



United Utilities Group PLC

Notice of Annual General Meeting 2017

Financial highlights

Revenue

£1,704m

2016: £1,730m

Underlying
operating profit

£622.9m

2016: £604.1m

Total dividend
per share

38.87p

2016: 38.45p

From the Chairman and Chief Executive Officer



Dr John McAdam
Chairman

Steve Mogford
Chief Executive Officer

We are on track to deliver our vision of becoming the UK's best water and wastewater company, providing great service to our customers and creating value for our shareholders.

Overview

We have continued to improve performance for shareholders, customers and the environment as we aim to deliver further value and sustainable dividends backed by a strong balance sheet. Our performance in the early part of this regulatory period puts us in an industry leading position. The acceleration of our capital investment programme is delivering the benefits of operational efficiencies early and this is being reflected in our Outcome Delivery Incentive (ODI) performance where we have achieved another positive net outcome for the year. Our overall performance against our regulatory contract gives us confidence to invest an additional £100 million in projects to improve resilience over the next three years for the benefit of customers. Our Systems Thinking approach is unparalleled in the sector and on track to deliver £100 million of savings across the 2015-20 regulatory period, underpinning

our business plan. In addition, we have seen a step change in customer service, delivering our best ever customer satisfaction scores.

Customer focus

The business has undergone a key cultural shift in recent years so that customer service sits at the core of everything we do. Having significantly improved customers' experience of our services over the last regulatory period, in which we became one of the most improved companies under our regulator Ofwat's Service Incentive Mechanism (SIM), we were determined to re-energise our approach to deliver an even better customer experience.

Our new customer service team was formed at the beginning of this year and set about benchmarking our performance both in and outside the sector. From this we identified a range of opportunities to improve customer satisfaction and reach out to customers struggling to pay.

Over the year, we have seen sustained improvement of our customer satisfaction scores under Ofwat's new SIM measure for this regulatory period, ending the year as one of the leading companies in our peer group. We are particularly pleased to have introduced a number of innovations that set new benchmarks for the sector.

One of our most successful innovations, Priority Services, was launched during the year. It provides dedicated support for those customers who are experiencing short or long-term personal challenges in their lives, such as physical or mental health difficulties, as well as those struggling financially.

Priority Services encompasses the wide range of initiatives we already have in place to help customers return to regular payment and adds tailored assistance to those customers with more specialised needs. We were delighted to see, over the course of the year, how well it has been received by customers, with 30,000 customers now registered.

Notwithstanding our benchmark debt management processes and wide range of schemes to help customers struggling to pay, as our region suffers from high levels of income deprivation, bad debt and cash collection will remain a principal challenge for us. Our new team has made further inroads in this area, reducing household bad debt to 2.5 per cent in 2016/17 from 3.0 per cent in the previous year.

One new innovation contributing to this success is a targeted campaign, which we call Town Action Planning, where we visit customers in areas where deprivation is particularly high. The scheme is proving particularly successful in engaging with hard to reach customers, helping them understand our various support schemes and payment options to find the arrangement most suited to their circumstances. In addition, we have been able to identify customers eligible for Priority Services who would otherwise have been unknown to us.

We recently introduced our new customer website, with a very different look and feel, developed following extensive research, which aims to deliver improved accessibility and ease of use. Mobile-enabled, the website reflects customers' increasing use of devices to access day-to-day online services, and offers web chat services across extended hours. This is the first phase of our digital transformation, aimed at helping customers' lives flow a little more smoothly.

Financial performance

Group revenue was slightly lower than last year, reflecting the accounting impact of our Water Plus joint venture (JV) as we prepared ourselves for the opening of competition in the non-household retail market on 1 April 2017, partly offset by our allowed regulatory revenue changes.

Underlying operating profit was up £19 million, at £623 million. This reflects the new regulated price controls, slightly lower infrastructure renewals expenditure, only a marginal increase in depreciation (as we recognised some accelerations in depreciation last year) and a small decrease in the remaining cost base, partly offset by the accounting impact of our Water Plus JV. Reported operating profit was £606 million, up £38 million, mainly as a result of reduced profit last year which was principally due to costs associated with our water quality incident in Lancashire.

Underlying profit before tax was down £19 million to £389 million, as the £19 million increase in underlying operating profit was more than offset by a £36 million increase in underlying net finance expense. The increase in underlying net finance expense is mainly due to the impact of higher RPI inflation on our index-linked debt. Reported profit before tax was £442 million, up £89 million on the previous year, reflecting fair value gains on our debt and derivative instruments this year, versus fair value losses last year, along with other adjusting items.

Underlying earnings per share was 46.0 pence, more than covering the dividend. Reported earnings per share was higher at 63.6 pence, mainly reflecting a deferred tax credit as a result of the UK Government's future planned reduction in the mainstream rate of corporation tax.

