



United Utilities Group PLC
Notice of Annual
General Meeting 2015

Financial highlights

Revenue
£1,720.2m

2014: £1,688.8m

Underlying
operating profit
£664.3m

2014: £634.6m

Total dividends
per share
37.70p

2014: 36.04p

From the Chairman and Chief Executive Officer



Steve Mogford
Chief Executive Officer

Dr John McAdam
Chairman

The last 12 month period was the fifth and final year of the 2010-15 regulatory period. Our objective over this period was to deliver improved and sustainable underlying performance for the benefit of customers, the environment and shareholders. We are pleased to report that we achieved this.

Customers

Customer satisfaction remains a priority and we were the most improved water company over the 2010-15 regulatory period. Our improvements have helped reduce further the number of customers who need to contact us about the service they receive by around 75 per cent over the five-year period. We continually review the causes of customer dissatisfaction and revise our training, policies, processes and systems to drive improvement. We were pleased that our improved customer satisfaction performance over the period took us out of Ofwat's service incentive mechanism (SIM) penalty zone, thereby also benefiting shareholders.

Ofwat will change the process it uses to assess customer satisfaction during the next five-year regulatory period. This new SIM measure has been piloted over the last 12 months and has helped us identify that, while customer satisfaction with our services is continually improving, we could do better in keeping customers informed whilst we are resolving their issue. This will be a key area of focus for us in continuing to deliver improving satisfaction.

Modern customer relationship management (CRM) systems can offer a much improved customer experience as well as efficiencies in customer-facing operations. We were pleased to receive Ofwat's support for our plan to invest in a new CRM system in the 2015-20 period and we are already in the detailed design phase before implementation.

Our assets

The reliable and efficient operation of our assets is critical to both customer service and our environmental performance.

Targeted investment in our assets, processes and the people who operate them has supported an improvement in our environmental performance as measured by the Environment Agency (EA), positioning us again as one of the best performers in our sector.

Performance against indices used by the Drinking Water Inspectorate (DWI) to measure water quality has also improved and we achieved our best ever performance over the last year.

Asset serviceability was assessed as stable or improving over the last 12 months, representing a significant and sustained improvement since the start of the 2010-15 regulatory period. We were delighted to outperform our leakage target for the year – the ninth successive year in which we have met or beaten our target.

The improvements made early in the 2010-15 regulatory period to our project and risk management processes have supported the successful delivery of our capital programme. We invested a substantial £3.8 billion in the renewal and upgrade of our assets across the last five years, with over £850 million invested over the last 12 months. We measure the effectiveness of our investment using our Time, Cost and Quality index for which we scored 97 per cent this year – ahead of our targets and consistent with the good performance of the previous year.

We have already invested around £40 million to accelerate project delivery relating to schemes due to be delivered early in the 2015-20 period and to secure associated benefits.

A difficult economic environment

Although unemployment in the North West has reduced over the last 12 months, our region has the highest proportion of disadvantaged households in England and therefore customer indebtedness continues to be a significant challenge for us.

Our collections team continues to work hard to contain bad debt levels. During the year we implemented data sharing with the credit reference agency 'Experian' and this is helping to identify those customers who could pay their bill but choose not to. For those struggling to pay, we continue to offer a wide range of ways to help them back into regular payment. This includes an independently administered trust fund for which we increased our annual contribution using a cash tax refund from HMRC. We also gained customer support to launch a social tariff for those customers who receive Pension Credit.

Business retail

Having secured a retail licence in 2012, we have been a leading competitor in the Scottish business retail market securing over 200 customers, covering over 2,800 sites, and representing future annual revenue of £15 million. During this period we have seen the number of active market participants increase to around 18 and as a consequence, pricing is becoming increasingly competitive. We continue to bid selectively for profitable business where our value-added solutions offer benefits to customers.

The Water Act 2014 confirmed plans to open the English business retail market for water and wastewater services in 2017. Our experience of the Scottish business retail market is invaluable ahead of the English market opening and work is in hand to prepare our business retail and wholesale teams to address this development. We are actively engaged in the creation of a market operating company that will govern and facilitate the switching of their retailer by business customers.

Strategy

Our Strategic Direction Statement, 'Playing our part to support the North West' reflects extensive consultation with customers and other stakeholders to create our best view of what the next 25 years holds for our region. This

includes economic, social and environmental developments such as the predicted impact of climate change.

