



Notice of Annual General Meeting 2013



Financial highlights

Revenue

£1,636.0m

2012: £1,564.9m

Underlying
operating profit

£607.1m

2012: £594.1m

Total dividends
per share

34.32p

2012: 32.01p

From the Chairman and Chief Executive Officer



Dr John McAdam, Chairman

Strategy

We are pleased to report that we have made good progress during the year towards our vision of becoming a leading North West service provider and one of the best UK water and wastewater companies, as we aim to deliver the best service to customers, at the lowest sustainable cost and in a responsible manner. We have delivered a third year-on-year improvement in customer satisfaction, underpinned by good operational and environmental performance and remain on course to deliver our regulatory outperformance targets. We do, however, recognise that we have more to do to achieve our vision and we see considerable opportunities to deliver further improvements.

The UK Government's reform agenda for our sector is providing new opportunities for the company. The adoption of private sewers, which almost doubled the size of our wastewater network, went well. In anticipation of this change we revised our approach to management of our wastewater network and this has delivered higher levels of customer satisfaction at a slightly lower cost than originally estimated. We are also active in the expanding retail water market for business customers; we have won customers in Scotland and have a significant pipeline of further opportunities. Water and sludge trading are both opportunities that we are exploring with our regulators in discussions aimed at developing ideas tabled under the UK Government's reform agenda.



Steve Mogford, Chief Executive Officer

The North West presents a unique set of challenges for the company, containing areas of outstanding natural beauty, a long coastline supporting tourism and a significant proportion of the UK's remaining industrial base. Our plans must maintain a challenging balance between the needs of our customers and the natural environment. We recognise that we operate in a region characterised by high levels of socio-economic deprivation and that our future plans must take account of our customers' ability to pay a fair price for our services, particularly in these difficult economic times. Increasingly, our plans will be delivered through partnerships such as 'Turning Tides'; a partnership between the company, the Environment Agency, local authorities and other stakeholders to address improvements in North West bathing water quality to meet new European standards.

A fair deal for customers

We have continued to invest in our people, assets, systems and processes to improve the service our customers can expect of us. We expect to reinvest around £200 million of capital expenditure outperformance over the 2010–2015 period for the benefit of our customers and the environment.

We have implemented active pressure management in our water network to reduce bursts and leakage, helping us to meet or outperform our leakage target again. Should we have a burst, the additional investment completed during the year in strategic mains

refurbishment and connectivity has improved the capability of our water network to maintain supply. We have again achieved a high level of water quality compliance throughout the year.

Whilst the North West did not experience the hosepipe bans seen elsewhere in the country last spring, rainfall across the region was much lower than expected. We were able to benefit from our investment in an integrated regional water network to keep customers supplied throughout the dry period. We are considering extending our integrated network to include the north west of Cumbria thereby improving security of supply to this area.

In contrast, the latter half of 2012 was characterised by a large number of exceptionally high rainfall events and this proved to be a testing time for our wastewater assets. We continued to invest heavily in schemes designed to mitigate the risk of flooding of our customers' homes and to improve river and bathing water quality, such as our £100 million+ project in Preston. Our operational and environmental focus is delivering results and we were pleased to achieve our best performance for many years in the Environment Agency's operational performance metrics. Our wastewater network will continue to benefit from significant investment going forward as we adapt to weather patterns likely to result from climate change.

The North West contains over half of the one per cent most deprived areas in England and we recognise the financial difficulties many of our customers face. We are supporting customers in these tough economic times through a portfolio of measures to help those struggling to pay their water bills, including £5 million per year investment in our charitable trust. Our support measures and emphasis on helping customers back onto manageable payment plans has enabled us to contain levels of bad debt and so decrease the cost burden on all our customers.

We have continued to develop our systems and processes to deliver the experience our customers seek when they need to contact us, including multi-channel contact centre technology. We have delivered a number of improvements throughout the year and were pleased to see this reflected in a significant improvement in customer satisfaction for the third successive year.

We were also pleased to see the results of our brand tracker survey which rated us highly against 10 leading service providers operating in the North West. Notwithstanding good progress, we could have done more to prevent the need for unnecessary contacts from our customers and we will continue in our efforts to improve further our service and responsiveness.

Investing for performance

Capital investment in our assets was accelerated in 2012/13 to deliver a number of beneficial projects early and reduce the risk associated with projects due to be delivered in the last two years of the 2010–15 period. Investment of £787 million in the year is up on last year's spend of £680 million. We have now invested over £2 billion in the first three years of the 2010–15 period, and we remain on track to deliver our planned five-year investment programme.

Our investment programme represents a significant contribution to the North West economy. Our capital investment of around £3.5 billion over the 2010–15 period provides an estimated £7 billion boost to the region's economy, supporting 9,000 jobs, and securing a legacy for the future. As we look ahead to the next price review, we are actively engaging with our customers and stakeholders to help address their needs and to shape our plans for the period 2015 to 2020.

From the Chairman and Chief Executive Officer continued

Attractive deal for shareholders

Good underlying operational performance, effective capital programme delivery and improving levels of customer satisfaction are delivering value for our shareholders. Revenue increased by 4.5 per cent to £1.64 billion and underlying operating profit was up 2.2 per cent to £607 million in the continuing difficult economic conditions. Underlying earnings per share increased by 11 per cent to 39.1 pence. We remain on track to deliver operating expenditure outperformance against the regulatory allowance.

We are committed to delivering our dividend policy of RPI+2 per cent per annum through to at least 2015 while delivering significant improvements for customers and the environment. In line with this policy, the board is proposing a final dividend of 22.88 pence per ordinary share making a total of 34.32 pence per share for the 2012/13 financial year. This represents an increase of 7.2 per cent compared with last year. The final dividend is expected to be paid to shareholders on 2 August 2013.

A changing regulatory landscape

The UK Government published a draft Water Bill in July 2012, proposing the expansion of retail competition and the introduction of wholesale, or upstream, competition. We, along with various interested parties, submitted our response to these proposals to the Environment, Food and Rural Affairs (Efra) Select Committee and we await publication of the UK Government's Water Bill with interest.

Following a period of constructive dialogue with Ofwat, we were pleased to accept the revised licence modification proposals which were published by the regulator on 21 December 2012. These revised licence proposals focus on the changes required to facilitate the forthcoming 2014 price review (PR14). Ofwat published its PR14 methodology consultation in January 2013 and we submitted our response to Ofwat in March.

In preparation for this more competitive environment and to align with the separated price controls, with effect from April 2013 we have revised our structure and activities around three business areas: Wholesale; Domestic Retail; and Business Retail.

Our employees

The people in United Utilities are key to the delivery of the highest levels of service to our customers and we would like again to thank them for their dedication and continued hard work during the year.

We strive to continuously improve our safety culture and we have implemented a number of initiatives throughout the year. We launched our employee guide for health and safety responsibilities and introduced a set of behavioural standards at our main office sites, called the 'Safety Six'. Health and safety will remain a significant area of focus for us.

