



United Utilities Group PLC

Notice of Annual General
Meeting 2018

Financial highlights

Revenue

£1,735.8m

2017: £1,704m

Underlying
operating profit

£645.1m

2017: £622.9m

Total dividend
per share

39.73p

2017: 38.87p

From the Chairman and Chief Executive Officer

Industry leading customer satisfaction across a range of metrics

Confident of delivering totex outperformance of £100 million against 2015–20 allowance

Sharing anticipated net outperformance through £250 million additional investment in resilience

Reported operating profit up 5 per cent at £636 million and underlying operating profit up 4 per cent at £645 million

Total dividend of 39.73 pence, in line with our growth policy for this regulatory period

Our approach to innovation and Systems Thinking is radically changing the way we operate, and leading the way for the industry. It has helped us to deliver sustainably better service, greater resilience and improved efficiency, contributing to outperformance that we are sharing with customers.

Overview

Our strategy has, for many years now, focused on putting customers first in everything we do.

The improvement in customer satisfaction that we have delivered as a result of this positions us as a leader in the sector, recognised across a range of metrics, and our approach to vulnerability and affordability is setting new benchmarks for the industry.

Our industry faces many challenges, ranging from recent increased political scrutiny and preparations for the next regulatory review, to planning for long-term resilience needs to cope with a changing climate and growing population.

We are using advanced technology and innovations from around the world and across different sectors to accelerate our implementation of Systems Thinking. This is delivering sustainable improvements in service, resilience and efficiency, and is contributing to outperformance in the current regulatory period.



Steve Mogford
Chief Executive Officer

Dr John McAdam
Chairman

We are sharing our anticipated net outperformance with customers by investing in projects that were not part of our original regulatory settlement for this regulatory period but that will help deliver long-term resilience for the benefit of customers and the environment, and ease the burden of future customer bills to help improve affordability.

The enhanced capability that Systems Thinking has delivered gives us confidence heading into the next regulatory period and beyond. We intend to rise to all of these challenges, building on the trust our customers place in us to provide an outstanding service, invest wisely to deliver additional benefits, and offer exceptional value for money.

This philosophy is central to our strategy and will help deliver long-term value for customers, the environment and shareholders.

Customer focus

Our customers are benefiting from sustained improvements in service, efficiency and greater resilience, and this is demonstrated by the continuous improvements we have made in our customer satisfaction scores.

This year, we achieved our best ever scores against Ofwat's qualitative Service Incentive Mechanism (SIM), and we were delighted to be positioned first in the industry in the final wave of the year, and to be in an upper quartile position for the year overall.

Our best practice in customer satisfaction has received external recognition through several awards, many of which look beyond the water sector. We achieved an upper quartile performance in the UK Customer Satisfaction Index, which covers all industries, and we are the leading listed company for the Consumer Council for Water's assessment of household complaint numbers.

From the Chairman and Chief Executive Officer

The North West suffers from high levels of extreme deprivation. Helping vulnerable customers is a high priority for us. We are supporting more than 50,000 customers through our Priority Services scheme, which 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.

We have far surpassed our target for the number of customers we would help through our financial assistance schemes in this regulatory period. In January, we hosted the first ever North West Affordability summit, engaging with many of our stakeholders including customers and building on our already leading position on affordability and vulnerability.

Notwithstanding our benchmark debt management processes and wide range of schemes to help customers struggling to pay, the high levels of income deprivation in our region mean that bad debt and cash collection will remain a principal challenge for us.

We have made significant inroads in this area, reducing household bad debt even further to 2.3 per cent in 2017/18, from 2.5 per cent in 2016/17.

Financial performance

Group revenue was £32 million higher than last year, at £1,736 million, reflecting our allowed regulatory revenue changes partly offset by the accounting impact of our non-household retail joint venture, Water Plus, which completed on 1 June 2016.

Reported operating profit was up £31 million, at £636 million, reflecting the underlying movements as well as reduced profits last year due to costs associated with preparing the business for open competition in the non-household retail sector and other restructuring costs.