Our recently updated Water Resources Management Plan, which describes the projected pattern of water resource activity in our region until 2040, was approved by the Secretary of State in February 2015. This plan projects that the majority of the North West will be in surplus, benefiting from an integrated network that supports movement of water around the region to accommodate its changing supply and demand balance. Our plan includes a new Thirlmere pipeline to extend our integrated network to encompass West Cumbria. This will reduce abstraction from Ennerdale, thus protecting sensitive ecology, and improve security of supply for customers.

As a lone agent, United Utilities could not deliver the scale of required environmental improvement at an acceptable level of cost. Instead we are committed to partnering with others who can support the achievement of our required outcomes – such as our 'Turning tides' partnership with the EA, local authorities, the Marine Conservation Society and other interested parties to improve bathing waters in the North West.

Price Review

The 2015–20 Price Review represented a significant departure from previous reviews and proved to be a demanding period for both companies and regulators. Building on some of the changes introduced in the Water Act 2014, the Price Review introduced:

- significantly enhanced customer consultation on the content and pricing of companies' business plans;
- a new pricing structure involving four price caps: business retail, domestic retail, wholesale water and wholesale wastewater;
- new outcome delivery incentives (ODIs) providing penalties or rewards for company performance in aspects of its performance identified by customers as a priority;
- a new SIM measure providing continuing focus on customer satisfaction; and
- preparation for full opening of the retail market for business customers.

From the Chairman and Chief Executive Officer continued

In formulating our 2015–20 business plan, we sought the views of over 27,000 customers, as well as the views of our regulators and other stakeholders, to shape a plan that strikes the right balance for all our stakeholders. We worked closely with our regulators over the last year and our final plan re-submission in October 2014 took account of Ofwat's upper-quartile efficiency targets across many aspects of our operations. Ofwat's final determination in December represented a further efficiency challenge of £188 million, in the context of a wholesale total expenditure (totex) allowance of £5.3 billion. Whilst challenging to deliver, the final determination has not required us to revisit the key components of our business plan.

In the final analysis, the board considered Ofwat's proposal tough but, on balance, acceptable and confirmed its acceptance in January 2015.

Attractive to shareholders

We set out to deliver improved performance for customers and shareholders over the last five-year period. We delivered for both sets of stakeholders with improved customer satisfaction, better underlying operational performance and effective capital programme management.

Revenue increased by 1.9 per cent to £1.72 billion and underlying operating profit was up 4.7 per cent to £664 million. Underlying earnings per share increased by 16 per cent to 51.9 pence.

We exceeded our outperformance targets for the five years, supporting our dividend growth target throughout the period and building dividend cover as we approached the changes introduced in the 2015–20 Price Review.

The board is proposing a final dividend of 25.14 pence per ordinary share, making a total of 37.70 pence per ordinary share for the 2014/15 financial year. This represents an increase of 4.6 per cent compared with last year. The final dividend is expected to be paid to shareholders on 3 August 2015.

In accepting our final determination, the board approved a policy of maintaining the existing level of dividend and targeting a growth rate of at least RPI inflation each year through to 2020.

To support the retention of a robust capital structure, we aim to maintain efficient access to debt capital markets throughout the economic cycle. The board believes that it is appropriate to keep gearing, measured as net debt to regulatory capital value, within our existing target range of 55 to 65 per cent. We also aim to maintain, as a minimum, our existing credit ratings of A3 with Moody's and BBB+ with Standard & Poor's for United Utilities Water Limited.

2015–20 performance

We are focused on continuous improvement and our new operating model for our wholesale business is employing technology and new work processes to deliver enhanced customer satisfaction and operational efficiency.

Measurement of our progress across the next five years will use a mix of existing and new measures, which reflect the revised structure and features of this price control. This forthcoming period will see a greater emphasis on operational excellence as a means of earning financial rewards.

We expect that our environmental and water quality regulators, the EA and the DWI respectively, will continue to use a basket of established measures to assess our performance. New for the next period is a revised SIM measure and a series of ODIs, to which are attached penalties and rewards. We will also focus more on total expenditure, rather than on the individual measures of opex and capex, in line with Ofwat's move to this way of assessing costs.

We have refined our key performance indicators (KPIs) for the 2015–20 period, which will recognise the tougher operational and financial targets inherent in the final determination settlement. We do not intend to set targets for the 2015–20 period until we have more experience of operating under the new arrangements. However, more detail of these KPIs is provided on pages 50 and 51 of our annual report and we intend to publish our performance annually.

