United Utilities Group PLC

Final results

Year ended 31 March 2009

www.unitedutilities.com

1

Good morning ladies and gentlemen.

With me today is Tim Weller, our Chief Financial Officer, and we also have other members of our executive team in the audience.

United Utilities

Agenda

• Overview	Philip Green
• Financial review	Tim Weller
• Business update	Philip Green
• Questions	

3

This slide sets out the agenda for this morning’s presentation.

I will begin with a brief overview of the business before handing over to Tim, who will talk about our financial performance.

I’ll then provide you with an update on the business, focusing on our four key priorities and concluding with a summary and our views on the outlook for the group.

At the end of the presentation we’ll be pleased to answer your questions.

Highlights

- Strong financial results despite difficult economic climate
- Operational improvements delivered
  - achieved regulatory leakage target for third consecutive year
  - increasing customer satisfaction: highest level for many years
- Capital investment programme on track
- Financing position remains robust, with headroom through to mid-2011
  - over £1bn of new debt finance raised
- Final business plan submitted to Ofwat in April covering 2010-15 period

4

First of all, we have achieved a strong financial performance in a tough business environment.

We continue to deliver improvements on operational performance and have met our leakage target for the third consecutive year, despite unfavourable winter weather. Customer satisfaction continues to improve and is at its highest level for many years.

We are on track to deliver our capital investment programme, as we approach the end of the current five-year regulatory period.

We continue to benefit from a robust financing position, with a healthy level of headroom to cover our projected financing needs through to mid-2011. We are very pleased to have raised over £1 billion of debt finance this year, despite difficult market conditions.

We submitted our final business plan to Ofwat last month, for the five-year period commencing April 2010, and I will talk about this in more detail later.

Key areas of focus

- Operational performance
- Delivery of 2005-10 regulatory contract
- 2009 water price review
- Non-regulated activities

5

The key areas of focus for us remain unchanged: to continue to improve operational performance, successful delivery of the current regulatory contract, the 2009 water price review and the non-regulated business.

We have made good progress in all of these areas and I will provide an update later. But first, I will hand over to Tim to take you through our results.

United Utilities

Tim Weller

Chief Financial Officer

6

Thank you Philip. Good morning.

Financial highlights

- **Underlying profit before taxation[1] up 12% to £532m**
- Underlying operating profit[1] up 10% to £742m
- Regulated activities – underlying operating profit[2] up 11% to £679m
- Non-regulated activities – underlying operating profit[3] up 9% at £68m
- Final ordinary dividend of 22.03p per share in line with policy[4]
  - total dividend for 2008/09 of 32.67p per share
- £1.5 billion returned to shareholders

[1] as described on slide 13 [2] as described on slide 8 [3] as described on slide 10
[4] 2008/09 dividend per share reduced by 30% compared with 2007/08 dividend per share, as outlined in United Utilities' half yearly financial report published on 29 November 2007, in light of the revised composition of the group following the sale of United Utilities Electricity and the £1.5 billion return to shareholders

7

This slide sets out the financial highlights for the year.

Underlying profit before tax was £532 million, up 12 per cent. We have consistently adjusted for one-off items and the volatility from IAS 39 fair value adjustments to provide a more representative view of performance.

Underlying operating profit from continuing operations increased by 10 per cent, to £742 million.

Our regulated business delivered an underlying operating profit of £679 million, up 11 per cent.

Underlying operating profit in our non-regulated activities was up 9 per cent at £68 million.

As you know, our dividend policy aims to target a sustainable and growing level of dividends. The proposed final dividend of 22.03 pence per share is in line with the policy which we first announced some 18 months ago, following the sale of United Utilities Electricity and the £1.5 billion return to shareholders which we have now completed.

Taken together with the interim dividend of 10.64 pence per share, which we have already paid, this makes a total dividend for the 2008/09 financial year of 32.67 pence per share.

Our policy is to apply a growth factor of RPI plus two per cent to the dividend from 2009/10. In line with this policy, we expect to grow dividends for 2009/10 by five per cent. This reflects the three per cent inflation allowance in our 2009/10 regulated price increase (i.e. the November 2007 to November 2008 RPI movement).

Regulated activities

Continuing operations

£m	2009	2008	
Revenue	1,499.5	1,416.3	*+6%*
Operating profit	**678.4**	**611.6**	***+11%***
Adjustments:			
One-off costs	1.0	2.6	
Underlying operating profit	**679.4**	**614.2**	***+11%***

- Good growth in regulated business
- Underpinned by allowed price increase of 7.8% and tight cost control
  - revenue increase of 6% in line with half year position
  - lower water demand as expected

8

Consistent with the growth level at the half year, revenue in our regulated business increased by 6 per cent reflecting the allowed price increase of 7.8 per cent, partly offset by lower water demand as expected.

Underlying operating profit is up 11 per cent, underpinned by the revenue increase and tight cost control, although we have experienced some expected cost increases, in areas flagged in our half-year results and trading updates.

