OFFERING CIRCULAR DATED 14 November 2025

UNITED UTILITIES PLC
(incorporated with limited liability in England)

UNITED UTILITIES WATER FINANCE PLC
(incorporated with limited liability in England)

with obligations under Notes issued by United Utilities Water Finance PLC to be unconditionally and irrevocably guaranteed by

UNITED UTILITIES WATER LIMITED
(incorporated with limited liability in England)

£12,000,000,000
Euro Medium Term Note Programme

This Offering Circular supersedes any previous Offering Circulars issued in respect of the Programme. Any Notes (as defined below) issued under the Programme on or after the date of this Offering Circular are issued subject to the provisions described herein. This does not affect any Notes already in issue.

Under this £12,000,000,000 Euro Medium Term Note Programme (the "Programme"), United Utilities PLC ("UU") and United Utilities Water Finance PLC ("UUWF") (each an "Issuer" and together the "Issuers") may from time to time issue notes (the "Notes") denominated in any currency agreed between the relevant Issuer and the relevant Dealer (as defined below). The payments of all amounts due in respect of Notes issued by UUWF will be unconditionally and irrevocably guaranteed by United Utilities Water Limited ("UUW" or the "Guarantor").

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed £12,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under "*General Description of the Programme*" and any additional Dealer appointed under the Programme from time to time by the Issuers (each a "Dealer" and together the "Dealers"), which appointment may be for a specific issue or on an on-going basis. References in this Offering Circular to the "relevant Dealer" shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to purchase such Notes.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see "*Risk Factors*" on page 14.

This Offering Circular has been approved as a base prospectus by the Financial Conduct Authority (the "FCA"), as competent authority under Regulation (EU) 2017/1129 as it forms part of the domestic law of the United Kingdom (the "UK") by virtue of the European Union (Withdrawal) Act 2018, as amended (the "EUWA") (the "UK Prospectus Regulation"). The FCA only approves this Offering Circular as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuers or the Guarantor or of the quality of the Notes that are the subject of this Offering Circular. Investors should make their own assessment as to the suitability of investing in the Notes.

Application has been made to the FCA for Notes issued under the Programme during the period of 12 months from the date of this Offering Circular to be admitted to the official list of the FCA (the "Official List") and to the London Stock Exchange plc (the "London Stock Exchange") for such Notes to be admitted to trading on the London Stock Exchange's main market.

References in this Offering Circular to Notes being "listed" (and all related references) shall mean that such Notes have been admitted to trading on the London Stock Exchange's main market and have been admitted to the Official List. The London Stock Exchange's main market is a UK regulated market for the purposes of Regulation (EU) No. 600/2014 on markets in financial instruments as it forms part of the domestic law of the UK by virtue of the EUWA ("UK MiFIR").

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche (as defined under "*Terms and Conditions of the Notes*") of Notes will be set out in the applicable Final Terms (the "Final Terms") which, with respect to Notes to be listed, will be delivered to the FCA and to the London Stock Exchange. Final Terms in respect of any issuance of Notes under the Programme will be published on the website of the Regulatory News Service operated by the London Stock Exchange at https://www.londonstockexchange.com/news?tab=news-explorer.

Notes issued under the Programme may be rated or unrated. Where an issue of Notes is rated, its rating will be disclosed in the Final Terms. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating organisation. UU and UUW have each received corporate credit ratings. For discussion of these, see "*Description of the Issuers – United Utilities PLC*", "*Description of the Issuers – United Utilities Water Finance PLC*" and "*Description of the Guarantor – United Utilities Water Limited*". Each of Fitch Ratings Ltd ("Fitch"), S&P Global Ratings UK Limited ("S&P") and Moody's Investors Service Ltd. ("Moody's") is established in the UK and registered under Regulation (EC) No. 1060/2009 as it forms part of the domestic law of the UK by virtue of the EUWA (the "UK CRA Regulation"). The ratings issued by Fitch, S&P and Moody's have been endorsed by Fitch Ratings Ireland Limited ("Fitch Europe"), S&P Global Ratings Europe Limited ("S&P Europe") and Moody's Deutschland GmbH ("Moody's Europe") respectively and each of Fitch Europe, S&P Europe and Moody's Europe is established in the European Economic Area (the "EEA") and registered under Regulation (EC) No. 1060/2009 (as amended, the "CRA Regulation"). As such, each of Fitch Europe, Moody's Europe and S&P Europe is included in the list of credit rating agencies published by the European Securities and Markets Authority ("ESMA") on its website (at https://www.esma.europa.eu/credit-rating-agencies/cra-authorisation) in accordance with the CRA Regulation and each of Fitch, Moody's and S&P is included in the list of credit rating agencies published by the FCA on its website (at https://www.fca.org.uk/firms/credit-rating-agencies). Notes issued under the Programme may be rated by Fitch, Moody's, S&P or any other rating agency established in the UK and registered under the UK CRA Regulation.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or under the securities laws of any state or other jurisdiction of the United States and may not be offered or sold in the United States or to, or for the account or the benefit of, U.S. persons except to certain persons in offshore transactions in reliance on Regulation S under the Securities Act.

The relevant Issuer and the Trustee (as defined below) may agree with any Dealer that Notes may be issued in a form not contemplated by the Terms and Conditions of the Notes herein, in which event and, if appropriate, a supplemental Offering Circular or a new Offering Circular will be published.

Arranger

Deutsche Bank

Dealers

Bank of China	**Barclays**	**BNP PARIBAS**
BofA Securities	**Deutsche Bank**	**Goldman Sachs International**
HSBC	**J.P. Morgan**	**Mizuho**
MUFG	**NatWest**	**RBC Capital Markets**
TD Securities		

This Offering Circular comprises a base prospectus in relation to each Issuer for the purposes of Article 8(1) of the UK Prospectus Regulation.

This Offering Circular (as supplemented as at the relevant time, if applicable) is valid for 12 months from its date in relation to Notes which are to be admitted to trading on a regulated market in the UK and/or offered to the public in the UK other than in circumstances where an exemption is available under Section 86 of the Financial Services and Markets Act 2000 ("FSMA"). The obligation to supplement this Offering Circular in the event of a significant new factor, material mistake or material inaccuracy does not apply when this Offering Circular is no longer valid.

Each of the Issuers and the Guarantor (together, the "Responsible Persons") accepts responsibility for the information contained in this Offering Circular and the Final Terms for each Tranche of Notes issued under the Programme. To the best of the knowledge of each of the Issuers and the Guarantor, the information contained in this Offering Circular is in accordance with the facts and this Offering Circular makes no omission likely to affect its import.

This Offering Circular is to be read in conjunction with all information which is deemed to be incorporated in it by reference (see "*Documents Incorporated by Reference*" below). This Offering Circular shall, save as specified herein, be read and construed on the basis that such information is incorporated in and forms part of this Offering Circular. Other than in relation to the information which is deemed to be incorporated in this Offering Circular by reference, the information on the websites to which this Offering Circular refers does not form part of this Offering Circular and has not been scrutinised or approved by the FCA.

Neither the Dealers nor the Trustee have independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers or the Trustee as to the accuracy or completeness of the information contained or incorporated in this Offering Circular or any other information provided by the Issuers or the Guarantor in connection with the Programme. Neither the Dealers nor the Trustee accept any liability in relation to the information contained or incorporated by reference in this Offering Circular or any other information provided by any Issuer or the Guarantor in connection with the Programme.

None of the Issuers, the Guarantor, the Dealers, or the Trustee makes any representation as to the suitability of Green Bonds, Social Bonds, Sustainability Bonds or Blue Bonds (each as defined herein) to fulfil any "green", "social", "sustainable", "blue" or similarly labelled criteria expected or required by any prospective investors. None of the Dealers or the Trustee have undertaken, nor are they responsible for, any assessment of the Eligible Projects (as defined herein), any verification of whether the Eligible Projects meet the eligibility criteria set out in the Sustainable Finance Framework (as defined herein), or the impact or monitoring of the use of proceeds (or amounts equal thereto) for any Notes issued as Green Bonds, Social Bonds, Sustainability Bonds or Blue Bonds. Investors should refer to the Sustainable Finance Framework, the Second Party Opinion (as defined herein) and any public reporting by or on behalf of any Issuer in respect of the application of proceeds which will be available on the relevant Issuer's website at https://www.unitedutilities.com/corporate/investors/credit-investors/sustainable-finance/ (which, for the avoidance of doubt, will not, and will not be deemed to be, incorporated in and/or form part of this Offering Circular). None of the Dealers or the Trustee make any representation as to the suitability or content of such materials. Prospective investors should seek advice from their independent financial adviser or other professional adviser regarding their purchase of any Notes issued as Green Bonds, Social Bonds, Sustainability Bonds or Blue Bonds under the Programme before deciding to invest.

No person is or has been authorised by the Issuers or the Guarantor to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuers, the Guarantor, any of the Dealers or the Trustee.

Neither this Offering Circular nor any other information supplied in connection with the Programme or any Notes (i) is intended to provide the basis of any credit or other evaluation or (ii) should be considered as a recommendation by the Issuers, the Guarantor, any of the Dealers or the Trustee that any recipient of this Offering Circular or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the relevant Issuer and the Guarantor. Neither this Offering

Circular nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuers, the Guarantor, any of the Dealers or the Trustee to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Offering Circular nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained in it concerning the Issuers and/or the Guarantor is correct at any time subsequent to its date or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuers or the Guarantor during the life of the Programme or to advise any investor in Notes issued under the Programme of any information coming to their attention. Investors should review, *inter alia*, the most recently published information incorporated by reference into this Offering Circular when deciding whether or not to purchase any Notes.

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy any Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuers, the Guarantor, the Dealers and the Trustee do not represent that this Offering Circular may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuers, the Guarantor, the Dealers or the Trustee which would permit a public offering of any Notes or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Offering Circular and the offer and sale of Notes in the United States, the EEA (including Belgium and Germany), the UK, Japan, Singapore and Switzerland (see "*Subscription and Sale*" below).

In making an investment decision, investors must rely on their own examination of the relevant Issuer, the Guarantor and the terms of the Notes being offered, including the merits and risks involved. The Notes have not been approved or disapproved by the United States Securities and Exchange Commission or any other securities commission or other regulatory authority in the United States, nor have the foregoing authorities approved this Offering Circular or confirmed the accuracy or determined the adequacy of the information contained in this Offering Circular. Any representation to the contrary is unlawful.

None of the Dealers, the Issuers, the Guarantor and the Trustee makes any representation to any investor in the Notes regarding the legality of its investment under any applicable laws. Any investor in the Notes should be able to bear the economic risk of an investment in the Notes for an indefinite period of time.

The Notes have not been and will not be registered under the Securities Act and include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons. Furthermore, the Index Linked Notes do not constitute, and have not been marketed as, contracts of sale of a commodity for future delivery (or options thereon) subject to the United States Commodity Exchange Act (the "CEA"), as amended, and trading in the Index Linked Notes has not been approved by the United States Commodity Futures Trading Commission (the "CFTC") under the CEA, and no U.S. person may at any time trade or maintain a position in the Index Linked Notes (see "*Subscription and Sale*" below).

IMPORTANT – EEA RETAIL INVESTORS – If the Final Terms in respect of any Notes includes a legend entitled "Prohibition of Sales to EEA Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a "retail investor" means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or (ii) a customer within the meaning of Directive (EU) 2016/97 (the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129 (the "EU Prospectus Regulation"). Consequently, no key information document required by Regulation (EU) No. 1286/2014 (as amended, the

"PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

IMPORTANT – UK RETAIL INVESTORS – If the Final Terms in respect of any Notes includes a legend entitled "Prohibition of Sales to UK Retail Investors", the Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes, a "retail investor" means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No. 2017/565 as it forms part of the domestic law of the UK by virtue of the EUWA; or (ii) a customer within the meaning of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of the domestic law of the UK by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No. 1286/2014 as it forms part of the domestic law of the UK by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

MiFID II PRODUCT GOVERNANCE/TARGET MARKET – The applicable Final Terms in respect of any Notes may include a legend entitled "MiFID II product governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the Product Governance rules under EU Delegated Directive 2017/593 (the "MiFID II Product Governance Rules"), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID II Product Governance Rules.

UK MiFIR PRODUCT GOVERNANCE/TARGET MARKET – The applicable Final Terms in respect of any Notes may include a legend entitled "UK MiFIR Product Governance" which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any distributor should take into consideration the target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook (the "UK MiFIR Product Governance Rules") is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

UK BENCHMARKS REGULATION – Interest and/or other amounts payable under the Notes may be calculated by reference to certain reference rates. Any such reference rate may constitute a benchmark for the purposes of Regulation (EU) 2016/1011 (the "EU Benchmarks Regulation") as it forms part of the domestic law of the UK by virtue of the EUWA (the "UK Benchmarks Regulation"). If any such reference rate does constitute such a benchmark, the applicable Final Terms will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by the FCA pursuant to Article 36 of the UK Benchmarks Regulation. Transitional provisions in the UK Benchmarks Regulation may have the result that the administrator of a particular benchmark is not required to appear in the register of administrators and benchmarks at the date of the applicable Final Terms. The registration status of any administrator under the UK Benchmarks Regulation is a matter of public record and, save where required by applicable law, the relevant Issuer does not intend to update the applicable Final Terms to reflect any change in the registration status of the relevant administrator.

Certain Defined Terms and Conventions

Capitalised terms which are used but not defined in any particular section of this Offering Circular will have the meaning attributed to them in "*Terms and Conditions of the Notes*" or any other section of this Offering Circular. In addition, the following terms as used in this Offering Circular have the meanings defined below:

All references in this Offering Circular to "U.S. dollars", "U.S.$" and "$" refer to United States dollars, "Sterling" and "£" refer to pounds sterling and "euro", "EUR" and "€" refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty establishing the European Community, as amended. References to a "billion" are to a thousand million.

Certain figures and percentages included in this Offering Circular have been subject to rounding adjustments; accordingly, figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

In this Offering Circular and except where the context otherwise requires, references to "United Utilities", "UUG" or the "Group" are to United Utilities Group PLC, either alone or together with its consolidated subsidiaries, as the context requires. References to "UU" are to United Utilities PLC, either alone or together with its consolidated subsidiaries, as the context requires. UU is a wholly-owned subsidiary of UUG. References to "UUWF" are to United Utilities Water Finance PLC which is a wholly-owned subsidiary of UUW. References to "UUW" are to United Utilities Water Limited, either alone or together with its consolidated subsidiaries, as the context requires. UUW is a wholly-owned subsidiary of UUG. References to "the Issuer" are, unless the context requires otherwise, to the entity specified as such in the applicable Final Terms.

Suitability of Investment

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it:

(i) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;

(ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

(iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understands thoroughly the terms of the Notes and is familiar with the behaviour of any relevant indices and financial markets; and

(v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Forward-Looking Statements

This Offering Circular and the annual reports for 2025 and 2024 of UUG, UU, UUWF and the Guarantor, as incorporated by reference in this Offering Circular, contain certain forward-looking statements with respect to the operations, performance and financial condition of the Group (as defined below) and the entities therein. 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 Offering Circular or the annual reports, as applicable. Except as required by the FCA, the London Stock Exchange, the Listing Rules, the FCA's Prospectus Regulation Rules Sourcebook, the Disclosure and Transparency Rules or any other applicable law or regulation, the Issuers and the Guarantor expressly disclaim any obligations or undertakings to release publicly any updates or revisions to any forward-looking statements contained in this Offering Circular or the annual reports, as applicable, to reflect any change in either Issuer's or the Guarantor's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Alternative Performance Measures

To supplement the financial statements of UUG, UU, UUWF and the Guarantor, each prepared in accordance with UK-adopted international accounting standards, the Group uses certain ratios and measures included or referred to in this Offering Circular that would be considered Alternative Performance Measures ("APMs"), as defined in the ESMA Guidelines on Alternative Performance Measures (as amended or supplemented from time to time). These measures are considered useful to investors to enhance their understanding of the Group's financial performance. APMs should not be considered in isolation from, or as a substitute for, financial information presented in compliance with UK-adopted international accounting standards. Where applicable, an explanation of an APM's components and calculation method can be found in this Offering Circular and the information incorporated by reference herein.

Stabilisation

In connection with the issue of any Tranche of Notes, the Dealer or Dealers (if any) acting as stabilisation manager(s) ("Stabilisation Manager(s)") (or persons acting on behalf of any Stabilisation Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilisation Manager(s) (or person(s) acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

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GENERAL DESCRIPTION OF THE PROGRAMME

The following overview does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Offering Circular and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms and any decision to invest in any Notes should be based on a consideration of this Offering Circular as a whole, including the information incorporated by reference.

This overview constitutes a general description of the Programme for the purposes of Article 25(1) of Commission Delegated Regulation (EU) 2019/980, as it forms part of the domestic law of the UK by virtue of the EUWA.

Words and expressions defined in "*Form of the Notes*" and "*Terms and Conditions of the Notes*" below shall have the same meanings in this overview.

Issuers:	United Utilities PLC United Utilities Water Finance PLC
Guarantor	Obligations in respect of Notes to be issued by UUWF will be unconditionally and irrevocably guaranteed by UUW (the "Guarantee").
Risk Factors:	There are certain factors that may affect each Issuer's ability to fulfil its obligations under Notes issued under the Programme. These are set out under "*Risk Factors*" beginning on page 14 hereof. There are also certain factors that may affect the Guarantor's ability to fulfil its obligations under the Guarantee. These are also set out under "*Risk Factors*" below. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are set out under "*Risk Factors*" and include the fact that the Notes may not be a suitable investment for all investors, certain risks relating to the structure of particular Series of Notes and certain market risks.
Description:	Euro Medium Term Note Programme
Trustee:	The Law Debenture Trust Corporation p.l.c.
Arranger:	Deutsche Bank AG, London Branch
Dealers:	Bank of China Limited, London Branch Barclays Bank PLC BNP PARIBAS Deutsche Bank AG, London Branch Goldman Sachs International HSBC Bank plc J.P. Morgan Securities plc Merrill Lynch International Mizuho International plc MUFG Securities EMEA plc NatWest Markets Plc RBC Europe Limited The Toronto-Dominion Bank and any other Dealers appointed in accordance with the Programme Agreement.
Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued

in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see "*Subscription and Sale*") including the following restrictions applicable at the date of this Offering Circular.

Notes having a maturity of less than one year

Notes having a maturity of less than one year will constitute deposits for the purposes of the prohibition on accepting deposits contained in Section 19 of the FSMA unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent, see "*Subscription and Sale*".

Issuing and Principal Paying Agent: Citibank, N.A., London Branch.

Registrar and Transfer Agent: Citibank, N.A., London Branch.

Programme Size: Up to £12,000,000,000 in nominal amount (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. Each of the Issuers and the Guarantor may increase the amount of the Programme in accordance with the terms of the Programme Agreement.

Distribution: Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.

Currencies: Subject to any applicable legal or regulatory restrictions, any currency agreed between the relevant Issuer and the relevant Dealer.

Redenomination: The applicable Final Terms may provide that certain Notes may be redenominated in euro. The relevant provisions applicable to any such redenomination are contained in Condition 5.

Maturities: Such maturities as may be agreed between the relevant Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Issuer or the relevant Specified Currency.

Issue Price: The price and amount of Notes to be issued under the Programme will be determined by the relevant Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

Form of Notes: The Notes will be issued in either bearer or registered form and may be issued in New Global Note ("NGN") or held under the New Safekeeping Structure ("NSS") form as described in "*Form of the Notes*". Registered Notes will not be exchangeable for Bearer Notes and *vice versa*.

So long as any Notes are represented by a Temporary Global Note and/or a Permanent Global Note and the relevant clearing systems so permit, the Notes shall be tradeable only in principal amounts of at least the Specified Denomination and integral multiples of such other amount as shown in the applicable Final Terms.

Fixed Rate Notes:	Fixed interest will be payable on such date or dates as may be agreed between the relevant Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the relevant Issuer and the relevant Dealer.
Floating Rate Notes:	Floating Rate Notes will bear interest at a rate determined on the basis of a reference rate set out in the applicable Final Terms. The margin (if any) relating to such floating rate will be agreed between the relevant Issuer and the relevant Dealer for each Series of Floating Rate Notes. Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both. Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the relevant Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the relevant Issuer and the relevant Dealer.
Benchmark Discontinuation:	In the case of Floating Rate Notes, if a Benchmark Event or Benchmark Transition Event (as applicable) occurs such that the Rate of Interest (or any component part(s) thereof) cannot be determined by reference to the original benchmark or screen rate (as applicable) specified in the applicable Final Terms, then the relevant Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, to determine (1) (in the case of a Benchmark Event) a Successor Rate, failing which, an Alternative Rate and, in either case, an Adjustment Spread (which may be positive, negative or zero) and any Benchmark Amendments, or (2) (in the case of a Benchmark Transition Event) a Benchmark Replacement and any Benchmark Replacement Conforming Changes, in each case in accordance with and as further described in Condition 6.2(i).
Index Linked Notes:	Payments of principal and interest in respect of Index Linked Notes will be calculated by multiplying an Index Ratio, derived from: (i) the RPI (for all items) published by the Office for National Statistics (January 1987 = 100) or any comparable index which may replace RPI; (ii) the CPI (for all items) published by the Office for National Statistics (2015 = 100) or any comparable index which may replace CPI; or (iii) the CPIH (for all items) published by the Office for National Statistics (2015 = 100) or any comparable index which may replace CPIH; in each case by an amount specified in the applicable Final Terms.
Zero Coupon Notes:	Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.
Instalment Notes:	The relevant Issuer may issue Notes which may be redeemed in separate instalments in such amounts and on such dates as the relevant Issuer and the relevant Dealer may agree.
Redemption:	The applicable Final Terms will indicate either that the Notes cannot be redeemed prior to their stated maturity (other than in specified instalments, if applicable, or for taxation reasons or following an Event of Default) or that such Notes will be

	redeemable at the option of the relevant Issuer and/or the holders of the relevant Notes (the "Noteholders") upon giving the relevant period of notice specified in the Terms and Conditions (or such other notice period as is specified in the applicable Final Terms) to the Noteholders or the relevant Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the relevant Issuer and the relevant Dealer.
Denomination of Notes:	Notes will be issued in such denominations as may be agreed between the relevant Issuer and the relevant Dealer save that the minimum denomination of each Note will be such as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, and save that the minimum denomination of each Note admitted to trading on a regulated market within the UK or offered to the public in the UK in circumstances which require the publication of a prospectus under the UK Prospectus Regulation will be EUR 100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency).
Taxation:	All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed within the UK, subject as provided in Condition 10. In the event that any such deduction is made, the relevant Issuer or, as the case may be, the Guarantor, will, save in certain limited circumstances provided in Condition 10, be required to pay additional amounts to cover the amounts so deducted.
Negative Pledge:	The terms of the Notes will contain a negative pledge provision as further described in Condition 4.
Cross Default:	The terms of the Notes will contain a cross default provision as further described in Condition 12.
Status of the Notes:	The Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the relevant Issuer and will rank *pari passu* among themselves and (subject as aforesaid and save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the relevant Issuer, from time to time outstanding.
Status of the Guarantee in respect of Notes issued by UUWF:	The Notes issued by UUWF will be unconditionally and irrevocably guaranteed by the Guarantor. The obligations of the Guarantor under the Guarantee will be direct, unconditional and (subject to the provisions of Condition 4) unsecured obligations of the Guarantor and will rank *pari passu* and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Guarantor from time to time outstanding.
Rating:	Notes issued under the Programme may be rated or unrated. Where an issue of Notes is rated, its rating will be disclosed in the applicable Final Terms and will not necessarily be the same as the rating assigned to the Programme. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, change or withdrawal at any time by the assigning rating agency.