NOTICE OF ANNUAL GENERAL MEETING > FROM THE CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Responsible business

Our aim is to operate in an environmentally sustainable, economically beneficial and socially responsible manner. In recognition of this focus, we retained our 'World Class' rating as measured by the Dow Jones Sustainability Index, achieving industry leading status in the multi-utility/water sector in the most recent assessment.

We are delighted to have led a North West pilot for the Energy and Efficiency Industrial Partnership, backed by UK Skills, in which we leveraged our investment in a new apprentice skills training facility in Bolton to help young people find employment. The programme involves skills training, interview technique and work experience and early trials have shown an over 60 per cent success rate in finding full-time employment for participants. Following the success of the pilot, the programme is now being rolled out across the UK.

Our employees

None of our progress over the last 12 months would have been achieved without the enthusiasm and commitment of the people who work for United Utilities – both our employees and those working for our sub-contracting partners that represent us in the field. We would like to thank them for their dedication and hard work in supporting customers and the environment every day of the year.

We work hard to sustain high levels of engagement by our employees. The company has seen significant change over the last four years and our plans will engage our teams for further improvements. Employee engagement is 79 per cent, well above the UK transitional norm and just below the norm for high performing UK companies.

Health and safety remains a key focus area. This year we placed greater emphasis on the 'health' component with investment in a new gym at our main office, along with measures to assist our employees in assessing their health and in securing faster access to treatment should it be necessary.

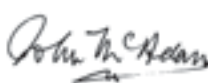
Our board

We strive to operate in a manner that reflects the highest standards of corporate governance. Our company structure and governance standards are designed to ensure that our board continues to provide sound and prudent governance in compliance with the principles of the UK Corporate Governance Code.

We are pleased to welcome Lord Stephen Carter to the board following his appointment in September 2014 as an independent non-executive director. Stephen is Chief Executive at Informa plc and his operational expertise and previous public services roles will be an asset to the board.

Outlook

We are encouraged by our operational and customer service performance improvements and believe we can improve further. Substantial investment in our assets will continue, delivering additional benefits for our customers and the environment. We have made significant and sustained performance improvements over the last five years and, combined with our 'systems thinking' approach to operating the business, this provides a solid foundation for the future.



Dr John McAdam
Chairman



Steve Mogford
Chief Executive Officer

Annual report and financial statements

Our 2015 annual report and financial statements can be accessed directly at corporate.unitedutilities.com.

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 meeting.

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 website.

Notice of annual general meeting (AGM)

Notice is given that the AGM of United Utilities Group PLC (the company) will be held at 11.00 am on Friday 24 July 2015 at the **Lowry Hotel, 50 Dearmans Place, Chapel Wharf, Manchester, M3 5LH** to transact the business set out below.

Resolutions 1 to 13 and resolutions 14 and 18 will be proposed as ordinary resolutions and resolutions 15, 16 and 17 will be proposed as special resolutions.

Resolution 1: annual report and financial statements

That the financial statements and the reports for the year ended 31 March 2015 be received.

Resolution 2: declaration of dividend

That the final dividend of 25.14 pence per ordinary share be declared.

Resolution 3: to approve the directors' remuneration report

To approve the directors' remuneration report (other than the part containing the abridged directors' remuneration policy) for the year ended 31 March 2015.

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 Dr Catherine Bell be reappointed as a director.

Resolution 7: election of a director

That Stephen Carter be elected as a director.

Resolution 8: reappointment of a director

That Mark Clare be reappointed as a director.

Resolution 9: reappointment of a director

That Russ Houlden be reappointed as a director.

Resolution 10: reappointment of a director

That Brian May be reappointed as a director.

Resolution 11: reappointment of a director

That Sara Weller be reappointed as a director.

Resolution 12: reappointment of auditor

That KPMG LLP be reappointed as auditor of the company.

Resolution 13: remuneration of auditor

That the audit committee of the board be authorised to set the auditor's remuneration.

Resolution 14: 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 2016 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 15: disapplying statutory pre-emption rights

That, if resolution 14 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 14, 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 14 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 2016 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

Resolution 16: 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 2016 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 17: notice of general meeting

That a general meeting other than an annual general meeting may be called on not less than 14 working 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 2016 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 £50,000.

By order of the board:

Simon Gardiner
Company Secretary
20 May 2015

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 annual report and financial statements of the company for the year ended 31 March 2015, the strategic report, the directors' report, 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 25.14 pence per ordinary share. If approved, it will be paid on 3 August 2015 to shareholders on the register at the close of business on 26 June 2015.