A committed, capable and motivated workforce is central to delivering our vision and we remain fully focused on maintaining high levels of employee development and engagement. We are always looking for the best and the brightest talent and we are pleased to say that we extended our apprentice programme during the last year. We currently employ over 80 apprentices and plan to recruit up to 40 apprentices each year through to at least 2015. Alongside this, we are continuing to expand our graduate recruitment scheme, with plans to add over 20 graduates in 2013/14 in addition to more than 35 we currently employ.

Our board

Our plc structure and governance standards ensure that our board and non-executive directors continue to provide sound and prudent oversight in full compliance with the principles of the UK Corporate Governance Code. In addition, we are the only UK water company to have achieved and retained 'World Class' status in the Dow Jones Sustainability Index over the last five years, reflecting our high standards of governance. Indeed, we are one of only two water companies globally to reach this high standard.

On behalf of the board, we say thank you and farewell to Paul Heiden who will stand down at this year's annual general meeting after over seven years as a non-executive director. We wish Paul all the best for the future.

We are pleased to welcome Brian May to the board as a non-executive director following his appointment last September. Brian is also finance director at Bunzl plc. His expertise will be an asset to the board and he will replace Paul as chair of both the audit and risk committee and the treasury committee.

Outlook

We believe that our sustained focus on customer satisfaction and operational performance is delivering results for customers, shareholders and our other stakeholders. We continue to be on track to meet our regulatory outperformance targets, with substantial financing and operating outperformance already secured. Our capital structure remains robust and we have a sustainable dividend policy that targets real growth through to at least 2015.

Looking ahead, our focus remains centred on driving further customer satisfaction, alongside operational and environmental improvements and we believe there is still plenty of scope to achieve this. We are now preparing our business plan for the next Price Review, as we aim to address the needs of our stakeholders, support the environment and our regional economy, while recognising the need to keep bills affordable for our customers.



Dr John McAdam
Chairman



Steve Mogford
Chief Executive
Officer

Annual Report and Financial Statements

Our 2013 Annual Report and Financial Statements can be accessed directly at:



unitedutilities.com/annualreport2013

Responsible business

As a board we are responsible to our shareholders, customers and other stakeholders for the performance and long-term success of our company. The way in which we operate, we believe, reflects the highest standards of corporate governance.

We continue to listen to the views of all our stakeholders and endeavour to develop, manage and operate in an environmentally sustainable, economically beneficial and socially responsible manner. In recognition of the company's continued focus on responsible business, we retained our 'World Class' rating, as measured by the Dow Jones Sustainability Index for 2012, attaining our highest ever score. We also retained our 'Platinum Big Tick' ranking in Business in the Community Corporate Responsibility Index and were awarded membership of the FTSE 350 Carbon Disclosure Leadership Index. We are proud that we are one of only four FTSE 100 companies to hold all three awards.

The communities in which we operate are of great importance to our business and we have continued our investment in these communities of the North West both financially and in terms of employee time through volunteering. For example, our 'Pathways' volunteering scheme, delivered by our employees, provides practical help and support to people who have struggled to find work.

Notice of annual general meeting

This document is important and requires your immediate attention

If you are in doubt as to the action you should take, you are recommended to seek your own financial advice from your stockbroker, bank manager, solicitor, accountant or other independent adviser who, if you are taking advice in the United Kingdom, is duly authorised under the Financial Services and Markets Act 2000 or an appropriately authorised independent financial adviser if you are in a territory outside the United Kingdom. If you have sold or otherwise transferred all your shares in United Utilities Group PLC, you should pass this document to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

The directors look forward to welcoming shareholders to the AGM. If you are not able to attend, please remember you can always cast your votes either by completing and returning the enclosed proxy form or by going online at sharevote.co.uk and voting electronically. To do this, you will need the three numbers (voting ID, task ID and shareholder reference number) that are quoted on your proxy form. Alternatively, if you have registered with Equiniti's online portfolio service, Shareview, you can appoint your proxy at shareview.co.uk. Full details and instructions are given on the relevant website.

Notice of annual general meeting (AGM)

Notice is given that the annual general meeting (AGM) of United Utilities Group PLC (the company) will be held at 11.00 am on Friday 26 July 2013 at the Midland Hotel, Peter Street, Manchester, M2 3NQ to transact the business set out below. Resolutions 1 to 13 and resolutions 16, 17 and 18 will be proposed as ordinary resolutions and resolutions 14 and 15 will be proposed as special resolutions.

Resolution 1: Annual Report and Financial Statements

That the financial statements and the reports of the directors and auditor for the year ended 31 March 2013 be received.

Resolution 2: declaration of dividend

That the final dividend of 22.88 pence per ordinary share be declared.

Resolution 3: remuneration report

That the directors' remuneration report for the year ended 31 March 2013 be approved.

Resolution 4: reappointment of a director

That Dr John McAdam be reappointed as a director.

Resolution 5: reappointment of a director

That Steve Mogford be reappointed as a director.

Resolution 6: reappointment of a director

That Russ Houlden be reappointed as a director.

Resolution 7: reappointment of a director

That Dr Catherine Bell be reappointed as a director.

Resolution 8: election of a director

That Brian May be elected as a director.

Resolution 9: reappointment of a director

That Nick Salmon be reappointed as a director.

Resolution 10: reappointment of a director

That Sara Weller be reappointed as a director.

Resolution 11: appointment of auditor

That KPMG LLP be appointed as auditor of the company.

Resolution 12: remuneration of auditor

That the directors be authorised to set the auditor's remuneration.

Resolution 13: authorising the directors to allot shares

That the board be generally and unconditionally authorised to allot ordinary shares pursuant to section 551 of the Companies Act 2006 (the Act) in the company and to grant rights to subscribe for or convert any security into ordinary shares in the company:

- (A) up to an aggregate nominal amount of £11,364,806 (such amount to be reduced by the aggregate nominal amount allotted or granted under paragraph (B) below in excess of such sum); and
- (B) comprising equity securities (as defined in section 560(1) of the Act) up to an aggregate nominal amount of £22,729,613 (such amount to be reduced by any allotments or grants made under paragraph (A) above) in connection with an offer by way of a rights issue:
 - (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
 - (ii) to holders of other equity securities as required by the rights of those securities or as the board otherwise considers necessary;

and so that the board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter,

such authorities to apply until the end of the 2014 annual general meeting of the company. During this period the company may make offers and enter into agreements which would, or might, require shares to be allotted or rights to subscribe for or convert securities into shares to be granted after the authority ends and the board may allot shares or grant rights to subscribe for or convert securities into shares under any such offer or agreement as if the authority had not ended. All authorities vested in the board on the date of the notice of this meeting to allot shares or grant rights that remain unexercised at the commencement of this meeting are revoked.

