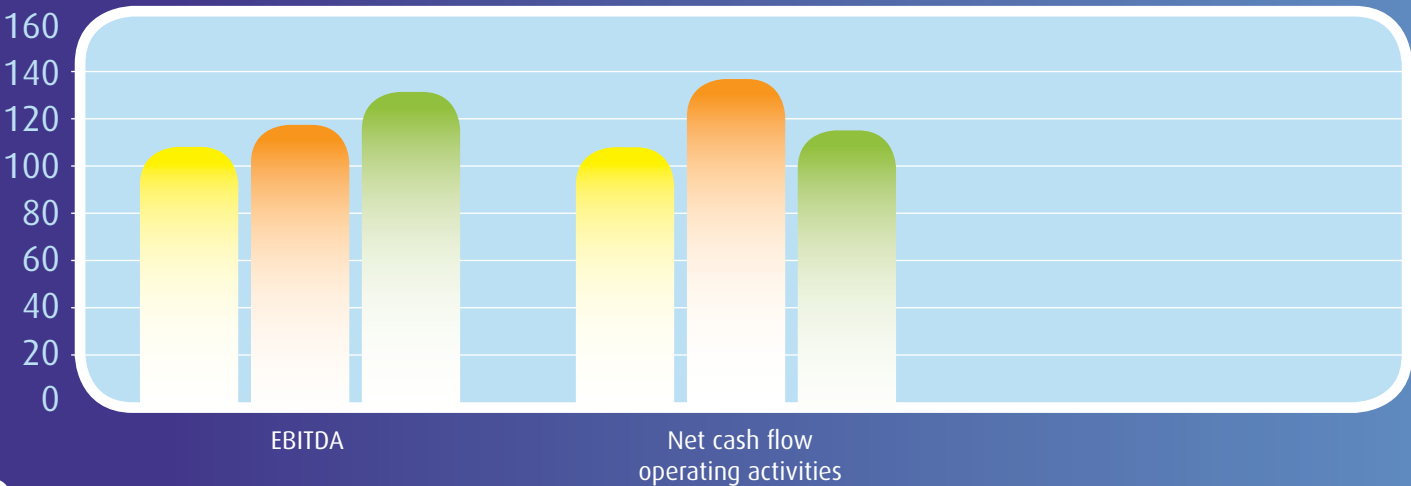
Gas transport and other revenue



Operational costs



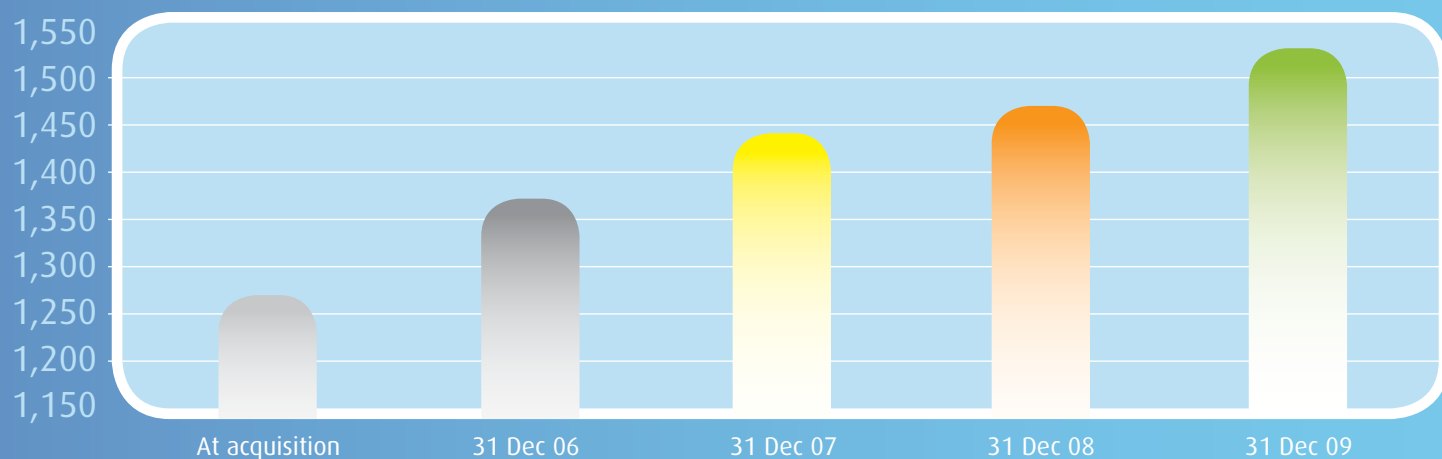
Operating profit (EBITDA) and operating cash flow summary