Underlying operating profit was up £22 million, at £645 million, reflecting the increase in revenue and lower operating costs, partly offset by an increase in depreciation and amortisation.

Reported profit before tax was down £10 million, at £432 million, reflecting the underlying movements as well as fair value movements and other adjusting items.

Underlying profit before tax was down £19 million, at £370 million, as the increase in underlying operating profit was more than offset by a £40 million increase in the underlying net finance expense. The increase in the underlying net finance expense is mainly due to the impact of higher RPI inflation on our index-linked debt.

Reported earnings per share was 52.0 pence, which is higher than the underlying figure mainly reflecting the net effect of fair value gains on debt and derivative instruments, capitalised borrowing costs, and interest on swaps and debt under fair value option, all of which are excluded from the underlying profit figure.

Underlying earnings per share was 44.7 pence, more than covering the dividend.

The board has proposed a final dividend of 26.49 pence per ordinary share, taking the total dividend for 2017/18 to 39.73 pence. This is an increase of 2.2 per cent, in line with our policy for this 2015–20 regulatory period of targeting an annual growth rate of at least RPI inflation through to 2020.

We have a robust capital structure, with gearing of 61 per cent as at 31 March 2018 (measured as group net debt to ‘shadow’ regulatory capital value, which adjusts for actual capital spend to date), sitting comfortably within our policy target range of 55 per cent to 65 per cent. This supports a solid investment grade credit rating. Our regulated company, United Utilities Water Limited, has long-term credit ratings of A3 from Moody’s, on stable outlook, and A- from Standard & Poor’s, on stable outlook.

This helps us retain efficient access to the debt capital markets throughout the economic cycle, and we have a low cost of debt already locked-in that places us in a strong position to substantially outperform our industry allowed cost of debt for the 2015–20 regulatory period.

Our pension scheme asset-liability matching approach continues to prove its effectiveness, providing us with stability in times of turbulent market conditions. We had an IAS 19 surplus of £344 million at 31 March 2018.

During the year, our Water Plus joint venture with Severn Trent has experienced an increase in its working capital arising from data and billing issues following market opening. As a consequence, loans owed to the group by Water Plus have increased by £17 million to £136 million.

Creating value for our community

We are a highly visible service provider in the North West and do our best to be a good neighbour and add value by investing in the communities where we live and operate.

We have a long-standing partnership that helps to regenerate neighbourhoods impacted by our work, for example our work to improve our mains and sewers. As part of this initiative, we have supported a range of local environmental projects around our Davyhulme wastewater treatment works in Greater Manchester, including the creation of a community orchard.

We work with schools across our region, with workshops encouraging a focus on the importance of saving water, not flushing the wrong things down the toilet, practical tips for the home and garden, and protecting and enhancing our beaches and bathing waters.

Our employees love getting involved in local communities through volunteering, fundraising, and charitable giving. We support and encourage this, offering paid volunteering leave, matching charitable fundraising efforts, and through our payroll giving scheme.

Whether it’s walking the hills, spotting wildlife, swimming or sailing, locals and tourists would agree that the North West is a nature lover’s delight. We work to continually maintain and enhance the environment in our region, and we encourage the public to access our land and regional bathing waters for relaxation and recreation, and to enjoy them safely.

From the Chairman and Chief Executive Officer

Operational performance

Innovation and our Systems Thinking approach is radically changing the way we operate.

We have driven efficiency into the delivery of our 2015–20 investment programme through changing our delivery model, and are creating value through greater use of innovation and advanced technology alongside our substantial capital investment programme.

As well as customer service, operational and environmental benefits, this strategy has optimised performance under our outcome delivery incentives (ODIs) and delivered efficiency savings contributing to regulatory outperformance beyond the significant savings that were already included in our business plan.

We are particularly proud that we have delivered these efficiencies whilst maintaining highly effective capital delivery, as reflected in our Time: Cost: Quality index (TCQi) score which remains high at over 90 per cent.