Resolution 14: disapplying statutory pre-emption rights

That, if resolution 13 is passed, the board be given power to allot equity securities (as defined in the Companies Act 2006 (the Act)) for cash under the authority given by that resolution

and/or to sell ordinary shares of 5 pence each held by the company as treasury shares for cash as if section 561 of the Act did not apply to any such allotment or sale, such power to be limited:

- (A) to the allotment of equity securities and sale of treasury shares for cash in connection with an offer of, or invitation to apply for, equity securities (but in the case of the authority granted under paragraph (B) of resolution 13, by way of a rights issue only):
 - (i) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and
 - (ii) to holders of other equity securities, as required by the rights of those securities or, as the board otherwise considers necessary,

and so that the board may impose any limits or restrictions and make any arrangements which it considers necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

- (B) in the case of the authority granted under paragraph (A) of resolution 13 and/or in the case of any sale of treasury shares for cash, to the allotment (otherwise than under paragraph (A) above) of equity securities or sale of treasury shares up to an aggregate nominal amount of £1,704,721, such power to apply until the end of the 2014 annual general meeting of the company. During this period the company may make offers and enter into agreements which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the power ends and the board may allot equity securities (and sell treasury shares) under any such offer or agreement as if the power had not ended.

Notice of annual general meeting continued

Resolution 15: authorising the company to make market purchases of its own shares

That the company be generally and unconditionally authorised for the purposes of section 701 of the Companies Act 2006 (the Act) to make one or more market purchases (as defined in section 693(4) of the Act) of its ordinary shares of 5 pence each, such power to be limited:

- (A) to a maximum aggregate number of 68,188,841 ordinary shares;
- (B) by the condition that the minimum price which may be paid for an ordinary share is the nominal amount of that share and the maximum price which may be paid for an ordinary share is the higher of:
 - (i) an amount equal to 5 per cent above the average market value of an ordinary share for the five business days immediately preceding the day on which that ordinary share is contracted to be purchased; and
 - (ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venues where the purchase is carried out,

in each case, exclusive of expenses;

such power to apply until the end of the 2014 annual general meeting of the company. The company may enter into a contract to purchase ordinary shares which will or may be completed or executed wholly or partly after the power ends and the company may purchase ordinary shares pursuant to any such contract as if the power had not ended.

Resolution 16: Approval of the United Utilities Group PLC long term plan 2013

That the rules of the United Utilities Group PLC long term plan 2013 (2013 LTP), described in the circular of which the notice containing this resolution forms a part and produced in draft to the meeting and, for the purposes of identification initialled by the Chairman of the meeting, be and are hereby approved and adopted and that the directors be and are hereby

authorised to make such modifications to the 2013 LTP as they may consider appropriate and to do all such other acts and things as they may consider appropriate to implement the 2013 LTP.

Resolution 17: notice of general meeting

That a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.

Resolution 18: authorising political donations and political expenditure

That, in accordance with Part 14 of the Companies Act 2006 (the Act), the company and each company which is or becomes a subsidiary of the company at any time during the period for which this resolution has effect be and are hereby authorised:

- (A) to make political donations to political parties and/or independent election candidates to which Part 14 of the Act applies;
- (B) to make political donations to political organisations other than political parties; and
- (C) to incur political expenditure;

in each case during the period beginning with the date of the passing of this resolution and ending on the conclusion of the 2014 annual general meeting of the company. In any event, the aggregate amount of political donations and political expenditure made or incurred by the company and its subsidiaries pursuant to this resolution shall not exceed £100,000.

By order of the board:

Simon Gardiner
Company Secretary
22 May 2013

Registered office:

Haweswater House
Lingley Mere Business Park
Lingley Green Avenue
Great Sankey
Warrington
WA5 3LP

Explanatory notes of resolutions

Resolution 1: Annual Report and Financial Statements

The directors are required to lay before the meeting the financial statements of the company for the year ended 31 March 2013, the directors' report and the remuneration report and the audited parts thereof, and the auditor's report on the financial statements.

Resolution 2: declaration of dividend

The board is recommending a final dividend of 22.88 pence per ordinary share. If approved, it will be paid on 2 August 2013 to shareholders on the register at the close of business on 21 June 2013.

Resolution 3: remuneration report

UK listed companies must put an ordinary resolution to shareholders at the annual general meeting seeking approval of the remuneration report. The vote is advisory in nature, in that payments made or promised to directors will not have to be repaid, reduced or withheld in the event that the resolution is not passed.

Resolutions 4 to 10: reappointment/ election of directors

The board is mindful of the recommendation contained within the UK Corporate Governance Code published by the Financial Reporting Council in June 2010 that all directors of FTSE 350 companies should be subject to annual appointment by shareholders. All directors therefore will retire at the 2013 AGM.

In accordance with the company's articles of association, Brian May, being a director appointed since the last AGM, stands for election. All other directors, with the exception of Paul Heiden, offer themselves for reappointment.

Overview of the board – Given the wide-ranging nature of the business activities which are needed in a water and wastewater service provider and the complex regulated environment in which it operates the skills and experience of the board of directors need to be similarly diverse and varied. Nearly all our directors have experience of working in a regulated environment, either as part of the regulatory body or the regulated organisation, spanning government departments, financial services, water, electricity and telecoms. The directors have also spent their careers in a diverse range of commercial environments including chemicals, defence, engineering, telecoms and retail and many individuals have worked both in the UK and internationally.

With the exception of the Chairman, for whom under the code the test is not appropriate, all of our non-executive directors are determined to be independent in accordance with the code and free from any business or other relationship which could compromise their independent judgement. Should they need it, the non-executive directors are supported in their role by the ability to seek independent specialist advice.

With the exception of Paul Heiden, all directors will be offering themselves for reappointment or election at the forthcoming AGM in July 2013 in accordance with the code. As confirmed by the board evaluation exercise, the board fully endorses the reappointment of the board members at the AGM, all of whom are considered to be making a valuable and effective contribution to the board. The board also supports the election of Brian May who was appointed as a director during the year. The board recommends that shareholders vote all the directors back into office at the forthcoming AGM.

Explanatory notes of resolutions continued

Executive and non-executive directors offering themselves for reappointment/election



Dr John McAdam (65)

Chairman

Responsibilities: Is responsible for the leadership of the board, setting its agenda and ensuring its effectiveness on all aspects of its role.

Qualifications: BSc (Hons) Chemical Physics, Diploma Advanced Studies in Science, PhD.

Appointment to the board: Appointed as a non-executive director in February 2008 and as Chairman in July 2008.

Committee membership: Nomination (chair).

Current directorships/business interests: Chairman of Rentokil Initial plc, senior independent director of J Sainsbury plc and a non-executive director of Rolls-Royce Holdings plc.

Career experience: Appointed to the board of ICI plc in 1999 and became chief executive in 2003, a position held until ICI's takeover by Akzo Nobel. The only significant change to John's interests during the year ended 31 March 2013 was that he stepped down from Sara Lee Corporation as a non-executive director in June 2012.

Skills and experience: With over 14 years' service as a board director in a wide range of companies, and as a current non-executive director serving on a number of other boards John has a wealth of experience on which to draw in his role as Chairman and leader of the board.

Independence: John is not deemed to be independent under the code in view of his unique role in corporate governance, although John was deemed to be independent at the time of his initial appointment to the board.