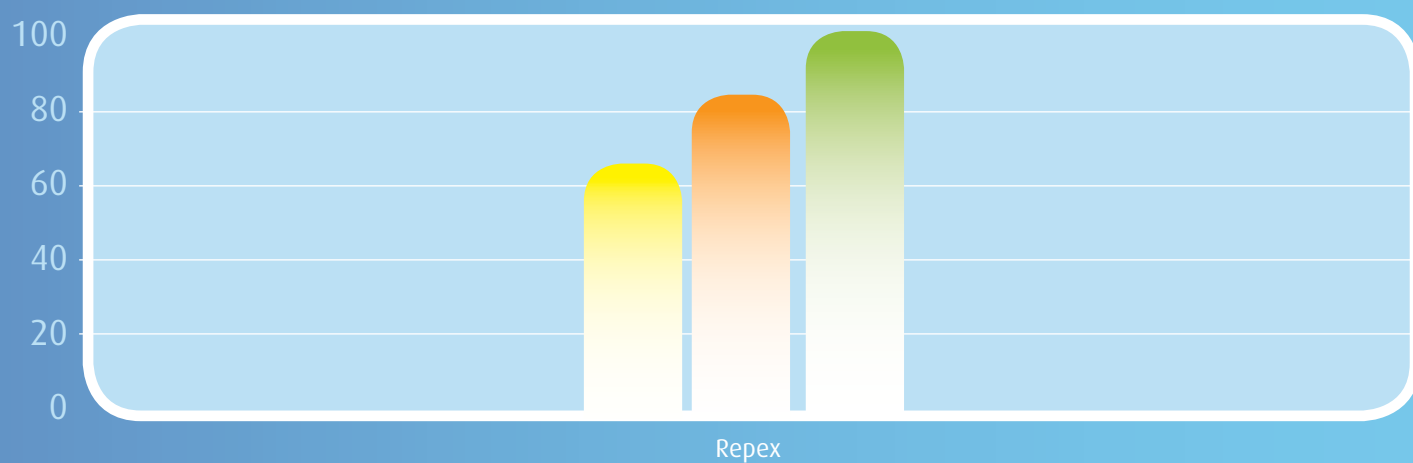
Investment Programmes



Regulatory Asset Value (£'m)