Listing:	Application has been made to the FCA for Notes issued under the Programme during the period of 12 months from the date of this Offering Circular to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the London Stock Exchange's main market.
Governing Law:	The Notes and any non-contractual obligations arising out of or in connection therewith will be governed by, and construed in accordance with, English law.
Selling Restrictions:	There are restrictions on the offer, sale and transfer of the Notes in the United States, the EEA (including Belgium and Germany), the UK, Japan, Singapore, Switzerland and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes (see "*Subscription and Sale*").
Representation of Noteholders:	Trustee.

RISK FACTORS

The Issuers and the Guarantor believe that the following factors, which are specific to the Issuers and/or the Guarantor (as applicable), may affect their ability to fulfil their respective obligations under the Notes issued under the Programme. Risk factors which are specific to the Notes are also described below.

The Issuers and the Guarantor believe that the factors described below represent the principal risks inherent in investing in the Notes issued under the Programme, but the inability of the Issuers and the Guarantor to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Issuers and the Guarantor do not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Circular and reach their own views prior to making any investment decision.

An investment in the Notes involves risk. There may be additional risks and uncertainties that the Issuers and the Guarantor currently consider immaterial or of which the Issuers and the Guarantor are currently unaware, and any of these risks could, individually or cumulatively, have the effects set forth above on the Issuers' and/or the Guarantor's ability to fulfil their respective obligations under the Notes issued under the Programme.

Capitalised terms used herein shall, unless otherwise stated, have the same meaning as given to them in the sections entitled "Terms and Conditions of the Notes", "Information on United Utilities Group PLC", "Description of the Issuers – United Utilities PLC", "Description of the Issuers – United Utilities Water Finance PLC", and "Description of the Guarantor – United Utilities Water Limited".

Risks relating to the Group and its business

UUG's principal operating subsidiary, UUW, is appointed by the Secretary of State as the water and wastewater undertaker for the North West of England and is subject to economic, environmental and quality regulation. The following is a summary of the key risks associated with UUW's regulated operations and the non-regulated activities of the Group.

Water service and wastewater service

The secure supply of clean safe drinking water is a core duty of UUW as the regulated water business. This includes all aspects of supply and demand, such as abstraction, catchment management, drought and population growth management/planning and ensuring the capacity, capability, effectiveness and compliance of infrastructure and non-infrastructure assets, including impounding reservoirs, to deliver water to customers.

Similarly, UUW's regulated wastewater activities must ensure the capacity, capability, effectiveness and compliance of infrastructure and non-infrastructure wastewater assets to remove, treat and return water to the environment in a compliant manner that meets environmental standards. This includes all aspects of supply and demand such as population growth and changing weather patterns.

Operational performance problems or service failures caused by both internal and external factors can result in performance issues such as failure to treat water, loss of treated water through leakage and the consequent inability to comply with leakage targets, discharge permit breaches at wastewater treatment works and within the wastewater network, pollution incidents and operational or asset failures leading to adverse effects on the security of the water supply, water quality or the environment, or to flooding. Poor water quality can cause danger to public health. Critical asset failures, such as bursts to major supply pipes or uncontrolled releases of water from large reservoirs, could cause catastrophic damage and major customer disruption requiring an urgent deployment of resources and finance in order to recover the situation. This can lead to increased regulatory scrutiny, regulatory penalties and/or additional operating or capital expenditure. Over recent years, the increase in spills from storm overflows has become a particular source of public concern. The UK Government first took steps towards reducing storm overflows by enshrining a statutory plan (known as the Storm Overflows Discharge Reduction Plan) in law through the Environment Act 2021, setting stringent targets to protect people and the environment. The UK Government has since demonstrated through the introduction of the Water (Special Measures) Act 2025 (the "Special Measures Act"), which received Royal Assent on 24 February 2025, that it is increasing focus on improving water quality, strengthening the powers of the Environment Agency (the "EA"), the

Water Services Regulation Authority ("Ofwat") and the Drinking Water Inspectorate ("DWI") and holding water companies to account where certain environmental standards are not met (see below for further detail). Tighter regulatory standards lead to a requirement for additional investment and oversight, which could result in the diversion of the Group's resources. In more extreme situations, the Group could also be fined for breaches of statutory obligations, become subject to regulatory and/or civil proceedings, be held liable to third parties and/or sustain reputational damage. Global conflicts could continue to have the potential to adversely affect construction activity and disrupt the supply chain.

Current key risks and issues include dealing with the impacts of population growth, climate change and weather conditions. The weather can have a major impact on operational and/or hazard risk, including as a result of excessive or insufficient rainfall or a rapid freeze/thaw. Weather patterns are becoming increasingly variable and difficult to predict, including storm events depositing extreme rainfall which can impact operations, including overloading the sewer network and overwhelming or damaging network and treatment works. In severe dry-periods, UUW must ensure it continues to have resilient water resources and an infrastructure capable of moving water efficiently around the North West. UUW has a reliance on strategic aqueducts to move water from catchment areas to population areas – the Haweswater Aqueduct is the most significant of these (critical for the supply of water to customers in Cumbria, Lancashire and Greater Manchester) with current low resilience due to the age and condition of the asset, potentially resulting in water quality issues and/or supply interruptions to a large proportion of the Group's customer base (see further the sections entitled "*Regulatory environment and framework*" and "*Programme delivery*" below).

Population growth increases service and infrastructure requirements in both water and wastewater owing to increased demand and can contribute to asset and/or equipment failure, bursts and inadequate operational capacity as well as affecting abstraction and/or discharge requirements and consents. The abstraction licensing regime and changes to it (including adjustments due to come into force from 2028 under the Environment Act 2021 (the "Environment Act") – for further detail, see "*Description of the Guarantor – United Utilities Water Limited"*) could also affect this risk. Water scarcity continues to be an emerging issue within the UK which has knock-on implications to UUW in relation to the proposed strategic transfer of water from the North West to the South East of England and the associated service, commercial and reputational impacts. Water sufficiency is one of the risks most sensitive to climate change, with the increased frequency of hot and dry weather being evidence of changing circumstances. Extended periods of low rainfall and exceptionally hot weather, with accompanying increased customer demand, impact UUW's water resources which can result in the need to implement water use restrictions for customers.

Blockages to sewers, operational issues or inadequate hydraulic capacity relative to population growth, extreme weather (amplified by climate change), run-off due to residential and commercial developments, improper or harmful use of the sewer systems, asset health and legal or regulatory change can lead to unpermitted storm overflow activations, pollution incidents, interruptions to drainage services and sewer flooding. Combined with unauthorised discharges to the Group's assets by third parties, these factors could lead to damage to the natural environment, disruption to businesses and domestic customers and could result in significant fines and reputational harm. Discharges of untreated wastewater from combined sewer overflows ("CSOs") currently has a high media profile, with associated risks to the Group's reputation and the legitimacy of the privatised water industry. For further detail, see the sub-section entitled *"Combined sewer overflows (CSOs)"* in the section entitled *"Description of the Guarantor – United Utilities Water Limited"*. Under the Special Measures Act, water companies in England (including UUW) are required to publish real-time data (within an hour of initial spills) for all emergency sewer overflows in a clear and accessible format. Whilst the UK Government plans to phase this new duty in over two investment cycles (Price Review 2024, covering the period 2025-2030 ("PR24") and Price Review 2029, covering the period 2030-2035 ("PR29")), the monitoring obligation is likely to require UUW to commit expenditure towards monitor installation at all emergency overflows (ensuring compliance with the requirements of the EA's Monitoring Certification Scheme for equipment, personnel and organisations) and upgrading its reporting systems. Monitoring is to be independently scrutinised by the sector regulators to assess compliance with relevant obligations – if UUW is ever found to have failed to meet the required standard of monitoring and reporting, it is likely that enforcement action may be taken, which could have an impact on its business and/or reputation.

Failure to treat sludge in compliance with legislation such as the Industrial Emissions Directive (Directive 2010/75/EU) ("IED") due to a combination of treatment capacity and quality of sludge produced at treatment works could lead to higher operating costs, loss of revenue from renewable energy and the potential for sludge to be inadequately disposed of. The previously established practice of disposing of biosolids to agriculture has come under recent regulatory scrutiny. Any reduction in the agricultural landbank could have considerable implications, with a total ban being the worst-case scenario for the Group. A total ban exists in some European countries, and an adoption of a similar approach by the UK Government would result in a significant change in assets, operations and expenditure in the long term. The current heightened awareness of single use plastics and microplastic (smaller than 5mm) pollution in water, wastewater effluent discharge and sludge disposal, as well as the potential presence of perfluoroalkyl and polyfluoroalkyl (also known as "PFAS" or "forever chemicals") in the water cycle could have implications for the Group's assets and lead to tighter regulation. This could also be exacerbated by the rise of emerging contaminants present in the water cycle (including pesticides, pharmaceuticals, personal care products, and PFAS), and also the increased production of natural contaminants facilitated by climate change which are beginning to appear in previously non-impacted catchments.

Following the UK's withdrawal from the European Union ("Brexit") and the consequent changes in cross-border trade operations, there continues to be a risk of major disruption to European supply chains, affecting in particular the availability of chemicals for water treatment which could lead to customer impacts and regulatory infringements.

The region's geography and weather, the lasting legacy of the industrial revolution, population growth and the age of UUW's infrastructure mean that applicable environmental legislation has a significant impact on UUW's plans for the current Asset Management Period ("AMP") and beyond. Furthermore, the North West has one of the UK's largest combined waste and surface water infrastructures and this has significant implications for river and bathing water quality in the heavy rainfall events anticipated under climate change.

Regulatory environment and framework

As a regulated business, the political and regulatory environment shapes how the Group operates as a business. Factors include the public perception of the water industry and its legitimacy to provide value, environmental stewardship, increased challenges on efficiency and the imposition of increased levels of competition across the sector.

The Group's businesses are subject to various laws and regulations in the UK and internationally. The legal and regulatory landscape is complex and subject to ongoing change. Potential changes in the regulatory environment, frameworks and associated strategies imposed or overseen by any of the Group's economic, quality or environmental regulators such as Ofwat, the DWI, the EA, the Department for Environment, Food and Rural Affairs ("Defra"), the Consumer Council for Water (the "CCW"), Natural England and/or the Department for Energy Security and Net Zero ("DESNZ"), and the Office for Environmental Protection ("OEP") (amongst others) could result in increased costs, reduced income, reduced Regulatory Capital Value ("RCV"), lower margins and greater uncertainty of returns and/or reduced investor confidence leading to funding pressures in the context of raising finance and refinancing debt on an ongoing basis. For further detail, see the section entitled "*Description of the Guarantor – United Utilities Water Limited*".

The Group's principal operating entity, UUW, is price-regulated by Ofwat, with Ofwat setting allowed revenues for a specified regulatory period (i.e. AMPs) following evaluation of a business plan submitted by UUW. Those allowed revenues determine the prices and tariffs UUW is able to charge its customers, and UUW would need consent from Ofwat to increase its prices during any such regulatory period in the event of any unexpected cost increases under the terms of its Instrument of Appointment dated 24 August 1989 under Sections 11 and 14 of the Water Act 1989 (as varied from time to time) appointing UUW as a water undertaker and sewerage undertaker ("Instrument of Appointment").

AMP7 (the seventh cycle since the water industry was privatised in 1989) spanned from 1 April 2020 to 31 March 2025 ("AMP7"), and AMP8 (the eighth cycle) began on 1 April 2025 and is set to end on 31 March 2030. In the lead up to each AMP, Ofwat publishes a methodology (in draft form for consultation, followed by a final form version) detailing the key parameters for the setting of price controls for each category of activity. Water companies are then required to submit comprehensive business plans setting out their proposals for expenditure and performance commitments, following which Ofwat publishes determinations (again, by way of draft determinations for consultation and then final determinations) confirming each company's allowed revenue for each price control and performance commitments for the relevant AMP. UUW published its business plan in respect of the AMP8 regulatory period on 2 October 2023 (revised in January and August 2024) (the "PR24 Business Plan"); Ofwat's final determination (the "PR24 Final Determination") was published on 19 December 2024, and UUW announced its acceptance of the PR24 Final Determination on 29 January 2025 – for further detail, see the sub-section entitled "*Price Review – PR24*" in the section entitled "*Description of the Guarantor – United Utilities Water Limited*". UUW's

PR24 Business Plan represents the largest investment in water and wastewater infrastructure in over 100 years. There is a risk that the various targets and commitments set out in the PR24 Business Plan cannot be delivered to schedule, within cost and at quality due to factors such as increased exposure to natural hazards, supply chain capacity constraints, challenging cost allowances, significant performance commitments and lack of internal resources. In addition, there is a risk that, for future AMPs, the Group may not have the capacity and capability to effectively comply with Ofwat's methodologies (or provide well evidenced justification for any differences), and to develop business plans that create value for customers, communities and the environment that are affordable, sustainable and resilient for the long term relative to the unique characteristics of the region the Group serves, in light of multiple influencing factors, notably changing demographics between AMPs, climate change and asset health generally.

Changes to regulation and the regulatory regime (either through political or regulatory events) may increase operating costs, reduce income and margin and lead to greater variability of returns. Future intervention by the UK Government in the water markets, or changes in governmental policy, may affect the Issuers' and the Guarantor's ability to meet their respective obligations under the Notes and/or the Guarantee. In addition, macro events such as ongoing global conflicts and protectionist trade policies (exacerbated, to some extent, by the uncertainty within the UK economy resulting from Brexit) have the potential to alter the stability and certainty of regulation. The political landscape remains challenging for the water sector – and particularly following Brexit, there is still some remaining uncertainty relating to the continuing alignment (or otherwise) of UK law with European Union (''EU'') legislation.

Current key risks and issues include continued regulatory scrutiny of the markets for non-household retail and developer services competition. In addition, further competition may be introduced in household retail activities and in further elements of the wholesale function ("Upstream Competition") potentially leading to a loss of business, lost RCV and reduced operational efficiency. Additional reforms have been introduced relating to Upstream Competition in the provision of new water resources and Bioresources with uncertainty as to how these nascent markets will develop. Upstream Competition has led to an apportionment of the RCV across the wholesale value chain, and may increase operating costs, reduce revenue and lead to greater variability of returns in those parts of the value chain. In addition, there continues to be political and public scrutiny of issues such as CSOs, executive pay and sector performance.

In October 2024, the UK Government launched an independent commission into the water industry (the "Cunliffe Review"), with the aim of modernising and streamlining existing regulation and the intention of forming the basis of further legislation for the attraction of long-term investment in the sector. In February 2025, the independent commission published a public call for evidence in relation to the Cunliffe Review, and interim conclusions were published in June 2025. On 21 July 2025, the final report (the "Cunliffe Report") was submitted to the UK and Welsh Governments, outlining the full recommendations in relation to (amongst other things) strategic direction and planning, legislative framework, regulatory reform, company structures, ownership, governance and management, and infrastructure and asset health, including proposals to abolish Ofwat. The Group is currently reviewing the Cunliffe Report findings. The UK Government has fast-tracked five initial recommendations, and has committed to consulting further on reforms with a view to introducing a Water Reform Bill into the UK parliament. If implemented, the Cunliffe Report recommendations could radically change the legislative and regulatory framework within which the Group currently operates and therefore require the diversion of resources towards adapting to a new set of sector-wide rules.

Non-compliance with laws and regulations

The Special Measures Act received Royal Assent on 24 February 2025, with some provisions taking immediate effect, and others set to take effect once government ministers and/or regulators have taken further action (such as drafting implementing regulations or establishing new rulebooks). The Special Measures Act is broadly intended to provide regulators with new powers to take tougher and faster action in relation to environmental damage caused by water companies, and failure to deliver for customers. In summary, the Special Measures Act, amongst other things: (i) permits criminal charges (in place of fines) to be brought against law-breaking water executives (including imprisonment for failure to co-operate with or obstruction of EA and DWI investigations), (ii) bans the payment of bonuses to water company executives where certain standards are not met, (iii) empowers Ofwat to set rules requiring executives to undertake training or be removed from their posts where the highest standards of 'fitness and propriety' are not met, (iv) introduces severe and automatic fines for offences, lowers the burden of proof for the imposition of such fines, and increases the minimum value of such penalties (though the exact detail of these measures remain subject to secondary legislation), (v) requires water companies to monitor all emergency sewage overflows and publish real-time data in respect of those, (vi) introduces a new statutory requirement for water companies to produce annual Pollution Incident

Reduction Plans, and (vii) introduces new powers for the Secretary of State to modify water company licences in the context of special administration in order to recover any UK Government funding shortfall associated with such process. The Special Measures Act contains 'enabling' provisions which aim to strengthen the powers of water industry regulators to drive meaningful improvements in the performance and culture of the water industry. Given the nascence of the Special Measures Act, the effects of the practical implementation of its provisions are as yet unknown, and the content and impact of any further implementing legislation or guidance arising out of parallel consultations in order to achieve the UK Government's aim of fundamentally transforming how the UK's water system operates to tackle pollution and deliver a resilient water supply, boost investment and expedite infrastructure upgrades, is unlikely to become clear until the applicable measures are fully implemented.

On 6 June 2025, Ofwat published its new performance-related executive pay prohibition rule under the Water Industry Act 1991 (as amended by the Water Act 2003) ("WIA"), in accordance with the Special Measures Act. In the final version of the rule, the Environment Standard was expanded compared to the previous version of the rule that had been consulted upon with stakeholders. This meant that the rule would also now be triggered if a company has one (or more) "Category 1" pollution incidents during the year. While United Utilities did not experience a Category 1 pollution incident in the year, regrettably, fish were harmed during the routine operation of a mandatory health and safety inspection at one of United Utilities' water reservoirs in December 2024. The EA confirmed that, irrespective of the cause, this incident has been classified as a Category 1 fisheries incident, and that whilst it is not a pollution incident it will nevertheless be reported within the 'serious pollution incidents' category of its Environmental Performance Assessment ("EPA") report. The expansion of the rule to include one (or more) Category 1 pollution incidents, along with the EA's decision to report the Category 1 fisheries mortality incident as a 'serious pollution incident', is deemed to result in a breach of the new pay prohibition rule. Therefore, the annual bonuses that the executive directors would otherwise have been due to receive in relation to 2024/25 were subject to a ban and not paid.

In respect of enforcement action for regulatory non-compliance, there continues to be a risk of higher environmental fines than in the past, potentially amounting to millions of pounds per incident. The guidelines of the Sentencing Council of England and Wales for environmental offences such as pollution incidents, which have been in effect since 1 July 2014, provide for a tariff of fines based on: 1) the level of a defendant's culpability, being either deliberate (the most serious), reckless, negligent or no culpability (the least serious); 2) the harm caused by the incident, categorised as either 1 (the most serious), 2, 3 or 4 (the least serious); and finally 3) the defendant company's financial turnover, with companies being classified as micro, small, medium or large. A large company is defined as having a turnover of over £50 million and under the guidelines could be liable to be fined up to £3 million for the most serious incidents. The guidelines provide that where a company's turnover materially exceeds the £50 million threshold, for such large companies it may be necessary to move outside the suggested range of fines. Water companies' turnovers generally exceed £50 million, with UUW's revenue being £2.1 billion for the financial year ending 31 March 2025, and therefore water companies are likely to be susceptible to fines measured in millions of pounds for the most serious environmental incidents and also health and safety matters, where similar guidelines apply.

In November 2021, the EA and Ofwat launched separate large scale investigations into how all water and wastewater companies, including the Group, manage wastewater treatment works and networks that could be resulting in discharges into rivers and watercourses. In July 2024, Ofwat announced that it had opened an enforcement case in relation to UUW as part of its ongoing investigation into the management of wastewater treatment works and networks. Subsequently, Ofwat served two formal notices on UUW in order to gather further evidence for its investigation before publishing details of its findings, which the Group has cooperated with. If the Group is found to be non-compliant with its legal and/or regulatory obligations, there is the possibility of losses to the Group through enforcement, regulatory or legal action, mandatory remedial action and/or reputational damage. See the sub-section entitled "Enforcement and special administration" in the "*Description of the Guarantor – United Utilities Water Limited*" for more information.

Another risk is the increase in collective action and general litigation within the water industry. In 2025, an activist group named River Action UK obtained permission to bring a judicial review claim against Ofwat regarding United Utilities' PR24 Final Determination and in particular the funding allocation for Windermere. The High Court hearing is due to take place in November 2025 and depending on the outcome could lead to a wholesale review of Ofwat's methodology regarding price reviews. Any adverse outcome could have a financial and reputational effect on the Group as a whole. See the risk factor entitled *"Material litigation"* for details of collective proceedings in respect of alleged overcharges for sewerage services.

Finance-related risks

The inability to appropriately finance the Group's operations and activities in relation to capital, credit, market, funding, liquidity, pensions or tax related risk could have a material adverse impact on the Group's business.

The Group's ability to finance its activities could be affected by several factors, including: unexpected and/or higher costs associated with an operational incident; process or system errors or failures (whether internal or external); fluctuations in commodity prices (particularly energy), exacerbated in particular by global conflicts; exposure to movements in interest rates and inflation; a reduction in credit ratings below Ofwat's licence thresholds due to deterioration in financial and/or operational performance and/or external factors such as inflation; the Group's financial structure; the political and regulatory environments relevant to the water sector; and tax inefficiencies, which may result from failing to maximise opportunities due to changing mechanisms. Credit ratings in particular are integral for access to debt capital markets, maintaining investor confidence in the Group's financial health and meeting regulatory requirements – a potential downgrade could occur due to external factors (such as inflation and/or a change in sector risk assessment by rating agencies), financial and/or operational performance, delivery of a large capital programme and/or failure to attract/maintain appropriate equity investment where necessary, leading to elevated regulatory gearing.

Further, as part of the Group's treasury policies, a proportion of debt is targeted to be held in index-linked form as a partial inflation hedge of the RCV, and such instruments can be linked to either RPI, CPI or CPIH. From April 2025, Ofwat fully transitioned to using CPIH indexation for the RCV and revenues, and may make further changes in the future. This could give rise to potential mismatches in respect of the Group's inflation hedging and/or indexation going forward, making such hedges less effective.

In addition, Ofwat's ability to restrict dividend payments by water companies that fail to meet the required performance has been endorsed by the UK Government in the form of the Special Measures Act, which could deter future investment. In particular, the Special Measures Act provides Ofwat with powers to block the payment of performance-related pay, including the payment of bonuses to chief executives and senior leadership of water companies unless they meet certain standards when it comes to protecting the environment and their consumers (in particular, in respect of companies who repeatedly pollute waterways). Taken together, these conditions could adversely impact the Group's cash flow, profit, financing costs and/or the economic return on the RCV. They could also, together with pension scheme member life expectancy rates, adversely affect the Group's pension schemes, creating the potential for a pension scheme funding deficit to emerge and/or increase, which could lead to a requirement for additional contributions. In addition, the failure of financial counterparties could result in greater financing cost, an adverse impact on the Group's financial resources and/or potential reputational damage, all of which could impact the Group's ability to service debt. Total expenditure ("totex") efficiencies designed for the recently-ended AMP7 period (April 2020 to March 2025) came under significant challenge through a combination of factors including supply chain issues, inflationary pressures and additional investment to deliver performance improvements, and it is possible, with totex expected to double across the water industry for AMP8, that financing of increased investments may require equity injections.