Steve Mogford (56)

Chief Executive Officer

Responsibilities: To manage the group's business and to implement the strategy and policy approved by the board.

Qualifications: BSc (Hons) Astrophysics/Maths/Physics.

Appointment to the board: January 2011.

Committee membership: Nomination, corporate responsibility.

Current directorships/business interests: Non-executive director of Carillion PLC, Vice-President of Liverpool School of Tropical Medicine.

Career experience: Chief executive of SELEX Galileo, the defence electronics company owned by Italian aerospace and defence organisation Finmeccanica. Previously chief operating officer at BAE Systems PLC, and a member of its PLC board, he spent his earlier career with British Aerospace PLC.

Skills and experience: Steve's experience of the highly competitive defence market and complex design, manufacturing and support programmes has brought renewed focus to customer service and operational performance at United Utilities, and his perspective of the construction and infrastructure sector provides valuable experience relating to United Utilities' capital investment programme.



Russ Houlden (54)

Chief Financial Officer

Responsibilities: To manage the group's financial affairs and to contribute to the management of the group's business.

Qualifications: BSc (Hons) Management Sciences, Fellow of the Chartered Institute of Management Accountants, Chartered Global Management Accountant and a Fellow of the Association of Corporate Treasurers.

Appointment to the board: October 2010.

Committee membership: Treasury.

Current directorships/business interests: During the year, Russ was a member of the Ecosystem Markets Task Force reporting to the UK Government.

Career experience: Chief financial officer at Telecom New Zealand. Previously finance director of Lovells and various divisions of BT and ICI.

Skills and experience: Russ's experience in accounting, finance and treasury management in other competitive and regulated companies, along with his extensive experience of driving performance improvement and managing large capital expenditure programmes, provides the group with valuable expertise with regard to its drive for improvements in customer service, operations, capital expenditure and financing.



Dr Catherine Bell CB (62)

Independent non-executive director

Qualifications: MA Geography, PhD Economic History.

Appointment to the board: March 2007.

Committee membership: Nomination, audit and risk, remuneration and corporate responsibility (chair).

Current directorships/business interests: Non-executive director of the Civil Aviation Authority and the Department of Health.

Career experience: A former civil servant and acting permanent secretary at the Department for Trade and Industry. Previously a non-executive director of Ensus Limited and Swiss Re GB Plc.

Skills and experience: Catherine's civil service background and understanding of the operation of government departments and utility regulation is particularly valued given the regulated framework within which the business operates.

Explanatory notes of resolutions continued

Executive and non-executive directors offering themselves for reappointment/election continued



Brian May (49)

Independent non-executive director

Qualifications: BSc (Hons) Actuarial Science, Chartered Accountant ACA.

Appointment to the board: September 2012.

Committee membership: Nomination and audit and risk.

Current directorships/business interests: Finance director at Bunzl plc.

Career experience: Brian has been group finance director at Bunzl plc since 2006 and prior to that held a number of senior finance roles within the company. Prior to joining Bunzl, Brian qualified as a chartered accountant with KPMG.

Skills and experience: Brian joined Bunzl in 1993 as head of internal audit before becoming group treasurer, then finance director, Europe and Australasia, and is currently group finance director. Brian's background and the various finance roles that he has held will serve him well in chairing both the audit and risk committee and the treasury committee on the retirement of Paul Heiden.



Nick Salmon (60)

Senior independent non-executive director

Qualifications: BSc (Hons) Mechanical Engineering.

Appointment to the board: April 2005.

Committee membership: Nomination, remuneration and corporate responsibility.

Current directorships/business interests: None.

Career experience: Chief executive of Cookson Group plc until December 2012 when Cookson demerged to create two new listed companies, Vesuvius plc and Alent plc. Formerly executive vice-president of Alstom S.A. and of ABB Alstom Power and chief executive of Babcock International Group plc. Previous senior management positions held at GEC and GEC Alsthom in the UK and France and the China Light and Power Company, Hong Kong.

Skills and experience: As an experienced CEO of two FTSE listed companies Nick brings extensive executive experience to the board table. In addition, his considerable experience in the management of large capital construction projects supports the board's oversight of the capital investment programme.



Sara Weller (51)

Independent non-executive director

Qualifications: MA Chemistry.

Appointment to the board: March 2012.

Committee membership: Nomination and remuneration (chair).

Current directorships/business interests:

Non-executive director of Lloyds Banking Group PLC and lead non-executive director for the Department for Communities and Local Government. Sara is also a board member at the Higher Education Funding Council for England (HEFCE).

Career experience: Sara has wide-ranging business experience having worked for Mars, Abbey National and Sainsbury's and most recently as managing director of Argos from 2004 to 2011. She served as the senior independent director at Mitchells and Butlers from 2003 to 2006 and also chaired its remuneration committee from 2003 to 2010.

Skills and experience: Sara's experience of customer facing businesses, together with her knowledge of operating within a regulated environment, will be major assets to the board as the water industry prepares for the opening up of the sector to more competition and in improving customer service.

Explanatory notes of resolutions continued

Resolutions 11 and 12: appointment and remuneration of auditor

Our auditor, KPMG, has informed us that for administrative reasons and to instigate the orderly wind down of business, they wish to formally change the entity which conducts the United Utilities audit from KPMG Audit Plc to KPMG LLP. KPMG Audit Plc are therefore not seeking reappointment, instead the board now proposes a resolution for the appointment of KPMG LLP as auditor, to hold office until the next AGM of the company. An authority for the directors to set the remuneration of the auditor will also be sought.

In accordance with s519 of the Companies Act 2006, KPMG Audit Plc made the following statement:

“10 June 2013

Dear Sirs

Statement on ceasing to hold office as auditor to United Utilities Group PLC pursuant to s519 of the Companies Act 2006

The circumstances connected with our ceasing to hold office are that our company, KPMG Audit Plc, has instigated an orderly wind down of business. KPMG LLP, an intermediate parent, will be seeking appointment as statutory auditor at the forthcoming AGM.

Yours faithfully

KPMG Audit Plc”

Resolution 13: authorising the directors to allot shares

Paragraph (A) of this resolution 13 would give the directors the authority to allot ordinary shares or grant rights to subscribe for or convert any securities into ordinary shares up to an aggregate nominal amount equal to £11,364,806 (representing 227,296,139 ordinary shares of 5 pence each). This amount represents approximately one-third of the issued ordinary share capital of the company as at 22 May 2013, the latest practicable date prior to publication of this notice.

In line with guidance issued by the Association of British Insurers, paragraph (B) of this resolution would give the directors authority to allot ordinary shares or grant rights to subscribe for or convert any securities into ordinary shares in connection with a rights issue in favour of ordinary shareholders up to an aggregate nominal amount equal to £22,729,613 (representing 454,592,278 ordinary shares), as reduced by the nominal amount of any shares issued under paragraph (A) of this resolution. This amount (before any reduction) represents approximately two-thirds of the issued ordinary share capital of the company as at 22 May 2013, the latest practicable date prior to publication of this notice.