Resolution 3: directors' remuneration report

In accordance with the Companies Act 2006, the company proposes an ordinary resolution to approve the directors' remuneration report for the financial year ended 31 March 2015. The directors' remuneration report can be found on pages 84 to 103 of the annual report and financial statements 2015 and, for the purposes of this resolution, does not include the parts of the directors' remuneration report containing the abridged directors' remuneration policy which is set out on pages 87 to 91. The vote on this resolution is advisory only and the directors' entitlement to remuneration is not conditional on its being passed.

Resolutions 4 to 11: reappointment/election of directors

The board is mindful of the recommendation contained within the Financial Reporting Council's UK Corporate Governance Code (the code) that all directors of FTSE 350 companies should be subject to annual appointment by shareholders. As in recent years, all directors therefore will retire at the 2015 AGM.

In accordance with the company's articles of association, Stephen Carter, being a director appointed since the last AGM, stands for election.

With the exception of the Chairman, for whom under the code the test is not applicable, 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.

All directors will be offering themselves for reappointment or election at the forthcoming AGM in July 2015. 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 Stephen Carter 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. Biographical details of the directors can be found on pages 10-13 of this document.

Explanatory notes of resolutions

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



Dr John McAdam (67)

Chairman

Responsibilities: 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).

Skills and experience: With over 16 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.

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.

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. He is also Chairman of United Utilities Water Limited.

Independence: John met the Code's independence criteria at the time of his initial appointment as Chairman.



Steve Mogford (58)

Chief Executive Officer

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

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

Appointment to the board: January 2011.

Committee membership: Corporate responsibility.

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.

Career experience: Previously 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.

Current directorships/business interests: Senior independent director of Carillion PLC, vice-president of Liverpool School of Tropical Medicine. He is also Chief Executive Officer of United Utilities Water Limited.



Russ Holden (56)
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.

Skills and experience: Russ's skills and experience in accounting, treasury, tax, M&A and investor relations in other commercial and regulated companies, along with his extensive experience of driving performance improvement and managing large capital investment programmes, provides the group with valuable expertise with regard to its drive for improvements in customer service, business development, operations, capital investment and financing.

Career experience: Chief financial officer at Telecom New Zealand. Previously finance director of Lovells, BT Wholesale, BT Networks and Information Services, ICI Polyurethanes and ICI Japan.

Current directorships/business interests: Member of the supervisory board and chairman of the audit committee of Orange Polska SA, the largest listed telecommunications company in Poland. He is a member of the main committee and chairman of the financial reporting committee of the 100 Group. He is also chief financial officer of United Utilities Water Limited.



Dr Catherine Bell (64)
Independent non-executive director

Qualifications: MA Geography, PhD Economic History.

Appointment to the board: March 2007.

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

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

Career experience: Formerly a non-executive director of the Civil Aviation Authority and prior to that 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.

Current directorships/business interests: Non-executive director and executive board member of the Department of Health and a non-executive director of National Grid Gas plc and National Grid Electricity Transmission plc. She is also an independent non-executive director of United Utilities Water Limited.

Explanatory notes of resolutions

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



Stephen Carter (51)

Independent non-executive director

Qualifications: Bachelor of Law.

Appointment to the board: September 2014.

Committee membership: Nomination, audit and corporate responsibility.

Skills and experience: As the CEO of a FTSE listed company, Stephen brings current operational experience to the board. His time spent in public service will provide additional insights to the board regarding regulation and government relations, and his experience in the media and technology industries will provide a new perspective for the board's discussions.

Career experience: Prior to his appointment as group chief executive at Informa plc on 1 January 2014, he was appointed CEO designate on 1 September 2013, having previously served on its board as an independent non-executive director and member of the audit committee. He has also held non-executive director positions at Travis Perkins plc and Royal Mail Holdings plc. Previous roles include president/managing director, Europe, Middle East & Africa, and a member of the executive management board at Alcatel Lucent Inc. Stephen has also held a number of public service roles, serving a term as the founding chief executive of Ofcom. He was formerly chairman of the board at Ashridge Business School. He is a Life Peer.

Current directorships/business interests: Group chief executive at Informa plc and a governor of the Royal Shakespeare Company. He is also an independent non-executive director of United Utilities Water Limited.