Recently, there has been a significant focus on financial resilience across the water industry. Some water companies have faced financial challenges in light of their poor operational performance and level of indebtedness (which has been compounded by a general increase in borrowing costs). In recent years, Ofwat has openly acknowledged that action is required from certain companies in the sector in order to bolster financial resilience and maintain investment grade credit ratings, noting in particular its intention to monitor financial resilience on an ongoing basis to track performance, identify potential issues and ensure Ofwat is appropriately engaged. According to Ofwat's most recent Monitoring Financial Resilience Report (covering 2024-2025), eight water companies (not including UUW) are categorised as requiring an increased level of monitoring and/or engagement based on Ofwat's assessment of their financial position, challenges and steps to be taken to strengthen their financial resilience. Continued high levels of debt across the industry, combined with increased regulatory scrutiny, could adversely impact investor confidence, trigger further regulatory intervention, could cause the Group to re-evaluate its financial resources or negatively impact its financing costs.

Macro events, such as various global conflicts and associated increased costs and security of supply issues, can have multiple financial implications for the Group, including lower revenue; increased bad debt; increased operational cost; increased cost of borrowing; and a reduction in the RCV. Inflationary pressure is having a significant impact on the cost of living, affecting customers' ability to pay bills. Customer bill increases associated with higher levels of investment across AMP8 could also impact ability to pay bills. The impact of high inflation on finance expenses may result in (depending on the applicable credit ratings methodology) certain income statement derived credit metrics to outturn weaker as the beneficial impact of high inflation on RCV is not necessarily reflected in such metrics. This combined with other factors such as additional investment spend to meet environmental and service improvements over and above the applicable price review allowances (where full or partial recovery under regulatory mechanisms is not expected until subsequent price reviews), could result in negative ratings pressure. Such events can also impact the wider supply chain with knock-on effects on the Group's service delivery and cost to serve.

Stability of the global economy, the pace of economic growth and stability of financial institutions remain areas of uncertainty, particularly in the context of geopolitical events such as the ongoing conflicts in Ukraine and the Middle East, and recent instability in the international financial markets (compounded by price rises and retaliatory tariffs). Adverse market conditions can impact the Group's profitability and financial condition in a number of ways. These range from availability issues, uncertainty in the supply chain, and/or price rises for goods, commodities and services affecting operational performance (and therefore compliance with permits), profit and/or cash flow to the availability and/or cost of funding and hedging. The failure to achieve financing outperformance during AMP8 due to macroeconomic conditions and efficiency challenges and/or UK water sector investor sentiment could impact the cost of debt and the delivery of the Group's business plans (including the PR24 Business Plan).

Following the creation of a competitive market for non-household retail services in 2017, which resulted in UUG and Severn Trent establishing a non-household retail joint venture called Water Plus, UUW provides a "wholesale" service in the non-household market to water retailers (including Water Plus), which are licenced and monitored by Ofwat, and who then re-sell the same to an end customer. This means UUW now receives revenue collected directly from customers via their water retailer, which brings with it a risk of retailer default/insolvency and corresponding debt risk for wholesalers such as UUW. At present, any company applying for water supply retail licences is subject to market financial examination under Ofwat's regulatory requirements. Complete specific checks before agreeing to credit support are undertaken, though there can be no assurance that these controls will successfully mitigate credit risk. As at 31 March 2025, Water Plus was the Group's single largest debtor, with amounts outstanding in relation to wholesale services of £27.5 million (31 March 2024: £27.1 million).

Programme delivery

As the supplier of essential water and wastewater services with a significant asset base, key risk factors for the Group include the consistent supply of critical goods and services and the ongoing development of operational facilities, distribution networks and systems. Disruption and delay can occur through macro-economic conditions, political issues or natural disasters in the country of origin. Contractual issues, technical or engineering complications, natural hazards such as extreme weather or legal aspects such as planning permission or access rights are also relevant factors in this regard. Potential impacts of any one of these issues may be: implications to cash flow; failure to take opportunities and competitive advantage; and, ultimately, failure to meet the Group's obligations and customer outcomes in AMP8.

The size and scale of the capital programmes in AMP8 and, in all likelihood, AMPs thereafter is significantly larger than in previous AMPs. The step-up from UUW's current programme increases the risk of deliverability challenges arising (which could ultimately result in non-delivery or delayed delivery), including supply chain risks (such as security of supply of key materials, supplier failure and capacity constraints) and people risk (i.e., ensuring the Group can attract and maintain the necessary capability to facilitate delivery of the capital programmes). If forecasted delivery levels are not achieved, this could have residual consequences for programmes including delays into later years, increasing the risk of non-delivery in the future and resulting in failure to achieve the Group's regulatory objectives. This could have a negative impact on the Group's financial condition, reputation and ability to prepare for and deliver future programmes within a similar totex expenditure allowance.

Despite the successful conclusion of the EU-UK Trade and Cooperation Agreement, there remains some uncertainty in relation to the supply of goods and services. The Group manages the supply chain through category management with chemicals and critical spares being two categories which are fundamental to the delivery of the Group's service provision. A failure by the Group to invest in and develop new technology and to align itself with innovative practices could result in delays in delivery and an adverse impact on quality. There is a general risk of uncertainty in partners' performance and capabilities – this is particularly relevant in relation to the Group's contract delivery partnership arrangements for the AMP8 regulatory period.

A further risk scenario is third-party developers requesting that UUW reconfigure its network to accommodate their projects. The growth in such projects is expected to continue, in line with the UK Government's push to invest in and develop infrastructure, including under the Northern Powerhouse initiative, and housebuilding targets. Such a situation may increase UUW's exposure to capital costs that sit above and beyond those forecast in the PR24 Business Plan.

The current inflationary pressures and price volatility across all commodities, notably energy, continue to be exacerbated by global conflicts. Despite the continued cooling of inflationary pressure in the UK recently, there can be no guarantee that inflation levels will not rise again. There are also threats to the security of the supply chain, reflecting the knock-on impact of inflationary pressure on manufacturing output, with some production facilities reducing operations. This risk is further heightened by the sanctions imposed against Russia and Belarus, and the restriction or prevention of access to certain goods. Unprecedented price rises are also impacting suppliers, who cannot honour locked prices in contracts, creating a threat of suppliers going into administration with a knock-on effect to the Group's operations and capital delivery programme.

The potential for major capital schemes to be delivered under the Direct Procurement for Customers ("DPC") regime could lead to specific new assets being financed and built by third parties and therefore not comprising part of the Group's asset base and the RCV, nor potentially being under the Group's operational control. Whilst DPC is Ofwat's favoured approach for certain types of qualifying large discrete projects of significant spend (such as the delivery of the Haweswater Aqueduct Resilience Programme ("HARP") project), it brings a number of uncertainties, risks and challenges, including achieving value for money, securing appropriate risk sharing arrangements, and the effect on the remainder of the Group's operations and financial structures (including its capital structure). There is a risk that the HARP project (as further described in the risk factor entitled "*Water service and wastewater service*" above) has to exit the DPC process due to the project failing to successfully reach practical completion. Any DPC exit at any time could delay the scheme, incur additional/unrecoverable cost and require significant finance to be raised for in-house procurement. See the sub-section entitled "*The Haweswater Aqueduct Resilience Programme ("HARP")*" in the "*Description of the Guarantor – United Utilities Water Limited*" section for more information.

The potential failure to meet the Group's obligations and customer outcomes, including DPC, could lead to an impact at future price reviews and a negative reputational impact with customers and regulators.

Health, safety and environmental

The Group owns and operates both regulated and non-regulated assets, the nature and scale of which present multiple hazards to employees, contractors, the public and the environment. These include confined spaces, excavations, explosive atmospheres in sludge digestion or other processes, dangerous substances, assets storing or transporting significant volumes of water, working at height issues, storage of toxic and explosive gases (across multiple sites, two of which fall under the Control of Major Accident Hazard regulations), high volume asset failures (e.g., dams or aqueducts), and the generation and/or accidental or uncontrollable release of polluting sewage and chemicals. The potential impacts of such hazards may be: serious injury or loss of life; catastrophic damage to property/infrastructure; and damage to, or destruction of, wildlife, fish or natural habitats. By way of example, the Group's impounding reservoirs contain very large volumes of water and, in the event of a dam failure caused by, for example, flood damage, overtopping, earthquake or erosion, severe flooding could cause significant property damage, potential loss of life and/or have a significant impact on water availability and property downstream as well as the safety of society in the area in which the Group operates. In addition, the Group manages the Milwr Tunnel, a non-regulated asset in North Wales, which presents a level of risk to the public (in terms of health and safety concerns associated with unauthorised access to the asset) and to the environment (in terms of potential flooding risk due to unforeseen blockages, which in extreme circumstances could cause a landslide over the North Wales coastal road and railway).

In addition, environmental hazards, notably extreme weather as a result of climate change, can affect the Group's operational assets and service delivery. For example, greater variation in temperatures and precipitation may cause stress and strains to the Group's power infrastructure, which combined with more intermittent power sources, could cause increased asset failures linked to loss of power. The Group is also a major landowner and operator of a substantial fleet of vehicles and the management of these has environmental implications (with constraints/legislation to accelerate net zero transition such as clean air zones potentially limiting the life of fossil fuel powered vehicles). The Group's assets, operations and capital programmes can have a significant impact on the environment in both rural and urban settings. There is a risk to the Group's capacity and capability to decarbonise water and wastewater activity to meet commitments and legal obligations across the various time horizons of 2030, 2035 and 2050 in light of expected population growth pressures and uncertainty regarding the required technological advances to decarbonise operational activity. There is also potential for failure to make sufficient reductions in the Group's annual greenhouse gas emissions, relevant to the 'Public Interest Commitment' to achieve net zero scope 1 and scope 2 emissions by 2050, because of growth pressures, lack of technological advances or innovation and the fundamental change of approach the commitment requires.

These potential hazards, and their subsequent impacts, create the possibility of losses to the Group through enforcement, regulatory or legal action and/or reputational damage.

Current key risks and issues include: hazards associated with excavation, tunnelling and construction work as the programme of capital expenditure is delivered, as well as driving and vehicle movements, all of which could lead to major and minor injuries; and the effects of extreme weather on the Group's operations, such as fluvial and coastal flooding associated with climate change.

Corporate governance and legal compliance

The Group has extensive obligations and responsibilities, such as those related to structure, governance, stakeholder relations, sustainability, and legal, regulatory and statutory compliance. These include statutory financial reporting requirements, the requirement to comply with all aspects of listing rules and the requirement to comply with employment law, procurement law, competition law, information law, environmental law and health and safety legislation. UUW's Instrument of Appointment also mandates strict governance standards, both in relation to the activities of UUW itself, and its interaction with the wider Group. Long-term sustainability, resilience and reputation rely on responsible conduct and compliance across the Group's business and extended supply chain.

Non-compliance with existing or future UK or international laws or regulations could result in additional workload and operating costs in justifying or defending the Group's position, especially given the highly regulated environment in which the Group operates and the ongoing post-Brexit uncertainty relating to continuing alignment (or otherwise) of UK law with EU legislation. Changes in legislation and/or regulation can have implications for the Group's business model, asset base and ways of working.

Failure to comply with legal obligations could lead to financial penalties, reputational harm and loss of customer and investor confidence. Fines up to 10% of group turnover could be imposed, particularly in the areas of environmental law, health and safety, fraud, anti-bribery, procurement, competition and information and data security. Ultimately, sanctions could include revocation of the Instrument of Appointment (licence) and the imposition of a special administration regime. In particular, in March 2024, changes were made to the special administration regime as it relates to water companies in the UK, effected through the Water Industry (Special Administration) Regulations 2024, the Water Industry Act 1991 (Amendment) Order 2024 and the Water Industry (Special Administration) (England and Wales) Rules 2024. Following such changes, where a water company is placed in special administration on the grounds that it either is or is likely to be unable to pay its debts, the primary purpose of the special administrator is the 'rescue' of the entity as a going concern (whereby it will have the powers to, amongst other things, effect a sale of the business and assets of the entity to a newly incorporated subsidiary, and the subsequent sale of the shares in such subsidiary to a new purchaser) (the "rescue purpose"). Prior to these March 2024 amendments, a special administrator would have been appointed solely for the purposes of transferring as a going concern to one or more different water or sewerage undertakers as much of the business of the insolvent entity as necessary for the proper carrying out of its functions (the "transfer purpose"). Under the new regime, a special administrator may only pursue the transfer purpose as opposed to the rescue purpose where it forms the view that rescuing the company as a going concern or transferring its assets is unlikely to secure more effective performance of such company's activities and/or functions. Whilst the practical effects of the new scheme are as yet unclear, if a special administration order were to be made in respect of UUW, a special administrator would be charged (without the requirement to seek the consent or approval of UUW's creditors) with managing the business and property of UUW until 'rescue' or 'transfer' could be achieved.

In a policy statement released by the UK Government on 24 February 2025 in relation to the Special Measures Act, the UK Government reiterated that the threshold for entering a special administration regime is high, and as per legislative requirements, demands evidence that a company is insolvent or is in (or likely to be in) serious breach of any principal statutory duty or an enforcement order is required for an application to court to be made. However, the Special Measures Act introduces new powers for the Secretary of State to modify water company licences in a special administration context, to recover any shortfall in costs of the UK Government at the end of a special administration regime. This new power would only be utilised if it was not possible to recover what the UK Government had spent funding the administration, but the shortfall recovery mechanism means that UK Government ministers would have the power (subject to relevant consultation) to decide how to allocate costs. This aligns the special administration regime applicable to the water industry with that of other sectors (i.e., energy). The Special Measures Act also introduced a requirement for the UK Government and Ofwat to be notified of any winding-up petition issued in relation to a water company, neither of which were formerly afforded guaranteed representation rights at associated court hearings.

Current key risks and issues include: the challenge of continued regulatory compliance; unprecedented levels of environmental and stakeholder scrutiny and reporting requirements coupled with higher environmental fines, particularly associated with pollution events or discharges of untreated sewage from CSOs; and operating in accordance with competition law.

Additional recent developments include uncertainty associated with the EA's interpretation of the IED, due to the continued evolution of the requirements, and the proposed changes to Farming Rules for Water (FRW) limiting sludge to land and implications for ongoing compliance, process and investment across wastewater and Bioresources sectors. During AMP7, there were significant challenges and disruptions to the bioresources market as a result of both the IED and FRW. UUW is required to comply with the IED at its anaerobic digestion sites – the challenges presented over AMP7 have inhibited the development of the bioresources market, and it is possible that future compliance with the IED could require increased capital investment which may impact funding allocations in other areas of UUW's business. There is also a risk that UUW may be unable to recover any enhanced IED compliance costs under Ofwat's PR24 cost recovery mechanism. In addition, the new environmental regulations resulting from changes to the FRW could have a significant impact on UUW as a company with a relatively lower proportion of local landbank - biosolids recycling routes are particularly vulnerable to changes as a result of the landbank. The FRW changes could lead to unprecedented landbank restrictions in the future with insufficient lead times to implement changes, or could even require UUW to locate and fund alternative ways of safely disposing the sludge which is the by-product of the wastewater treatment process, which could lead to increased costs and operational inefficiencies. In addition, the Environment Act, which was enacted in November 2021, has potentially far more significant implications for the water sector, due to it being the UK's post-Brexit framework for environmental protection. Depending on the future interpretation and application of the Environment Act, meeting its requirements may demand a fundamental shift in the water industry's approach to environmental risks, requiring significant investment by the Group across multiple AMPs.

In addition, Ofwat's "Level Playing Field" requires UUW to give all non-household retailers an equal opportunity to compete to provide services to customers. Failure to comply with such rules and/or requirements could lead to financial penalties.

Further, the Economic Crime and Corporate Transparency Act 2023 ("ECCTA") – applicable to large organisations such as the Group – came into force on 1 September 2025. Amongst other things, the ECCTA introduced new requirements and associated guidance for fraud policies and procedures, including a new corporate offence for failure to prevent fraud, which can carry an unlimited fine. The receipt of any such fine could impact the Group's business and/or reputation.

Revenues and profitability

There is a risk that an inability to sustain revenues and margin due to competition, poor levels of operational performance and/or customer service, or inaccurate billing could have an impact on all aspects of the Group's customer base, including service provision, billing, cash collection and debt management.

In the context of increasingly high customer expectations and the challenges this presents to the industry's legitimacy, poor service, customer perception or operational performance can result in financial penalties issued by the economic regulator under the C-MeX (Customer Measure of Experience) mechanism. C-MeX looks beyond direct customer experience of operational activity to a broader perception of the company and brand orientation, and has introduced additional risk. Similarly, poor performance in the D-MeX (Developer Services Measure of Experience) measure, applying to developers' experience, may lead to financial penalties.

Particularly in the context of the economic downturn caused by factors such as global conflicts, as well as ongoing cost of living challenges, there is a risk of financial losses and an impact on profitability associated with variable cash flow, an increase in customer bad debt, potential regulatory penalties and reputational harm, including as a result of decreased customer satisfaction. Financial and other penalties may also be applied as a result of failing Outcome Delivery Incentive ("ODI") measures.

The above risks, and competition in the non-household retail market, have the potential to adversely impact the Water Plus joint venture (established between UUG and Severn Trent) and the Group's profitability.

One of Ofwat's primary duties is to "further the consumer objective to protect the interests of consumers, wherever appropriate by promoting effective competition". In line with this duty, Ofwat has supported a number of different forms of competition to the appointed activity. These include non-household retail competition, new appointments and developments, self-lay developer services, bioresources, DPC and water resources. In the new appointments and variations, market alternative providers may apply to be appointed as water and wastewater undertakers within the North West of England. These competitive markets have the potential to lead to a loss of business, revenue uncertainty and reduced operational efficiency. Longer term, Upstream Competition has the potential to present risks relating to underutilisation or stranding of operational assets and infrastructure (see the risk factor entitled "*Regulatory environment and framework"* above for further detail).

Although it remains uncertain whether household retail competition will be introduced in the longer term it appears unlikely. UUG's activities as a shareholder in a joint venture within the non-household retail market also involve competitive pressures and revenue challenges.

The North West contains some of the most socially challenged and economically deprived areas in England and so it is anticipated that there will be continued hardship for a number of communities and difficulties for some customers in paying their bills. This situation has been exacerbated recently by high inflation and widespread price rises. Deprivation has been a key driver in the level of UUW's average 'cost to serve' household customers, and any future recovery of the UK economy does not mean that deprivation in the North West will necessarily fall. A significant proportion of households served by UUW rely on Universal Credit and other welfare payments and, as cost of living challenges continue, collection of bills for those customers could become more challenging and could also increase the Group's level of bad debt and reduce the Group's profits. Further, the PR24 Final Determination envisages increases in customer bills in order to support the delivery of investment across AMP8. Whilst UUW intends to increase the value of the affordability support schemes currently offered in order to counteract the impact of raised bills on its most vulnerable customers, the non-recoverability of customer debts remains a risk.

Security, systems, property and other assets

The inability to protect people, information systems, customer data, infrastructure and non-infrastructure from malicious activity, including theft and fraud, or manage other Group-wide property-related interests could have an impact on the security of people, information, assets and property, including water and wastewater treatment works, office sites and non-regulated assets.

The Group's resources, assets and infrastructure, including critical national infrastructure, are exposed to various threats (malicious, accidental and natural, including climate change-related) which could impact the provision of vital services and/or harm people or commercial business.

Current key risks and issues include cyber risks and the threat of the Group's customer, financial, engineering and strategic information, including relating to critical national infrastructure, being accessed or interfered with by unauthorised parties through technological, chemical or biological means. This could originate from rogue independent actors, nation states, organised crime, disgruntled employees, or as a result of commercial espionage. Data and technology assets could be significantly compromised due to malicious or accidental activity leading to a major impact to key business processes and operations. Potential consequences include penalties, additional costs, customer compensation and reputational damage, as well as impacts to business services, regulatory compliance, financial and operational performance through the loss or compromise of commercially sensitive data and the disruption of systems or assets. In the context of ongoing global conflicts, the likelihood of cyber-attacks continues to increase, with recent major cyber incidents across consumer industries demonstrating the prevalence of this risk. In addition, employee and customer personal data could be the subject of cybercrime, particularly with the greater reliance on remote and/or electronic ways of working. The Group is subject to the UK General Data Protection Regulation ("UK GDPR") and the Data Protection Act 2018, breaches of which could lead to maximum fines in the region of £75 million, being 4 per cent. of global turnover. The Data Use and Access Act 2025 aligns fines under the Privacy and Electronic Communications Regulations ("PECR") with those under the UK GDPR. PECR governs electronic marketing, cookies, and communications, and PECR's expanded enforcement powers increase the Group's exposure to penalties for non-compliance in these areas. In addition, the Group faces increasing exposure to data protection claims, both from individuals and as part of group litigation. For example, recent high-profile cases in the UK have involved claims against organisations for failing to adequately protect personal data, resulting in compensation for distress, loss of control, and reputational harm. These claims can arise from data breaches, misuse of personal data, or failure to meet transparency obligations. The financial and reputational impact of such claims, particularly where multiple individuals are affected, could be significant for the Group.

General use, exposure to natural hazards, pressure and load all contribute to the deterioration of assets. In addition, other factors such as technological obsolescence and operating assets beyond their optimal capacity to cope with increased demand (owing to population growth and/or climate change) also affect asset health. Ageing assets therefore present an underlying and cross-business risk and uncertainty both to efficiency and for the long-term resilience of asset integrity and the associated service capability. There is also an increasing external threat of planned and unplanned energy outages and voltage quality from the national grid that could affect technological and operational assets.

Terrorism and other criminal activity can lead to loss of supply, contamination or pollution and therefore represent a threat to significant operational assets and the service delivered to customers. In exceptional circumstances, the impact could range from environmental damage to economic and social disruption or loss of life. The water industry in particular is classed as one of thirteen critical national infrastructure ("CNI") sectors (which are defined as facilities, systems, sites, information, people, networks and processes, necessary for a country to function and upon which daily life depends). The Group's CNI assets and other key assets are regulated by the UK Government department, the DWI, on behalf of Defra. The DWI enforces the Security and Emergency Measures Directions 2024 ("SEMD") and Network and Information Systems Regulations 2018 ("NIS Regulations"). The Group has a duty of care under the SEMD to provide appropriate and approved Physical Security Controls to defend the assets in scope against physical attack, and under the NIS Regulations to provide appropriate holistic security controls and asset resilience (physical and technology) of systems in scope to provide the essential service for a Water Sector OES (Operator of Essential Service). A number of the Group's assets fall within the CNI definition, which if compromised could lead to severe economic and social consequences, and could have a substantial impact on the operations and the financial condition of the Group.

Human and IT resources

The inability to have appropriately skilled people and provide effective and resilient human resources (including appropriate skill set), adequate customer, operational, information and data systems, telephone and operational or technological resources could damage the Group's operational activities and adversely impact business performance and profitability. This can also affect the ability to recruit and retain knowledge/expertise or to recover effectively following an operational incident. In remote but extreme circumstances, there is also the potential for higher levels of regulatory scrutiny, financial penalties, reputational damage and missed commercial opportunities.