The board is proposing a final dividend of 25.92 pence per ordinary share, making a total of 38.87 pence per ordinary share for the 2016/17 financial year. This represents an increase of 1.1 per cent, in line with our policy of targeting an annual growth rate of at least RPI inflation through to 2020.

From the Chairman and Chief Executive Officer

We have a robust capital structure, supported by our policy of targeting a gearing level, measured as net debt to regulatory capital value, within the range of 55 per cent to 65 per cent. We 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. This helps us retain efficient access to the debt capital markets throughout the economic cycle, and we have debt locked in at attractive rates versus Ofwat's cost of debt for the 2015-20 period.

Our pension scheme asset-liability matching approach has proven its effectiveness, providing us with stability in a time of turbulent market conditions this year and protecting us from the pension headwinds hurting much of the FTSE. Our pensions position remains strong and we had an IAS 19 surplus of £248 million at the 2016/17 financial year end.

Operational performance

We began this 2015-2020 regulatory period with Outcome Delivery Incentives ODIs, set by Ofwat, reflecting an increasingly challenging set of performance targets. The ODIs are skewed heavily towards penalty, so we took the decision in the first year of the period to accelerate our capital investment programme to deliver operational performance improvements as soon as possible with the aim of mitigating the downside risks represented by the ODIs.

This acceleration has continued in year two, with a further £804 million invested, similar to last year, so that at the end of this year we had invested around £1.6 billion of our total c£3.6 billion capital programme for the five years. This programme is providing for infrastructure renewals in addition to delivering enhanced environmental performance, climate change resilience initiatives and customer service improvements.

We are delighted that this strategy is paying off with another year in which we delivered a small ODI reward of £6.7 million, improving again from the first year of the period. This reflects a considerable achievement by our operational

teams to maintain sector leading performance across our asset base as new capability is progressively delivered through accelerated investment, particularly in our wastewater business.

It is important that we invest effectively, particularly where we are accelerating spend, and we use our Time, Cost and Quality index (TCQi) to measure performance in this area. Our capital team continues to deliver effectively with TCQi again scoring high at c93 per cent for the year.

Systems Thinking

Our integrated approach to delivery of services to customers, Systems Thinking, continues to progressively improve our operational capability across the business. For instance, our new telemetry backbone provides enhanced and more reliable communications between our assets and our integrated control centre, with the potential to share more information between the two as our capabilities grow.

In addition, our real-time production capability for both water production and sludge processing is delivering efficiency benefits and flexibility during planned shutdowns and incidents, significantly improving system resilience during difficult periods. We rolled out our new field scheduling system during this year in pilot areas and we are now embracing that learning before rolling out this capability across our estate.

Performance against our regulatory contract

Having successfully locked in a low cost of debt, we feel we are in a strong position to deliver our target for the 2015-20 period of beating Ofwat's industry allowed cost of debt. We are making good progress in implementing a range of initiatives, to deliver over £400 million of savings and remain confident of meeting our totex allowance.

We are pleased to see continued strong performance in the areas of private sewers and pollution incidents, as well as good performance against our leakage targets. Following a good performance on our ODIs in 2015/16, the £6.7 million achieved this year brings our cumulative total to £9.2 million, which helps to limit our downside risk for the regulatory period. Whilst a number of our ODI measures are still susceptible to one-off events and, on the whole, they get tougher each year, our performance so far gives us the confidence to narrow our cumulative target range to between a £30 million net reward and a £50 million net penalty, across the five-year period.

As part of our responsible approach to resilience, and based on outperformance we have earned to date, we aim to make around £100 million available for additional investment across this regulatory period to deliver significant resilience benefits. The first £20 million will be made available in the next financial year, with the remaining investment phased over the rest of this regulatory period.

Retail competition for non-household customers

For a number of years, we have been building capability to ensure we were in a strong position ahead of the full opening of the non-household retail market in April of this year. With our Water Plus joint venture with Severn Trent up and running, this reinforces our position and gives us a first-mover advantage.

Combining the complementary skills of both companies gives Water Plus scope to deliver an attractive proposition for customers, as well as creating synergies to provide an efficient and cost-effective operation focused on improved customer service and growth.

Since going live with the joint venture in June 2016, the business has relocated to Stoke-on-Trent, migrated all customers into a single cloud-based billing system, recruited over 300 people and ensured all systems were fully market ready.

Long-term planning

In order to maintain a reliable, high quality water service for our customers, we have to look a long way ahead and anticipate those changes and core issues that are likely to impact on our activities. Our long-term strategy helps us define what we need to deliver over the shorter term, which in turn helps to create value. In the next 25 years, we will face many challenges and opportunities including climate change and its implications for water resources and flooding, the emergence of a more open, competitive UK water market, more rigorous environmental regulations and the ever-present need to combine affordable bills with a modern, responsive water and wastewater service.