The authorities sought under paragraphs (A) and (B) of this resolution will expire at the conclusion of the annual general meeting of the company held in 2014.

The directors have no present intention to exercise the authorities sought under paragraph (B) of this resolution. As at the date of this notice, no ordinary shares are held by the company in treasury.

Resolution 14: disapplying statutory pre-emption rights will be proposed as a special resolution

Resolution 14 seeks to give the directors the authority to allot ordinary shares (or sell any ordinary shares which the company elects to hold in treasury) for cash without first offering them to existing shareholders in proportion to their existing shareholdings.

This authority would be, as in previous years, limited to allotments or sales in connection with pre-emptive offers and offers to holders of other equity securities if required by the rights of those shares or as the board otherwise considers necessary, or otherwise up to an aggregate nominal amount of £1,704,721 (representing 34,094,420 ordinary shares). This aggregate nominal amount represents approximately 5 per cent of the issued ordinary share capital of the company as at 22 May 2013, the latest practicable date prior to publication of this notice. In respect of this aggregate nominal amount, the directors confirm their intention to follow the

provisions of the Pre-Emption Group's Statement of Principles regarding cumulative usage of authorities within a rolling three-year period where the Principles provide that usage in excess of 7.5 per cent should not take place without prior consultation with shareholders. The authority will expire at the conclusion of the annual general meeting of the company held in 2014.

Resolution 15: authorising the company to make market purchases of its own shares will be proposed as a special resolution

Authority is sought for the company to purchase up to 10 per cent of its issued ordinary shares (excluding any treasury shares), renewing the authority granted by the shareholders at previous annual general meetings. The directors have no present intention of exercising the authority to make market purchases however, the authority provides the flexibility to allow them to do so in the future. The directors will exercise this authority only when to do so would be in the best interests of the company, and of its shareholders generally, and could be expected to result in an increase in the earnings per share of the company. The authority will expire at the conclusion of the annual general meeting of the company held in 2014.

Ordinary shares purchased by the company pursuant to this authority may be held in treasury or may be cancelled. The directors would consider holding any ordinary shares the company may purchase as treasury shares. The company currently has no ordinary shares in treasury. The minimum price, exclusive of expenses, which may be paid for an ordinary share is its nominal value. The maximum price, exclusive of expenses, which may be paid for an ordinary share is the higher of: (i) an amount equal to 105 per cent of the average market value for an ordinary share for the five business days immediately preceding the date of the purchase; and (ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venues where the purchase is carried out.

There are share options outstanding over 1,273,281 ordinary shares, representing 0.18 per cent of the company's ordinary issued share capital as at 22 May 2013. If the authority to purchase ordinary shares was exercised in full and those shares were subsequently cancelled, these share options would represent 0.18 per cent of the company's ordinary issued share capital.

Resolution 16: Approving the long term plan Letter from the chair of the remuneration committee (see page 16)

Resolution 17: notice of general meeting will be proposed as a special resolution

The Companies Act 2006 requires the notice period for general meetings of the company to be at least 21 days. Under its articles of association, the company is currently able to call general meetings (other than an AGM) on 14 clear days' notice and would like to preserve this ability. In order to do so, shareholders must first approve the calling of meetings on 14 days' notice. Resolution 17 seeks such approval. The shorter notice period would not be used as a matter of routine, but only when the flexibility was merited by the business of the meeting and the circumstances requiring the business. The approval will be effective until the 2014 annual general meeting, when it is intended that a similar resolution will be proposed.

Resolution 18: authorising political donations and political expenditure

Shareholder approval is required for donations to political parties, independent election candidates and other political organisations, and for other political expenditure. The company does not make, and does not intend to make, donations to political parties. However, the definition of political donations is very broad and includes expenses incurred as part of the process of having dialogue with members of parliament and opinion formers to ensure that the issues and concerns of United Utilities are considered and addressed. The resolution seeks to ensure that the company and its subsidiaries remain within the law in carrying out these activities.

Explanatory notes of resolutions continued

Resolution 16: Approving the long term plan

Letter from the chair of the remuneration committee

Dear shareholder

As I state in my introduction to the 2012/13 directors' remuneration report, the remuneration committee has recently completed a review of incentive arrangements for executive directors. The changes we are proposing to make as a result of this review are set out on pages 57 to 63 of the annual report. These include the proposed introduction of the long term plan 2013 (LTP) which will be used instead of our two existing long-term incentive plans, namely the performance share plan (PSP) and the matching share award plan (MSAP). The key features of the proposed LTP are summarised in appendix 1 to this circular.

Why we are proposing changes to our executive incentive arrangements

Half of the awards under our current long-term incentive plans are based on operating expenditure (opex) and capital expenditure (capex) performance relative to the regulatory contract. As the regulatory contract for the five-year period 1 April 2015 to 31 March 2020 has not yet been agreed, it would be very difficult to set opex and capex targets for the final year of the three-year performance period for the 2013 awards (which ends on 31 March 2016). Consequently, the committee felt that it was an appropriate time to review the arrangements.

Opex and capex outperformance still remain important areas of focus for the whole business and plans are in place to continue to deliver results in these areas. Capital performance and operating costs (via operating profit) will continue to feature strongly in the annual bonus plan, in which staff at all levels participate.

Key changes

During the review we have taken the opportunity to ensure that our executive incentives are firmly aligned to our business priorities and those of our major stakeholders, including shareholders and customers. When considering the changes, we have been mindful of the public debate on executive reward and we have consulted extensively with several leading shareholders and representative groups when developing our proposals. We have also taken the latest shareholder guidelines into account.

The overall changes are described on pages 57 to 63 of the annual report but in respect of the long-term incentive arrangements specifically, the proposed key changes are as follows:

- ▶ **Reduced maximum opportunity** whilst maintaining the expected value of the package
- ▶ **Introduction of new LTP** to be used instead of the existing PSP and MSAP featuring revised long-term measures aligned with strategy and shareholder objectives
- ▶ **Longer time horizon** on LTP for executive directors of five years (three-year performance period plus two-year holding period)
- ▶ **Complexity is reduced** by the removal of the matching element of the existing package
- ▶ **Clawback and malus provisions** have been strengthened

Summary of LTP

Under the new LTP, participants will be granted an award over whole shares. For executive directors, it is proposed that the face value of the total award will be 130 per cent of salary. This will broadly maintain the expected value of the LTP awards with the PSP and MSAP awards made to executive directors in 2012.

The awards will be subject to performance conditions measured over a performance period (normally three years), followed by a holding period (normally two years) for executive directors.

Performance measures

A summary of the proposed measures and weightings for the LTP to be granted in 2013 is given below:

Shareholder returns

(weighting: one-third of the award)

- ▶ Total shareholder return (TSR) measured over a three-year period relative to the FTSE 100 excluding financial services, oil and gas and mining companies (approximately 64 companies).
- ▶ Given the small size of the current comparator group (five companies) and the consequent challenges in measures performance on a robust basis, we believe extending the group in the new LTP provides a better basis for comparison.
- ▶ If we outperform the median TSR of the comparator group by the stretch target of 1.15x median over the three-year period, this would generate significant returns for shareholders. For example, if the median TSR of the comparator group is 10 per cent over the three-year performance period and stretch performance is achieved, then this could generate shareholder returns of around £275m per year more than would be delivered by achieving median TSR performance.