The Group's employees are fundamental to delivering its service requirements as well as its strategic objectives. Equally, the Group's employees can be affected by multiple risks across the business, but primarily in relation to employment and health, safety and wellbeing risks.

There continues to be a risk that reductions in resources through illness, including mental health issues, or a breakdown in employee relations could affect service delivery, capital project delivery, ODIs, C-MeX.and D-MeX. The ongoing effects of global conflicts could also restrict the availability of labour. The AMP8 capital programme is significantly larger than the capital programme in AMP7 across the whole water sector which, compounded by investment programmes in other industries such as rail, energy networks and nuclear, may result in higher levels of competition for resources with implications to delivery.

Current key risks and issues include ensuring that the Group continues to maintain high levels of employee engagement and adequately train its employees to give them the right skills and knowledge so that they can deliver effectively in a changing national and global business environment. If effective succession planning is not maintained, talented people may not be managed and nurtured through their career development causing their skills and experience to be at risk of being lost to the Group.

There is a risk that there is insufficient focus on investment in the development of technology and innovation, and consequently systems and equipment could become obsolete and people may not maintain the right skills to apply technology. In these circumstances, digital systems, including those associated with critical national infrastructure, may become vulnerable to damage or failure. Future growth may also depend upon an awareness of customers' increased use of technology for communication and monitoring their use of the Group's services and new delivery channels.

Material litigation

Material litigation involving the following matters is ongoing.

In February 2009, United Utilities International Limited ("UUIL") was served with notice of a multiparty 'class action' in Argentina related to the issuance and payment default of a U.S.$230 million bond by Inversora Eléctrica de Buenos Aires S.A. ("IEBA"), an Argentine project company set up to purchase one of the Argentine electricity distribution networks which was privatised in 1997. UUIL had a 45 per cent. shareholding in IEBA which it sold in 2005. The claim is for a non-quantified amount of unspecified damages and purports to be pursued on behalf of unidentified consumer bondholders in IEBA. The Argentine Court scheduled various hearings starting in May 2023; the evidentiary phase of the trial is ongoing, and the Argentine Court is expected to schedule a further hearing once concluded. UUIL will continue to vigorously resist the proceedings given the robust defences that UUIL has been advised that it has on procedural and substantive grounds.

Collective proceedings in the Competition Appeal Tribunal ("CAT") were issued on 8 December 2023 against UUW and UUG on behalf of approximately 5.6 million domestic customers following an application by the Proposed Class Representative ("PCR"), Professor Carolyn Roberts. The PCR alleges that UUW's customers have collectively paid an overcharge for sewerage services during the claim period (which runs from 1 April 2020 and may continue into the early years of the PR24 period) as a result of UUW allegedly abusing a dominant position by providing misleading information to regulatory bodies. The estimated total aggregate amount the PCR is claiming against UUW (including interest) is at least £141 million. On 7 March 2025, the CAT unanimously concluded that claims could not proceed on the basis that the claims brought forward are excluded by section 18(8) of the WIA. Subsequently, the PCR was granted permission by the Court of Appeal to challenge the CAT's certification decision, with an appeal hearing currently scheduled for February 2026. UUW believes the claim is without merit and will robustly defend it, should the certification decision be overturned on appeal. Separate letters before action were issued on 20 December 2024 in relation to similar claims in respect of non-household customers, however it is not clear how these will proceed following the CAT's decision not to certify the claims brought in respect of domestic customers and any subsequent appeal decision.

High value litigation, if adversely determined, and/or associated financial penalties could have an adverse effect on the Group's business and profitability.

Risks relating to the structure of a particular issue of Notes

A range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

Risks associated with redemption

If the applicable Final Terms specify that the Notes are redeemable at the option of each Issuer, or are otherwise subject to mandatory redemption, the relevant Issuer may (in the case of optional redemption) or must (in the case of mandatory redemption) choose to redeem such Notes at times when prevailing interest rates may be relatively low. Accordingly, an investor generally may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

In particular, during any period when the relevant Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. An optional redemption feature is therefore likely to limit the market value of Notes.

Notes issued at a substantial discount or premium

The market values of Notes issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for more conventional interest-bearing securities. Generally, the longer the remaining term of such securities, the greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities. Such volatility could have a material adverse effect on the value of and return on any such Notes.

Notes linked to interest rates, currencies or other indices or formulae

With respect to an investment in Notes linked to one or more interest rates, currencies or other indices or formulae, significant risks exist that are not associated with a conventional fixed rate or floating rate debt security. Such risks include fluctuation of the particular indices or formulae and the possibility that an investor will receive a lower amount of principal, premium or interest and at different times than expected. The Issuers have no control over a number of matters, including economic, financial and political events that are important in determining the existence, magnitude and longevity of such risks and their results. In addition, if an index or formula used to determine any amounts payable in respect of the Notes contains a multiplier or leverage factor, the effect of any change in such index or formula will be magnified. In recent years, values of certain indices and formulae have been volatile and volatility in those and other indices and formulae may be expected in the future. However, past experience is not necessarily indicative of what may occur in the future.

Index Linked Notes

Each Issuer may issue Index Linked Notes where interest and/or redemption amounts will be adjusted by reference to movements in RPI, CPI or CPIH (each an “Index”), as the case may be, during a reference period. Potential investors should be aware that:

(i) the market price of such Notes may be volatile;

(ii) they may receive no interest;

(iii) payment of principal or interest may occur at a different time than expected;

(iv) an index may be subject to significant fluctuations that may not correlate with changes in interest rates, currencies or other indices; and

(v) the timing of changes in an index may affect actual yield to investors, even if the average level is consistent with their expectations. In general, the earlier the change in the relevant index, the greater the effect on yield.

In general, a decrease in the relevant Index over the reference period will reduce the interest or redemption amounts payable in respect of such Notes. In a deflationary environment, (i) the annual interest received may be lower than the rate of interest specified in the applicable Final Terms and (ii) the amount to be repaid upon redemption of the Notes would be reduced to less than the nominal amount of the Notes (unless the applicable Final Terms specify a Minimum Redemption Amount (as defined in the Final Terms) which is equal to or higher than the nominal amount of the Notes). As a consequence, investors may lose the value of their entire investment or part of it.

The historical experience of the relevant Index should not be viewed as an indication of future performance of such Index during the term of any Index Linked Notes. Accordingly, each potential investor should consult its own financial and legal advisers about the risk entailed by an investment in any Index Linked Notes and the suitability of such Notes in light of its particular circumstances.

Moreover, the methodology used by the Office for National Statistics for calculating RPI, CPI or CPIH may change over time which may affect the actual RPI, CPI or CPIH figure. Consequently, the amount of interest payable on each interest payment date and/or the amount to be repaid upon redemption of Index Linked Notes may increase, or decrease, as a result of such a change to the RPI, CPI or CPIH methodology or basis of the calculation of the applicable index.

In particular, in March 2020, a public consultation was launched on proposals issued by the UK Statistics Authority ("UKSA") to cease the publication of RPI, and, in the interim, to change the methodology used for calculating the RPI with the aim of it converging with the methodology for calculating CPIH. In November 2020, the UK Government and the UKSA published their response to the consultation confirming that the methodology used for RPI will be aligned with the methodology for calculating CPIH no earlier than 2030. In September 2022, the High Court dismissed a judicial review of the decision to align the methodology for calculating RPI with the methodology for calculating CPIH which had been brought by the trustees of certain pension funds, stating the proposed changes can legally and practically be made by the UK Government in February 2030. This decision is likely to have a significant impact on returns to index-linked gilt investors and other users of RPI, and it is unclear what, if any, further steps investors in existing RPI-lined products may take in the future.

If the relevant Index ceases to be published or where there is a change in the rules governing such Index, adjustments to such Index may be made, or a substitute index may be agreed. If an adjustment to such Index cannot be made or any substitute for such Index found then, in specified circumstances, the relevant Issuer may redeem the Index Linked Notes early. See Conditions 7.5 and 9.3 for further detail.

The application of Conditions 7.5 and 9.3 may have a positive or negative impact on the amount of interest payable on each interest payment date and/or the amount to be repaid upon, or the timing of, any redemption of Index Linked Notes.

More information on RPI, CPI and CPIH, including past and current levels, can be found at the following website: https://www.ons.gov.uk/economy/inflationandpriceindices.

Reform and future unavailability, discontinuance or unrepresentativeness of certain "benchmark" rates

So-called benchmarks such as the Euro Interbank Offered Rate ("EURIBOR"), and other indices which are deemed "benchmarks" (each a "Benchmark" and together, the "Benchmarks"), to which the interest on the Notes may be linked, have been the subject of regulatory scrutiny and national and international regulatory guidance and proposals for reform aimed at supporting the transition to robust benchmarks. Most reforms have now reached their planned conclusion (including the transition away from the London Interbank Offered Rate ("LIBOR")), and "benchmarks" generally remain subject to ongoing monitoring. These reforms and changes may cause such Benchmarks to perform differently than in the past, to be discontinued entirely, or have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes referencing such a Benchmark.

International reform has also been implemented. The EU Benchmarks Regulation applies, subject to certain conditions, to the provision of in-scope benchmarks, the contribution of input data to an in-scope benchmark and the use of an in-scope benchmark within the EU. Among other things, it (i) requires benchmark administrators to be authorised or registered in the EU (or, if non-EU based, to be subject to an equivalent regime or otherwise recognised or endorsed) and (ii) prevents certain uses by EU supervised entities of in-scope "benchmarks" of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed). The UK Benchmarks Regulation, among other things, applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark in the UK. Similarly, it prohibits the use in the UK by UK supervised entities of "benchmarks" of administrators that are not authorised by the FCA or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed). The EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, could have a material impact on any Notes linked to or referencing a Benchmark which is in-scope of one or both regulations, and in particular if the methodology or other terms of the Benchmark are changed in order to comply with the requirements of the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the relevant Benchmark.

More broadly, any changes to a Benchmark, as a result of the EU Benchmarks Regulation and/or the UK Benchmarks Regulation or other initiatives or the general increased regulatory scrutiny of Benchmarks, could have a material adverse effect on the costs and risks of administering or otherwise participating in the setting of a Benchmark and complying with any such regulations or requirements. Such factors may have the effect of (i) discouraging market participants from continuing to administer or participate in certain Benchmarks, (ii) triggering changes in the rules or methodologies used in certain Benchmarks, and/or (iii) leading to the disappearance of certain Benchmarks. Although it is uncertain whether or to what extent any of the aforementioned changes and/or any further changes in the administration or method of determining a Benchmark could have an effect on the value of the Notes, investors should be aware that they face the risk that any changes to the relevant Benchmark may have a material adverse effect on the value of and the amount payable under the Notes.

The Terms and Conditions of the Notes provide for certain fallback arrangements in the event that a Benchmark Event or (as applicable) a Benchmark Transition Event (each as defined in the Terms and Conditions of the Notes) occurs, including if an Original Reference Rate (as defined in the Terms and Conditions of the Notes) and/or any page on which an Original Reference Rate may be published, becomes unavailable or a Benchmark Event or a Benchmark Transition Event, as applicable, otherwise occurs. Such fallback arrangements include the possibility that the Rate of Interest could be set by reference to a Successor Rate, an Alternative Rate or a Benchmark Replacement (each as defined in the Terms and Conditions of the Notes), with the application of an Adjustment Spread (which may be positive, negative or zero) or Benchmark Replacement Adjustment (as defined in the Terms and Conditions of the Notes), and may include amendments to the Terms and Conditions of the Notes to ensure the proper operation of (as applicable) the Successor Rate, Alternative Rate and (in either case) the applicable Adjustment Spread, or the Benchmark Replacement, all as determined by an Independent Adviser (as defined in the Terms and Conditions of the Notes) acting in good faith and in a commercially reasonable manner as described more fully in Condition 6.2(i). Investors should note that the relevant Independent Adviser will have discretion to determine the applicable Adjustment Spread or Benchmark Replacement Adjustment in the circumstances described in the Terms and Conditions of the Notes, and there can be no assurance that any replacement of the relevant Original Reference Rate with the Successor Rate, Alternative Rate or Benchmark Replacement (as applicable), together with the application of (as applicable) and Adjustment Spread or Benchmark Replacement Adjustment, will be favourable to any Noteholder. The use of (as applicable) a Successor Rate, Alternative Rate or Benchmark Replacement (including with the application of an Adjustment Spread or Benchmark Replacement Adjustment, as applicable) may still result in any Notes linked to or referencing an Original Reference Rate performing differently (which may include payment of a lower Rate of Interest) than would be the case if the Original Reference Rate continued to apply in its current form. No consent of the Noteholders, Receiptholders or Couponholders shall be required in connection with effecting any relevant Successor Rate, Alternative Rate or Benchmark Replacement (as applicable) or in connection with any other related adjustments and/or amendments described above.

In certain circumstances (including where, following the occurrence of a Benchmark Event or Benchmark Transition Event (as applicable), the relevant Issuer fails to appoint an Independent Adviser or the Independent Adviser appointed by the relevant Issuer fails to make the necessary determination of a Successor Rate or Alternative Rate or (in either case) the applicable Adjustment Spread), or of a Benchmark Replacement and the applicable Benchmark Replacement Adjustment, the ultimate fallback for the purposes of calculation of the Rate of Interest for a particular Interest Period may result in the Rate of Interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for Floating Rate Notes based on the rate which was last observed on the Relevant Screen Page. Due to the uncertainty concerning the availability of Successor Rates, Alternative Rates and Benchmark Replacements and the potential for further regulatory developments there is a risk that the relevant fallback provisions may not operate as expected or intended at the relevant time. Any such consequence could have a material adverse effect on the trading markets for such Notes, the liquidity of the Notes and/or the value of and return on any such Notes.

Investors should consult their own independent advisers and make their own assessment about the potential risks imposed by the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, or any other international or national reforms and the possible application of the benchmark replacement provisions of Notes in making any investment decision with respect to any Notes linked to or referencing Benchmarks.

The market continues to develop in relation to SONIA and SOFR as reference rates for Floating Rate Notes

Where the applicable Final Terms for a Series of Floating Rate Notes identifies that the Reference Rate for such Notes will be Compounded Daily SONIA, Compounded Daily SOFR, or Weighted Average SOFR, the Rate of Interest will be determined on the basis of Compounded Daily SONIA, Compounded Daily SOFR, or Weighted Average SOFR or by reference to a specified index (all as further described in the Terms and Conditions of the Notes). All such rates are based on 'overnight rates'. Overnight rates differ from interbank offered rates such as EURIBOR in a number of material respects, including (without limitation) that SONIA and SOFR are backwards-looking, risk-free overnight rates, whereas EURIBOR is expressed on the basis of a forward-looking term and includes a risk element based on inter-bank lending. As such, investors should be aware that SONIA and SOFR may behave materially differently as interest reference rates for Notes issued under the Programme compared to EURIBOR or other interbank offered rates. The use of SONIA and SOFR as reference rates in the capital markets is subject to continued change and development, both in terms of the substance of the calculation and in the development and adoption of market infrastructure for the issuance and trading of debt securities referencing SONIA or SOFR.

Accordingly, prospective investors in any Notes referencing Compounded Daily SONIA, Compounded Daily SOFR, or Weighted Average SOFR should be aware that the market continues to develop in relation to such rates as reference rates in the capital markets and their adoption as an alternative to interbank rates such as LIBOR. The market or a significant part thereof may adopt an application of overnight rates that differs significantly from those set out in the Terms and Conditions of the Notes. In addition, the methodology for determining any overnight rate index by reference to which the Rate of Interest in respect of certain Notes may be calculated could change during the life of any Notes. Furthermore, each of the Issuers may in future issue debt securities referencing SONIA or SOFR that differ materially in terms of interest determination when compared with any previous SONIA- or SOFR-referenced Notes issued by it under the Programme. The foregoing factors could have a material adverse effect on the market value and/or liquidity of any SONIA- or SOFR-referenced Notes issued under the Programme from time to time.

Furthermore, the Rate of Interest on Notes which reference Compounded Daily SONIA, Compounded Daily SOFR, or Weighted Average SOFR is only capable of being determined immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Notes which reference overnight rates to reliably estimate the amount of interest which will be payable on such Notes, and some investors in the secondary market may be unable or unwilling to trade such Notes without changes to their IT systems, both of which factors could adversely impact the liquidity of such Notes. Further, if Notes referencing an overnight rate become due and payable as a result of an Event of Default under Condition 12, or are otherwise redeemed early on a date which is not an Interest Payment Date, the final Rate of Interest payable in respect of such Notes shall only be determined immediately prior to the date on which the Notes become due and payable, and shall not be reset thereafter.

In addition, the manner of adoption or application of SONIA or SOFR-based rates in the capital markets may differ materially compared with the adoption and application of SONIA or SOFR-based rates in other markets, such as the derivatives and loan markets. Investors should carefully consider how any mismatch between the adoption of overnight reference rates across these markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of Notes referencing SONIA or SOFR.

Market terms for debt securities linked to or referencing overnight rates may evolve over time and as a result trading prices of such Notes may be lower than those of the later issued Notes that are linked to or reference overnight rates. The level of SONIA or SOFR over the term of Floating Rate Notes may also bear little or no relation to the historical levels of SONIA or SOFR (as applicable), and prior observed patterns (if any) in the behaviour of market variables (such as correlations) may change in the future.

Investors should carefully consider these matters when making their investment decision with respect to any such Notes.

Notes issued as Green Bonds, Social Bonds, Sustainability Bonds or Blue Bonds may not be a suitable investment for all investors seeking exposure to sustainable assets, due to the continuing development of legal, regulatory and market conventions

Notes may be issued as Green Bonds, Social Bonds, Sustainability Bonds or Blue Bonds (each as defined below). The Final Terms relating to any specific Tranche of Notes may provide that it will be the relevant Issuer's intention to apply an amount equal to the proceeds from an offer of those Notes to finance new or refinance existing eligible projects that fall into one or several of:

(i) the Green Eligible Categories (as defined and further described in the section of this Offering Circular entitled "*Sustainable Finance Framework*") (such Notes being "Green Bonds");

(ii) the Social Eligible Categories (as defined and further described in the section of this Offering Circular entitled "*Sustainable Finance Framework*") (such Notes being "Social Bonds");

(iii) the Sustainability Eligible Categories (as defined and further described in the section of this Offering Circular entitled "*Sustainable Finance Framework*") (such Notes being "Sustainability Bonds"); or

(iv) the Blue Eligible Categories (as defined and further described in the section of this Offering Circular entitled "*Sustainable Finance Framework*") (such Notes being "Blue Bonds").

It should be noted that there is currently no clear definition (legal, regulatory or otherwise) of, nor market consensus as to what constitutes or may be classified as, an "environmental", "social", "sustainable", "governance", "green", "blue" or an equivalently labelled (together, "ESG") (including under Regulation (EU) 2020/852 (the "Taxonomy Regulation") on the establishment of a framework to facilitate sustainable investment (the "EU Taxonomy")) project, activity or asset or as to what precise attributes are required for a particular project, activity or asset to be defined as ESG or such other equivalent label, nor can any assurance be given that such a clear definition or consensus will develop over time. The stated purpose of the Taxonomy Regulation is to establish the criteria for determining whether an economic activity qualifies as environmentally sustainable for the purposes of establishing the degree to which an investment is environmentally sustainable. Different organisations may develop definitions, labels or requirements that are different from, and may be incompatible with, those set by other organisations.

The EU Taxonomy in particular is subject to further implementation by the European Commission by way of delegated regulations containing technical screening criteria for the environmental objectives set out in the Taxonomy Regulation. On 21 April 2021, the European Commission approved in principle the first delegated act (the "EU Taxonomy Climate Delegated Act") aimed at supporting sustainable investment by making it clearer which economic activities most contribute to meeting the EU's environmental objectives. The EU Taxonomy Climate Delegated Act entered into force on 1 January 2022. On 9 March 2022, the European Commission adopted the EU Taxonomy Complementary Climate Delegated Act, covering certain nuclear and gas activities and on 27 June 2023, the European Commission further adopted two Delegated Acts aimed at setting the technical screening criteria for the remaining environmental objectives under the Taxonomy Regulation and amending the existing EU Taxonomy Climate Delegated Act respectively (published in the Official Journal of the EU on 21 November 2023). The European Commission continues to publish guidance to assist with the interpretation of the EU Taxonomy, though formal adoption of such guidance is still outstanding.

Furthermore, on 6 April 2022, the European Commission adopted the Regulatory Technical Standards ("RTS") to Regulation (EU) 2019/2088 (the "Sustainable Finance Disclosure Regulation"), which became applicable on 1 January 2023 and which are designed to increase transparency in the market for sustainable investment products for financial market participants. The European Commission subsequently published a Delegated Regulation (2023/363) to amend and correct the RTS (in particular, to update the template disclosures for products investing in environmentally sustainable activities in order to ensure that investors receive the information set out in the Complementary Climate Delegated Act (2022/1214)), which came into force on 20 February 2023. Any further delegated act adopted by the European Commission to implement the Taxonomy Regulation or the Sustainable Finance Disclosure Regulation may result in a regular review of the relating screening criteria, with changes to the scope of activities and other amendments to reflect technological progress. Accordingly, the alignment of Eligible Projects (as defined in the section of this Offering Circular entitled "*Use of Proceeds*") with the EU Taxonomy is not certain. Prospective investors should therefore have regard to, and seek advice from their independent financial adviser or other professional adviser as to the relevance of, the information contained in this Offering Circular and the applicable Final Terms before deciding to invest.

Provisional political agreement was reached on 28 February 2023 on the legislative proposal for a European green bond standard, a voluntary label for issuers of green use of proceeds bonds where the proceeds will be invested in economic activities aligned with the EU Taxonomy. Regulation (EU) 2023/2631 of the European Parliament and of the Council of 22 November 2023 on European Green Bonds and optional disclosures for bonds marketed as environmentally sustainable and for sustainability-linked bonds (the "EuGB Regulation") subsequently introduced the "European Green Bond Standard" ("EuGBS") as a designation which can be used on a voluntary basis by bond issuers using definitions of green economic activities in the EU Taxonomy to define what is considered a green investment. The EuGB Regulation was published on 22 November 2023 and has applied since 21 December 2024. Any Green Bonds, Social Bonds, Sustainability Bonds and Blue Bonds issued under the Programme will not be aligned with such EuGBS and are intended to comply with the criteria and processes set out in the Sustainable Finance Framework only. It is not clear if the establishment under the EuGB Regulation of the "European Green Bond" or "EuGB" label and the optional disclosures regime for bonds issued as "environmentally sustainable" could have an impact on investor demand for, and pricing of, green use of proceeds bonds (such as the Green Bonds, Social Bonds, Sustainability Bonds and Blue Bonds) that do not meet such standards or the optional disclosures regime. It could reduce demand and liquidity for the Green Bonds, Social Bonds, Sustainability Bonds and Blue Bonds or could otherwise affect the market price of any Green Bonds, Social Bonds, Sustainability Bonds and Blue Bonds that do not comply with those standards proposed under the EuGB Regulation.

On 15 July 2025, the UK Government announced that it was not proceeding with plans to develop a UK 'Green Taxonomy', concluding after consultation that a UK taxonomy would not be the most effective tool to deliver the green transition and could add further fragmentation on an international stage.

In addition, the FCA has introduced its anti-greenwashing rule which requires communications to be (i) consistent with the sustainability characteristics of the product or service, and (ii) fair, clear and not misleading. The FCA's guidance on its anti-greenwashing rule was published in April 2024 and refers to "sustainability characteristics", whilst noting that there is no single definition of sustainability.