Regulated activities
Operating expenses

£m	2009	2008	
Depreciation and amortisation	236.3	222.9	
Infrastructure renewals expenditure	117.8	120.1	
Power	55.3	42.5	
Property rates	54.8	59.6	
Bad debts	50.7	51.4	
Other expenses	305.2	305.6	
Operating expenses	**820.1**	**802.1**	***+2%***

- Higher depreciation in line with planned expenditure profile
- Ongoing cost pressures in areas such as power and bad debts
  - bad debts similar to prior year
  - expect cost pressures to continue into 2009/10

9

This slide shows the main costs in our regulated business.

Depreciation and amortisation has increased, reflecting the high levels of capital expenditure through the peak phase of our capital investment programme.

Infrastructure renewals expenditure continues at high levels, which is consistent with the phasing over the five-year plan.

As indicated previously, we expected an increase in power costs and we have experienced a rise of £13 million reflecting price rises seen in the market. In line with our policy, we have entered into forward contracts for the bulk of our power requirements for 2009/10. We therefore expect unit power costs in the forthcoming year to be in the order of ten per cent higher. However, this will be tempered as we benefit from our combined heat and power plants and our integrated performance management scheme which help optimise energy consumption.

Bad debt expense remained constant through the year and is similar to the prior year, although this represents a marginally lower proportion of regulated revenue at 3.4 per cent. However, cash collection continues to be challenging.

These increases have been mitigated by the tight cost control measures we have implemented and, as you see, other expenses were flat year-on-year. We are also benefiting from our asset improvement programme, which is improving the efficiency of our operational pumps, and our centralised supply chain management which is delivering procurement economies. Overall, total operating expenses were up just two per cent.

However, we do expect a number of these ongoing cost pressures to continue through 2009/10.

Non-regulated activities

Continuing operations

£m	2009	2008	
Revenue	919.3	949.2	*-3%*
Operating profit[1]	**69.1**	**50.6**	***+37%***
Adjustments:			
One-off items[2]	(1.0)	11.6	
Underlying operating profit	**68.1**	**62.2**	***+9%***

- Revenue marginally down reflecting lower contribution from connections business
- Rise in operating profit principally reflects:
  - planned increase in activity in relation to Scottish Water contract
  - higher contribution from international operations
  - favourable effect of foreign exchange rate movements of £2.9m

10

[1] depreciation and amortisation in the year ended 31 March 2009 was £27.2m (£24.9m in year ended 31 March 2008)
[2] 2007/08: principally related to the company's planned efficiency delivery in its gas and electricity outsourcing activities

Underlying operating profit in our non-regulated activities has increased by 9 per cent to £68 million.

This principally reflects the phasing of the Scottish Water contract and an increase in contribution from the company's international operations, including the benefit of foreign exchange rate movements during the year.

Adjusting for the effect of these FX movements of £3 million, our non-regulated activities have still delivered good operating profit growth of 5 per cent.

Finance expense

Continuing operations

£m	2009	2008
Published finance expense	**270.9**	**331.6**
Net fair value losses on debt and derivative instruments	(24.3)	(42.7)
Add back interest on swaps and debt under fair value option	8.3	41.7
Underlying interest payable	**254.9**	**330.6**
Investment income	(65.5)	(146.7)
Adjust for net pension interest income	6.8	23.5
Underlying cost of net borrowings	**196.2**	**207.4**
Average net debt	**4,177**	**3,572**
Average underlying rate of net borrowings	**4.7%**	**5.8%**

- Higher average net debt following £1.5bn return to shareholders in Aug 08
- Impact of repayment of 6.625% €1bn bond and associated swaps in Nov 07
- RPI interest effect on index-linked debt

11

Finance expense of £271 million was £61 million lower than in the previous year.

The 2008/09 expense includes a £24 million net fair value loss on debt and derivative instruments, compared with a £43 million loss in the prior year.

This volatility arises because IAS 39 limits the use of hedge accounting for the interest rate hedges we put in place to fix our cost of debt for each price review period. In addition, the fair value movements include the impact of changes in credit spread on debt accounted for at fair value through profit or loss. However, these fair value movements have no cash flow impact.

The £33 million favourable movement in interest expense on swaps and debt under the fair value option is primarily due to the expiry of derivative contracts associated with the €1 billion bond which matured in November 2007.

Investment income has reduced to £66 million, from £147 million, primarily reflecting the reduction in cash invested following the £1.5 billion return to shareholders.

The underlying cost of net borrowings was £196 million, compared with £207 million last year. This decrease principally reflects a lower average borrowing rate, due to our index-linked debt and the repayment of the €1 billion bond, partly offset by an expected higher average net debt following the £1.5 billion return to shareholders.

Overall, our average interest rate on net borrowing has improved to 4.7 per cent from 5.8 per cent on an underlying basis.

I will now discuss the impact of our index-linked debt in more detail.