Total net regulatory capital expenditure in the year, including £147 million of infrastructure renewals expenditure, was £816 million. This brings our cumulative net regulatory capital expenditure for the first three years of this five-year period to around £2.4 billion, reflecting the planned acceleration that we have implemented in order to optimise our operational performance and reap the benefits of enhancements earlier in the regulatory period.

Performance against our regulatory contract

The low cost of debt we have already locked-in places us in a strong position to substantially outperform compared with the allowed cost of debt under industry price limits.

We are also confident in delivering outperformance of £100 million compared with our totex allowance for the 2015–20 regulatory period. This is in addition to £400 million of savings that we had already committed to deliver over the period to meet our final determination.

Our ODIs get increasingly challenging as we progress through this regulatory period, and we received a net £7.0 million penalty for 2017/18. Our wastewater ODI performance remains strong, but we recognise that against our water measures there are still areas in which we can improve and we are committed to achieving this. Our water metrics over the first three years of this regulatory period have been impacted by a number of big bursts on our network. We have been successful in minimising the impact of these events on customers, and we are working hard to improve performance in this area.

Our cumulative net ODI performance for the first three years of the period remains positive at a net £2.2 million reward, and we are on track to deliver a good performance against one of our ODIs that will only impact the final year of this regulatory period, 2019/20, in relation to our West Cumbria pipeline project.

Our performance in the first three years of this regulatory period exceeds our initial expectations and we now expect, in the absence of any unforeseen events over the remainder of the 2015–20 period, to end the period with a cumulative net reward on ODIs.

We are sharing our anticipated net outperformance by reinvesting to improve resilience for the benefit of customers. We have increased the additional investment that we are making available in this regulatory period from £100 million to £250 million. This is in line with the approach we took in the 2010–15 regulatory period.

This takes our total 2015–20 net regulatory capital expenditure programme to around £3.8 billion. In addition, we expect to invest up to £100 million in non-regulated projects, subject to acceptable returns. In the first three years of the 2015–20 period we have invested £59 million in non-regulated projects, primarily in solar power.

Preparing for the long term

We are advanced in our plans for PR19, informed by extensive engagement with customers regarding their needs and priorities. We are on track to submit our PR19 business plan in September 2018 and we are confident that it will deliver against Ofwat's four key themes – great customer service, affordable bills, innovation and resilience. These are not new for us in the way that we run our business and have been areas of focus for some time. Indeed, in many of these areas we are a leader in the industry and already have plans in place to build on this in the 2020–25 regulatory period and beyond.

We have recently finished consulting with customers and other stakeholders on our new 25-year Water Resources Management Plan, balancing investment with affordability in our long-term planning for the 2020–45 period.

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 July 2017, we were delighted to retain Industry Leading Company status, as measured through the Environment Agency's annual assessment – the only listed company to do so. We achieved frontier performance for the sector with the lowest number of pollution incidents, alongside our best-in-sector level of self-reporting.

Our drinking water quality has improved again and is the best it has ever been, and we are leading the industry in our approach to resilience.

We retained our World Class rating in the Dow Jones Sustainability Index for the tenth consecutive year, a very good achievement in light of the ever-evolving standards.

We have consistently met, or outperformed, our regulatory leakage targets and our performance to date keeps us on track to meet our 2015–20 regulatory targets.

By 2020, we aim to reduce our carbon footprint by 50 per cent compared with a 2005/06 baseline and we are on track to do so. Our carbon footprint has reduced by one-third since 2005/06, helped by a four per cent reduction in electricity use. In addition, we generated more renewable energy than ever before, 12 per cent higher than the previous year. This illustrates good progress in our energy strategy to use less and generate more renewable energy.

From the Chairman and Chief Executive Officer

Our employees

The commitment and dedication of our people is critical to the sustained improvements we have delivered in operational performance and customer service.

Employee engagement of 79 per cent this year, as measured through our annual Employee Voice survey, is higher than the UK norm. We are immensely grateful for the contribution our people make to the company's performance.