By anticipating these changes we can ensure we continue to deliver what customers want at a fair price and in a responsible way. Our 25-year Water Resource Management Plan sets out the investment needed to ensure we have sufficient water to continue supplying our customers, taking into account the potential impact of climate change.

An example of a large project we are currently undertaking, to address future supply and demand issues for customers, is our 100 kilometre Thirlmere pipeline project, which will extend our integrated network to encompass West Cumbria. This will provide a secure, long-term supply for the area and ease pressure on environmentally sensitive local water resources. The pipeline will cross some of the most special areas of the Lake District National Park and, as a result, we have developed a solution which respects this sensitivity whilst delivering the lowest whole-life cost. The project demands the highest levels of stakeholder engagement and consultation to secure support, and we have been engaging with local communities on the proposed route since 2013. We were particularly pleased last autumn to receive the third and final planning approval for this project.

From the Chairman and Chief Executive Officer

Water 2020

Owat is progressing a number of options for the next price review, which spans the period 2020-25, including competition in water resources and bio-processing (or sludge), along with the progressive transition from RPI to CPI inflation. We have continued to engage proactively and constructively with the regulators and the industry over the last year, and have submitted comprehensive responses to Ofwat's various consultation papers.

In water resources, competition will apply to new resources only and our long-term water resources management plan indicates that our region is unlikely to need any new resources for many years. We will continue to engage strongly in regulatory developments, with customers and shareholders at the forefront of our thinking.

Our employees

Our people are fundamental to the improvements we have delivered in operational performance and customer service. We are proud of their commitment and dedication. Employee engagement remains at high levels, demonstrating that our employees have a strong capability to adapt and we would like to thank them for their critical contribution to the company's performance.

We have been successful in attracting and retaining people, having regenerated our graduate and apprentice schemes in 2010 and continuing to expand them over seven years to help provide an optimal balance of skills and experience within the group.

In the first year of our apprentice scheme in 2010 we took on six apprentices, and have built this intake to 54 apprentices in 2016, taking our total programme to 119 apprentices currently employed. We are accredited by four awarding bodies and named as one of the top 100 apprenticeship employers.

We have 64 people currently on our graduate scheme, across a range of different disciplines, including finance, engineering, commercial and project management. We encourage diversity among the new generation we are bringing into this industry and c40 per cent of our current graduates are female.

We are committed to helping local schools and have 47 trained Science, Technology, Engineering and Mathematics (STEM) ambassadors. We frequently attend careers events across our region and have good links with local universities. In March 2017, we formally launched a partnership with Teach First, a charity which strives to end educational inequality by placing and training graduates to teach in low income communities. This partnership will help with our desire to be more active with schoolchildren in communities that are hard to reach within our region, by helping them to improve their employability skills, raising awareness of future career opportunities and offering our employees development opportunities in coaching and mentoring Teach First teachers and students.

Despite continuing with a sustained focus on health, safety and wellbeing, our employee accident frequency rate for 2016/17 has increased to 0.196 accidents per 100,000 hours, compared with a rate of 0.104 in 2015/16. However, as part of our health and safety improvement programme, we have implemented several initiatives and over the same period we have been awarded the workplace wellbeing charter and retained RoSPA gold status. We recognise that we still have more to do, so health and safety will continue to be a significant area of focus for us.

Strong corporate responsibility credentials

We operate in a manner that aims to deliver the highest levels of corporate governance and our board continues to provide sound and prudent governance, consistent with the principles of the UK Corporate Governance Code.

In the summer of 2016, we were pleased to, once again, attain Industry Leading company status, as measured through the Environment Agency's (EA) annual assessment. In particular, we delivered another strong performance in the area of pollution, and were one of only two companies to attain a Green rating for serious pollution incidents.

We have consistently met, or outperformed, our regulatory leakage targets and our performance to date keeps us on track to meet our 2015-20 targets, as set by Ofwat. We are committed to reducing our carbon footprint and increasing our generation of renewable energy. We have reduced our carbon footprint by 22 per cent over the last 10 years and progress in 2016/17 has been encouraging, with a high proportion of our waste used in regeneration projects and less than 6 per cent sent to landfill in 2016/17.

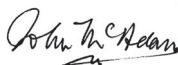
Our strong corporate responsibility and environmental credentials were recognised this year when we retained World Class rating in the Dow Jones Sustainability Index for the ninth consecutive year, an achievement we are particularly proud of in light of the ever-evolving standards.

In addition, at the Finance for the Future Awards in October 2016, we were honoured to win the Communicating Integrated Thinking award, an international award sponsored by Deloitte, Accounting for Sustainability and the Institute of Chartered Accountants in England and Wales.