Accordingly, no assurance is or can be given to investors that any projects or uses the subject of, or related to, any Eligible Projects will meet any or all investor expectations or requirements regarding such "green", "social", "sustainable", "blue" or equivalently-labelled performance objectives, or that any adverse environmental, social and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any Eligible Projects.

In addition, no assurance can be given by the Group, the Dealers or any other person to investors that any Notes will comply with any present or future standards or requirements regarding any "green", "social", "sustainable", "blue" or other equivalently-labelled performance objectives and, accordingly, the status of any Notes as being "green", "social", "sustainable" or "blue" (or equivalent) could be withdrawn at any time.

No assurance or representation is given as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by the relevant Issuer) which may be made available in connection with the issue of any Notes and in particular with any Eligible Projects to fulfil any ESG and/or other criteria. For the avoidance of doubt, any such opinion or certification is not, nor shall be deemed to be, incorporated in and/or form part of this Offering Circular. Any such opinion or certification is not, nor should be deemed to be, a recommendation by the relevant Issuer, any of the Dealers or any other person to buy, sell or hold any such Notes or that any Eligible Projects fulfil any ESG and/or other criteria. Any such opinion or certification is only current as of the date that opinion was initially issued. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in such Notes. Currently, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight.

In the event that any such Notes are listed or admitted to trading on any dedicated ESG or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated) or included in an ESG bond index, no representation or assurance is given by the relevant Issuer, any of the Dealers or any other person that such listing, admission, or inclusion satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or assets or uses, the subject of or related to, any Eligible Projects. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another. No representation or assurance is given or made by the relevant Issuer, any of the Dealers or any other person that any such listing or admission to trading will be obtained in respect of any such Notes or, if obtained, that any such listing or admission to trading will be maintained during the life of the Notes.

In respect of any Notes issued as Green Bonds, Social Bonds, Sustainability Bonds or Blue Bonds, there can be no assurance that such use of proceeds will be suitable for the investment criteria of an investor

Prospective investors should determine for themselves the relevance of the information contained herein and in the applicable Final Terms (for example, regarding the use of proceeds) for the purpose of any investment in the Green Bonds, Social Bonds, Sustainability Bonds or Blue Bonds, together with any other investigation such investor deems necessary. Prospective investors should consult with their legal and other advisers before making an investment in any such Green Bonds, Social Bonds, Sustainability Bonds or Blue Bonds. In particular, no assurance is or can be given by the relevant Issuer or any of the Dealers that the use of such proceeds for any Eligible Projects will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any Eligible Projects.

While it is the intention of the relevant Issuer to apply an amount equal to the proceeds of any Notes so specified for Eligible Projects in, or substantially in, the manner described in this Offering Circular or the applicable Final Terms, there can be no assurance that the relevant project or asset(s) or use(s) the subject of, or related to, any Eligible Projects will be capable of being implemented in or substantially in such manner and/or accordance with any timing schedule and that accordingly such proceeds will be totally or partially disbursed for or towards such Eligible Projects. Nor can there be any assurance that such Eligible Projects will be completed within any specified period or at all or with the results or outcome (whether or not related to the environment and/or society) as originally expected or anticipated by the relevant Issuer. Any such event or failure by the relevant Issuer will not (i) give rise to any claim of a Noteholder against the relevant Issuer or any of the Dealers, (ii) constitute an Event of Default under the Terms and Conditions of the Notes or (iii) lead to an obligation of the relevant Issuer to redeem such Notes prior to maturity.

Any such event or failure to apply an amount equal to the proceeds of any issue of Notes for or towards any Eligible Projects as aforesaid and/or the withdrawal of any opinion or certification or any such opinion or certification attesting that the relevant Issuer is not complying in whole or in part with any matters for which such opinion or certification is opining or certifying on and/or any such Notes no longer being listed or admitted to trading on any stock exchange or securities market as aforesaid may have a material adverse effect on the value of such Notes and also potentially the value of any other Notes which are intended to finance or re-finance Eligible Projects and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for or towards a particular purpose.

None of the Dealers will verify or monitor the proposed use of proceeds of Notes issued under the Programme.

Risks associated with the Notes generally

Modification, waivers and substitution

The Terms and Conditions of the Notes contain provisions for calling meetings (including by way of conference call or by use of a videoconference platform) of Noteholders to consider and vote upon matters affecting their interests generally, or to pass resolutions in writing or through the use of electronic consents. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting or, as the case may be, did not sign the written resolution or give their consent electronically, and including those Noteholders who voted in a manner contrary to the majority.

The Terms and Conditions of the Notes also provide that the Trustee may without the consent of Noteholders and without regard to the interests of particular Noteholders, agree to: (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Notes; or (ii) determine that any Event of Default or Potential Event of Default (as defined in Condition 12) shall not be treated as such; or (iii) the substitution of another company as principal debtor under any Notes, in the circumstances described in Condition 20 of the Terms and Conditions of the Notes.

Holding company structure

Because UU is an intermediate holding company, its rights to participate in the assets of any subsidiary if it is liquidated will be subject to the prior claims of its subsidiary's creditors, except to the extent that UU may be a creditor with recognised claims ranking ahead of or *pari passu* with such prior claims against the subsidiary. UU's ability to make payments on debt obligations and pay certain operating expenses may be dependent on the receipt of dividends from its subsidiaries. In addition, certain of UU's subsidiaries have regulatory restrictions that can limit the payment of dividends and the operation of such restrictions could adversely impact the ability of UU to cover its operating expenses and/or make payments on its debt obligations.

UUWF is a finance vehicle

UUWF's primary business is the raising of money for the purpose of on-lending to UUW. UUWF is not an operating company; it is a special purpose vehicle with no other business other than issuing Notes. Substantially all of UUWF's assets will be loans and advances made by UUWF to UUW. UUWF is, therefore, dependent upon UUW paying interest on, and repaying, its loans in a timely fashion. If UUW failed to pay interest on, or repay, any loan in a timely fashion, this could have a material adverse effect on the ability of UUWF to fulfil its obligations under the Notes. It is for this reason the Notes are guaranteed by UUW. By virtue of its dependence on UUW, each of the risks described herein that affect UUW will also indirectly affect UUWF.

No limitation on issuing *pari passu* securities

There is no restriction on the amount of securities (including further Notes) which each Issuer may issue which rank *pari passu* with the Notes being offered under the Programme. The issue of any such securities may reduce the amount recoverable by holders of the Notes in the event that the relevant Issuer is wound up or becomes insolvent or may increase the likelihood of a deferral of payments under the Notes.

Investors who hold less than the minimum Specified Denomination may be unable to sell their Notes and may be adversely affected if definitive Notes are subsequently required to be issued

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination (as defined in the applicable Final Terms) plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in their account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination in their account with the relevant clearing system at the relevant time will not receive a definitive Note in respect of such holding (should definitive Notes be printed or issued) and would need to purchase a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination (or a multiple thereof).

If such Notes in definitive form are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

Noteholders' interests may be adversely affected by a change of law in relation to UK withholding tax

In the event that amounts due under the Notes are subject to UK withholding tax, the Issuers or the Guarantor may not be obliged to pay additional amounts in relation thereto if Noteholders fall within certain exceptions to the obligation to pay such additional amounts. In addition, the Issuers may, in certain circumstances, redeem the Notes (as described in Condition 9.2 of the Notes). The applicability of any UK withholding tax, and the potential for redemption of the Notes in certain instances, may impact the price an investor receives for such Notes or the ability of an investor to sell such Notes at all. The applicability of any UK withholding tax under current law is discussed under "*Taxation – UK Taxation*".

Change of law

The Terms and Conditions of the Notes are based on English law in effect as at the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Offering Circular and any such change could materially adversely impact the value of any Notes affected by it.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to the relevant Issuers, the Guarantor, the Programme or the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes in the EEA, unless such ratings are issued by a credit rating agency established in the EEA and registered under the CRA Regulation (and such registration has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). Such general restriction will also apply in the case of credit ratings issued by third country (which includes any credit rating agencies established and registered in the UK) non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third country rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances).

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use, for UK regulatory purposes, ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation, subject to certain exceptions. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances.

If the status of the rating agency rating the Notes changes for the purposes of the CRA Regulation or the UK CRA Regulation, European and/or UK regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Notes may have a different regulatory treatment. This may result in European and UK regulated investors selling the Notes, which may have an impact on the value of the Notes and their liquidity in any secondary market. The lists of registered and certified rating agencies published by ESMA and the FCA (as applicable) on their respective websites in accordance with the CRA Regulation and the UK CRA Regulation (as applicable) are not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication of the updated ESMA and/or FCA list. Certain information with respect to the credit rating agencies and ratings is set out on the cover page of this Offering Circular. Where a Tranche of Notes is rated, such rating will be specified in the applicable Final Terms and will not necessarily be the same as the rating of the Programme.

Risks associated with the market generally

The Issuers cannot assure an active secondary market for the Notes will ever develop or be maintained

The Issuers cannot assure an established trading market for the Notes when issued, nor that one will ever develop or be maintained. If a market for the Notes does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable with similar investments that have a developed secondary market. Many factors independent of the creditworthiness of each Issuer may affect the trading market in any Notes. These factors include (but are not limited to):

- the complexity and volatility of the index or formula applicable to the Notes;
- the method of calculating the principal, premium and interest in respect of the Notes;
- the time remaining to the maturity of the Notes;
- the outstanding amount of the Notes;

- the redemption features of the Notes;
- the amount of other debt securities linked to the index or formula applicable to the Notes; and
- the level, direction and volatility of market interest rates generally.

In addition, certain Notes have a more limited trading market and experience more price volatility than conventional debt securities because they were designed for specific investment objectives or strategies. There may be a limited number of buyers when an investor decides to sell such Notes. This may affect the price an investor receives for such Notes or the ability of an investor to sell such Notes at all. In addition, liquidity may be limited if the relevant Issuer makes large allocations to a single investor or a limited number of investors or if the Notes have been structured to meet the investment requirements of specific investor(s) or limited categories of investors. An investor should not purchase Notes unless such an investor understands and can bear these investment risks as each may adversely impact the value and saleability of such Notes.

Exchange rate risks and exchange controls

The relevant Issuer will pay principal and interest on the Notes and the Guarantor will make any payments under the Guarantee in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "Investor's Currency") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease: (i) the Investor's Currency-equivalent yield on the Notes; (ii) the Investor's Currency equivalent value of the principal payable on the Notes; and (iii) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the relevant Issuer or the Guarantor to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The value of Fixed Rate Notes may be adversely affected by movements in market interest rates

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes, as an equivalent investment issued at the current market interest rate may be more attractive to investors.

A Restructuring Plan implemented pursuant to Part 26A of the Companies Act 2006 may modify or disapply certain terms of the Notes or the Guarantee without the consent of the Noteholders

Where either Issuer or the Guarantor encounters, or is likely to encounter, financial difficulties that are affecting, or will or may affect, its ability to carry on business as a going concern, it may propose a Restructuring Plan (a "Plan") with its creditors (and members, if relevant) under Part 26A of the Companies Act 2006 (introduced by the Corporate Insolvency and Governance Act 2020) to eliminate, reduce, prevent or mitigate the effect of any of those financial difficulties. Should this happen, creditors and members whose rights are affected are organised into classes and can vote on any such Plan (subject to being excluded from the vote by the English courts for having no genuine economic interest in the relevant Issuer or the Guarantor). Provided that one class (who would receive a payment, or have a genuine economic interest in the relevant Issuer or the Guarantor) has approved the Plan, and in the view of the English courts any dissenting class(es) who did not approve the Plan are no worse off under the Plan than they would be in the event of the "relevant alternative" (such as, broadly, liquidation or administration), then the English courts can sanction the Plan where it would be a proper exercise of its discretion. A sanctioned Plan is binding on all creditors and members, regardless of whether they approved it. Any such sanctioned Plan in relation to the relevant Issuer or the Guarantor may, therefore, adversely affect the rights of Noteholders and the price or value of their investment in the Notes, as it may have the effect of modifying or disapplying certain terms of the Notes (by, for example, writing down the principal amount of the Notes, modifying the interest payable on the Notes, the maturity date or dates on which any payments are due or substituting the relevant Issuer) or modifying or disapplying certain terms of the Guarantee or substituting the Guarantor.

DOCUMENTS INCORPORATED BY REFERENCE

The following information which has previously been published or is published simultaneously with this Offering Circular shall be incorporated in, and form part of, this Offering Circular:

(a)

(i) the sections headed 'Guide to alternative performance measures (APMs)' and 'Underlying profit' of UUG's annual report 2025 at pages 98-99 (inclusive) (*accessible at: https://www.unitedutilities.com/globalassets/documents/pdf/integrated-annual-report-2025*)*;* and

(ii) the sections headed 'Guide to alternative performance measures (APMs)' and 'Underlying profit' of UUG's annual report 2024 at pages 96-97 (inclusive) (*accessible at: https://unitedutilities.annualreport2024.com/media/emqlk5ik/31404-united-utilities-ar-2024-interactive-singles.pdf*);

(b) the section headed 'Underlying profit' at pages 14 -16 (inclusive) of UUG's half year results for the six months ended 30 September 2025 (*accessible at: https://www.unitedutilities.com/globalassets/documents/corporate-documents/1h26-rns.pdf*);

(c) the sections of the annual reports 2025 and 2024 (consisting of the auditor's report and statutory annual financial statements for each of the financial years ended 31 March 2025 and 31 March 2024 of UU, UUWF, the Guarantor and UUG) set out at the following pages (in each case, inclusive):

United Utilities PLC

Annual Financial Statements 2025 (*accessible at: https://www.unitedutilities.com/globalassets/documents/corporate-documents/united-utilites-plc-mar-25-v1.0-final---signed.pdf*)

• independent auditor's report	Pages 62-70
• consolidated income statement	Page 71
• consolidated statement of comprehensive income	Page 72
• consolidated and company statement of financial position	Page 73
• consolidated statement of changes in equity	Page 74
• company statement of changes in equity	Page 75
• consolidated statement of cash flows	Page 76
• notes to the financial statements	Pages 77-142

Annual Financial Statements 2024 (*accessible at: https://www.unitedutilities.com/globalassets/documents/corporate-documents/united-utilites-plc-mar-24.pdf*)

• independent auditor's report	Pages 69-78
• consolidated income statement	Page 79

United Utilities Water Finance PLC

Annual Financial Statements 2025 (*accessible at: https://www.unitedutilities.com/globalassets/documents/corporate-documents/uu-water-finance-plc-stats---mar-25-vfinal---signed.pdf*)

Annual Financial Statements 2024 (*accessible at: https://www.unitedutilities.com/globalassets/documents/corporate-documents/uu-water-finance-plc-stats---mar-24.pdf*)

United Utilities Water Limited

Annual Financial Statements 2025 (*accessible at: https://www.unitedutilities.com/globalassets/documents/corporate-documents/uuw-annual-report-and-financial-statements-2025---final-signed.pdf*)

- consolidated statement of changes in equity Page 141
- consolidated and company statement of cash flows Page 142
- accounting policies Pages 143-145
- notes to the financial statements Pages 146-184

Annual Financial Statements 2024 (*accessible at: https://www.unitedutilities.com/globalassets/documents/corporate-documents/uuw-fy24-annual-report.pdf*)

- independent auditor's report Pages 128-133
- consolidated statement of comprehensive income Page 134
- consolidated and company statements of financial position Page 135
- consolidated and company statement of changes in equity Page 136
- consolidated and company statements of cash flows Page 137
- accounting policies Pages 138-140
- notes to the financial statements Pages 141-180

United Utilities Group PLC

Annual Financial Statements 2025 (*accessible at: https://www.unitedutilities.com/globalassets/documents/pdf/integrated-annual-report-2025*)

- independent auditor's report Pages 179-190
- consolidated statement of comprehensive income Page 191
- consolidated and company statements of financial position Page 192
- consolidated statement of changes in equity Page 193
- company statement of changes in equity Page 194
- consolidated statements of cash flows Page 195
- accounting policies Pages 196-198
- notes to the financial statements Pages 199-238

Annual Financial Statements 2024 (*accessible at: https://www.unitedutilities.com/globalassets/documents/corporate-documents/31404-united-utilities-ar-2024.pdf*)

- independent auditor's report Pages 170-180

- consolidated statement of comprehensive income — Page 181
- consolidated and company statements of financial position — Page 182
- consolidated statement of changes in equity — Page 183
- company statement of changes in equity — Page 184
- consolidated and company statements of cash flows — Page 185
- accounting policies — Pages 186-188
- notes to the financial statements — Pages 189-228

(d) the sections of the half year results of UUG (consisting of the auditor's independent review report and half-yearly financial report for the six months ended 30 September 2025 of UUG) set out at the following pages (in each case, inclusive):

Half Year Results for the six months ended 30 September 2025 (*accessible at: https://www.unitedutilities.com/globalassets/documents/corporate-documents/1h26-rns.pdf*)

- consolidated income statement — Page 26
- consolidated statement of comprehensive income — Page 27
- consolidated statement of financial position — Page 28
- consolidated statement of changes in equity — Pages 29-30
- consolidated statement of cash flows — Page 31
- notes to the interim financial information — Pages 32-47
- independent review report — Pages 49-50; and

(e) the Terms and Conditions of the Notes contained in each of the following Offering Circulars (*in each case, accessible at: https://www.unitedutilities.com/corporate/investors/credit-investors/debt-issuance/*):

- the Offering Circular dated 4 October 2002;
- the Offering Circular dated 6 October 2004;
- the Offering Circular dated 23 November 2005;
- the Offering Circular dated 23 November 2006;
- the Offering Circular dated 14 November 2008;
- the Offering Circular dated 19 November 2014;
- the Offering Circular dated 17 November 2015;

- the Offering Circular dated 15 November 2016;
- the Offering Circular dated 14 November 2017;
- the Offering Circular dated 21 November 2018;
- the Offering Circular dated 21 November 2019;
- the Offering Circular dated 26 November 2020;
- the Offering Circular dated 24 November 2022;
- the Offering Circular dated 21 November 2023; and
- the Offering Circular dated 18 November 2024.

Following the publication of this Offering Circular, a supplement may be prepared by the Issuers and approved by the FCA in accordance with Article 23 of the UK Prospectus Regulation. Any statements contained in any such supplement (or contained in any information incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Offering Circular or in information which is incorporated by reference in this Offering Circular. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Offering Circular.

Only the information in the parts of the documents specified above is incorporated into and forms part of this Offering Circular. Information in other parts of the documents is either covered elsewhere in the document or is not relevant for the investor.

Any documents themselves incorporated by reference in the information incorporated by reference in this Offering Circular shall not form part of this Offering Circular for the purposes of the UK Prospectus Regulation.

The Issuers and the Guarantor will, in the event of any significant new factor, material mistake or material inaccuracy relating to information included in this Offering Circular which may affect the assessment of any Notes, prepare a supplement to this Offering Circular or publish a new Offering Circular for use in connection with any subsequent issue of Notes.

FORM OF THE NOTES

The Notes of each Series will be in either bearer form, with or without interest coupons ("Coupons") and receipts for the payment of instalments of principal ("Receipts") attached, or registered form, without Coupons or Receipts attached. Bearer Notes and Registered Notes will be issued outside the United States in reliance on Regulation S under the Securities Act ("Regulation S").

Bearer Notes

Each Tranche of Bearer Notes will be in bearer form and will be initially issued in the form of a temporary global note (a "Temporary Bearer Global Note") or, if so specified in the applicable Final Terms, a permanent global note (a "Permanent Bearer Global Note" and, together with a Temporary Bearer Global Note, each a "Bearer Global Note") which, in either case, will:

(a) if the Bearer Global Notes are intended to be issued in NGN form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the "Common Safekeeper") for Euroclear Bank SA/NV ("Euroclear") and Clearstream Banking S.A. ("Clearstream, Luxembourg"); and

(b) if the Bearer Global Notes are not intended to be issued in NGN form, be delivered on or prior to the original issue date of the Tranche to a common depositary (the "Common Depositary") for, Euroclear and Clearstream, Luxembourg.

Where the Bearer Global Notes issued in respect of any Tranche are in NGN form, the applicable Final Terms will also indicate whether such Bearer Global Notes are intended to be held in a manner that would allow Eurosystem eligibility. Any indication that the Bearer Global Notes are to be so held does not necessarily mean that the Bearer Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The Common Safekeeper for NGNs will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear and Clearstream, Luxembourg.

Whilst any Bearer Note is represented by a Temporary Bearer Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Bearer Global Note if the Temporary Bearer Global Note is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in the Temporary Bearer Global Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Principal Paying Agent.

On and after the date (the "Exchange Date") which, in respect of each Tranche in respect of which a Temporary Bearer Global Note is issued, is 40 days after the Temporary Bearer Global Note is issued, interests in such Temporary Bearer Global Note will be exchangeable (free of charge) upon a request as described therein either for (i) interests in a Permanent Bearer Global Note of the same Series or (ii) for definitive Bearer Notes of the same Series with, where applicable, Receipts, Coupons and talons attached (as indicated in the applicable Final Terms) in each case against certification of beneficial ownership as described above unless such certification has already been given, provided that purchasers in the United States and certain U.S. persons will not be able to receive definitive Bearer Notes. The holder of a Temporary Bearer Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless upon due certification exchange of the Temporary Bearer Global Note for an interest in a Permanent Bearer Global Note or for definitive Bearer Notes is improperly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Bearer Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Bearer Global Note if the Permanent Bearer Global Note is not intended to be in NGN form) without any requirement for certification. The applicable Final Terms will specify that a Permanent Bearer Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Bearer Notes with, where applicable, Receipts, Coupons and talons attached only upon the occurrence of an Exchange Event. For these purposes, "Exchange Event" means that (i) an Event of Default (as defined in Condition 12) has occurred and is continuing, (ii) the relevant Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no alternative clearing system satisfactory to the Trustee is available or (iii) the relevant Issuer has or will become obliged to pay additional amounts as provided for or referred to in Condition 10 which would not be required were the Notes represented by the Permanent Bearer Global Note in definitive form. The relevant Issuer will promptly give notice to the Noteholders in accordance with Condition 16 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Bearer Global Note) or the Trustee may give notice to the Principal Paying Agent requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the relevant Issuer may also give notice to the Principal Paying Agent requesting exchange. Any such exchange shall occur not later than 60 days after the date of receipt of the first relevant notice by the Principal Paying Agent.

If the Bearer Global Note may be exchanged for definitive Bearer Notes in circumstances other than upon the occurrence of an Exchange Event, only one Specified Denomination can be specified (or all Specified Denominations must be an integral multiple of the lowest Specified Denomination). The clearing systems will not accept the Bearer Notes for clearing if the "EUR 100,000 plus integral multiples of EUR1,000" construct is used unless exchange of the Bearer Global Note for definitive Bearer Notes is limited to the occurrence of an Exchange Event.

The exchange of a Permanent Bearer Global Note for definitive Bearer Notes upon notice from Euroclear and/or Clearstream (acting on the instructions of any holder) or at any time at the request of the relevant Issuer should not be expressed to be applicable in the applicable Final Terms if the Bearer Notes are issued with a minimum Specified Denomination such as EUR 100,000 (or its equivalent in another currency) plus one or more higher integral multiples of another smaller amount such as EUR 1,000 (or its equivalent in another currency). Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Bearer Notes which is to be represented on issue by a Temporary Bearer Global Note exchangeable for definitive Notes.