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

In the first year of our apprentice scheme in 2010 we took on six apprentices, and have built this intake to 42 in 2017, taking our total programme to 118 currently employed. We are accredited by four awarding bodies and named as one of the top 100 apprenticeship employers.

We have 55 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 40 per cent of our current graduates are female.

We are committed to helping local schools and have trained Science, Technology, Engineering and Mathematics (STEM) ambassadors. We frequently attend careers events across our region and have good links with local universities.

Last year we launched a partnership with Teach First, a charity that strives to end educational inequality by placing and training graduates to teach in low income communities. This helps with our desire to be more active with schoolchildren in communities that are hard to reach within our region, helping them to improve their employability skills, raising awareness of future career opportunities, and offering our employees development opportunities in coaching and mentoring.

We work with our supply chain partners to give young people not in education, employment or training (NEETs) the chance to realise their potential, and gain hands on experience and basic skills training in a real workplace environment, bringing social and economic benefit to the region.

Our employee accident frequency rate for 2017/18 was 0.101 accidents per 100,000 hours, compared with a rate of 0.196 in 2016/17. Our contractor accident frequency rate in 2017/18 was 0.092 compared to 0.087 in 2016/17. As part of our health and safety improvement programme, we continue to make improvements to our corporate health, safety and wellbeing management system and through local initiatives. For example, in the last 12 months we have deployed around 600 devices to high risk lone workers to increase their level of personal protection.

We have been awarded the workplace wellbeing charter, continue to retain Occupational Health and Safety Assessment Series (OHSAS) 18001 accreditation, and have achieved the Gold Health and Safety Award from the Royal Society for the Prevention of Accidents (RoSPA) for the sixth consecutive year.

We aim to ensure that all our colleagues go home safe and well and we firmly believe that nothing we do is worth getting hurt for.

Outlook

Systems Thinking and the implementation of innovative technology has put us in a strong position as we look ahead to the next regulatory review.

Our leading operational performance is supported by a robust financing position. We are outperforming the regulatory contract for the 2015–20 period, allowing us to fund additional investment for the benefit of customers, and we have plans in place to improve yet further, giving us confidence heading into the 2020–25 regulatory period and beyond.

We have achieved industry leading environmental and water quality performance scores, and we are making a substantial contribution to the North West. Our £3.8 billion investment programme is helping to enhance the environment that provides a home for wildlife, areas for recreation for our community, and a major pull for tourism in our region.

Our work supports thousands of jobs, both directly and indirectly through our supply chain, which helps underpin the success of the North West economy through employment and training opportunities.

We are planning and preparing for the next price review and for long-term challenges through our new 25-year Water Resources Management Plan. Through this, we will ensure that we remain resilient in the face of increasingly extreme weather and prepare to support a growing population in the North West.

Last, but by no means least, we want to give a big thank you to 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 2018 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 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 27 July 2018 at the **Lowry Hotel, 50 Dearmans Place, Chapel Wharf, Salford, Manchester, M3 5LH** to transact the business set out below.

Resolutions 1 to 16, and 21 will be proposed as ordinary resolutions and resolutions 17 to 20 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 2018 be received.

Resolution 2: declaration of dividend

That the final dividend of 26.49 pence per ordinary share be declared.

Resolution 3: to approve the directors' remuneration report

That the directors' remuneration report for the year ended 31 March 2018 be approved.

Resolution 4: reappointment of a director

That Dr John McAdam be reappointed as a director.

Resolution 5: reappointment of a director

That Steve Mogford be reappointed as a director.

Resolution 6: reappointment of a director

That Russ Houlden be reappointed as a director.

Resolution 7: election of a director

That Steve Fraser be elected as a director.

Resolution 8: reappointment of a director

That Stephen Carter be reappointed as a director.

Resolution 9: reappointment of a director

That Mark Clare be reappointed as a director.

Resolution 10: reappointment of a director

That Alison Goligher be reappointed as a director.

Resolution 11: reappointment of a director

That Brian May be reappointed as a director.