Finance expense: index-linked debt

Continuing operations

£m	2009	2008
Interest on index-linked debt	**30.9**	**26.2**
RPI adjustment to index-linked debt principal - 3 month lag	**(12.5)**	**24.9**
RPI adjustment to index-linked debt principal - 8 month lag	**40.9**	**29.9**
Interest charge on index-linked debt	59.3	81.0
Interest on other debt (including fair value option debt and swaps)	195.6	249.6
Underlying interest payable	**254.9**	**330.6**

- Index-linked debt - RPI interest effect on 3 or 8 month lag
- 2008/09 impact as a result of 3 month lag
- Further interest benefit expected in 2009/10 due to lag effect of RPI movement

12

This slide shows the interest charge in the year relating to our index-linked debt.

We have close to £2 billion of index-linked debt, which represents approximately 40 per cent of our net debt and 27 per cent of UU Water's regulatory capital value. This debt is a good match for our regulated assets, the value of which is adjusted based on RPI movements.

Furthermore, this debt is fully index-linked and therefore provides us with an effective hedge should we experience periods of low inflation or deflation, as the principal is adjusted each month to reflect the monthly movement in RPI. Around 60 per cent of our index-linked debt is adjusted based on a three month lag, with the remainder adjusted on an eight month lag.

As you can see, we have received an interest credit of £12.5 million in relation to our debt with a three month lag. We expect a further interest benefit from our debt with an eight month lag in the first half of 2009/10 to reflect this deflationary movement.

This index-linked debt also improves our cash position since we only pay cash interest based on the real, rather than nominal, interest rate.

Profit before tax

Continuing operations

£m	2009	2008	
Operating profit	735.2	663.2	*+11%*
Investment income and finance expense	(205.4)	(184.9)	
Profit before tax	**529.8**	**478.3**	***+11%***
Adjustments:			
One-off items[1,2]	6.6	14.0	
Net fair value losses on debt and derivative instruments	24.3	42.7	
Interest on swaps and debt under fair value option	(8.3)	(41.7)	
Interest associated with cash proceeds from UUE sale	(20.6)	(17.7)	
Underlying profit before tax	**531.8**	**475.6**	***+12%***

[1] added to operating profit to obtain underlying operating profit

[2] one-off items in 2008/09 principally relate to the capital restructuring associated with the £1.5 billion return to shareholders (contained within the other activities segment) and restructuring within the business

13

Underlying profit before tax was £532 million, up 12 per cent after adjusting for the items set out on this slide.

This reflects a good performance in both our regulated and non-regulated activities. UU Property Solutions made a small operating profit. This contribution was lower than the prior year, reflecting the slowdown in the UK property market.

In addition to the interest adjustments, in calculating our underlying results, we have stripped out £7 million of one-off items principally relating to the capital restructuring associated with the £1.5 billion return to shareholders.

Without making any adjustments, profit before tax increased by 11 per cent.

Earnings per share (EPS)
Impact of one-off deferred tax items

United Utilities

Continuing operations	Year ended 31 March 2009	2008
Basic earnings per share (pence)	26.5	61.2

2008/09
- £206m deferred tax charge - abolition of industrial buildings allowances
- 08/09 EPS lower by 30.3 pence

2007/08
- £82m deferred tax credit - change in corporation tax rate from 30% to 28%
- 07/08 EPS higher by 12.0 pence

14

As we highlighted at our half year results, recent tax changes have had a significant effect on earnings per share. This slide shows the impact of two significant one-off deferred tax items on EPS.

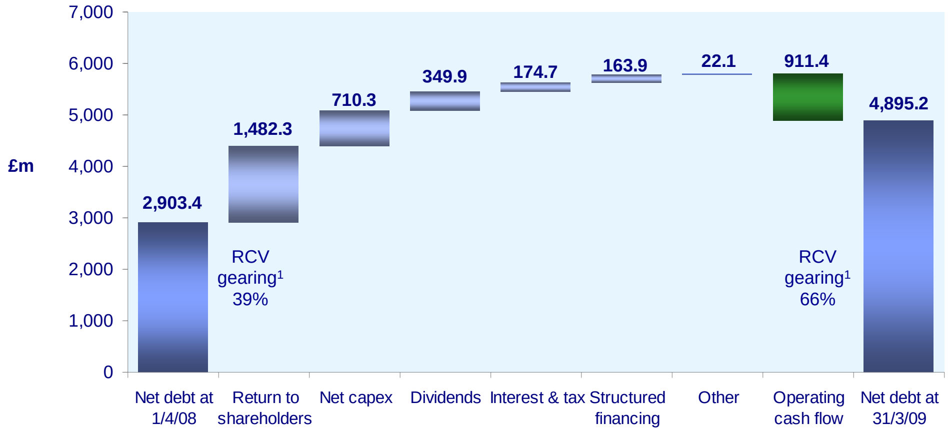
We recorded a deferred tax charge of £206 million in relation to the abolition of industrial buildings allowances, which reduces EPS by 30.3 pence per share.

Last year we recorded an £82 million credit in relation to the reduction in corporation tax rate from 30 per cent to 28 per cent. This increased the prior year EPS by 12 pence.

We expect our effective tax rate for 2009/10 to be broadly in line with the mainstream corporation tax rate of 28 per cent.

As the previous slides have shown, underlying operating profit and underlying profit before tax have both increased and we believe that these measures provide a better indication of the group's performance.