Sustainable dividends

(weighting: one-third of the award)

- ▶ Comprises two elements – dividend growth and dividend cover.
- ▶ Focuses on the creation of strong earnings that ensure the sustainability of dividends.
- ▶ Given the commercial sensitivity of attempting to publicly predict the outcome of a regulatory price review process, the committee believes that disclosing precise targets for this measure in advance would not be in shareholder interests. Actual targets, performance achieved and awards made will be published at the end of the performance

period so shareholders can fully assess the basis for any pay-outs.

Customer service excellence

(weighting: one-third of the award)

- ▶ Based on Ofwat's customer service measure (currently the Service Incentive Mechanism).
- ▶ This is an independent assessment of our customer service performance compared to other water and wastewater companies (currently 21 companies including United Utilities).
- ▶ Has a direct financial impact on United Utilities as our regulator can apply financial incentives or penalties depending on our customer service performance.
- ▶ In line with our vision to be one of the UK's best water and wastewater companies, we believe that achieving the position of 1st or 2nd in the rankings is an appropriately demanding stretch target.

The committee will have the flexibility to make appropriate adjustments to the performance targets in exceptional circumstances to ensure that the award achieves its original purpose. The basis for any adjustments to the level of vesting will be fully disclosed retrospectively in the remuneration report.

Any vesting is also subject to the committee being satisfied that the company's performance on these measures is consistent with underlying business performance.

Further details of the 2013 LTP are set out in Appendix 1 on pages 18 to 21.

The committee believes that the 2013 LTP will align executives and senior management with business strategy and shareholders' interests, and therefore recommends that it is approved.

Sara Weller

Chair of the remuneration committee

Appendix 1 (which summarises the 2013 LTP)

Summary of the main provisions of the United Utilities Group PLC long term plan 2013 (2013 LTP)

1. Eligibility

The 2013 LTP will be operated and administered by the remuneration committee of the board of directors of the company (remuneration committee). The remuneration committee will determine who may participate in the 2013 LTP (participants) and this will extend to any employee (including an executive director) of the company or any of the company's subsidiaries.

2. Terms of Award

Awards under the 2013 LTP may be in the form of:

- ▶ a conditional right to acquire shares in the company;
- ▶ an option to acquire shares in the company; or
- ▶ a right to receive a cash amount which relates to the value of a certain number of notional shares

(together the awards).

Such awards may be granted over newly issued shares, treasury shares or shares purchased in the market. No payment will be required from participants either for the grant of awards or for the shares themselves.

Awards in the form of a nil cost option will normally lapse on the date immediately before the tenth anniversary of the date of grant if they remain unexercised at that date.

Awards under the 2013 LTP may only be granted within the period of 42 days following the approval of the 2013 LTP by the company's shareholders, the announcement of the company's results for any period, the lifting of any restrictions stopping the grant of awards or any day on which the remuneration committee determines that exceptional circumstances exist.

3. Individual limits

Awards will not be granted to a participant under the 2013 LTP over shares with a market value in excess of 200 per cent of salary in each of the company's financial years.

4. Performance conditions and holding period

Awards will generally only vest or become exercisable subject to the satisfaction of a performance condition measured over a performance period of at least three years (and normally three years), determined by the remuneration committee at the time of grant, followed by a holding period (normally two years) for executive directors.

It is intended that awards granted in 2013 shall be subject to the following performance conditions:

Shareholder returns

(weighting: one-third of the award)

Key features

- ▶ TSR measured over a three-year performance period.
- ▶ Relative to the FTSE 100 (excluding financial services, oil and gas and mining companies).
- ▶ No payment for below median performance.
- ▶ Threshold vesting (25%) at median performance.
- ▶ Stretch vesting (100%) at 1.15x median (or greater).
- ▶ 'Straight-line' vesting between threshold and stretch.
- ▶ For the purpose of calculating TSR, the TSR index is averaged over the three months prior to the start and end of the performance period.

Sustainable dividends

(weighting: one-third of the award):

Key features

- Comprises two elements – dividend growth and dividend cover.
- For 2013 where the performance period straddles two regulatory periods, dividend cover will operate as an underpin, with dividend growth (over the three year period) providing the pay-out range based on threshold (25% vesting) to stretch (100% vesting) targets.

Customer service excellence

(weighting: one-third of the award)

Key features

- Based on Ofwat's customer service measure (currently the Service Incentive Mechanism).
- Vesting based on ranking position in final year compared to the other water and wastewater companies (currently 21 companies including United Utilities).
- No payment for below median performance.
- Threshold vesting (25%) for median position (11 out of 21).
- Intermediate vesting (80%) for upper quartile position (6 out of 21).
- Stretch vesting (100%) for upper decile position or above (1 or 2 out of 21).
- 'Straight-line' vesting between these points.

The committee will have the flexibility to make appropriate adjustments to the performance targets in exceptional circumstances, to ensure that the award achieves its original purpose.

Any vesting is also subject to the committee being satisfied that the company's performance on these measures is consistent with underlying business performance.

5. Vesting of Awards and Leavers

An Award will normally vest on:

- the date, following the end of the performance period, on which the remuneration committee determines the extent to which the performance condition has been satisfied; or
- if relevant, the end of the holding period

unless it lapses earlier as set out below.

Cessation of employment within three years from the start of the performance period in good leaver circumstances:

Where the participant ceases to be employed by any member of the group within three years of the start of the performance period by reason of ill health, injury, disability, a sale of the entity that employs the participant out of the group or for any other reason at the remuneration committee discretion (good leaver circumstances), a participant's unvested award will usually continue and where:

- a holding period does not apply, the award will vest on the normal vesting date; or
- a holding period applies, the award will vest on the later of: (i) the date when performance has been assessed following the completion of the performance period; and (ii) the completion of a period following cessation equivalent to the length of the original holding period.

The remuneration committee will decide the extent to which an unvested award will vest in good leaver circumstances, taking account of: (i) the period of time that has elapsed since the start of the performance period until the date of cessation of employment (unless the remuneration committee decide otherwise); and (ii) the extent to which any performance condition is satisfied at the end of any performance period or, as appropriate, at the date on which the participant ceases to be employed by a group company.

Appendix 1 continued

Cessation of employment after three years from the start of the performance period

Where the participant ceases to be employed by any member of the group for any reason after the end of three years from the start of the performance period (except where the participant is dismissed without notice), a participant's unvested award will usually continue unless the remuneration committee determines otherwise. The award will vest on the normal vesting date and where appropriate, the remuneration committee may determine that an award will vest as soon as reasonably practicable following the date on which the participant ceases to be employed by a group company.

The remuneration committee will decide the extent to which an unvested award will vest in the above circumstances taking into account the extent to which any performance condition is satisfied at the end of any performance period or, as appropriate, at the date on which the participant ceases to be employed by a group company.