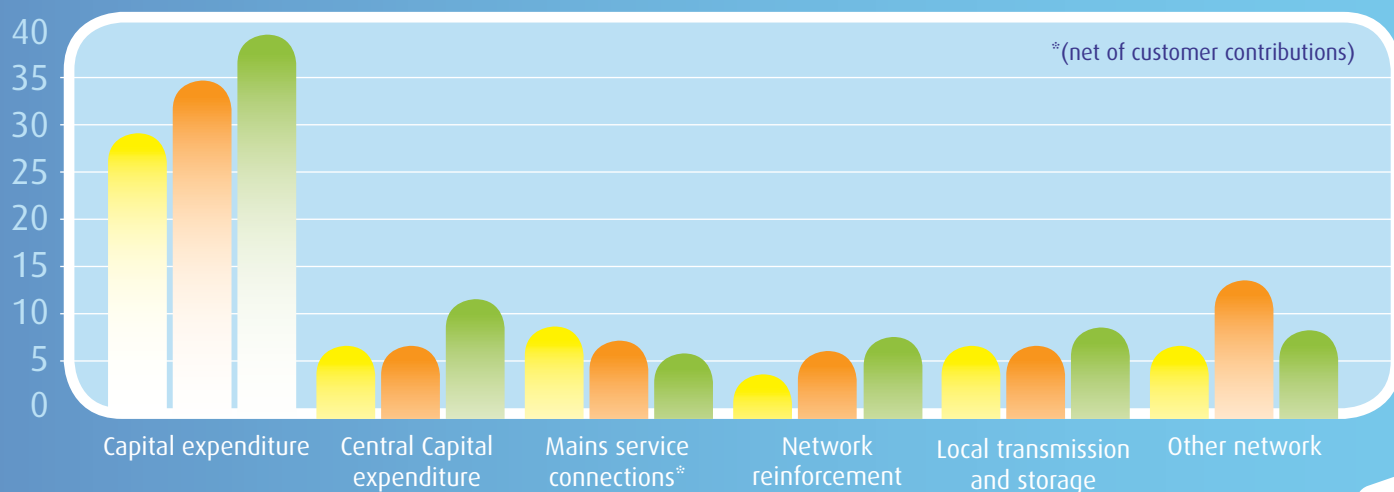


Replacement Expenditure (£'m)



Capital Expenditure (£'m)

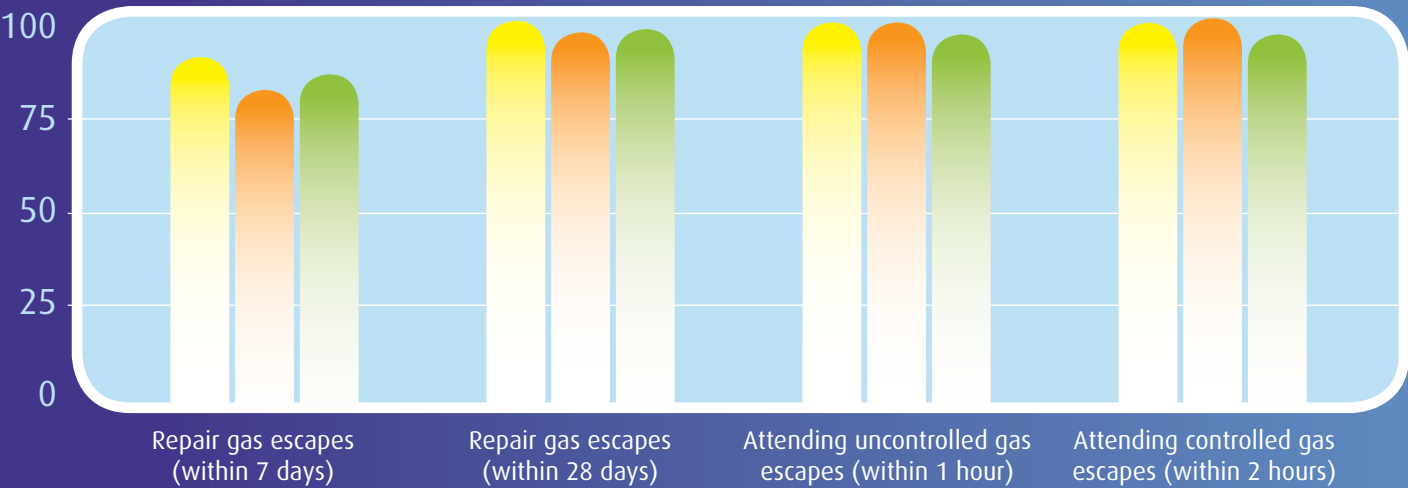
*(net of customer contributions)