In the case of each Tranche of Bearer Notes, the applicable Final Terms will specify whether U.S. Treas. Reg. § 1.163-5(c)(2)(i)(C) ("TEFRA C") (or any successor U.S. Treasury Regulation section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010) or U.S. Treas. Reg. § 1.163-5(c)(2)(i)(D) (or any successor U.S. Treasury Regulation section including, without limitation, regulations issued in accordance with U.S. Internal Revenue Service Notice 2012-20 or otherwise in connection with the U.S. Hiring Incentives to Restore Employment Act of 2010) ("TEFRA D") is applicable in relation to the Notes. The following legend will appear on all Bearer Notes (other than Temporary Bearer Global Notes), Receipts and Coupons relating to such Notes where TEFRA D is specified in the applicable final Terms:

"ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE."

Notes which are represented by a Bearer Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

Registered Notes

The Registered Notes of each Tranche will initially be represented by a global note in registered form (a "Registered Global Note").

Registered Global Notes will be deposited with a common depositary or, if the Registered Global Notes are intended to be held under the NSS, a common safekeeper, as the case may be, for Euroclear and Clearstream, Luxembourg, and registered in the name of the nominee for the Common Depositary of Euroclear and Clearstream, Luxembourg or in the name of a nominee of the Common Safekeeper, as specified in the applicable Final Terms.

Where the Registered Global Notes issued in respect of any Tranche are held under the NSS, the applicable Final Terms will also indicate whether such Registered Global Notes are intended to be held in a manner that would allow Eurosystem eligibility. Any indication that the Registered Global Notes are to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria. The Common Safekeeper for a Registered Global Note held under the NSS will either be Euroclear or Clearstream, Luxembourg or another entity approved by Euroclear or Clearstream, Luxembourg.

Persons holding beneficial interests in Registered Global Notes will be entitled or required, as the case may be, under the circumstances described below, to receive physical delivery of definitive Notes in fully registered form.

Payments of principal, interest (if any) and any other amount in respect of a Registered Global Note will, in the absence of provision to the contrary, be made to the person shown on the Register (as defined in Condition 8.4) as the registered holder of the relevant Registered Global Note. None of the Issuers, the Guarantor, the Trustee, any Paying Agent or the Registrar will have any responsibility or liability for any aspect of the records relating to or payments or deliveries made on account of beneficial ownership interests in a Registered Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

Payments of principal, interest (if any) or any other amount in respect of a Registered Note in definitive form will, in the absence of provision to the contrary, be made to the person(s) shown on the Register on the relevant Record Date (as defined in Condition 8.4) immediately preceding the due date for payment in the manner provided in that Condition.

Interests in a Registered Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Registered Notes without receipts, interest coupons or talons attached only upon the occurrence of an Exchange Event. For these purposes, "Exchange Event" means that (i) an Event of Default (as defined in the Trust Deed) has occurred and is continuing, (ii) in the case of Notes registered in the name of a nominee for a common depository or a common safekeeper for Euroclear and Clearstream, Luxembourg, the relevant Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no alternative clearing system satisfactory to the Trustee is available or (iii) the relevant Issuer has or will become obliged to pay additional amounts as provided for or referred to in Condition 10 which would not be required were the Notes represented by the Registered Global Note in definitive form. The relevant Issuer will promptly give notice to Noteholders in accordance with Condition 16 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg or any person acting on their behalf (acting on the instructions of any holder of an interest in such Registered Global Note) or the Trustee may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the relevant Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur not later than 10 days after the date of receipt of the first relevant notice by the Registrar.

No beneficial owner of an interest in a Registered Global Note will be able to transfer such interest, except in accordance with the applicable procedures of Euroclear and Clearstream, Luxembourg, in each case to the extent applicable.

General

Pursuant to the Agency Agreement (as defined under "*Terms and Conditions of the Notes*") the Principal Paying Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes at a point after the Issue Date of the further Tranche, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series, which shall not be prior to the expiry of the distribution compliance period applicable to the Notes of such Tranche.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear and/or Clearstream, Luxembourg each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the relevant Issuer and their agents as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the relevant Issuer and its agents as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions “Noteholder” and “holder of Notes” and related expressions shall be construed accordingly.

Noteholders who hold the Notes in the relevant clearing system in amounts that are not integral multiples of a Specified Denomination may need to purchase or sell on or before the relevant Exchange Date, a principal amount of Notes such that their holding is an integral multiple of a Specified Denomination.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any successor operator and/or successor clearing system and/or any additional or alternative clearing system specified in the applicable Final Terms.

Any reference herein to the Common Depositary shall, whenever the context so permits, be deemed to include references to any successor common depositary or any additional or alternative common depositary as is approved by the relevant Issuer, the Principal Paying Agent and the Trustee.

FORM OF FINAL TERMS

[Date]

[PROHIBITION OF SALES TO EEA RETAIL INVESTORS - The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("EEA"). For these purposes, a "retail investor" means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); (ii) a customer within the meaning of Directive (EU) 2016/97 (the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Regulation (EU) 2017/1129. Consequently, no key information document required by Regulation (EU) No. 1286/2014 (as amended, the "PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.][1]

[PROHIBITION OF SALES TO UK RETAIL INVESTORS - The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("UK"). For these purposes, a "retail investor" means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No. 2017/565 as it forms part of the domestic law of the UK by virtue of the European Union (Withdrawal) Act 2018 ("EUWA"); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, the "FSMA") and any rules or regulations made under the FSMA to implement [the Insurance Distribution Directive/Directive (EU) 2016/97], where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of the domestic law of the UK by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of the domestic law of the UK by virtue of the EUWA. Consequently, no key information document required by Regulation (EU) No. 1286/2014 as it forms part of the domestic law of the UK by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.][2]

[MiFID II product governance / Professional investors and eligible counterparties only target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in [MiFID II/Directive 2014/65/EU (as amended, "MiFID II")]; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. [*Details of any negative target market to be included if applicable*]. Any person subsequently offering, selling or recommending the Notes (a "distributor") should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[UK MiFIR product governance / Professional investors and eligible counterparties only target market – Solely for the purposes of [the/each] manufacturer's product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook, and professional clients, as defined in Regulation (EU) No. 600/2014 as it forms part of the domestic law of the UK by virtue of the [EUWA/European Union (Withdrawal) Act 2018] ("UK MiFIR"); and (ii) all channels for distribution of the Notes to

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[1] Legend to be included on front of the Final Terms if the Notes potentially constitute "packaged" products and no key information document will be prepared in the EEA or the relevant Issuer wishes to prohibit offers to EEA retail investors for any other reason, in which case the selling restriction should be specified to be "Applicable".

[2] Legend to be included on front of the Final Terms if the Notes potentially constitute "packaged" products and no key information document will be prepared in the UK or the relevant Issuer wishes to prohibit offers to UK retail investors for any other reason, in which case the selling restriction should be specified to be "Applicable".

eligible counterparties and professional clients are appropriate. [*Details of any negative target market to be included if applicable*]. Any [distributor]/[person subsequently offering, selling or recommending the Notes (a "distributor")] should take into consideration the manufacturer['s/s'] target market assessment; however, a distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer['s/s'] target market assessment) and determining appropriate distribution channels.]

[UNITED UTILITIES PLC
LEI: 213800KYT12UFB2VE455]
[UNITED UTILITIES WATER FINANCE PLC
LEI: 213800313INX42GDLR44]
Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]
[unconditionally and irrevocably guaranteed by UNITED UTILITIES WATER LIMITED]
under the £12,000,000,000
Euro Medium Term Note Programme

PART A - CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "Conditions") set forth in the Offering Circular dated 14 November 2025 [and the supplement[s] to it dated [*date*] [and [*date*]]] which [together] constitute[s] a base prospectus for the purposes of Regulation (EU) 2017/1129 as it forms part of the domestic law of the [UK/United Kingdom ("UK")] by virtue of the [EUWA/European Union (Withdrawal) Act 2018] (the "UK Prospectus Regulation") (the "Offering Circular"). This document constitutes the Final Terms of the Notes described herein for the purposes of the UK Prospectus Regulation and must be read in conjunction with the Offering Circular in order to obtain all the relevant information. The Offering Circular has been published on the website of the Regulatory News Service operated by the London Stock Exchange at https://www.londonstockexchange.com/news?tab=news-explorer.]

[Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the "Conditions") set forth in the Offering Circular dated [*original date*] which are incorporated by reference in the Offering Circular dated 14 November 2025. This document constitutes the Final Terms of the Notes described herein for the purposes of Regulation (EU) 2017/1129 as it forms part of the domestic law of the [UK/United Kingdom ("UK")] by virtue of the [EUWA/European Union (Withdrawal) Act 2018] (the "UK Prospectus Regulation") and must be read in conjunction with the Offering Circular dated 14 November 2025 [and the supplement[s] to it dated [*date*] [and [date]]] which [together] constitute[s] a base prospectus for the purposes of the UK Prospectus Regulation (the "Offering Circular") in order to obtain all the relevant information, including the Conditions incorporated by reference in the Offering Circular. The Offering Circular has been published on the website of the Regulatory News Service operated by the London Stock Exchange at https://www.londonstockexchange.com/news?tab=news-explorer.]

1.	(a)	Issuer:	[United Utilities PLC/United Utilities Water Finance PLC]
	(b)	[Guarantor:	[United Utilities Water Limited]]
2.	(a)	Series Number:	[ ]
	(b)	Tranche Number:	[ ]
	(c)	Date on which the Notes will be consolidated and form a single Series:	The Notes will be consolidated and form a single Series with [ ] on [the Issue Date/the date that is 40 days after the Issue Date/exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph [24] below, which is expected to occur on or about [ ]][Not Applicable]

3.		Specified Currency or Currencies:	[ ]
4.		Aggregate Nominal Amount	
	(a)	Series:	[ ]
	(b)	Tranche:	[ ]
5.		Issue Price:	[ ] per cent. of the Aggregate Nominal Amount [plus [ ] days'] accrued interest from (and including) [ ] to (but excluding) [ ] (*if applicable*)]
6.	(a)	Specified Denominations:	[ ] [EUR [100,000] and integral multiples of EUR [1,000] in excess thereof up to and including EUR [199,000]. No Notes in definitive form will be issued with a denomination above EUR [199,000]]
	(b)	Calculation Amount (and in relation to calculation of interest for Notes in global form or Registered definitive form see Conditions):	[ ]
7.	(a)	Issue Date:	[ ]
	(b)	Interest Commencement Date:	[[ ]/Issue Date/Not Applicable]
8.		Maturity Date:	[*Specify date/or for Floating rate notes* - Interest Payment Date falling in or nearest to [ ]]
9.		Interest Basis:	[[ ] per cent. Fixed Rate] [ ] [+/-] [ ] per cent. [Floating Rate] [Zero Coupon] [Index Linked Interest] (see paragraph [15/16/17/18] below)
10.		Redemption/Payment Basis:	[Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [[98][99][100][101][102] per cent. of their nominal amount]][Par][Index Linked Redemption] [Instalment]
11.		Change of Interest Basis:	[For the period from (and including) the Interest Commencement Date, up to (but excluding) [ ] paragraph [15/16] applies and for the period from (and including) [ ], up to (but excluding) the Maturity Date paragraph [15/16] applies] [Not Applicable]
12.		Put/Call Options:	[Not Applicable] [Investor Put] [Issuer Call] (see paragraph [20/21] below)
13.	(a)	Status of the Notes:	Senior, unsecured
	[(b)]	Status of the Guarantee:	Senior, unsecured
	[(b)/(c)]	Date [Board] approval for issuance obtained:	[ ]
14.		Method of Distribution:	[Syndicated/Non-syndicated]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15.	**Fixed Rate Note Provisions:**		[Applicable/Not Applicable]
	(a)	Rate[(s)] of Interest:	[ ] per cent. per annum payable [annually/semi-annually/quarterly] in arrear on each Interest Payment Date
	(b)	Interest Payment Date(s):	[ ] in each year up to and including the Maturity Date
	(c)	Fixed Coupon Amount(s) (and in relation to Notes in global form or Registered definitive form see Conditions):	[ ] per Calculation Amount
	(d)	Broken Amount(s) (and in relation to Notes in global form or Registered definitive form see Conditions):	[[ ] per Calculation Amount, payable on the Interest Payment Date falling [in/on] [ ]/Not Applicable]
	(e)	Day Count Fraction:	[Actual/Actual (ICMA)] [30/360] [Actual/Actual (ISDA)][Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)]
	(f)	Determination Date(s):	[[ ] in each year][Not Applicable]
16.	**Floating Rate Note Provisions:**		[Applicable/Not Applicable]
	(a)	Specified Period(s)/Specified Interest Payment Dates:	[ ]
	(b)	First Interest Payment Date:	[ ]
	(c)	Business Day Convention:	[Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention]
	(d)	Additional Business Centre(s):	[ ]
	(e)	Manner in which the Rate of Interest and Interest Amount are to be determined:	Screen Rate Determination
	(f)	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Principal Paying Agent):	[ ]
	(g)	Screen Rate Determination:	

● Reference Rate, Relevant Time and Relevant Financial Centre:	Reference Rate: [[ ] month [BBSW/ HIBOR/TIBOR/PRIBOR/EURIBOR]][Compounded Daily SONIA][Compounded Daily SOFR][Weighted Average SOFR] Relevant Time: [[ ] in the Relevant Financial Centre][Not Applicable] Relevant Financial Centre: [Sydney/Hong Kong/Tokyo/Prague/Brussels][Not Applicable] (*If "Overnight Rate" is "Applicable", the items "Relevant Time" and "Relevant Financial Centre" will be "Not Applicable"*)
● Term Rate:	[Applicable/Not Applicable]
● Overnight Rate:	[Applicable/Not Applicable]
● Index Determination:	[Applicable/Not Applicable]
● Relevant Number:	[[5 / [ ]] [[London Banking Days]]/[U.S. Government Securities Business Days]/[Not Applicable] (*If "Index Determination" is "Not Applicable", delete "Relevant Number" and complete the remaining bullets below*) (*If "Index Determination" is "Applicable", insert number of days (expected to be five or greater) as the Relevant Number, and the next three bullets below will each be "Not Applicable"*)
● D:	[360/365/[ ]] / [Not Applicable] (*Applicable to Floating Rate Notes referencing "Compounded Daily SOFR" and where "Index Determination" is specified as "Not Applicable"*)
● Observation Method:	[Lag/Lock-out/Observation Shift/Not Applicable]
● Lag Period:	[5 / [ ] [London Banking Days] [U.S. Government Securities Business Days]] [Not Applicable]
● Observation Shift Period:	[5 / [ ] [London Banking Days] [U.S. Government Securities Business Days]] [Not Applicable] (*NB: A minimum of 5 relevant business/banking days should be specified for the Lag Period or Observation Shift Period, unless otherwise agreed with the Principal Paying Agent or such other party responsible for calculating the Rate of Interest and Interest Amount*)
● Interest Determination Date(s):	[First day of each Interest Period] [Second day on which T2 is open prior to the start of each Interest Period] [Second Tokyo business day prior to the start of each Interest Period] [Second Prague business day prior to the start of each Interest Period] [[ ] prior to the start of each Interest Period]

			[The [first/[ ]] [London Banking Day]/[U.S. Government Securities Business Day] falling after the last day of the relevant Observation Period] [The day falling [ ] [London Banking Day[s]]/[U.S. Government Securities Business Day[s]] prior to each Interest Payment Date (or the relevant payment date if the Notes become due and payable on a date other than an Interest Payment Date)]
		• Relevant Screen Page:	[ ]
	(h)	Linear Interpolation:	[Not Applicable/Applicable – the Rate of Interest for [the/each] [long/short][first/last] Interest Period shall be calculated using Linear Interpolation (*specify for each short or long interest period*)]
	(i)	Margin(s):	[+/-] [ ] per cent. per annum
	(j)	Minimum Rate of Interest:	[ ] per cent. per annum
	(k)	Maximum Rate of Interest:	[ ] per cent. per annum
	(l)	Day Count Fraction:	[Actual/Actual (ISDA)][Actual/Actual] [Actual/365 (Fixed)] [Actual/365 (Sterling)] [Actual/360] [30/360][360/360][Bond Basis] [30E/360][Eurobond basis] [30E/360 (ISDA)]
	(m)	Benchmark Discontinuation:	
		• Benchmark Replacement:	[Applicable – Condition 6.2(i)(A) applies]/[Not Applicable]
		• Benchmark Transition:	[Applicable – Condition 6.2(i)(B) applies]/[Not Applicable] (*Unless otherwise agreed, select 'Benchmark Transition' if the Notes are Floating Rate Notes and the Original Reference Rate is SOFR; otherwise, select 'Benchmark Replacement'*)
17.	**Zero Coupon Note Provisions:**		[Applicable/Not Applicable]
	(a)	Accrual Yield:	[ ] per cent. per annum
	(b)	Reference Price:	[ ]
	(c)	Day Count Fraction in relation to Early Redemption Amounts:	[30/360] [Actual/360] [Actual/365]

18.	**Index Linked Interest/Redemption Note Provisions:**	[Applicable – Conditions [6] and [7] apply/Not Applicable]
	(a) Index:	[RPI/CPI/CPIH]
	(b) Rate of Interest:	[ ] per cent. per annum multiplied by the Index Ratio (in accordance with Condition 6.3)
	(c) Name and address of Calculation Agent:	[ ]
	(d) Specified Period(s)/Specified Interest Payment Dates:	[ ]
	(e) Business Day Convention:	[Not Applicable/Floating Rate Convention/Following Business Day Convention/Modified Following Business Day Convention/ Preceding Business Day Convention]
	(f) Additional Business Centre(s):	[ ] [Not Applicable]
	(g) Day Count Fraction:	[Actual/Actual (ICMA)] [30/360 (as set out in Condition 6.2(d))] [Actual/Actual (ISDA)] [Actual/Actual] [Actual/365 (Fixed)] [Actual/360] [30/360 (as set out in Condition 6.2(d))] [360/360][Bond Basis] [30E/360][Eurobond basis] [30E/360 (ISDA)] [Index Day Count Fraction]
	(h) Base Index Figure:	[ ]
	(i) Index Figure applicable to:	[[ ] month lag applies] [Not Applicable]
	(j) t:	[ ] [Not Applicable]
	(k) Reference Gilt:	[[ ] per cent. Index-Linked Treasury Stock due [ ]] [Not Applicable]
	(l) Minimum Rate of Interest:	[ ] per cent. per annum
	(m) Maximum Rate of Interest:	[ ] per cent. per annum

PROVISIONS RELATING TO REDEMPTION

19.	Notice periods for Condition 9.2:	Minimum period: [ ] days Maximum period: [ ] days
20.	Issuer Call:	[Applicable/Not Applicable]

	(a)	Optional Redemption Date(s):	[ ]
	(b)	Optional Redemption Amount:	[ ] per Calculation Amount
		(i) Minimum Optional Redemption Amount:	[[ ] per Calculation Amount/Not Applicable]
		(ii) Maximum Optional Redemption Amount:	[[ ] per Calculation Amount/Not Applicable]
	(c)	If redeemable in part:	[Applicable/Not Applicable]
		(i) Minimum Redemption Amount:	[ ]
		(ii) Maximum Redemption Amount:	[ ]
	(d)	Notice periods:	Minimum period: [ ] days Maximum period: [ ] days
21.		Investor Put:	[Applicable/Not Applicable]
	(a)	Optional Redemption Date(s):	[ ]
	(b)	Optional Redemption Amount:	[ ] per Calculation Amount
		(i) Minimum Optional Redemption Amount:	[[ ] per Calculation Amount/Not Applicable]
		(ii) Maximum Optional Redemption Amount:	[[ ] per Calculation Amount/Not Applicable]
	(c)	Notice periods:	Minimum period: [ ] days Maximum period: [ ] days
22.		Final Redemption Amount:	[ ] per Calculation Amount
		(i) Minimum Final Redemption Amount:	[[ ] per Calculation Amount/Not Applicable]
		(ii) Maximum Final Redemption Amount:	[[ ] per Calculation Amount/Not Applicable]
23.		Early Redemption Amount payable on redemption for taxation reasons, indexation reasons or on event of default:	[ ] per Calculation Amount

	(i)	Minimum Early Redemption Amount:	[[ ] per Calculation Amount/Not Applicable]
	(ii)	Maximum Early Redemption Amount:	[[ ] per Calculation Amount/Not Applicable]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24.		Form of Notes:	[Bearer Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes only upon an Exchange Event] [Temporary Global Note exchangeable for Definitive Bearer Notes on and after the Exchange Date] [Permanent Global Note exchangeable for Definitive Notes only upon an Exchange Event]] [Registered Notes: Global Note registered in the name of a nominee for Euroclear and Clearstream, Luxembourg / a common safekeeper for Euroclear or Clearstream, Luxembourg]
25.		New Global Notes ("NGN") / New Safekeeping Structure ("NSS"):	[NGN/NSS/No]
26.		Additional Financial Centre(s):	[Not Applicable/[ ]]
27.		Talons for future Coupons to be attached to Definitive Notes:	[Yes/No]
28.		Redenomination applicable:	Redenomination [not] applicable
29.		Details Relating to Instalment Notes:	[Applicable]/[Not Applicable]
	(a)	Instalment Amount(s):	[ ]
	(b)	Instalment Dates:	[ ]

[THIRD PARTY INFORMATION

[ ] has been extracted from [ ]. [Each of the][The] Issuer [and the Guarantor] confirm[s] that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [ ], no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By: ………………………………..

[*Duly authorised*]

[Signed on behalf of the Guarantor:

By: …………………………………

[*Duly authorised*]]

PART B - OTHER INFORMATION

1. LISTING

(a)	Listing:	London
(b)	Admission to trading:	Application [has been]/[will be] made by the Issuer (or on its behalf) for the Notes to be admitted to trading on [the London Stock Exchange's main market and listing on the Official List of the FCA] with effect from [ ]. (*Where documenting a fungible issue need to indicate that original Notes are already admitted to trading*)
(c)	Estimate of total expenses related to admission to trading:	[ ]

2. RATINGS

Ratings:	[Not Applicable]/[The Notes to be issued [[have been]/[are expected to be]] rated]/[The following ratings reflect ratings assigned to Notes of this type issued under the Programme generally: "[ ]" by [*insert the legal name of the relevant credit rating entity(/ies) and associated defined terms*] [*Insert brief explanation of the meaning of the ratings, if this has previously been published by the rating provider*]

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

[Save for any fees [of [*insert relevant fee disclosure*]] payable to [the] [[ ][("Managers")]/Dealers], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. The [Managers/Dealers] and [its/their] affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer [and the Guarantor] and their affiliates in the ordinary course of business.] – *Amend as appropriate if there are other interests*.

4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES

(a)	[Reasons for the offer:	[See "*Use of Proceeds" in the Offering Circular/Give details*][The Issuer intends to issue the Notes as [Green Bonds / Social Bonds / Sustainability Bonds / Blue Bonds] (as defined in the Offering Circular) and apply an amount equal to the net proceeds from this issue of Notes to eligible projects and activities that are in keeping with the Sustainable Finance Framework (as amended, supplemented or updated from time to time) (as defined and further described in the section of the Offering Circular entitled, "*Sustainable Finance Framework*").]]
(b)	[Estimated net proceeds:	[ ]]
(c)	[Estimated total expenses:	[ ]]

5. YIELD

Indication of yield:	[ ]
	The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

6. PERFORMANCE OF INTEREST RATES

Details of performance of [EURIBOR/TIBOR/PRIBOR/HIBOR/BBSW] rates can be obtained from [Reuters/Bloomberg/*give details of electronic means of obtaining the details of performance*].