Resolution 12: reappointment of a director

That Paulette Rowe be reappointed as a director.

Resolution 13: reappointment of a director

That Sara Weller be reappointed 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: 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 2019 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.

Notice of Annual General Meeting

Resolution 17: general power to disapply statutory pre-emption rights

That, if resolution 16 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 apply for, equity securities (but in the case of the authority granted under paragraph (B) of resolution 16, 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 16 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 2019 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 18: specific power to disapply pre-emption rights in connection with an acquisition or specified capital investment

That, if resolution 16 is passed, the board be given the power in addition to any power granted under resolution 17 to allot equity securities (as defined in the Companies Act 2006 (the Act)) for cash under the authority granted under paragraph (A) of resolution 16 and/or to sell ordinary shares 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:

- (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 2019 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 19: 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 2019 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 20: 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 21: 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 2019 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
23 May 2018

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 2018, 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 26.49 pence per ordinary share. If approved, it will be paid on 3 August 2018 to the shareholders on the register at the close of business on 22 June 2018.

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 2018. The directors' remuneration report can be found on pages 94 to 109 of the annual report and financial statements 2018. The vote on this resolution is advisory only and the directors' entitlement to remuneration is not conditional on its being passed.

Resolutions 4 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 2018 AGM. Steve Fraser will stand for election at the 2018 AGM following his appointment to the board on 1 August 2017. 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. All the non-executive directors were considered to be independent and demonstrating the expected level of commitment to their roles. The review of the Chairman's performance (led by the senior independent director) concluded he continued to demonstrate an effective and unbiased perspective notwithstanding that he would have served for over ten years as a board director by the 31 March 2018, that he fulfilled the expected commitment to the role and was an effective leader of the board. The board recommends that shareholders vote all the directors back into office at the 2018 AGM. Biographical details of the directors can be found on pages 15 to 19 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 19 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 previously held roles as: senior independent director at J Sainsbury plc; non-executive director of Rolls-Royce Holdings plc until May 2017; and senior independent director at Electra Private Equity PLC until 1 March 2018.

Current directorships/business interests: Chairman of Rentokil Initial plc and was appointed as non-executive and senior independent director of Cobham plc on 1 August 2017. He is also Chairman of United Utilities Water Limited.

Independence: John met the 2016 UK Corporate Governance Code's independence criteria on 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.

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: He previously held roles as chief financial officer at Telecom New Zealand and 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.



Steve Fraser
Chief Operating Officer

Responsibilities: To develop the strategy for, and to manage, the group's operations.

Qualifications: BA (Hons) Management Studies, MSc Engineering Management, AMP Harvard University.

Appointment to the board: August 2017.

Committee membership: None.

Skills and experience: Steve brings a strong commercial acumen and operations focus to the wider business. He has a proven track record in managing networks and using his change management skills and broad experience across all aspects of utilities construction, programme and operations management.

Career experience: Steve has a wide range of project and contract management experience within the infrastructure sector. Prior to joining United Utilities in 2005, he was Operations Director of Bethell plc, the power and construction group.

Current directorships/business interests: He is also chief operating officer of United Utilities Water Limited.

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



Mark Clare
Senior Independent
non-executive director



Stephen Carter
Independent
non-executive director

Responsibilities: 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: Through his previous 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 our 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, and Ladbroke's Coral PLC.

Current directorships/business interests: He was appointed non-executive chairman of Grainger plc in February 2017. 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.

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. Stephen's previous public sector roles underpin his knowledge of the utilities sector.

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 sector/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.

Explanatory notes of resolutions

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



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:

Alison is a non-executive director of Meggitt PLC, was appointed as part-time executive chair of Silixa Ltd in August 2016, and sits on the board of Edinburgh Business School. She is also an independent non-executive director of United Utilities Water Limited.



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. Brian has been chair of the audit committee for nearly five years and has considerable knowledge of the company and the specifics of the utilities sector.

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.

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



Paulette Rowe
Independent
non-executive director



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.