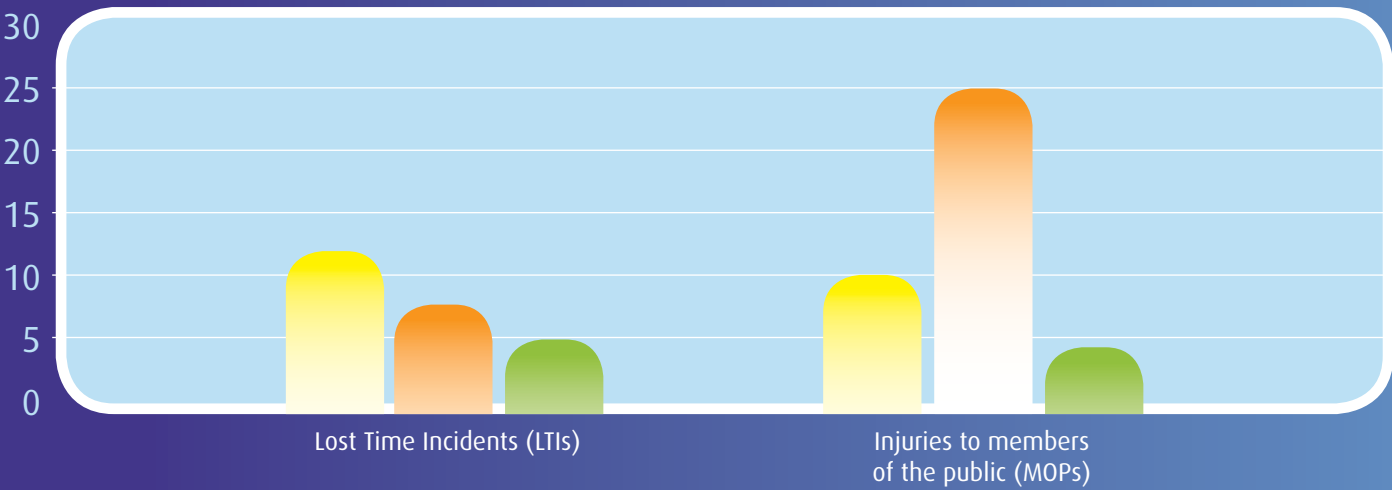
OPERATIONAL



Gas escapes (%)



Accidents



Corporate Governance

Corporate Governance at Northern Gas Networks is clearly defined in line with industry best practice. Each shareholder is represented on the Board. To help it in the discharge of its duties, the Board has established five committees and publishes an Annual Review of performance.

Audit Committee

The Audit Committee is responsible for overseeing financial reporting, maintaining an efficient system of internal control and for the internal and external audit processes. It also provides an avenue for communication between internal audit, external auditors and the Board.

Compliance Committee

This Committee oversees compliance with the obligations determined by statute, legislation, regulation, contract or agreement. It facilitates communication between management, any external reviewers and the Board.

Remuneration Committee

The Remuneration Committee reviews and recommends to the Board overall remuneration policy for the company and remuneration arrangements for senior managers reporting to the Chief Executive Officer.

Risk Management Committee

The business has a formal risk management policy. There is an integrated framework in place that includes a regular review of the potential risks to which the company is exposed. Regular reports summarising these risks are presented to the Risk Management Committee.

Treasury Committee

The Treasury Committee ensures compliance with treasury policy, strategy and procedural development. It ensures that management undertakes to manage treasury risks according to corporate strategy and objectives and its treasury policy.

Internal Control Framework

Northern Gas Networks has a significant number of internal control policies which outline management responsibilities and help safeguard the group's assets. The framework is designed to manage rather than eliminate risks which may be material to the achievement of Northern Gas Networks' business objectives.

Internal Audit

Internal audit undertakes independent appraisals and provides assurance on the adequacy and effectiveness of business controls. All internal audit work is carried out according to the relevant best practice standards.

Our environmental support scheme, Northern Green Networks, awarded grants totalling £60,000 across the region.



Board of Directors



William Shurniak, Chairman

Mr Shurniak was appointed Chairman of the Board of Directors with the creation of Northern Gas Networks on 1st June, 2005. He has had a distinguished career in banking and has been a director of several companies in Hong Kong and Australia. He has been a Director of Hutchison Whampoa in Hong Kong since 1984 and was latterly Chairman of ETSA Utilities in South Australia. Mr Shurniak holds Honorary Doctor of Law degrees from the University of Saskatchewan and the University of Western Ontario in Canada.



Basil Scarsella, Chief Executive Officer

Mr Scarsella has been Chief Executive Officer since Northern Gas Networks began operations, moving to the UK from Australia where he had held the same post for six years at ETSA Utilities in Adelaide. He has a degree in Economics, is a Fellow of the Australian Certified Practicing Accountants (FCPA) and a Companion of the Institution of Gas Engineers and Managers. Mr Scarsella is a Member of the order of Australia (AM) for services to football.