In the case of death, the award will normally vest as soon as practicable following the death of the participant unless the remuneration committee determines otherwise. The remuneration committee will decide the extent to which an unvested award will vest on death, taking account of: (i) the period of time that has elapsed since the start of the performance period until the date of death (unless the remuneration committee decide otherwise); and (ii) the extent to which any performance condition is satisfied at the end of any performance period or, as appropriate, at the date of death.

In all of the above circumstances, awards in the form of nil-cost options will normally be exercisable for a period of six months after vesting.

Awards will lapse immediately where the participant is dismissed without notice.

6. Corporate events

In the event of a change of control of the company, awards will vest taking into account the extent to which any performance condition has been satisfied at the date of the change of control. Where the event occurs during the performance period, the period of time which has elapsed since the start of the performance period and the relevant event shall also be taken into account, unless the remuneration committee determines otherwise. Where an award is in the form of a nil-cost option, this will then be exercisable for a period of one month.

Alternatively, the remuneration committee may permit or require awards to be exchanged for equivalent awards which relate to shares in a different company.

7. Limits on the issue of shares

The number of shares which can be issued under the 2013 LTP will be restricted by the general limit of 10 per cent of the company's issued share capital in a ten year period which applies for all of the company's share incentive schemes as well as the specific limit of 5 per cent of the issued share capital of the company in a ten year period which applies for any executive share incentive schemes.

8. Malus

The remuneration committee may take such steps as it considers appropriate to reduce the number of shares subject to an award (to nil if appropriate) and/or impose further conditions on the award in certain circumstances. Such circumstances include, but are not limited to:

- a material misstatement of the company's audited financial results;
- a serious failure of risk management by the company, any group member or a relevant business unit; or
- reputational damage to the company, any group member or a relevant business unit as a result of the participant's misconduct or otherwise.

9. Dividends

The remuneration committee may determine that on the vesting of an award in the form of a conditional share award or cash award, or on the exercise of an award in the form of a nil-cost option, a participant shall receive an amount in cash and/or shares equivalent to the value of some or all of the dividends (and special dividends at the discretion of the remuneration committee) that would have been paid on the vested shares between the date of grant of the award and the date of vesting.

10. Non-transferability of awards

Each award is personal to the participant and accordingly, participants may not transfer, assign, charge, encumber or otherwise alienate their awards or shares subject to their awards nor create in favour of any third party any interest therein (nor, in any case, attempt so to do).

11. Rights attaching to shares

All shares issued or transferred under the 2013 LTP will rank *pari passu* with all other shares of the company for the time being in issue (save as regards any rights attaching to such shares by reference to a record date prior to the date of issue or transfer to the participant).

12. Variation of capital

In the event of any rights or capitalisation issue, sub-division, consolidation, reduction or other variation of the ordinary share capital of the company, the board may make such adjustment as it considers appropriate to the number of shares subject to an award and/or the price payable on the exercise of options (where an award takes the form of a share option).

13. Amendments to the 2013 LTP

The remuneration committee may alter the provisions of the 2013 LTP in any respect provided that the prior approval of shareholders in general meeting is obtained for alterations or additions which are to the advantage of participants and relate to eligibility, limits, the basis for determining a participant's entitlement to, and the terms of, the shares or cash comprised in an award and the impact of any variation of capital.

The requirement to obtain the prior approval of shareholders will not, however, apply in relation to any alteration or addition which is minor in nature and made to benefit the administration of the 2013 LTP, to comply with the provisions of any existing or proposed legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for the company, any of its subsidiaries or for participants.

14. Termination

The 2013 LTP will terminate on the tenth anniversary of its adoption, or such earlier time as the board may determine but the rights of existing participants will not be affected by such termination. In the event of termination, no further awards will be granted.

15. Benefits not pensionable

Awards under the 2013 LTP are non-pensionable.

General information

Questions to the meeting

Shareholders have a statutory right in accordance with section 319A of the Companies Act 2006 to ask and to receive an answer to a question relating to the business of the meeting, although an answer need not be given if in doing so, amongst other things, it was considered undesirable in the interests of the company or the good order of the meeting or if it involved the disclosure of confidential information.

Website

A copy of this notice of meeting and details of the company's share capital in accordance with section 311A of the Companies Act 2006 are available on the company's website at corporate.unitedutilities.com.

Attending and admission to the meeting

Please bring your admission card with you to the meeting. It contains your unique shareholder number and will speed up the registration process. It also serves as your poll card. This helps the votes to be counted more quickly and accurately after the meeting. If you don't bring your admission card, you will need proof of identity before you can be admitted. Security checks will be made and we reserve the right to search bags before allowing entry. The doors will open at 10.00 am and the meeting starts at 11.00 am.

Documents you can look at

Copies of executive directors' service contracts and non-executive directors' letters of appointment are available for inspection by shareholders prior to the AGM until the close of the meeting. Similarly, copies of current articles of association will be available for inspection at the meeting, for at least 15 minutes prior to, and until the close of the meeting and at our registered office.

The draft rules of the United Utilities Group PLC long term plan 2013 will be available for inspection at the meeting and during normal business hours on Monday to Friday (excluding bank holidays) at our registered office and at the

offices of Addleshaw Goddard LLP, Milton Gate, 60 Chiswell Street, London, EC1Y 4AG from the date of this document until the close of the AGM and at the place of the AGM for at least 15 minutes before the AGM and during the AGM.

Voting at the meeting

The record date for entry on the register of members in order to have the right to attend and vote at the meeting is 6.00 pm on Wednesday 24 July 2013 (or, if the meeting is adjourned, 6.00 pm on the day two days before the date fixed for the reconvened meeting). A poll vote will be held on each resolution and scrutinised by representatives of Equiniti present at the meeting, thereby ensuring the votes cast are correctly recorded, and enabling shareholders who have appointed a proxy to vote on their behalf to have their votes fully taken into account. One vote can be cast for each ordinary share held.

Appointing one or more proxy

Every shareholder who is entitled to attend and vote has the right to appoint one or more persons as proxy to exercise all or any of their rights to attend, speak and vote at the AGM. A proxy need not be a shareholder. A shareholder may appoint more than one proxy provided each proxy is appointed to exercise rights in respect of a different share or shares held by the shareholder. You may appoint your proxy or proxies electronically or by completing, detaching and returning the proxy form attached to your admission card and enclosed with this notice. To be valid, completed proxy forms must be received by the company's registrar, Equiniti, at Aspect House, Spencer Road, Lancing, West Sussex, United Kingdom, BN99 6DA by no later than 11.00 am on Wednesday 24 July 2013. Even if you have lodged a proxy form you may still attend and vote at the meeting, but the original proxy vote would be disregarded.

To appoint more than one proxy, you may photocopy the form of proxy or request additional forms from the company's registrar, Equiniti, by telephone on 0871 384 2041 (calls

to this number will be charged at 8p per minute plus network extras, lines are open 8.30 am to 5.30 pm Monday to Friday) or for overseas shareholders +44 121 415 7048, or by writing to them at the above address. Multiple proxy appointments should be returned together in the same envelope.