Movement in net debt



- Adjusting for non-recourse JV debt of £230m, RCV gearing is 63%

15

[1] group net debt / United Utilities Water's regulatory capital value in outturn prices

Now, looking at the movement in net debt over the year.

Net debt has increased primarily due to the £1.5 billion return to shareholders last August and reflects the peak phase of our regulated capital investment programme.

RCV gearing, measured as group net debt to the water company's regulatory capital value, has also increased and was 66 per cent at the year end. This reflects the impact of a small deflationary adjustment to the RCV, as at 31 March 2009. Adjusting for the group's non-recourse joint venture debt of £230 million, RCV gearing is 63 per cent.

Robust financing position

- Headroom through to mid-2011 in line with Board’s treasury policy
- Over £1bn of debt raised during 2008/09:
  - £400m European Investment Bank loan with 12-year maturity
  - £375m 6.125% bond issue with 7-year maturity
  - £275m 5.75% bond issue with 13-year maturity
- All commercial bank facilities are bilateral with spread of maturities
  - no large single refinancing requirement
- Average term to maturity of debt portfolio of over 25 years

16

We continue to benefit from a robust financing position and the group has headroom to cover its projected financing needs through to mid-2011.

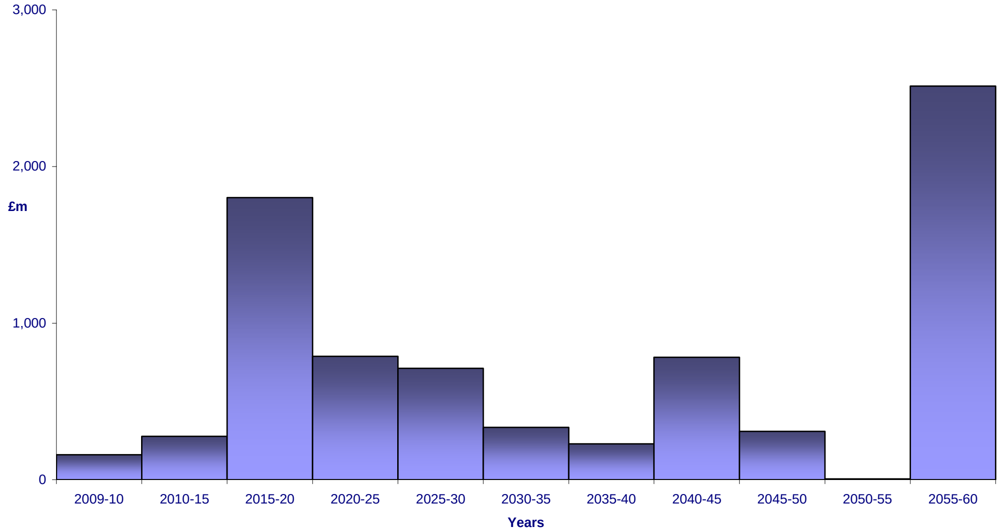
During the year we raised over £1 billion of debt finance, as set out on the slide.

I would add that all our commercial bank facilities are negotiated on a bilateral basis and have a spread of maturity dates through to 2014. This means that we have no large, single refinancing requirement.

Refinancing risk is further mitigated by the average term to maturity of our debt portfolio, which is over 25 years.

Debt portfolio
Average term to maturity over 25 years

Term debt[1] maturing per regulatory period



17

[1] future repayments of index-linked debt include inflation based on an average annual RPI rate of 2.65%

This chart shows the maturity profile of our term debt portfolio.

A significant proportion of our index-linked debt is not due to be refinanced until after 2055 and there is little refinancing required during the remainder of this and the next regulatory period.

Our final business plan for the 2010-15 period includes an investment programme of approximately £3.7 billion. Having raised over £1 billion of debt finance in the last year, we would expect to borrow £1.6 billion to finance this plan.

Financial summary

- Strong underlying profit growth
- Raised over £1bn of debt finance
- Financing headroom through to mid-2011
- Maturity of term debt portfolio over 25 years
- Index-linked debt provides a natural RPI hedge

18

In summary, we have delivered strong underlying profit growth.

We have raised over £1 billion of debt finance and have headroom to cover our projected financing needs until mid-2011.

The maturity of our term debt portfolio is over 25 years and 40 per cent of our net debt is index-linked, which provides a natural deflationary or inflationary hedge.

Overall, we have delivered a robust financial performance.

I'll now hand back to Philip.

Philip Green

Chief Executive

19

Thank you Tim.

Business update

- Operational performance
- Delivery of 2005-10 regulatory contract
- 2009 water price review
- Non-regulated activities
- Summary and outlook

20

I will now update you on our four key priorities I mentioned earlier.