Kam Hing Lam

Mr Kam is the Group Managing Director of Cheung Kong Infrastructure Holdings Limited. He is also the Deputy Managing Director of Cheung Kong (Holdings) Limited, the President and Chief Executive Officer of CK Life Sciences Int'l (Holdings) Inc., and an Executive Director of Hutchison Whampoa Limited and Hongkong Electric Holdings Limited. Mr Kam holds a Bachelor of Science degree in Engineering and a Master's degree in Business Administration.



Andrew Hunter

Mr Hunter is the Deputy Managing Director of Cheung Kong Infrastructure Holdings Limited. He is also an Executive Director of Hongkong Electric Holdings Limited and a Non-executive Director of Spark Infrastructure Group. Mr Hunter holds a Master of Arts degree and a Master's degree in Business Administration and is a member of the Institute of Chartered Accountants of Scotland and of the Hong Kong Institute of Certified Public Accountants.



Tso Kai Sum

Mr Tso is an Executive Director of Cheung Kong Infrastructure Holdings Limited and the Group Managing Director of Hongkong Electric Holdings Limited. Mr Tso has extensive experience in the power industry and property development. He holds a Bachelor of Science degree in Engineering.



Neil McGee

Mr McGee is Group Finance Director of Hongkong Electric Holdings Limited and has worked with the Hongkong Electric Group and the Hutchison Whampoa Group since 1978 holding legal, corporate finance and corporate secretarial positions. He joined Husky Oil Ltd in 1998 as Vice President and Chief Financial Officer and from 2000 to October 2005 he was Vice President and Chief Financial Officer of Husky Energy Inc. Mr McGee holds a Bachelor of Arts degree and a Bachelor of Laws degree.



Frank Frame

A lawyer by profession, Mr Frame has served as Deputy Chairman of the Hongkong and Shanghai Banking Corporation; as Chairman of South China Morning Post Ltd and of Wallem's Group; and as a Director of The Weir Group plc, Swire Pacific Ltd, the British Bank of the Middle East, Baxter International Inc and Consolidated Press International Ltd. He holds the degrees of Master of Arts and Bachelor of Laws.



Michael Robinson

Mr Robinson is a Director of RREEF Infrastructure, the alternative investment management division of Deutsche Asset Management. In this role he is responsible for the origination, execution and ongoing management of infrastructure investments. He was previously a Director at Société Générale specialising in power & utilities and infrastructure. He holds a Bachelor of Laws and Bachelor of Commerce from the University of New South Wales.



Steven Fraser

(until 19 May)
Steven Fraser is Managing Director of water operations at United Utilities plc, an appointment he took up in May 2009. He has previously worked for 12 years latterly as a Director of Bethell Power Services before joining United Utilities in 2005 as Operations Director of the regulated wastewater business. He holds a Masters Degree in Engineering Project Management and a BA in Management.



Charlie Cornish

(from 19 May)
Mr Cornish is Managing Director of business development and the international operations of United Utilities plc, and has been a Board member there since 2004. Previously he worked at RWE-Thames Water, initially in an international role and then in a chief operating officer's role in the UK. He has a BA in Economics from Strathclyde University.

Senior Management Team



Basil Scarsella
Chief Executive Officer

Mr Scarsella is an economist and an accountant and has been Chief Executive Officer since the creation of Northern Gas Networks on 1st June 2005. Prior to that he held the same position at ETSA Utilities, the privatised electricity distribution business in Adelaide, Australia, which is owned by the Cheung Kong Group. Previously he was the General Manager of ETSA Power Corporation with responsibility for electricity distribution, retailing, field services and customer services. Before joining ETSA Mr Scarsella was Group Planning and Finance Director at the South Australia Gas Company (SAGASCO).



Mike Ashworth
Legal Director and Company Secretary

Mr Ashworth has been involved in the development of the legal and regulatory framework of the liberalised gas industry in the UK for more than 15 years. He joined Northern Gas Networks from National Grid Transco where he was UK Deputy General Counsel, before which he held the same position at Lattice plc, the owner of the Transco gas transportation business.



Chris Gorman
Network Director

Mr Gorman has spent a 40 year career in the gas industry. A chartered engineer, he worked initially at the British Gas research station in the North East before moving into local operations with British Gas Northern. He then held a number of managerial posts in Transco and latterly National Grid Transco. He is a member of the Institution of Gas Engineers and Managers.