Outlook

We are encouraged by our continued strong operational and environmental performance, as well as our improvements in customer satisfaction. We have plans to improve further, supported by our Systems Thinking approach to operating the business, and the acceleration of our capital investment programme. Overall, we are encouraged by our progress, in the early part of this regulatory period, and are confident that we can deliver our targets for both customers and shareholders. We continue to deliver sustainable dividend growth, with an annual growth target of at least RPI inflation through to 2020, supported by a robust financial position.

Finally, we would like to thank our employees, customers and wider stakeholders for their continued support.



Dr John McAdam
Chairman



Steve Mogford
Chief Executive Officer

Annual report and financial statements

Our 2017 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, together with all accompanying documents, 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. Further information, including the deadlines for appointing a proxy and the address to which the proxy form should be sent, can be found below on page 22.

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 28 July 2017 at the **Lowry Hotel, 50 Dearmans Place, Chapel Wharf, Salford, Manchester, M3 5LH** to transact the business set out below.

Resolutions 1 to 15, 17, and 22 to 23 will be proposed as ordinary resolutions and resolutions 16, and 18 to 21 will be proposed as special resolutions.

The board considers each resolution to be proposed at the AGM would promote the success of the company for the benefit of its shareholders as a whole, and unanimously recommends shareholders to vote in favour of all resolutions, as they intend to do in respect of their own shareholdings. The formal resolutions are set out below, followed by the explanatory notes given in respect of each resolution.

Resolution 1: annual report and financial statements

That the audited annual report and financial statements for the year ended 31 March 2017 be received.

Resolution 2: declaration of dividend

That the final dividend of 25.92 pence per ordinary share be declared.

Resolution 3: to approve the directors' remuneration report

That the directors' remuneration report (other than the part containing the directors' remuneration policy) for the year ended 31 March 2017 be approved.

Resolution 4: to approve the directors' remuneration policy

That the directors' remuneration policy (as contained in the directors' remuneration report for the year ended 31 March 2017) be approved.

Resolution 5: reappointment of a director

That Dr John McAdam be reappointed as a director.

Resolution 6: reappointment of a director

That Steve Mogford be reappointed as a director.

Resolution 7: reappointment of a director

That Stephen Carter be reappointed 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: election of a director

That Alison Goligher be elected as a director.

Resolution 13: election of a director

That Paulette Rowe be elected as a director.

Resolution 14: reappointment of auditor

That KPMG LLP be reappointed as auditor of the company.

Resolution 15: remuneration of auditor

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

Resolution 16: to adopt new articles of association

That with effect from the conclusion of the AGM the articles of association produced to the meeting and initialled by the Chairman of the meeting (for the purpose of identification) be adopted as the company's articles of association in substitution for, and to the exclusion of, the existing articles of association.

Resolution 17: 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 a nominal amount of £11,364,806 (such amount to be reduced by any allotments or grants made 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 a 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 power to apply until the end of the 2018 annual general meeting of the company but, in each case, 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 18: general power to disapply statutory pre-emption rights

That, if resolution 17 is passed, the board be given the 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

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apply for, equity securities (but in the case of the authority granted under paragraph (B) of resolution 17, 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 17 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 a nominal amount of £1,704,721,

such power to apply until the end of the 2018 annual general meeting of the company but, in each case, 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.

Resolution 19: specific power to disapply pre-emption rights in connection with an acquisition or specified capital investment

That, if resolution 17 is passed, the board be given the power in addition to any power granted under resolution 18 to allot equity securities (as defined in the Companies Act 2006 (the Act)) for cash under the authority

granted under paragraph (A) of resolution 17 and/or to sell ordinary shares held by the company as treasury shares for cash as if section 561 of the Act 2006 did not apply to any such allotment or sale, such power to be:

- (A) limited to the allotment of equity securities or sale of treasury shares up to a nominal amount of £1,704,721; and
- (B) used only for the purposes of financing a transaction which the board of the company determines to be an acquisition or other capital investment of a kind contemplated by the Statement of Principles on Disapplying Pre-Emption Rights most recently published by the Pre-Emption Group prior to the date of this notice or for the purposes of refinancing such a transaction within six months of its taking place,

such power to apply until the end of the 2018 annual general meeting but, in each case, 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.

Resolution 20: 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 of 5 pence each; and
- (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 middle market value of an ordinary share (as derived from the London Stock Exchange plc's Daily Official List) for the five business days immediately preceding the day on which that ordinary share is contracted to be purchased; and
- (ii) the higher of (i) the price of the last independent trade of an ordinary share; and (ii) the highest current independent bid for an ordinary share 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 2018 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 21: 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 22: amendment to extend the life of the share incentive plan

That the rules of the United Utilities Group 2008 Share Incentive Plan be amended in the manner set out in Appendix 1 to this notice of meeting, such amendment to be effective from the date upon which the trustee of the United Utilities Group 2008 Share Incentive Plan adopts such amendment.

Resolution 23: 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;
- (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 2018 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. For the purposes of this resolution the terms 'political donations', 'independent election candidates', 'political organisations', 'political expenditure' and 'political parties' have the meanings set out in sections 363 to 365 of the Act.