7. OPERATIONAL INFORMATION

(a)	ISIN:	[ ]
(b)	Common Code:	[ ]
(c)	Any clearing system(s) other than Euroclear and Clearstream, Luxembourg and the relevant identification number(s):	[Not Applicable/[ ]]
(d)	Delivery:	Delivery [against/free of] payment
(e)	Names and addresses of additional Paying Agent(s) (if any):	[ ]
(f)	Intended to be held in a manner that would allow Eurosystem eligibility:	[Yes. Note that the designation "yes" simply means that the Notes are intended upon issue to be deposited with one of the ICSDs as common safekeeper[, and registered in the name of a nominee of one of the ICSDs acting as common Safekeeper] [*include this text for Registered Notes that are into be held under the NSS*] and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.] [No. Whilst the designation is specified as "no" at the date of these Final Terms, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper[, and registered in the name of a nominee of one of the ICSDs acting as common Safekeeper] [*include this text for Registered Notes that are into be held under the NSS*]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

8. BENCHMARKS REGULATION

(*Floating Rate Notes calculated by reference to benchmarks only*)	[Not Applicable]
	[Amounts payable under the Notes will be calculated by reference to [*specify benchmark (as this term is defined in Regulation (EU) 2016/1011 as it forms part of the domestic law of the UK by virtue of the EUWA (the "UK Benchmarks Regulation"))*] which is provided by [*legal name of the benchmark administrator*]. As at the date of these Final Terms, [*legal name of the benchmark administrator*] [appears/does not appear] on the register of administrators and benchmarks established and maintained by the FCA pursuant to Article 36 of Regulation (EU) 2016/1011 as it forms part of the domestic law of the UK by virtue of the EUWA.] (*Amend as applicable*)
	[[As far as the Issuer is aware, [*specify benchmark (as this term is defined in the UK Benchmarks Regulation)*] [does not fall within the scope of the UK Benchmarks Regulation by virtue of Article 2 thereof/the transitional provisions in Article 51 of the UK Benchmarks Regulation apply] such that [*legal name of the benchmark administrator*] is not currently required to obtain authorisation or registration (or, if located outside the UK, recognition, endorsement or equivalence).]] (*Amend as applicable*)

9. DISTRIBUTION

(a)	If syndicated, names of Managers:	[Not Applicable/[ ]]
(b)	If non-syndicated, name of relevant Manager:	[ ]
(c)	Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable:	[TEFRA D/TEFRA C/TEFRA not applicable]
(d)	Prohibition of Sales to EEA Retail Investors:	[Applicable/Not Applicable] (*If the Notes clearly do not constitute "packaged" products or the Notes do constitute "packaged" products and a key information document will be prepared in the EEA, "Not Applicable" should be specified. If the Notes may constitute "packaged" products and no key information document will be prepared in the EEA, "Applicable" should be specified.*)
(e)	Prohibition of Sales to UK Retail Investors:	[Applicable/Not Applicable] (*If the Notes clearly do not constitute "packaged" products or the Notes do constitute "packaged" products and a key information document will be prepared in the UK, "Not Applicable" should be specified. If the Notes may*

constitute "packaged" products and no key information document will be prepared in the UK, "Applicable" should be specified.)

(f)	Prohibition of Sales to Belgian Consumers:	[Applicable/Not Applicable]

TERMS AND CONDITIONS OF THE NOTES

The following are the Terms and Conditions of the Notes which will be incorporated by reference into each Global Note (as defined below) and each definitive Note, in the latter case only if permitted by the relevant stock exchange or other relevant authority (if any) and agreed by the relevant Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such definitive Note will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms in relation to any Tranche of Notes may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with the following Terms and Conditions, replace or modify the following Terms and Conditions for the purpose of such Notes. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and definitive Note. Reference should be made to "Form of the Notes" for a description of the content of Final Terms which will include the definitions of certain terms used in the following Terms and Conditions and/or will specify which of such terms are to apply in relation to the relevant Notes.

This Note is one of a Series (as defined below) of Notes issued by United Utilities PLC ("UU") or United Utilities Water Finance PLC ("UUWF") (each an "Issuer" and, together, the "Issuers") constituted by an Amended and Restated Trust Deed (such Trust Deed as modified and/or supplemented and/or restated from time to time, the "Trust Deed") dated 14 November 2025 made between the Issuers and United Utilities Water Limited (the "Guarantor") as guarantor of Notes issued by UUWF and The Law Debenture Trust Corporation p.l.c. (the "Trustee", which expression shall include any successor as trustee).

References herein to the "Notes" shall be references to the Notes of this Series and shall mean:

(a) in relation to any Notes represented by a global Note (a "Global Note"), units of the lowest Specified Denomination in the Specified Currency;

(b) any Global Note;

(c) any definitive Notes in bearer form ("Bearer Notes") issued in exchange for a Global Note in bearer form; and

(d) any definitive Notes in registered form ("Registered Notes") (whether or not issued in exchange for a Global Note in registered form).

References herein to the "relevant Issuer" shall be to the Issuer of the Notes named as such in the applicable Final Terms (as defined below). References in these Terms and Conditions to the "Guarantor" shall only be applicable if UUWF is specified as the Issuer of the Notes in the applicable Final Terms.

The Notes, the Receipts (as defined below) and the Coupons (as defined below) have the benefit of an Amended and Restated Agency Agreement (such Agency Agreement, as amended and/or supplemented and/or restated from time to time, the "Agency Agreement") dated 14 November 2025 and made between the Issuers, the Guarantor, Citibank, N.A., London Branch as issuing and principal paying agent and agent bank (the "Principal Paying Agent", which expression shall include any successor principal paying agent), the other paying agents named therein (together with the Principal Paying Agent, the "Paying Agents", which expression shall include any additional or successor paying agents), Citibank, N.A., London Branch as registrar (in such capacity, the "Registrar", which expression shall include any successor registrar) and as transfer agent (in such capacity, the "Transfer Agent", which expression shall include any additional or successor transfer agents) and the Trustee. The Principal Paying Agent, the Registrar, the Paying Agents and other Transfer Agents together referred to as the "Agents".

The Final Terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which supplements these Terms and Conditions and may specify other terms and conditions which shall, to the extent so specified or to the extent inconsistent with these Terms and Conditions, replace or modify these Terms and Conditions for the purposes of this Note. References to the "applicable Final Terms" are, unless otherwise stated, to Part A of the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

Interest bearing definitive Bearer Notes have interest coupons ("Coupons") and, in the case of Bearer Notes which, when issued in definitive form, have more than 27 interest payments remaining, talons for further Coupons ("Talons") attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Notes in definitive bearer form which are repayable in instalments have receipts ("Receipts") for the payment of the instalments of principal (other than the final instalment) attached on issue. Registered Notes and Global Notes do not have Receipts, Coupons or Talons attached on issue.

The Trustee acts for the benefit of the Noteholders (which expression shall mean (in the case of Bearer Notes) the holders for the time being of the Notes and (in the case of Registered Notes) the persons in whose name the Notes are registered and shall, in relation to any Notes represented by a Global Note, be construed as provided below), the holders of the Coupons (the "Couponholders", which expression shall, unless the context otherwise requires, include the holders of the Talons) and the holders of Receipts (the "Receiptholders"), in accordance with the provisions of the Trust Deed.

As used herein, "Tranche" means Notes which are identical in all respects (including as to listing and admission to trading) and "Series" means a Tranche of Notes together with any further Tranche or Tranches of Notes which (i) are expressed to be consolidated and form a single series and (ii) have the same terms and conditions or terms and conditions which are the same in all respects save for the amount and date of the first payment of interest thereon and the date from which interest starts to accrue.

Copies of the Trust Deed, the Agency Agreement and the applicable Final Terms (i) are available for inspection or collection during normal business hours at the registered office for the time being of the Trustee (being at 14 November 2025 at 8th Floor, 100 Bishopsgate, London EC2N 4AG) and at the specified office of each of the Paying Agents and the Registrar or (ii) may be provided by email to a Noteholder following their prior written request to the Trustee, any Paying Agent or the Registrar and provision of proof of holding and identity (in a form satisfactory to the Trustee, the relevant Paying Agent or the Registrar, as the case may be). If the Notes are to be admitted to trading on the main market of the London Stock Exchange the applicable Final Terms will be published on the website of the London Stock Exchange through a regulatory information service. If this Note is not to be admitted to trading on the main market of the London Stock Exchange, the applicable Final Terms will only be obtainable by a Noteholder holding one or more Notes and such Noteholder must produce evidence satisfactory to the relevant Issuer and the Trustee, the relevant Paying Agent or, as the case may be, the Registrar as to its holding of such Notes and identity. The Noteholders, the Couponholders and the Receiptholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed, the Agency Agreement and the applicable Final Terms which are applicable to them. The statements in these Terms and Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement.

Words and expressions defined in the Trust Deed or the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in these Terms and Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the Agency Agreement, the Trust Deed will prevail and, in the event of inconsistency between the Agency Agreement or the Trust Deed and the applicable Final Terms, the applicable Final Terms will prevail.

1. FORM, DENOMINATION AND TITLE

The Notes are in bearer form or in registered form as specified in the applicable Final Terms and, in the case of definitive Notes, serially numbered, in the currency (the "Specified Currency") and the denominations (the "Specified Denomination(s)") specified in the applicable Final Terms. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination and Bearer Notes may not be exchanged for Registered Notes and *vice versa*.

This Note may be a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note, an Instalment Note or an Index Linked Note, or a combination of any of the foregoing, depending upon the Interest Basis and Redemption Basis shown in the applicable Final Terms.

Definitive Bearer Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in these Terms and Conditions are not applicable. Instalment Notes which are Bearer Notes are issued with one or more Receipts attached.

Subject as set out below, title to the Bearer Notes, Receipts and Coupons will pass by delivery and title to the Registered Notes will pass upon registration of transfers in accordance with the provisions of the Agency Agreement. The relevant Issuer, the Guarantor (where the relevant Issuer is UUWF), any Paying Agent and the Trustee will (except as otherwise required by law) deem and treat the bearer of any Bearer Note, Receipt or Coupon and the registered holder of any Registered Note as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes is represented by a Global Note held on behalf of Euroclear Bank SA/NV ("Euroclear") and/or Clearstream Banking S.A. ("Clearstream, Luxembourg"), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the relevant Issuer, the Guarantor (where the relevant Issuer is UUWF), the Paying Agents and the Trustee as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Bearer Global Note or the registered holder of the relevant Registered Global Note shall be treated by the relevant Issuer, the Guarantor (where the relevant Issuer is UUWF) any Paying Agent and the Trustee as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions "Noteholder" and "holder of Notes" and related expressions shall be construed accordingly. In determining whether a particular person is entitled to a particular amount of Notes as aforesaid, the Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any successor operator and/or successor clearing system and/or any additional or alternative clearing system specified in Part B of the applicable Final Terms.

2. TRANSFERS OF REGISTERED NOTES

2.1 Transfers of interests in Registered Global Notes

Transfers of beneficial interests in Registered Global Notes will be effected by Euroclear or Clearstream, Luxembourg, as the case may be, and, in turn, by other participants and, if appropriate, indirect participants in such clearing systems acting on behalf of beneficial transferors and transferees of such interests. A beneficial interest in a Registered Global Note will, subject to compliance with all applicable legal and regulatory restrictions, be transferable for Notes in definitive form or for a beneficial interest in another Registered Global Note of the same series only in the Specified Denominations set out in the applicable Final Terms and only in accordance with the rules and operating procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be, and in accordance with the terms and conditions specified in the Trust Deed and the Agency Agreement.

2.2 Transfers of Registered Notes in definitive form

Subject as provided in Condition 2.3 below, upon the terms and subject to the conditions set forth in the Trust Deed and the Agency Agreement, a Registered Note in definitive form may be transferred in whole or in part (in the Specified Denominations set out in the applicable Final Terms). In order to effect any such transfer (i) the holder or holders must (A) surrender the Registered Note for registration of the transfer of the Registered Note (or the relevant part of the Registered Note) at the specified office of any Transfer Agent, with the form of transfer thereon duly executed by the holder or holders thereof or their attorney or attorneys duly authorised in writing and (B) complete and deposit such other certifications as may be required by the relevant Transfer Agent and (ii) the Registrar or, as the case may be, the relevant Transfer Agent must, after due and careful enquiry, be satisfied with the documents of title and the identity of the person making the request. Any such transfer will be subject to such reasonable regulations as the relevant Issuer and the Registrar may from time to time prescribe, the initial such regulations being set out in Schedule 3 to the Agency Agreement. Subject as provided above, the relevant

Transfer Agent will, as soon as reasonably practicable (upon receipt of the relevant request), authenticate and deliver, or procure the authentication and delivery of, at its specified office to the transferee or (at the risk of the transferee) send by uninsured mail, to such address as the transferee may request, a new Registered Note in definitive form of a like aggregate nominal amount to the Registered Note (or the relevant part of the Registered Note) transferred. In the case of the transfer of part only of a Registered Note in definitive form, a new Registered Note in definitive form in respect of the balance of the Registered Note not transferred will be so authenticated and delivered or (at the risk of the transferor) sent to the transferor.

2.3 Registration of transfer upon partial redemption

In the event of a partial redemption of Notes under Condition 9, the relevant Issuer shall not be required to register the transfer of any Registered Note, or part of a Registered Note, called for partial redemption.

2.4 Costs of registration

Noteholders will not be required to bear the costs and expenses of effecting any registration of transfer as provided above, except for any costs or expenses of delivery other than by regular uninsured mail and except that the relevant Issuer may require the payment of a sum sufficient to cover any stamp duty, tax or other governmental charge that may be imposed in relation to the registration.

3. STATUS OF THE NOTES AND THE GUARANTEE

3.1 Status of the Notes

The Notes and any relative Receipts and Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the relevant Issuer and rank *pari passu* among themselves and (subject as aforesaid and save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the relevant Issuer, from time to time outstanding.

3.2 Status of the Guarantee

The payment of principal, premium (if any) and interest in respect of the Notes issued by UUWF and all other moneys payable by UUWF under or pursuant to the Trust Deed has been unconditionally and irrevocably guaranteed by the Guarantor in the Trust Deed (the "Guarantee"). The obligations of the Guarantor under the Guarantee are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Guarantor and (subject as aforesaid and save for certain obligations required to be preferred by law) rank equally with all other unsecured obligations (other than subordinated obligations, if any) of the Guarantor, from time to time outstanding.

4. NEGATIVE PLEDGE

So long as any of the Notes remains outstanding (as defined in the Trust Deed) neither the relevant Issuer nor (where the relevant Issuer is UUWF) the Guarantor will create or permit to subsist any mortgage, charge, pledge, lien or other form of security interest upon the whole or any part of its undertaking, revenues or assets, present or future, to secure payment of any present or future Relevant Indebtedness (as defined below) of the relevant Issuer or (where the relevant Issuer is UUWF) the Guarantor or any Subsidiary (as defined in the Trust Deed) of either the relevant Issuer or (where the relevant Issuer is UUWF) the Guarantor or to secure any guarantee or indemnity in respect thereof, without at the same time according to the Notes or, as the case may be, to the obligations under the Guarantee, to the satisfaction of the Trustee, the same security as is created or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity, or such other security as the Trustee shall in its absolute discretion deem not materially less beneficial to the interests of the Noteholders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

"Relevant Indebtedness" means any present or future indebtedness (whether being principal, premium or interest) for borrowed money (other than indebtedness for borrowed money with an initial maturity falling 20 years or more after the Issue Date of the first Tranche of the Notes and having a maximum principal amount outstanding at any time not exceeding the greater of £250,000,000 and 20 per cent. of Adjusted Capital and Reserves (as defined in Condition 12.2) or indebtedness for borrowed money which has a stated maturity not exceeding one year) which is in the form of, or represented or evidenced by, bonds, notes, debentures, debenture stock, loan stock or other securities, whether issued for cash or in whole or in part for a consideration other than cash and which, with the agreement of the relevant Issuer, are quoted, listed, dealt in or traded on a stock exchange or over the counter or other recognised securities market (whether or not distributed by way of private placement).

5. REDENOMINATION

5.1 Redenomination

Where redenomination is specified in the applicable Final Terms as being applicable, the relevant Issuer may, without the consent of the Trustee, the Noteholders and the Couponholders, on giving prior notice to the Trustee, the Principal Paying Agent, Euroclear and Clearstream, Luxembourg and at least 30 days' prior notice to the Noteholders in accordance with Condition 16, elect that, with effect from the Redenomination Date specified in the notice, the Notes shall be redenominated in euro.

The election will have effect as follows:

(a) the Notes shall be deemed to be redenominated in euro in the denomination of euro 0.01 with a nominal amount for each Note equal to the nominal amount of that Note in the Specified Currency, converted into euro at the Established Rate, provided that, if the relevant Issuer determines, with the consent of the Trustee and the Principal Paying Agent, that the then market practice in respect of the redenomination in euro of internationally offered securities is different from the provisions specified above, such provisions shall be deemed to be amended so as to comply with such market practice and the relevant Issuer shall promptly notify the Noteholders in accordance with Condition 16, the stock exchange or other relevant authority (if any) on which the Notes are listed and the Paying Agents of such deemed amendments;

(b) save to the extent that an Exchange Notice has been given in accordance with paragraph (d) below, the amount of interest due in respect of the Notes will be calculated by reference to the aggregate nominal amount of Notes presented (or, as the case may be, in respect of which Receipts or Coupons are presented) for payment by the relevant holder and the amount of such payment shall be rounded down to the nearest euro 0.01;

(c) if definitive Notes are required to be issued after the Redenomination Date, they shall be issued at the expense of the relevant Issuer in the denominations of euro 1,000, euro 10,000, euro 100,000 and (but only to the extent of any remaining amounts less than euro 1,000 or such smaller denominations as the Trustee and the Principal Paying Agent may approve) euro 0.01 and such other denominations as the Trustee and the Principal Paying Agent shall determine and as shall be notified to the Noteholders in accordance with Condition 16;

(d) if definitive Notes have been issued prior to the Redenomination Date, all unmatured Receipts and Coupons denominated in the Specified Currency (whether or not attached to the Notes) will become void with effect from the date on which the relevant Issuer gives notice (the "Exchange Notice") that replacement euro-denominated Notes, Receipts and Coupons are available for exchange (provided that such Notes, Receipts and/or Coupons are so available) and no payments will be made in respect of them. The payment obligations contained in any Notes so issued will also become void on that date although those Notes will continue to constitute valid exchange obligations of the relevant Issuer. New euro-denominated Notes, Receipts and Coupons will be issued in exchange for Notes and Coupons denominated in the Specified Currency in such manner as the Trustee and the Principal Paying Agent may specify and as shall be notified to the Noteholders in the Exchange Notice. No Exchange Notice may be given less than 15 days prior to any date for payment of principal or interest on the Notes;

(e) after the Redenomination Date, all payments in respect of the Notes, the Receipts and the Coupons, other than payments of interest in respect of periods commencing before the Redenomination Date, will be made solely in euro as though references in the Notes to the Specified Currency were to euro. Payments will be made in euro by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque;

(f) if the Notes are Fixed Rate Notes and interest for any period ending on or after the Redenomination Date is required to be calculated for a period ending other than on an Interest Payment Date it will be calculated:

(i) in the case of the Notes represented by a Global Note, by applying the Rate of Interest to the aggregate outstanding nominal amount of the Notes represented by such Global Note; and

(ii) in the case of definitive Notes, by applying the Rate of Interest to the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction (as defined in Condition 6.1), and rounding the resultant figure to the nearest sub-unit (as defined in Condition 6.1) of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with the applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form comprises more than one Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the Specified Denomination without any further rounding;

(g) if the Notes are Floating Rate Notes the applicable Final Terms specifies any relevant changes to the provisions relating to interest.

5.2 Definitions

In these Terms and Conditions, the following expressions have the following meanings:

"Established Rate" means the rate for the conversion of the Specified Currency (including compliance with rules relating to roundings in accordance with applicable European Union regulations) into euro established by the Council of the European Union pursuant to Article 123 of the Treaty;

"euro" means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty;

"Redenomination Date" means (in the case of interest bearing Notes) any date for payment of interest under the Notes or (in the case of Zero Coupon Notes) any date, in each case specified by the relevant Issuer in the notice given to the Noteholders pursuant to Condition 5.1 above and which falls on or after the date on which the country of the Specified Currency first participates in the third stage of European economic and monetary union or otherwise participates in European economic and monetary union in a manner with similar effect to such third stage; and

"Treaty" means the Treaty establishing the European Community, as amended.

6. INTEREST

6.1 Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest, payable in arrear on the Interest Payment Date(s) in each year and on the Maturity Date if that does not fall on an Interest Payment Date.

If the Notes are Bearer Notes in definitive form, except as provided in the applicable Final Terms, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in the Conditions, "Fixed Interest Period" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Except in the case of Bearer Notes in definitive form where a Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

(a) in the case of Fixed Rate Notes which are (i) represented by a Global Note or (ii) Registered Notes in definitive form, the aggregate outstanding nominal amount of (A) the Fixed Rate Notes represented by such Global Note or (B) such Registered Notes; or

(b) in the case of Fixed Rate Notes which are Bearer Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction.

The resultant figure (including after application of any Fixed Coupon Amount or Broken Amount, as applicable, to the Calculation Amount in the case of Fixed Rate Notes which are Bearer Notes in definitive form) shall be rounded to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention.

Where the Specified Denomination of a Fixed Rate Note which is a Bearer Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

"Day Count Fraction" means, in respect of the calculation of an amount of interest in accordance with this Condition 6.1.

(a) if "Actual/Actual (ICMA)" is specified in the applicable Final Terms:

  (i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the "Accrual Period") is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or

  (ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:

    (A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; and

    (B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; and

(b) if "30/360" is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360;

(c) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(d) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;

(e) if "Actual/365 (Sterling)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

"Determination Period" means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest. Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

"sub-unit" means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

6.2 Interest on Floating Rate Notes

(a) Interest Payment Dates

Each Floating Rate Note bears interest on its outstanding nominal amount from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

(i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or

(ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an "Interest Payment Date") which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. In these Terms and Conditions, "Interest Period" means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

(A) in any case where Specified Periods are specified in accordance with Condition 6.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply mutatis mutandis or (ii) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (A) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (B) each subsequent Interest Payment Date shall be the last Business

Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or

(B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

(C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

(D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In this Condition, "Business Day" means a day which is:

(1) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and any Additional Business Centre (other than T2) specified in the applicable Final Terms;

(2) if T2 is specified as an Additional Business Centre in the applicable Final Terms, a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer System or any successor or replacement for that system ("T2") is open; and

(3) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and any Additional Business Centre and which, if the Specified Currency is New Zealand dollars, shall be Auckland) or (2) in relation to any sum payable in euro, a day on which T2 is open.

(b) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined in the manner specified below.

(i) Screen Rate Determination for Floating Rate Notes – Term Rate

This Condition 6.2(b)(i) applies where the applicable Final Terms specifies (1) "Screen Rate Determination" as the manner in which the Rate of Interest is to be determined and (2) "Term Rate" to be "Applicable".