Key operational and service measures

	Start point	Current	Target
Relative efficiency	Below average	Narrowed operating efficiency gap to most efficient water companies since 2005[1] and improved opex position to band B for water and band C for wastewater as assessed by Ofwat – **sustained these bandings for 2007/08**	Upper quartile in the medium term
Security of water supply	Had not met economic level of leakage rolling target since 2002	**Outperformed[2] leakage target set by Ofwat in 2008/09**, despite unfavourable winter weather. **Third consecutive year of meeting leakage target** No water restrictions during the year	Meet or outperform rolling leakage targets and avoid the need for water restrictions
Pollution	In 2005/06: 2 water & 21 wastewater incidents[3]	One[2] water and ten[2] wastewater category 1&2 incidents in 2008 - **met or outperformed this target for third consecutive year**	Reduce incidents by around 50% in the medium term
Sewer flooding	641 properties on flooding register in 2005/06[4]	**Continued to remove properties from the register** Methodology and processes being reviewed in parallel with Ofwat's water sector sewer flooding at risk registers review. Restatement of numbers expected - still envisage to demonstrate progress since 2005/06	Reduce number by around 50% in the medium term
Overall customer satisfaction (in response to enquiries)	<50%	**76% – further improvement achieved**, building on the significant improvement delivered over the last two years. **Customer satisfaction now at highest level for many years**	85% in the medium term Aspiration of 100%

21

[1] based on UU internal modelling estimates [2] subject to regulatory audit [3] refers to Category 1&2 incidents as defined by the Environment Agency [4] refers to properties at risk of experiencing at least one sewer flooding incident in 10 years

We have shown this slide of operational KPIs at previous results announcements.

Over the last few years, we have delivered tangible improvements in all of these areas: relative efficiency, leakage, pollution, sewer flooding and customer satisfaction.

I have already highlighted our strong performance in the areas of leakage and customer satisfaction.

We have also met our target of halving serious pollution incidents in each of the last three years, and I will talk about this in more detail shortly.

Whilst we have made good progress, we recognise that there is a lot more to do in improving operational performance and this remains high on our agenda.

Pollution

Upper quartile performance

- Proactive approach with Environment Agency
  - quicker response to help mitigate impact of incidents
- Pumping station maintenance insourced – better visibility and control
- Focused on key risk areas
- Action planning – high risk register highlights key areas
- Organisational changes to improve performance
  - functional rather than geographic focus
  - clearer visibility of roles and responsibilities

22

I'd like to tell you a bit more about the improvements we have made on our KPI of reducing the number of serious pollution incidents. UU has one of the lowest number of incidents per customer in the water sector.

We are now working much more closely with the Environment Agency, notifying them of any potential incidents and keeping them fully informed once an incident has been confirmed.

We have brought inspections and maintenance of pumping stations back in-house, giving us better visibility and control over these operations. We have also introduced new systems to gain a better understanding of asset condition and maintenance requirements.

We have assessed the risk profile of our pumping stations and have focused on the high risk areas. Sites that have experienced a pollution incident are placed on a high risk register and monitored closely for a minimum of 12 months to mitigate the risk of further incidents.

In addition, we have reorganised our field operations, based on functional rather than geographic focus. This means each manager can now concentrate on their own area of expertise, which has helped deliver better performance.

We have also more than halved the number of failing wastewater treatment works, from 18 works in 2007 to just 7 works in 2008, and performance so far this year has been encouraging.

Business update

- Operational performance
- **Delivery of 2005-10 regulatory contract**
- 2009 water price review
- Non-regulated activities
- Summary and outlook

23

Now, looking at our current regulatory contract.

Efficiency initiatives progressing well
Workforce management project to deliver further benefits

- Workforce management project now successfully implemented
  - on time and below budget
- Customer contact and work scheduling system
- Real time data for more effective job scheduling
- Early progress encouraging
- Customers only need to contact UU once with an enquiry
- Dual benefits of reducing cost and improving customer satisfaction
  - opex and capex savings totalling c.£7m p.a. expected by 2010

24

Our business improvement initiatives are delivering benefits and we remain broadly on track to meet our regulatory efficiency targets across this price review period, although, as Tim said earlier, we expect cost pressures to continue through 2009/10.

In particular, we are encouraged by the early progress of our workforce management project.

It is not often, in my experience, that any company launches a major initiative of this scale on time and to budget and I am pleased that our system has been successfully implemented on time and below budget.

This system is a key initiative in increasing productivity by using real time data across the workforce to enable more effective work scheduling. For example, this new system has helped us achieve our leakage target through the more timely processing of work orders.

Customers only need to contact us once with a service enquiry and, overall, the system should improve both our efficiency and customer service.

Operating and capital savings totalling approximately £7 million per annum are expected by 2010.

Regulatory capital programme
Expenditure and outputs on track

- Continue to make good progress on regulatory capital programme
- Completed peak phase of 2005-10 capital investment programme
  - £740 million invested in the year
- Spend and outputs broadly in line with regulatory assumptions
- Well set for 2010-15 period
  - enhanced approach to AMP5 submission
  - more comprehensive and earlier preparation
  - improved capital investment planning

25

Our regulatory capital investment programme continues to progress well and we have now completed the peak phase of the programme. Capital investment for the year remained high at £740 million.

Having agreed a revised strategy with Ofwat for dealing with sewage sludge, our spend and outputs are in line with regulatory assumptions.

We are well set for the 2010 to 2015 period based on our improved approach to AMP5 planning, with more comprehensive and earlier preparation.