**By order of
the board:**
Simon Gardiner
Company Secretary
24 May 2017

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 2017, 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 25.92 pence per ordinary share. If approved, it will be paid on 4 August 2017 to the shareholders on the register at the close of business on 23 June 2017.

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 2017. The directors' remuneration report can be found on pages 86 to 109 of the annual report and financial statements 2017 and, for the purposes of this resolution, does not include the parts of the directors' remuneration report containing the directors' remuneration policy which is set out on pages 91 to 97. The vote on this resolution is advisory only and the directors' entitlement to remuneration is not conditional on its being passed.

Resolution 4: directors' remuneration policy

In accordance with the Companies Act 2006, the company proposes an ordinary resolution to approve the directors' remuneration policy contained in the directors' remuneration report. The proposed policy is set out on pages 91 to 97 of the annual report and financial statements 2017. The vote on this resolution is binding and, if passed, will mean that remuneration payments and payments for loss of office can only be made to directors or former directors in accordance with the approved policy. The company is required to ensure that a vote on its remuneration policy takes place at least

every three years, unless it is proposed that the policy is to be changed before the expiry of the three year period in which case the company will propose a new resolution to approve the amended policy. The previous vote on the company's existing directors' remuneration policy was held in 2014 and the existing policy is due to expire this year. Subject to approval at the AGM, the proposed directors' remuneration policy will take effect from 28 July 2017 and will replace the existing policy that was approved by shareholders in 2014.

Resolutions 5 to 13: 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 2017 AGM. Alison Goligher and Paulette Rowe will stand for election at the 2017 AGM following their appointments to the board on 1 August 2016 and 1 July 2017 respectively. All other members of the board will stand for reappointment.

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.

As confirmed by the board evaluation exercise, the board fully endorses the election or 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 recommends that shareholders vote all the directors back into office at the 2017 AGM. Biographical details of the directors can be found on pages 13 to 17 of this document.

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



Dr John McAdam
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 18 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 and across different sectors, John has a wealth of past and current 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. He stepped down from the role of senior independent director at J Sainsbury plc in July 2016 and as a non-executive director of Rolls-Royce Holdings plc in May 2017.

Current directorships/business interests: Chairman of Rentokil Initial plc and senior independent director of Electra Private Equity 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
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 driven forwards the board's strategy of improving customer service and operational performance at United Utilities, and his perspective of the construction and infrastructure sector provides valuable experience and insight to support 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, and chief operating officer at BAE Systems PLC and a member of its PLC board, he spent his earlier career with British Aerospace PLC. He stepped down from the board at Carillion PLC in December 2015 where he had served as the senior independent director until September 2015.

Current directorships/business interests: Appointed as senior independent director of G4S PLC in May 2016. He is also chief executive officer of United Utilities Water Limited.

Explanatory notes of resolutions

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



Russ Houlden
Chief Financial Officer

Responsibilities: To manage the group's financial affairs and to contribute to the management of the group's business and to the implementation of the strategy and policies approved by the board.

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 in pursuing its strategy to drive for improvements in customer service and in providing our services at the lowest sustainable cost.

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.



Mark Clare
Senior Independent
non-executive director

Responsibilities: Is responsible, in addition to his role as an independent non-executive director, for discussing any concerns with shareholders that cannot be resolved through the normal channels of communication with the Chairman or Chief Executive Officer.

Qualifications: Chartered Management Accountant (FCMA).

Appointment to the board: November 2013.

Committee membership: Nomination and remuneration.

Skills and experience: In his roles at British Gas and BAA Mark has a strong background operating within regulated environments. His extensive knowledge of customer-facing businesses is particularly valuable for United Utilities with the implementation of greater competition in the industry and in pursuit of its strategy to improve customer service.

Career experience: Mark retired from his position as chief executive at Barratt Developments plc in July 2015, a role he had held for nine years. He is a former 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 was also a non-executive director of BAA plc, the airports operator.

Current directorships/business interests: He was appointed non-executive chairman of Grainger plc in February 2017 and as the senior independent director of Ladbrokes Coral PLC in September 2016. He is also a non-executive director of Premier Marinas Holdings Limited. He is also an independent non-executive director of United Utilities Water Limited.

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



Stephen Carter
Independent
non-executive director

Responsibilities: To challenge constructively the executive directors and monitor the delivery of the strategy within the risk and control framework set by the board and to lead the board's agenda on acting responsibly as a business.

Qualifications: Bachelor of Law.

Appointment to the board: September 2014.

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

Skills and experience: As the chief executive officer of a FTSE listed company, Stephen brings current operational experience to the board. His public sector experience provides additional insights to the board regarding regulation and government relations, and his experience in the media and technology industries provides additional perspective for the board's discussions.