Mark Clare (57)

Senior independent non-executive director

Qualifications: Chartered Management Accountant (FCMA).

Appointment to the board: November 2013.

Committee membership: Nomination, remuneration.

Skills and experience: As the CEO of a listed company, Mark brings additional current operational experience to the board. His time at British Gas and BAA means he has a strong background operating in a regulated environment and his extensive knowledge of customer-facing businesses is particularly valuable as the industry prepares for increased competition and pursues its continuous drive to improve customer service.

Career experience: Mark has been group chief executive at Barratt Developments plc since October 2006 and is also a trustee of the Building Research Establishment and the UK Green Building Council. Prior to joining Barratt, he was an executive director of Centrica plc and held a number of senior roles within both Centrica plc and British Gas. Mark has also been a non-executive director of BAA plc, the airports operator.

Current directorships/business interests: Group chief executive at Barratt Developments plc. He is also an independent non-executive director of United Utilities Water Limited.



Brian May (51)

Independent non-executive director

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

Appointment to the board: September 2012.

Committee membership: Nomination, audit (chair), treasury (chair).

Skills and experience: Brian joined Bunzl plc in 1993 as head of internal audit before becoming group treasurer, then finance director, Europe and Australasia, and is currently finance director. Brian's background and the various finance roles that he has held are major assets to the board in chairing both the audit and the treasury committees.

Career experience: Brian has been 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.

Current directorships/business interests: Finance director at Bunzl plc. He is also an independent non-executive director of United Utilities Water Limited.



Sara Weller (53)

Independent non-executive director

Qualifications: MA Chemistry.

Appointment to the board: March 2012.

Committee membership: Nomination and remuneration (chair).

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

Career experience: Sara has wide-ranging business experience having worked for Mars, Abbey National and J Sainsbury plc and latterly 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.

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 chair of the Planning Inspectorate, (an executive agency of the Department of Communities and Local Government), a board member at the Higher Education Funding Council for England and a council member at Cambridge University. She is also an independent non-executive director of United Utilities Water Limited.

Explanatory notes of resolutions

Resolutions 12 and 13: reappointment and remuneration of auditor

The board is recommending the reappointment of KPMG LLP as external auditor to the company. An authority for the audit committee of the board to set the remuneration of the auditor will also be sought. The audit was last tendered in 2011 when KPMG replaced Deloitte as statutory auditor to the group.

Resolution 14: authorising the directors to allot shares

Paragraph (A) of this resolution 14 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 20 May 2015, the latest practicable date prior to publication of this notice.

In line with guidance issued by the Investment Association, 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 20 May 2015, 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 2016.

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

Resolution 15 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 20 May 2015, 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 (the 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 2016.

Resolution 16: 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 2016.

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 1,892,988 ordinary shares, representing 0.28 per cent of the company's ordinary issued share capital as at 20 May 2015. If the authority to purchase ordinary shares was exercised in full and those shares were subsequently cancelled, these share options would represent 0.28 per cent of the company's ordinary issued share capital.

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 not less than 14 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. In accordance with the 2014 version of the code, the recommendation is that the 14 days are specified as 'working days'. 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 2016 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.

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 the current articles of association will also 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.

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 22 July 2015 (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 their 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 22 July 2015. Even if you have lodged a proxy form you may still attend and vote at the meeting, in doing so, 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 are 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 22 July 2015.

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). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to an 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 22 July 2015 (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.

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.

General information continued

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 20 May 2015 (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.

Shareholder information

Key dates

We plan to:

- **3 August 2015**
Pay the 2014/15 final dividend.
- **25 November 2015**
Announce the half year results for the 2015/16 financial year.
- **1 February 2016**
Pay the 2015/16 interim dividend.
- **May 2016**
Announce the final results for the 2015/16 financial year.
- **June 2016**
Publish the Annual Report and Financial Statements for the 2015/16 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.

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; and
- 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.

Warning to shareholders

Please be very wary of any unsolicited contact about your investments or offers of free company reports. It may be from an overseas 'broker' who could sell you worthless or high risk shares. If you deal with an unauthorised firm, you would not be eligible to receive payment under the Financial Services Compensation Scheme. Further information and a list of unauthorised firms that have targeted UK investors is available from the Financial Conduct Authority at

fca.org.uk/consumers/protect-yourself/unauthorised-firms.

Registrar's details

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 [to shareview.co.uk/dealing](https://shareview.co.uk/dealing).

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 corporate.unitedutilities.com



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