Our independent engineering Reporter (Halcrow) has supported our AMP5 submission, describing our capital investment assessment as well considered, comprehensive and robust.

Business update

- Operational performance
- Delivery of 2005-10 regulatory contract
- **2009 water price review**
- Non-regulated activities
- Summary and outlook

26

That brings us to the 2009 water price review.

2009 water price review
Final business plan submitted April 2009

- £3.7bn capital investment programme (2007/08 prices)
- 1.5% p.a. improvement in underlying operating efficiency
- 4% to 8% efficiency improvement in capital programme
- 4.85% cost of capital (post-tax, real)
  - targeting an A3 credit rating for United Utilities Water PLC
- Average annual real price increase of 1.8%

"…we believe our final business plan balances the needs of all our stakeholders…"

27

In April, we submitted our final business plan for the 2010-15 period to Ofwat.

We have proposed a £3.7 billion capital investment programme, which compares with a programme of just over £3 billion in the current five-year period. Our proposed programme aims to meet and improve existing standards of service, address higher quality standards and make provision for the challenge of climate change, whilst maintaining the affordability of customer bills.

We expect to improve our efficiency further and are aiming for a 1.5% annual improvement in our underlying operating efficiency. In respect of our capital investment programme, we are targeting an average efficiency improvement of between 4% and 8% across the five-year period.

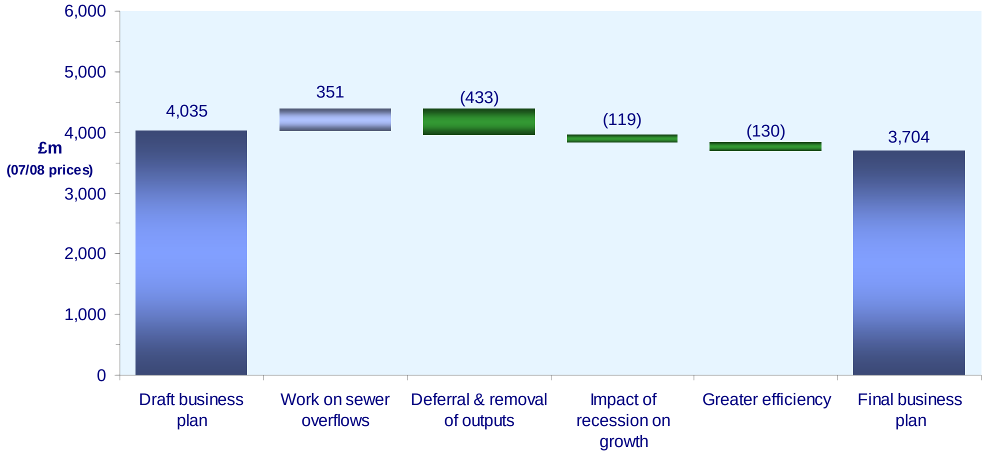
We estimate that an average real, post-tax return of 4.85% is required to finance this plan, which we believe would support an A3 credit rating. This is consistent with the findings of the updated research published by NERA in January, which concluded that a required return in the range 4.6% to 5.1% would be appropriate for the UK water industry.

We continue to target an A3 credit rating for UU Water which we believe is an appropriate investment grade credit rating to allow us to raise finance to fund our substantial capital expenditure programmes. The current turbulent financial markets make it doubly important to maintain strong investment grade ratings. Access to debt markets for companies with ratings below A3 continues to be difficult.

To deliver this plan, we have proposed an average real price increase of 1.8% per annum across the 2010-15 period.

We believe our final plan balances the needs of all of our stakeholders and it was welcomed by the Consumer Council for Water.

2009 water price review
Movement in capex between draft and final plans



"…we expect significant levels of investment to continue, delivering further growth as well as customer and environmental benefits…"

28

There have been a number of changes to our capex programme between our draft and final plans.

As we indicated previously, we expected additional projects to be included in our final plan in respect of sewer overflows and this has increased the capex programme by over £350 million.

We also expected changes to the scope of the programme and, after consultation with our regulators, a number of projects have been removed or deferred beyond 2015. This reduces the proposed spend by approximately £430 million.

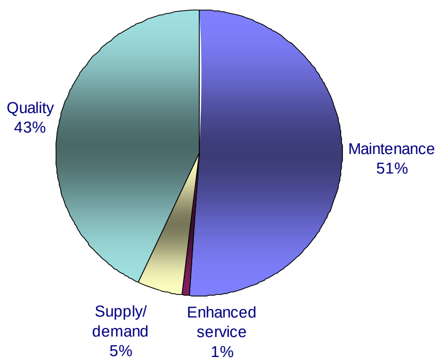
The impact of the difficult economic climate is likely to restrain growth and we have also applied tougher efficiency targets in our final plan. Each of these areas account for over £100 million.

Taking all these changes together, the proposed capital investment programme has been reduced by around £300 million, between draft and final plans, but is still a substantial £3.7 billion.