Career experience: Group chief executive at Informa plc, having previously served on the board of the Informa Group as a non-executive director and member of the audit committee. Previous executive roles include president/managing director, Europe, Middle East and 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 non-executive director of the Department for Business, Energy and Industrial Strategy. He is also an independent non-executive director of United Utilities Water Limited.



Alison Goligher
Independent
non-executive director

Responsibilities: To challenge constructively the executive directors and monitor the delivery of the strategy within the risk and control framework set by the board.

Qualifications: BSc (Hons) Mathematical Physics, MEng Petroleum Engineering.

Appointment to the board: August 2016.

Committee membership: Nomination, audit (relinquished with effect from 1 July 2017), remuneration and corporate responsibility.

Skills and experience: Alison has strong technical and capital project management skills, having been involved in large projects and the production side of Royal Dutch Shell's business. This experience of engineering and industrial sectors provides the board with additional insight into delivering United Utilities' capital investment programme.

Career experience: From 2006 to 2015, Alison worked for Royal Dutch Shell, with her most recent executive role as Executive Vice President Upstream International Unconventionals. Prior to that she spent 17 years with Schlumberger, an international supplier of technology, integrated project management and information solutions to the oil and gas industry.

Current directorships/business interests: She is a non-executive director of Meggitt PLC and was appointed as part-time executive chair of Silixa Ltd in August 2016. 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



Brian May
Independent
non-executive director

Responsibilities: To challenge constructively the executive directors and monitor the delivery of the strategy within the risk and control framework set by the board and to lead the audit committee.

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

Appointment to the board: September 2012.

Committee membership: Nomination, audit (chair), treasury (chair) and remuneration (with effect from May 2017).

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.



Paulette Rowe
Independent
non-executive director

Responsibilities: To challenge constructively the executive directors and monitor the delivery of the strategy within the risk and control framework set by the board.

Qualifications: MSc Mechanical Engineering and Management, MBA.

Appointment to the board: 1 July 2017.

Committee membership: Nomination and audit.

Skills and experience: Paulette has spent most of her career in the regulated finance industry which will provide the board with additional perspective and first hand regulatory experience. Her experience of technology driven transformation will contribute to United Utilities' customer experience programme and Systems Thinking approach.

Career experience: Paulette is managing director, Global Payments Acceptance at Barclaycard. Prior to joining Barclays, she was strategy director at NBNK Investments plc before which she was commercial and marketing director at Tesco Personal Finance. She spent seven years at the Royal Bank of Scotland, where her roles included chief executive European Consumer Finance and managing director, NatWest Retail Banking. She has served on the board of the Prince's Youth Business Trust and as a trustee at Community Service Volunteers.

Current directorships/business interests: She is non-executive chair of the Mayor's Fund for London. She is also an independent non-executive director of United Utilities Water Limited.

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



Sara Weller
Independent
non-executive director

Responsibilities: To challenge constructively the executive directors and monitor the delivery of the strategy within the risk and control framework set by the board and to lead the board's activities concerning directors' remuneration.

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, provides the board with valuable perspective as the company responds to the increased competition in the sector and improves its service to customers.

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 plc from 2003 to 2006 and also chaired its remuneration committee from 2003 to 2010. She was the former lead non-executive director for the Department for Communities and Local Government.

Current directorships/business interests: Non-executive director of Lloyds Banking Group plc. Sara is chair of the Planning Inspectorate (an executive agency of the Department of Communities and Local Government), lead non-executive director for the Department of Work and Pensions, 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 14 and 15: 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 16: adopting new articles of association will be proposed as a special resolution

It is proposed to adopt new articles of association (the new articles) in order to update the company's current articles of association (the current articles).

To ensure compliance with the UK Corporate Governance Code, the new articles require all of the company's directors to retire from office at every annual general meeting. Each of the directors may offer themselves for reappointment by the company's members at the same annual general meeting.

The new articles also contain updated provisions on payment methods, permitting the company to pay any dividend or other money payable in cash relating to a share by inter-bank transfer or by other electronic means (including payment through CREST).

The principal proposed changes relate to the provisions dealing with the circumstances when, and on what terms, the company may sell the shares of a member (shareholder) of the company who is no longer cashing their dividends, not otherwise in touch with the company and cannot reasonably be traced. The amendments to these provisions are designed to safeguard member rights whilst not placing unduly onerous administrative obligations on the company. In the proposed amendments, the company has retained the requirements that before being able to sell the shares: (i) a twelve year period must have elapsed since the member last cashed in a dividend or contacted the company; (ii) on or after the expiry of such a period, the company has attempted to notify the