Persons nominated to enjoy information rights

If you're not a shareholder, but enjoy information rights under the Companies Act 2006, you are not entitled to appoint a proxy. However, there may be an agreement between you and your nominating shareholder which entitles you to be appointed, or to have someone else appointed, as their proxy. If you don't have this right, or don't wish to exercise it, you may still be entitled under such an agreement to give instructions to that shareholder as to how you would like them to vote.

Electronic proxy voting

Shareholders can register the appointment of a proxy for this meeting at sharevote.co.uk which is run by Equiniti. To do this, you'll need the three numbers (voting ID, task ID and shareholder reference number) that are quoted on your proxy form. Then follow the instructions on the website. The appointment of a proxy must be received by Equiniti no later than 11.00 am on Wednesday 24 July 2013.

Please read the terms and conditions relating to the use of this facility before appointing a proxy. These terms and conditions may be viewed on the website. You may not use any electronic address provided in this notice to communicate with the company for any other purpose other than those stated. Any electronic communication sent by a shareholder that is found to contain a virus will not be accepted.

CREST electronic proxy appointment service

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to act on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST manual (available via www.euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by Equiniti (ID RA19) by no later than 11.00 am on Wednesday 24 July 2013 (or not less than 48 hours before any adjourned meeting).

For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

General information continued

CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider(s) to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings.

The company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Corporate representative

Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares.

Issued share capital

As at 22 May 2013 (being the latest practicable date prior to the publication of this document): (i) the company's issued share capital consisted of 681,888,418 ordinary shares of 5 pence each and 273,956,180 deferred shares of 170 pence each; and (ii) the total voting rights in the company were 681,888,418.

Shareholder requests

Under section 527 of the Companies Act 2006 (the Act), members meeting the threshold requirements set out in that section have the right to require the company to publish on a website a statement setting out any matter relating to: (i) the audit of the company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the annual general meeting; or (ii) any circumstance connected with an auditor of the company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Act. The company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Act. Where the company is required to place a statement on a website under section 527 of the Act, it must forward the statement to the company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the annual general meeting includes any statement that the company has been required under section 527 of the Act to publish on a website.

Under sections 338 and 338A of the Act, shareholders may request the company to give notice of a resolution which is intended to be moved at an AGM, or to include in the business of an AGM other business which may properly be so included, provided that the resolution or other business would not be defamatory, frivolous or vexatious, and in the case of a proposed resolution, provided that the resolution would not be ineffective. The company will give notice of such a resolution or of such other business if sufficient requests have been received in accordance with sections 338(3) and 338A(3) of the Act.



To go straight to the investor page on our website, scan the QR code on your smartphone.

Shareholder information

Key Dates

We plan to:

- **2 Aug 2013**
Pay the 2012/13 final dividend.
- **27 Nov 2013**
Announce the half year results for the 2013/14 financial year (provisional).
- **3 Feb 2014**
Pay the 2013/14 interim dividend (provisional).
- **May 2014**
Announce the final results for the 2013/14 financial year.
- **June 2014**
Publish the Annual Report and Financial Statements for the 2013/14 financial year.

Electronic communications

We're encouraging our shareholders to receive their shareholder information by email and via our website. Not only is this a quicker way for you to receive information, it helps us to be more sustainable by reducing paper and printing materials and lowering postage costs.

Registering for electronic shareholder communications is very straightforward, and is done online via **shareview.co.uk** which is a website provided by our registrar, Equiniti.

Log on to shareview.co.uk and you can:

- set up electronic shareholder communication;
- view your shareholdings;
- update your address details if you change your address; and
- get your dividends paid directly into your bank account.

Please do not use any electronic address provided in this notice or in any related document to communicate with the company for any purposes other than those expressly stated.

Keeping you in the picture

You can find information about United Utilities quickly and easily on our website: **corporate.unitedutilities.com**. Here the Annual Report and Financial Statements, corporate responsibility report, other reports, company announcements, the half year and final announcements and associated presentations are published. View or download the full Annual Report and Financial Statements from **unitedutilities.com/annualreport2013**

Shareholder information continued



Dividends paid direct to your bank account

Why not make life easy and have your dividends paid straight into your bank account?

- ▶ the dividend goes directly into your bank account and is available straight away
- ▶ no need to pay dividend cheques into your bank account
- ▶ no risk of losing cheques in the post
- ▶ no risk of having to replace spoiled or out-of-date cheques
- ▶ it's cost-effective for your company

To take advantage of this, please contact Equiniti via shareview.co.uk or complete the dividend mandate form that you receive with your next dividend cheque.

If you choose to have your dividend paid directly into your bank account you'll receive one tax voucher each year. This will be issued with the interim dividend normally paid in February and will contain details of all the dividends paid in that tax year. If you'd like to receive a tax voucher with each dividend payment, please contact Equiniti.

Registrar

Our registrar, Equiniti, can be contacted on **0871 384 2041** or textphone for those with hearing difficulties: **0871 384 2255**. Calls to these numbers will be charged at 8p per minute plus network extras. Lines are open 8.30 am to 5.30 pm, Monday to Friday excluding bank holidays.

The address is:

Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA.

Overseas shareholders may contact them on: **+44 (0)121 415 7048**.

Equiniti offers a share dealing service by telephone: **0845 603 7037** and online: shareview.co.uk/dealing.

Equiniti also offers a stocks and shares ISA for United Utilities shares.

For more information, call **0845 300 0430** or go to: shareview.co.uk/dealing.

American Depositary Receipts (ADRs)

United Utilities shares are traded in the USA in the form of American Depositary Receipts (ADRs), and trade under the symbol 'UUGRY' on the OTC market. Each ADR represents two shares. Deutsche Bank is the depositary and its address for enquiries to Deutsche Bank's Shareholder Services is American Stock Transfer & Trust Company, Operations Center, 6201 15th Avenue, Brooklyn, NY 11219. Further information can be obtained through www.amstock.com.

Telephone: **(800) 937-5449** or outside the US, **+1 (718) 921-8124** or by email: **FUNDRM@AMSTOCK.com**

Donating shares to ShareGift

ShareGift is a charity that accepts donations of small numbers of shares which are uneconomical to sell on their own. Shares donated to ShareGift are aggregated and sold with the proceeds passed on to a wide range of UK charities. For further details go to ShareGift.org or write to ShareGift at 17 Carlton House Terrace, London, SW1Y 5AH. Telephone: +44 (0)20 7930 3737.

Warning to shareholders

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United Utilities is proud to have retained Platinum Big Tick ranking in the Business in the Community Corporate Responsibility Index, world class status in the Dow Jones Sustainability Index and to be in the FTSE 350 Carbon Disclosure Leadership Index.



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Cover picture:

Ian Allwood, headworks controller, looking after the operation and maintenance of our six reservoirs in the Longdendale valley, which together supplies up to 750,000 people with their daily water needs.