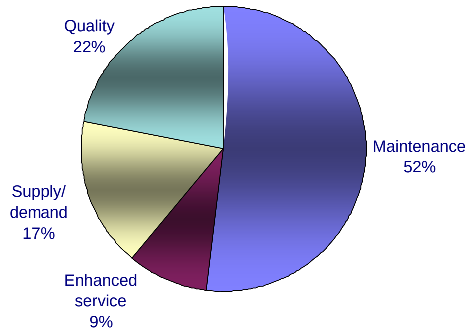
We expect significant levels of investment to continue, delivering further growth as well as customer and environmental benefits.

2009 water price review
UU has a greater proportion of quality spend

UU capex



Water sector capex



- UIDs[1] are statutory obligations - funding included in quality category
- Potential spend relating to North East Irish Sea not included in final plan

29

[1] an Unsatisfactory Intermittent Discharge is an overflow on the sewer network that is required to be improved so as to meet environmental standards for the water body into which it discharges or which it affects

This slide provides a breakdown of capex by category and compares UU with the rest of the water sector.

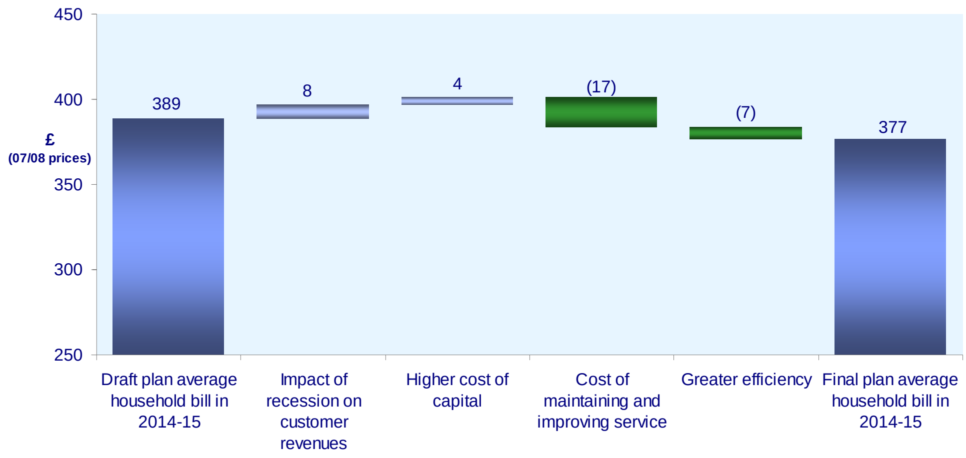
Maintenance is in line with the other water companies at around a half of the programme, similar to the split in the current five-year period.

As you can see, UU has a greater proportion of quality spend than the industry generally. This reflects statutory obligations in relation to sewer overflows (UIDs) and other quality-related projects, which drive growth in the company's regulatory capital value. The majority of the quality spend relates to the wastewater business.

UU may be required to make additional investment in respect of the North East Irish Sea, depending on the outcome of a European court case, which would deliver further growth. This would mean investing in nutrient removal at many of our larger wastewater treatment works to improve the quality of sea outflows to enhance the marine environment. This potential work is not included in the final plan and, if required, will be the subject of an IDoK.

Looking ahead, statutory and environmental obligations look set to continue to drive further substantial investment.

2009 water price review
Maintaining the affordability of customer bills



"…our service currently costs households approximately £1 per day on average, rising by just seven pence per day in real terms by 2015…"

30

We do recognise that we need to maintain affordability of customer bills, especially in what is a tough economic environment, and this was a key feature of the business plan we submitted to Ofwat.

This chart shows how we have been able to reduce average annual customer bills by £12 between draft and final plans.

Our service currently costs households approximately £1 per day on average and with this plan would rise by seven pence, on average, in real terms by 2015. We believe this represents excellent value for money, providing customers with high quality drinking water to meet all their daily needs and environmentally responsible wastewater collection and treatment.

As you may know, we have established a Charitable Trust to help customers who are struggling to pay their water bills. We are also increasing the funding to this trust by two thirds to £5 million per year.

Overall, we believe our final plan strikes the right balance.

Business update

- Operational performance
- Delivery of 2005-10 regulatory contract
- 2009 water price review
- **Non-regulated activities**
- Summary and outlook

31

I'll now give you an update on our non-regulated activities.

Non-regulated activities
UK market leader and further progress achieved

- Good profit growth - international operations performing well
- UU the leading utility infrastructure outsourcing company in the UK
  - order book worth over £6 billion
- Two new contract awards:
  - Derbyshire municipal solid waste treatment (preferred bidder)
  - Adelaide desalination

32

As Tim said earlier, our non-regulated business has delivered good profit growth with an increased contribution from our international operations.

In terms of scale, we continue to be the leading utility infrastructure outsourcing company in the UK and our order book is worth over £6 billion in revenue.

We have achieved further progress and were pleased to have been selected for two new contracts.

We are preferred bidder for a 27-year municipal solid waste treatment contract in Derbyshire. This represents our first step into this sector, where we can utilise our core skills in a market with significant growth potential (driven by EU regulations to reduce landfill disposal).