member of its intention to sell the shares; and (iii) during the three months following on from that attempt to notify the member and prior to the sale of the shares, the company has not received any communication in respect of the shares from the member. However, the company proposes changes to the process of attempting to trace a member in order to try and send him or her the notice. Under the current articles, the company must take out newspaper adverts to trace members. In the company's opinion, this is often a costly and ineffective process. The proposed amendments provide that instead "reasonable efforts" should be used to trace a member or a person entitled to own shares and those efforts may include, if considered appropriate by the company, using a professional asset reunification company. Additionally, we propose simplifying the mechanism for calculating the price at which the company may, once the conditions listed above had been satisfied, then sell a forfeited share. The current articles state that the company may only sell on a "best execution" (or equivalent) basis or in such other manner that provides a price which the board considers to be reasonable in the circumstances. Under the new articles, the company simply would be required to sell at the "best price reasonably obtainable" at the time of sale. Finally, we propose to alter the manner in which the company can treat the proceeds of the sale of such shares. Both the current articles and the proposed amendments effectively state that the company is able to employ the proceeds of the sale as the board thinks fit. However, under the current articles, the company is deemed to be in debt to the untraced member indefinitely. The company believes that this creates unnecessary uncertainty and is not in line with current market practice. Therefore, the proposed amendments provide that, if two years after the sale of the shares has taken place no valid claim for the sale proceeds has been received by the company, the money will belong to the company outright.

As the company is proposing to make the changes described above, the opportunity has been taken generally to incorporate

amendments of a more minor nature to reflect changes in applicable law or current market best practice, and to include some clearer language in other parts of the new articles. The new articles (and the current articles) are available for inspection as noted on page 22 of this notice.

Resolution 17: authorising the directors to allot shares

Paragraph (A) of this resolution 17 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 227,296,120 ordinary shares of 5 pence each). This amount represents approximately one-third of the issued ordinary share capital of the company as at 24 May 2017, the latest practicable date prior to publication of this notice.

In line with the Share Capital Management Guidelines 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 454,592,260 ordinary shares of 5 pence each), 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 24 May 2017, 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 2018.

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.

Resolutions 18 and 19: disapplying statutory pre-emption rights will be proposed as special resolutions

Resolutions 18 and 19 seek 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.

The power set out in resolution 18 would be limited to: (i) 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 (ii) otherwise up to an aggregate nominal amount of £1,704,721 (representing 34,094,420 ordinary shares of 5 pence each). This aggregate nominal amount represents approximately 5 per cent of the issued ordinary share capital of the company as at 24 May 2017, the latest practicable date prior to publication of this notice.

In respect of the power under resolution 18(B), 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 of the issued ordinary share capital of the company should not take place without prior consultation with shareholders.

Resolution 19 is intended to give the company flexibility to make non pre-emptive issues of ordinary shares in connection with acquisitions and other capital investments as contemplated by the Principles. The power under resolution 19 is in addition to that proposed by resolution 18 and would be limited to allotments or sales of up to an aggregate nominal amount of £1,704,721 (representing 34,094,420 ordinary shares of 5 pence each) in addition to the power set out in resolution 18. This aggregate nominal amount represents an additional 5 per cent of the issued ordinary share capital of the company as at 24 May 2017, the latest practicable date prior to publication of this notice.

Explanatory notes of resolutions

The powers under resolutions 18 and 19 will expire at the conclusion of the annual general meeting of the company held in 2018.

Resolution 20: 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, but 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 2018.

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 middle 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 for an ordinary share on the trading venues where the purchase is carried out.

There are share options outstanding over 1,639,912 ordinary shares, representing 0.24 per cent of the company's ordinary issued share

capital as at 24 May 2017. If the authority to purchase ordinary shares was exercised in full and those shares were subsequently cancelled, these share options would represent 0.27 per cent of the company's ordinary issued share capital.

Resolution 21: 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 annual general meeting) 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 2016 version of the UK Corporate Governance Code, the recommendation is that the 14 days are specified as 'working days'. Resolution 21 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 end of the 2018 annual general meeting of the company, when it is intended that a similar resolution will be proposed.

Resolution 22: amendment to extend the life of the share incentive plan

The United Utilities Group 2008 Share Incentive Plan (SIP) is an "all-employee" scheme pursuant to which all eligible employees of the company and its subsidiaries have an opportunity to purchase shares (partnership shares) in the capital of the company from their pre-tax salary. The SIP also allows the company, subject to certain statutory limits, to match partnership shares acquired by employees with an award of matching shares in the capital of the company and for each participant to have dividends paid on any shares acquired under the SIP applied in the purchase of further shares in the capital of the company (dividend shares).

The SIP has been designed to meet the requirements of Schedule 2 of the Income Tax (Earnings and Pensions) Act 2003, so as to afford a tax efficient means for all employees to acquire shares in the company and has been operated since July 2008. Under the terms of the SIP no awards of shares may be made, and no invitations may be issued, to eligible employees after 1 July 2018.