Dave Hutchison
Head of Health, Safety & Environment

Mr Hutchison has worked in the gas industry for more than 30 years. He joined as an apprentice in the North West and has worked in a variety of roles, including customer service, audit, transmission and system control. He was Health, Safety & Environment manager with National Grid Transco prior to joining Northern Gas Networks. He is a chartered engineer and a chartered safety and health practitioner.



Chris Johns
Finance Director

Mr Johns is a chartered accountant and worked in the financial services sector prior to joining Northern Gas Networks. He held senior appointments in Yorkshire and London including Head of Finance and Accounting within the UK lending operations of Provident Financial Plc in Bradford, and a senior role in the Financial Reporting and Control Group of Morgan Stanley in London.



John O'Grady
Communications Director

Mr O'Grady worked in regional newspapers prior to joining the pre-privatised British Gas almost 25 years ago. He held a variety of public relations roles in Leeds, London and the West Midlands for British Gas, Transco and National Grid Transco before joining Northern Gas Networks.



Stephen Parker
Commercial and Regulation Director

Mr Parker has spent 30 years in the energy industry covering a variety of roles in commercial and regulation. His early career was spent in procurement with Yorkshire Electricity before moving into regulation, since working for npower and United Utilities. He is a member of the Chartered Institute of Purchasing and Supply.



David Waite
Head of Taxation & Corporate Services

Mr Waite is a chartered accountant and has worked for several multinational infrastructure companies, including National Grid where he was group Tax Manager – Corporate. He previously worked as a Director of Deloitte and Touche and was Head of Taxation at Yorkshire Electricity.

Results Summary 2009

The financial information set out below does not constitute the company's statutory accounts for the year ended 31 December 2009, but is derived from those accounts. Statutory accounts for 2009 have been delivered to the Registrar of Companies. The auditors have reported on those accounts in accordance with Chapter 3 of Part 16 of the Companies Act 2006; their report was unqualified.

CONSOLIDATED FINANCIAL OUTCOMES

	2009	2008	2007	2006
	£'m	£'m	£'m	£'m
Total income	343.5	323.7	289.5	273.3
EBITDA	130.0	116.7	106.4	89.2
EBIT	85.8	73.5	63.7	47.3
PAT	10.0	6.9	12.4	-3
Net cash inflow from operating activities (before borrowing costs, capex and dividends)	115.9	132.7	106.2	111.6
Capital expenditure	48.9	43.1	38.5	41.3
Total fixed assets	1,599.8	1,594.0	1,592.5	1597
Total assets	1,640.8	1,627.5	1,640.7	1646.9
Net assets	325.0	350.9	422.1	467.4
RAV	1,522.9	1,464.2	1,437.0	1356

FINANCIAL RATIOS

EBITDA / Total income	38%	36%	37%	33%
EBITDA Interest coverage ratio	2.0	2.1	2.2	2.0
Senior net debt / Total assets	62%	61%	58%	55%
Senior net debt / Equity	64:36	63:37	63:37	61:39
Senior net debt to Regulatory Asset Value (RAV)	67%	68%	66%	67%

OPERATIONAL MEASURES

Number of customers (millions) *	2.6	2.6	2.6	2.6
Sales volume (tWh)	76.4	81.9	80.6	84.5
Kilometres of pipe (thousands)	37.0	37.0	36.7	36.7
Customer density (customers / Km of pipe)	70.2	70.2	70.8	70.8

* customers to which NGN transports gas

EMPLOYEE MEASURES

Number of full-time equivalent employees *	1,189	1,259	1,296	1295
Number of lost time injuries	5	7	12	12

Corporate Directory

Northern Gas Networks Limited

1100 Century Way
Thorpe Park
Colton
Leeds
LS15 8TU

Telephone: 0113 397 5300

Facsimile: 0113 397 5301

Website: www.northerngasnetworks.co.uk

Gas Emergencies: Call 0800 111 999* at any time

* All calls are recorded and may be monitored.



Phone 0113 397 5300
Web www.northerngasnetworks.co.uk

The National Gas Emergency Service is available
24 hours a day, every day. **FREEPHONE** 0800 111 999*.

*All calls are recorded and may be monitored