In addition, we have secured a 20-year desalination operations and maintenance contract in Adelaide which builds on our existing presence in Australia.

We will continue to pursue asset-light opportunities based on our core skills where we can generate additional shareholder value with little impact on the group’s risk profile.

Business update

- Operational performance
- Delivery of 2005-10 regulatory contract
- 2009 water price review
- Non-regulated activities
- **Summary and outlook**

33

So, to sum up.

Summary and outlook
Strong results and a robust financing position

Operational performance

- Met leakage target for third year
- Customer satisfaction at highest level for many years
- Focus on further improvement

2005-10 regulatory contract

- Good progress on capital investment programme
- Efficiency initiatives progressing well
- Spend and outputs broadly in line

Non-regulated activities

- Good financial performance
- Selected for two new contracts
- Pursuing opportunities based on core skills and asset-light strategy

2009 water price review

- Final plan submitted April 09
- £3.7bn investment proposed
- 4.85% real, post-tax return
- Ofwat draft determination July 09

"…we expect to grow dividends for 2009/10 by five per cent…"

34

We are pleased to report a strong set of financial results, particularly in view of the current economic climate. Furthermore, having raised over £1 billion of debt finance in the year, we continue to benefit from a robust financing position.

On operational performance, we met our regulatory leakage target for the third consecutive year and customer satisfaction is at its highest levels for many years. Whilst we have made good progress, we do recognise that there is a lot more to do and will continue to focus strongly on all aspects of operational performance.

With regard to our current regulatory contract, our capital investment programme is on track and our efficiency initiatives are progressing well.

Our non-regulated business has performed well and delivered good profit growth.

The 2009 water price review is clearly a significant value driver for the group. We submitted our final business plan in April, which was welcomed by the Consumer Council for Water and supported by our independent engineering Reporter (Halcrow), and we believe it balances the needs of all of our stakeholders. We expect investment in our assets to continue at high levels post 2010, delivering further growth as well as environmental and customer benefits.

We expect to deliver a sound underlying financial performance in the final year of this price review period, although the group faces ongoing revenue and cost pressures. In line with our policy, we expect to grow dividends for 2009/10 by five per cent.

Questions

35

That concludes our results presentation.

Thank you for listening and we will now take questions.

Supporting information

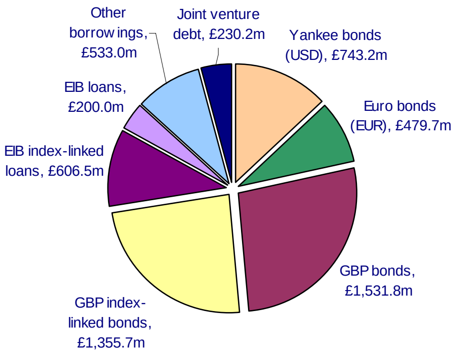
Financing and liquidity
Debt structure

36

Financing & liquidity as at 31 March 2009

Continuing operations

Gross debt = £5,680m



Headroom / prefunding = £935m

	£m
Cash and short-term deposits	299
Medium-term committed bank facilities[1]	1,076
Short-term debt[2]	(262)
Term debt maturing within one year[3]	(178)
Total headroom / prefunding	**935**

[1] excludes £335m facilities maturing within one year
[2] includes £15m of drawings on short-term committed facilities
[3] includes amounts relating to joint ventures of £17m

Debt structure at 31 March 2009

United Utilities Group PLC

United Utilities PLC
BBB+ stable; Baa1 stable

Yankees:
- $250m in 18's
- $350m in 19's
- $400m in 28's

Euro MTN:
- USD10m in 09's[2]
- GBP 6.5m in 13's

Other debt:
- Short-term loans £99m
- Commercial paper £18m

United Utilities Water PLC
A3 stable; A- Stable
Ring-fenced and regulated by Ofwat

Euro MTNs:
- £150m in 10's
- £375m in 15's
- £150m in 18's
- €500m in 20's
- £275m in 22's
- £300m in 27's
- £50m in 32's[1]
- £200m in 35's
- £100m in 35's[1]
- £35m in 37's[1]
- £100m in 40's[1]
- £50m in 41's[1]
- £100m in 42's[1]
- £50m in 43's[1]
- £50m in 46's[1]
- £50m in 49's[1]
- £510m in 56's[1]
- £150m in 57's[1]

Other debt:
- EIB index-linked loans £606m
- EIB loans £200m
- EMTN private placements £150m
- Term bank loan £50m
- Commercial paper £38m
- Short-term loans £40m
- Other loans £31m

[1] index-linked bonds [2] bond matured 28/04/09

CAUTIONARY STATEMENT

This final results presentation contains certain forward-looking statements with respect to the operations, performance and financial condition of the group. By their nature, these statements involve uncertainty since future events and circumstances can cause results and developments to differ materially from those anticipated. The forward-looking statements reflect knowledge and information available at the date of preparation of this final results presentation and the company undertakes no obligation to update these forward-looking statements. Nothing in this final results presentation should be construed as a profit forecast.

Certain regulatory performance data contained in this presentation is subject to regulatory audit.