The company wishes to continue to operate the SIP for the benefit of employees beyond 1 July 2018 and it is therefore proposed to amend the rules of the SIP to extend its life until 1 August 2028. The minor amendment necessary to the rules of the SIP to extend its life until 1 August 2028 is set out in full in Appendix 1 to this notice of meeting. Should shareholders vote in favour of resolution 22, it is intended that the amendment set out in Appendix 1 to this notice of meeting shall be adopted by the trustee of the SIP to the effect that following such adoption, it will be possible to continue to issue invitations and grant awards of partnership shares, matching shares and dividend shares under the terms of the SIP until 1 August 2028.

Resolution 23: 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.

Appendix 1

If resolution 22 is approved by shareholders, Rule 17.1 of the United Utilities Group 2008 Share Incentive Plan (SIP) which currently states:

“Unless the life of the Plan has been previously extended by resolution of the shareholders of the Company in general meeting, no Award may be made and no invitation may be issued in relation to any Award or proposed Award under the Plan after **1 July 2018**.”

shall, (subject to the adoption of such amendment by the trustee of the SIP), be amended to state:

“Unless the life of the Plan has been previously extended by resolution of the shareholders of the Company in general meeting, no Award may be made and no invitation may be issued in relation to any Award or proposed Award under the Plan after **1 August 2028**.”

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 for at least 15 minutes prior to the AGM until the close of the meeting. Similarly, copies of both the current articles of association and new articles of association are available for inspection at the company's registered office and at the offices of Slaughter and May, One Bunhill Row, London, EC1Y 8YY during normal business hours until the date of the AGM and will be available at the AGM for at least 15 minutes prior to the AGM until the close of the meeting.

A copy of the draft form of the rules of the United Utilities Group 2008 Share Incentive Plan, as they are proposed to be amended will be available for inspection at the registered office of United Utilities Group PLC and at the offices of Eversheds Sutherland (International) LLP, One Wood Street, London, EC2V 7WS during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) from the date of dispatch of this notice of meeting until the close of the meeting. A copy of the draft form of the rules of the United Utilities Group 2008 Share Incentive Plan, as they are proposed to be amended will also be available for inspection at the place of the meeting for at least 15 minutes prior to the meeting until the close of the meeting.

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 6.30 pm on Wednesday 26 July 2017 (or, if the meeting is adjourned, 6.30 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. Where a member appoints multiple proxies but the proxy forms submitted by that member would give the appointed proxies the apparent right to exercise a number of votes on behalf of that member in a general meeting in excess of the number of shares actually held by that member, then each

of those proxy forms will be invalid and none of the proxies appointed under those proxy forms will be entitled to attend, speak, or vote at the AGM.

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 26 July 2017. 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 0371 384 2041. Lines are open 8.30 am to 5.30 pm Monday to Friday excluding UK public holidays 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.

The company is not under any obligation to investigate whether the exercise of any vote by any proxy accords with any instruction given by his appointor.

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 26 July 2017.

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 26 July 2017 (or not less than 48 hours before any adjourned meeting).

General information

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 service 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. Where a member appoints more than one corporate representative in respect of its shareholding, but in respect of different shares, those corporate representatives can act independently of each other and validly vote in

different ways. The company is not under any obligation to investigate whether the exercise of any vote by any corporate representative accords with any instruction given by his appointor.

Issued share capital

As at 24 May 2017 (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 annual general meeting, or to include in the business of an annual general meeting 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

- **22 June 2017**
Ex-dividend date for 2016/17 final dividend
- **23 June 2017**
Record date for 2016/17 final dividend
- **28 July 2017**
Annual general meeting
- **4 August 2017**
Payment of 2016/17 final dividend to shareholders
- **22 November 2017**
Announcement of half year results for the six months ending 30 September 2017
- **21 December 2017**
Ex-dividend date for 2017/18 interim dividend
- **22 December 2017**
Record date for 2017/18 interim dividend
- **1 February 2018**
Payment of 2017/18 interim dividend to shareholders
- **May 2018**
Announce the final results for the 2017/18 financial year
- **June 2018**
Publish the annual report and financial statements for the 2017/18 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
- 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's details

Our registrar, Equiniti, can be contacted on **0371 384 2041**, or textphone for those with hearing difficulties: **0371 384 2255**. Lines are open 8.30 am to 5.30 pm, Monday to Friday excluding UK public 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: **0345 603 7037**

and online: shareview.co.uk/dealing

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

For more information, call **0345 300 0430** or go to 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, responsible business performance, company announcements, the half-year and final results and presentations are published. View or download the full annual report and financial statements from corporate.unitedutilities.com

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

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Looking after your investment

Our approach to responsible business has again helped us retain world class status in the Dow Jones Sustainability Index for the ninth consecutive year and membership of FTSE4Good Index for the fifteenth. We also received a B rating in the Carbon Disclosure Project and secured 90 per cent in BitC's CR Index.



Registered office:

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Registered number 6559020

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