Qualifications: 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 providing 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 its Systems Thinking approach. Paulette's experience of operating a commercial organisation within a regulated framework is directly relevant to the utilities sector.

Career experience: Paulette is managing director, Barclaycard Payments Solutions at Barclays Bank. Prior to joining Barclays, she was strategy director at NBNK Investments plc and 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 is a former trustee and chair of children's charity The Mayor's Fund for London.

Current directorships/business interests:

From 9 July 2018 Paulette will take up a new appointment on the EMEA Executive of Facebook Inc. She is also an independent non-executive director of United Utilities Water Limited.

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 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. Previously, she was the lead non-executive director for the Department for Communities and Local Government and chair of the Planning Inspectorate (an executive agency of the Department of Communities and Local Government).

Current directorships/business interests:

Sara is a non-executive director of Lloyds Banking Group plc; the 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. There are no contractual obligations that restrict the committee's choice of external auditor; the recommendation is free from third party influence and no auditor liability agreement has been entered into. 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: authorising the directors to allot shares

Paragraph (A) of this resolution 16 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 23 May 2018, 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 23 May 2018, 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 2019.

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

Resolutions 17 and 18 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 17 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 23 May 2018, the latest practicable date prior to publication of this notice.

In respect of the power under resolution 17(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 18 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 18 is in addition to that proposed by resolution 17 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 17.

This aggregate nominal amount represents an additional 5 per cent of the issued ordinary share capital of the company as at 23 May 2018, the latest practicable date prior to publication of this notice.

The powers under resolutions 17 and 18 will expire at the conclusion of the annual general meeting of the company held in 2019.

Resolution 19: 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 2019.

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 1,605,580 ordinary shares, representing 0.24 per cent of the company's ordinary issued share capital as at 23 May 2018. If the authority to purchase ordinary shares was exercised in full and those shares were subsequently cancelled, these share options would represent 0.26 per cent of the company's ordinary issued share capital.

Resolution 20: 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 20 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 2019 annual general meeting of the company, when it is intended that a similar resolution will be proposed.

Resolution 21: 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 for at least 15 minutes 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 6.30 pm on Wednesday 25 July 2018 (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 25 July 2018. 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 public holidays in England and Wales 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. Alternatively, if you have already registered with the company's registrars' online portfolio service, Shareview, you can submit your proxy by logging on to your portfolio at shareview.co.uk using your usual user ID and password. Once logged in simply click 'View' on the 'My Investments' page, click on the link to vote then follow the on screen instructions. The appointment of a proxy must be received by Equiniti no later than 11.00 am on Wednesday 25 July 2018.

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

General information

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 25 July 2018 (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 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 23 May 2018 (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

- **21 June 2018**
Ex-dividend date for 2017/18 final dividend
- **22 June 2018**
Record date for 2017/18 final dividend
- **27 July 2018**
Annual general meeting
- **3 August 2018**
Payment of 2017/18 final dividend to shareholders
- **21 November 2018**
Announcement of half year results for the six months ending 30 September 2018
- **20 December 2018**
Ex-dividend date for 2018/19 interim dividend
- **21 December 2018**
Record date for 2018/19 interim dividend
- **1 February 2019**
Payment of 2018/19 interim dividend to shareholders
- **May 2019**
Announce the final results for the 2018/19 financial year
- **June 2019**
Publish the annual report and financial statements for the 2018/19 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 public holidays in England and Wales.

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 to retain world class status in the Dow Jones Sustainability Index for the tenth consecutive year and membership of the FTSE4Good Index for the sixteenth. We also received an A-rating in the Carbon Disclosure Project and maintained our position in the Euronext Vigeo index: UK 20 for our environmental, social and governance performance.

We have retained our Gold award status with the our Gold award status with the Royal Society for the Prevention of Accidents and been awarded the Chartered Institute of Procurement and Supply Corporate Ethics Mark for our sustainable and ethical approach.



Registered office:

United Utilities Group PLC

Haweswater House, Lingley Mere Business Park
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Registered in England and Wales
Registered number 6559020

Stock Code: UU.

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