The Rate of Interest for each Interest Period will, subject as provided below, be either:

(A) the offered quotation; or

(B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) as at the Relevant Time in the Relevant Financial Centre on the Interest Determination Date in question plus or minus (as indicated in the applicable Final Terms) the Margin (if any), all as determined by the Principal Paying Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Principal Paying Agent for the purpose of determining the arithmetic mean (rounded as provided above) of such offered quotations.

For the purposes of this Condition 6.2(b)(i):

"Interest Determination Date" shall mean the date specified as such in the applicable Final Terms or if none is so specified:

(i) if the Reference Rate is the Euro-zone interbank offered rate ("EURIBOR"), the second day on which T2 is open prior to the start of each Interest Period;

(ii) if the Reference Rate is the Tokyo interbank offered rate ("TIBOR"), the second Tokyo business day prior to the start of each Interest Period;

(iii) if the Reference Rate is the Hong Kong interbank offered rate ("HIBOR"), the first day of each Interest Period;

(iv) if the Reference Rate is the Prague interbank offered rate ("PRIBOR"), the second Prague business day prior to the start of each Interest Period; or

(v) if the Reference Rate is the Australian bank bill swap interest rate ("BBSW"), the first day of each Interest Period.

"Reference Rate" shall mean (i) EURIBOR; (ii) TIBOR; (iii) HIBOR; (iv) PRIBOR; or (v) BBSW, in each case for the relevant period, as specified in the applicable Final Terms.

"Relevant Financial Centre" shall mean (i) Brussels, in the case of a determination of EURIBOR; (ii) Tokyo, in the case of a determination of TIBOR; (iii) Hong Kong, in the case of a determination of HIBOR; (iv) Prague, in the case of a determination of PRIBOR; or (v) Sydney, in the case of determination of BBSW.

"Relevant Time" shall mean the time specified in the Final Terms or if none is specified: (i) in the case of EURIBOR, 11.00 a.m.; (ii) in the case of TIBOR, 11.00 a.m.; (iii) in the case of HIBOR, 11.00 a.m.; (iv) in the case of PRIBOR, 11.00 a.m.; or (v) in the case of BBSW, 10.10 a.m., in each case in the Relevant Financial Centre.

The Agency Agreement contains provisions for determining the Rate of Interest in the event that the Relevant Screen Page is not available or if, in the case of (A) above, no such offered quotation appears or, in the case of (B) above, fewer than three such offered quotations appear, in each case as at the time specified in the preceding paragraph, which provisions are subject to the application of Condition 6.2(i) below.

(ii) Screen Rate Determination for Floating Rate Notes – Overnight Rate – Compounded Daily SONIA – Non-Index Determination

This Condition 6.2(b)(ii) applies where the applicable Final Terms specifies: (1) "Screen Rate Determination" as the manner in which the Rate of Interest is to be determined; (2) "Overnight Rate" to be "Applicable"; (3) "Compounded Daily SONIA" as the Reference Rate; and (4) "Index Determination" to be "Not Applicable".

(A) The Rate of Interest for an Interest Accrual Period (as defined in Condition 6.2(b)(vi) below) will, subject to Condition 6.2(i) and as provided below, be Compounded Daily SONIA with respect to such Interest Accrual

Period plus or minus (as indicated in the applicable Final Terms) the applicable Margin (if any), all as determined by the Principal Paying Agent or (if applicable) such other party as is specified in the applicable Final Terms as being responsible for calculating the Rate of Interest.

"Compounded Daily SONIA" means, with respect to an Interest Accrual Period, the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) as calculated by the Principal Paying Agent or (if applicable) such other party as is specified in the applicable Final Terms as being responsible for calculating the Rate of Interest, in each case as at the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded if necessary to the nearest fourth decimal place, with 0.00005 being rounded upwards):

$$\text{Compounded Daily SONIA} = \left[\prod_{i=1}^{d_o}\left(1+\frac{SONIA_i \; x \; n_i}{365}\right)-1\right] \text{x} \; \frac{365}{d}$$

where:

"d" is the number of calendar days in:

(i) where "Lag" is specified as the Observation Method in the applicable Final Terms, the relevant Interest Accrual Period; or

(ii) where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the relevant Observation Period;

"d_o" means:

(i) where "Lag" is specified as the Observation Method in the applicable Final Terms, the number of London Banking Days in the relevant Interest Accrual Period; or

(ii) where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the number of London Banking Days in the relevant Observation Period;

"i" is a series of whole numbers from one to "d_o", each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day in:

(i) where "Lag" is specified as the Observation Method in the applicable Final Terms, the relevant Interest Accrual Period; or

(ii) where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the relevant Observation Period;

"London Banking Day" means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

"n_i" for any London Banking Day "i", means the number of calendar days from (and including) such London Banking Day "i" up to (but excluding) the following London Banking Day;

"Observation Period" means the period from (and including) the date falling "p" London Banking Days prior to the first day of the relevant Interest Accrual Period to (but excluding) the date falling "p" London Banking

Days prior to (A) (where the relevant Interest Accrual Period is a full Interest Period) the Interest Payment Date for such Interest Period or (B) (in the case of any other Interest Accrual Period) the date on which the relevant payment of interest falls due;

"p" means:

(i) where "Lag" is specified as the Observation Method in the applicable Final Terms, the number of London Banking Days specified as the "Lag Period" in the applicable Final Terms (or, if no such number is so specified, five London Banking Days); or

(ii) where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the number of London Banking Days specified as the "Observation Shift Period" in the applicable Final Terms (or, if no such number is specified, five London Banking Days);

the "SONIA reference rate", in respect of any London Banking Day ("LBDx"), is a reference rate equal to the daily Sterling Overnight Index Average ("SONIA") rate for such LBDx as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page (or, if the Relevant Screen Page is unavailable, as otherwise published by such administrator or authorised distributors) on the London Banking Day immediately following LBDx; and

"$SONIA_i$" means the SONIA reference rate for:

(i) where "Lag" is specified as the Observation Method in the applicable Final Terms, the London Banking Day falling "p" London Banking Days prior to the relevant London Banking Day "i"; or

(ii) where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the relevant London Banking Day "i".

(B) Subject to Condition 6.2(i), if, where any Rate of Interest is to be calculated pursuant to Condition 6.2(b)(ii)(A) above, in respect of any London Banking Day on which an applicable SONIA reference rate is required to be determined, such SONIA reference rate is not made available on the Relevant Screen Page or has not otherwise been published by the administrator or relevant authorised distributors, then the SONIA reference rate in respect of such London Banking Day shall be the rate determined by the Principal Paying Agent or (if applicable) such other party as is specified in the applicable Final Terms as being responsible for calculating the Rate of Interest as:

(1) the sum of (I) the Bank of England's Bank Rate (the "Bank Rate") prevailing at 5.00 p.m. (London time) (or, if earlier, close of business) on such London Banking Day; and (II) the mean of the spread of the SONIA reference rate to the Bank Rate over the previous five London Banking Days in respect of which a SONIA reference rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads); or

(2) if the Bank Rate under (1)(I) above is not available at the relevant time, either (I) the SONIA reference rate published on the Relevant Screen Page (or otherwise published by the administrator or relevant authorised distributors) for the first preceding London Banking Day in respect of which the SONIA reference rate was published on the Relevant Screen Page (or otherwise published by the

relevant authorised distributors) or (II) if this is more recent, the latest rate determined under (1) above,

and, in each case, references to "SONIA reference rate" in Condition 6.2(b)(ii)(A) above shall be construed accordingly.

(C) In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 6.2(b)(ii), and without prejudice to Condition 6.2(i), the Rate of Interest shall be:

(1) that determined as at the last preceding Interest Determination Date on which the Rate of Interest was so determined (though substituting, where a different Margin, Maximum Rate of Interest and/or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) relating to the relevant Interest Accrual Period, in place of the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as applicable) relating to that last preceding Interest Accrual Period); or

(2) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to such Notes for the first scheduled Interest Period had the Notes been in issue for a period equal in duration to the first scheduled Interest Period but ending on (and excluding) the Interest Commencement Date (applying the Margin and, if applicable, any Maximum Rate of Interest and/or Minimum Rate of Interest, applicable to the first scheduled Interest Period),

in each case determined by the Principal Paying Agent or (if applicable) such other party as is specified in the applicable Final Terms as being responsible for calculating the Rate of Interest.

(iii) Screen Rate Determination for Floating Rate Notes – Overnight Rate – Compounded Daily SONIA – Index Determination

This Condition 6.2(b)(iii) applies where the applicable Final Terms specifies: (1) "Screen Rate Determination" as the manner in which the Rate of Interest is to be determined, (2) "Overnight Rate" to be "Applicable"; (3) "Compounded Daily SONIA" as the Reference Rate; and (4) "Index Determination" to be "Applicable".

(A) The Rate of Interest for an Interest Accrual Period will, subject to Condition 6.2(i) and as provided below, be the Compounded Daily SONIA Index Rate with respect to such Interest Accrual Period plus or minus (as indicated in the applicable Final Terms) the applicable Margin (if any), all as determined by the Principal Paying Agent or (if applicable) such other party as is specified in the applicable Final Terms as being responsible for calculating the Rate of Interest.

"Compounded Daily SONIA Index Rate" means, with respect to an Interest Accrual Period, the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) as calculated by the Principal Paying Agent or (if applicable) such other party as is specified in the applicable Final Terms as being responsible for calculating the Rate of Interest, in each case in accordance with the following formula (and the resulting percentage will be rounded if necessary to the nearest fourth decimal place, with 0.00005 being rounded upwards):

$$\text{Compounded Daily SONIA Index Rate} = \left(\frac{SONIA\ Compounded\ Index_{End}}{SONIA\ Compounded\ Index_{Start}} - 1\right) x\ \frac{365}{d}$$

where:

"d" is the number of calendar days from (and including) the day in relation to which SONIA Compounded $Index_{Start}$ is determined to (but excluding) the day in relation to which SONIA Compounded $Index_{End}$ is determined;

"London Banking Day" means any day on which commercial banks are open for general business (including dealing in foreign exchange and foreign currency deposits) in London;

"Relevant Number" is the number specified as such in the applicable Final Terms (or, if no such number is specified, five);

the "SONIA Compounded Index" means, with respect to any London Banking Day, the value of the SONIA compounded index that is provided by the administrator of the SONIA reference rate to authorised distributors and as then published on the Relevant Screen Page (or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors) in respect of such London Banking Day;

"SONIA Compounded $Index_{End}$" means, with respect to an Interest Accrual Period, the SONIA Compounded Index determined in relation to the day falling the Relevant Number of London Banking Days prior to (A) (where the relevant Interest Accrual Period is a full Interest Period) the Interest Payment Date for such Interest Period or (B) (in the case of any other Interest Accrual Period) the date on which the relevant payment of interest falls due; and

"SONIA Compounded $Index_{Start}$" means, with respect to an Interest Accrual Period, the SONIA Compounded Index determined in relation to the day falling the Relevant Number of London Banking Days prior to the first day of such Interest Accrual Period.

(B) If the relevant SONIA Compounded Index required to determine SONIA Compounded $Index_{Start}$ or SONIA Compounded $Index_{End}$ is not published or displayed by the administrator of the SONIA reference rate (as defined in Condition 6.2(b)(ii)(A)) or other information service by 5.00 p.m. (London time) (or, if later, by the time falling one hour after the customary or scheduled time for publication thereof in accordance with the then-prevailing operational procedures of the administrator of the SONIA reference rate or of such other information service, as the case may be) on the relevant Interest Determination Date, the Compounded Daily SONIA Index Rate for the applicable Interest Accrual Period for which the SONIA Compounded Index is not available shall be "Compounded Daily SONIA" determined in accordance with Condition 6.2(b)(ii) above as if "Index Determination" were specified in the applicable Final Terms as being "Not Applicable", and for these purposes: (i) the "Observation Method" shall be deemed to be "Observation Shift" and (ii) the "Observation Shift Period" shall be deemed to be equal to the Relevant Number of London Banking Days, as if those alternative elections had been made in the applicable Final Terms.

(iv) Screen Rate Determination for Floating Rate Notes – Overnight Rate – SOFR – Non-Index Determination

This Condition 6.2(b)(iv) applies where the applicable Final Terms specifies: (1) "Screen Rate Determination" as the manner in which the Rate of Interest is to be determined; (2) "Overnight Rate" to be "Applicable"; (3) either "Compounded Daily SOFR" or "Weighted Average SOFR" as the Reference Rate; and (4) "Index Determination" to be "Not Applicable".

Where the applicable Final Terms specifies the Reference Rate to be "Compounded Daily SOFR", the provisions of paragraph (1) below of this Condition 6.2(b)(iv) apply.

Where the applicable Final Terms specifies the Reference Rate to be "Weighted Average SOFR", the provisions of paragraph (2) below of this Condition 6.2(b)(iv) apply.

(1) *Compounded Daily SOFR*

Where this paragraph (1) applies, the Rate of Interest for an Interest Accrual Period will, subject to Condition 6.2(i) and as provided below, be Compounded Daily SOFR with respect to such Interest Accrual Period plus or minus (as indicated in the applicable Final Terms) the applicable Margin (if any), all as determined by the Principal Paying Agent or (if applicable) such other party as is specified in the applicable Final Terms as being responsible for calculating the Rate of Interest.

"Compounded Daily SOFR" means, with respect to an Interest Accrual Period, the rate of return of a daily compound interest investment (with the daily U.S. dollars secured overnight financing rate as reference rate for the calculation of interest) as calculated by the Principal Paying Agent or (if applicable) such other party as is specified in the applicable Final Terms as being responsible for calculating the Rate of Interest as at the relevant Interest Determination Date in accordance with the following formula (and the resulting percentage will be rounded if necessary to the nearest fifth decimal place, with 0.000005 being rounded upwards):

$$\text{Compounded Daily SOFR} = \left[\prod_{i=1}^{d_o}\left(1 + \frac{SOFR_i \times n_i}{D}\right) - 1\right] \times \frac{D}{d}$$

where:

"d" is the number of calendar days in:

I. where "Lag" or "Lock-out" is specified as the Observation Method in the applicable Final Terms, the relevant Interest Accrual Period; or

II. where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the relevant Observation Period;

"D" is the number specified as such in the applicable Final Terms (or, if no such number is specified, 360);

"d_o" means:

I. where "Lag" or "Lock-out" is specified as the Observation Method in the applicable Final Terms, the number of U.S. Government Securities Business Days in the relevant Interest Accrual Period; or

II. where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the number of U.S. Government Securities Business Days in the relevant Observation Period;

"i" is a series of whole numbers from one to "d_o", each representing the relevant U.S. Government Securities Business Day in chronological order from, and including, the first U.S. Government Securities Business Day in:

I. where "Lag" or "Lock-out" is specified as the Observation Method in the applicable Final Terms, the relevant Interest Accrual Period; or

II. where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the relevant Observation Period;

"Lock-out Period" means the period from (and including) the day following the Interest Determination Date to (but excluding) the corresponding Interest Payment Date;

"New York Fed's Website" means the website of the Federal Reserve Bank of New York (or a successor administrator of SOFR) or any successor source;

"n_i" for any U.S. Government Securities Business Day "i", means the number of calendar days from (and including) such U.S. Government Securities Business Day "i" up to (but excluding) the following U.S. Government Securities Business Day;

"Observation Period" means the period from (and including) the date falling "p" U.S. Government Securities Business Days prior to the first day of the relevant Interest Accrual Period to (but excluding) the date falling "p" U.S. Government Securities Business Days prior to (A) (in the case of an Interest Period) the Interest Payment Date for such Interest Period or (B) (in the case of any other Interest Accrual Period) the date on which the relevant payment of interest falls due;

"***p***" means:

I. where "Lag" is specified as the Observation Method in the applicable Final Terms, the number of U.S. Government Securities Business Days specified as the "Lag Period" in the applicable Final Terms (or, if no such number is so specified, five U.S. Government Securities Business Days);

II. where "Lock-out" is specified as the Observation Method in the applicable Final Terms, zero U.S. Government Securities Business Days; or

III. where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the number of U.S. Government Securities Business Days specified as the "Observation Shift Period" in the applicable Final Terms (or, if no such number is specified, five U.S. Government Securities Business Days);

"Reference Day" means each U.S. Government Securities Business Day in the relevant Interest Accrual Period, other than any U.S. Government Securities Business Day in the Lock-out Period;

"SOFR" in respect of any U.S. Government Securities Business Day ("$USBD_x$"), is a reference rate equal to the daily secured overnight financing rate as provided by the Federal Reserve Bank of New York, as the administrator of such rate (or any successor administrator of such rate) on the New York Fed's Website, in each case at or around 3.00 p.m. (New York City time) on the U.S. Government Securities Business Day immediately following such $USBD_x$;

"$SOFR_i$" means the SOFR for:

i. where "Lag" is specified as the Observation Method in the applicable Final Terms, the U.S. Government Securities Business Day falling "p" U.S. Government Securities Business Days prior to the relevant U.S. Government Securities Business Day "i";

ii. where "Lock-out" is specified as the Observation Method in the applicable Final Terms:

    I. in respect of each U.S. Government Securities Business Day "i" that is a Reference Day, the SOFR in respect of the U.S. Government Securities Business Day immediately preceding such Reference Day; or

II. in respect of each U.S. Government Securities Business Day "*i*" that is not a Reference Day (being a U.S. Government Securities Business Day in the Lock-out Period), the SOFR in respect of the U.S. Government Securities Business Day immediately preceding the last Reference Day of the relevant Interest Accrual Period (such last Reference Day coinciding with the Interest Determination Date); or

iii. where "Observation Shift" is specified as the Observation Method in the applicable Final Terms, the relevant U.S. Government Securities Business Day "*i*"; and

"U.S. Government Securities Business Day" means any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

(2) *Weighted Average SOFR*

Where this paragraph (2) applies, the Rate of Interest for an Interest Accrual Period will, subject to Condition 6.2(i) and as provided below, be the Weighted Average SOFR with respect to such Interest Accrual Period plus or minus (as indicated in the applicable Final Terms) the applicable Margin (if any), all as determined by the Principal Paying Agent or (if applicable) such other party as is specified in the applicable Final Terms as being responsible for calculating the Rate of Interest, on the Interest Determination Date (and rounded, if necessary, to the fifth decimal place, with 0.000005 being rounded upwards), where:

"Weighted Average SOFR" means:

I. where "Lag" is specified as the Observation Method in the applicable Final Terms, the arithmetic mean of the SOFR in effect for each calendar day during the relevant Observation Period, calculated by multiplying each relevant SOFR by the number of calendar days such rate is in effect, determining the sum of such products and dividing such sum by the number of calendar days in the relevant Observation Period. For these purposes, the SOFR in effect for any calendar day which is not a U.S. Government Securities Business Day shall be deemed to be the SOFR in effect for the U.S. Government Securities Business Day immediately preceding such calendar day; and

II. where "Lock-out" is specified as the Observation Method in the applicable Final Terms, the arithmetic mean of the SOFR in effect for each calendar day during the relevant Interest Accrual Period, calculated by multiplying each relevant SOFR by the number of days such rate is in effect, determining the sum of such products and dividing such sum by the number of calendar days in the relevant Interest Accrual Period, *provided* however that for any calendar day of such Interest Accrual Period falling in the Lock-out Period, the relevant SOFR for each day during that Lock-out Period will be deemed to be the SOFR in effect for the Reference Day immediately preceding the first day of such Lock-out Period. For these purposes, the SOFR in effect for any calendar day which is not a U.S. Government Securities Business Day shall, subject to the proviso above, be deemed to be the SOFR in effect for the U.S. Government Securities Business Day immediately preceding such calendar day.

Defined terms used in this paragraph (2) and not otherwise defined herein have the meanings given to them in paragraph (1) above of this Condition 6.2(b)(iv).

(3) *SOFR Unavailable*

Subject to Condition 6.2(i), if, where any Rate of Interest is to be calculated pursuant to this Condition 6.2(b)(iv), in respect of any U.S. Government Securities Business Day in respect of which an applicable SOFR is required to be determined, such SOFR is not available, such SOFR shall be the SOFR for the first preceding U.S. Government Securities Business Day in respect of which the SOFR was published on the New York Fed's Website.

In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 6.2(b)(iv), and without prejudice to Condition 6.2(i), the Rate of Interest shall be calculated in accordance, *mutatis mutandis*, with the provisions of Condition 6.2(b)(ii)(C).

(v) Screen Rate Determination – Overnight Rate - SOFR - Index Determination

This Condition 6.2(b)(v) applies where the applicable Final Terms specifies: (1) "Screen Rate Determination" as the manner in which the Rate of Interest is to be determined; (2) "Overnight Rate" to be "Applicable"; (3) "Compounded Daily SOFR" as the Reference Rate; and (4) "Index Determination" to be "Applicable".

(1) The Rate of Interest for an Interest Accrual Period will, subject to Condition 6.2(i) and as provided below, be the Compounded SOFR with respect to such Interest Accrual Period plus or minus (as indicated in the applicable Final Terms) the applicable Margin (if any), all as determined by the Principal Paying Agent or (if applicable) such other party as is specified in the applicable Final Terms as being responsible for calculating the Rate of Interest.

"Compounded SOFR" means, with respect to an Interest Accrual Period, the rate (expressed as a percentage and rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) determined by the Principal Paying Agent or (if applicable) such other party as is specified in the applicable Final Terms as being responsible for calculating the Rate of Interest in accordance with the following formula:

$$\text{Compounded SOFR} = \left(\frac{SOFR\ Index_{End}}{SOFR\ Index_{Start}} - 1\right) \times \frac{360}{d_c}$$

where:

"d_c" is the number of calendar days from (and including) the day in relation to which SOFR $\text{Index}_{\text{Start}}$ is determined to (but excluding) the day in relation to which SOFR $\text{Index}_{\text{End}}$ is determined;

"Relevant Number" is the number specified as such in the applicable Final Terms (or, if no such number is specified, five);

"SOFR" means the daily secured overnight financing rate as provided by the SOFR Administrator on the SOFR Administrator's Website;

"SOFR Administrator" means the Federal Reserve Bank of New York (or a successor administrator of SOFR);

"SOFR Administrator's Website" means the website of the SOFR Administrator, or any successor source;

"SOFR Index", with respect to any U.S. Government Securities Business Day, means the SOFR index value as published by the SOFR Administrator as such index appears on the SOFR Administrator's Website at or around 3.00 p.m. (New York time) on such U.S. Government Securities Business Day (the "SOFR Determination Time");

"SOFR $\text{Index}_{\text{Start}}$", with respect to an Interest Accrual Period, is the SOFR Index value for the day which is the Relevant Number of U.S. Government Securities Business Days preceding the first day of such Interest Accrual Period;

"SOFR $\text{Index}_{\text{End}}$", with respect to an Interest Accrual Period, is the SOFR Index value for the day which is the Relevant Number of U.S. Government Securities Business Days preceding (A) the Interest Payment Date for such Interest Accrual Period, or (B) such other date on which the relevant payment of interest falls due (but which by its definition or the operation of the relevant provisions is excluded from such Interest Accrual Period); and

"U.S. Government Securities Business Day" means any day except for a Saturday, Sunday or a day on which the Securities Industry and Financial Markets Association recommends that the fixed income departments of its members be closed for the entire day for purposes of trading in U.S. government securities.

If, as at any relevant SOFR Determination Time, the relevant SOFR Index is not published or displayed on the SOFR Administrator's Website by the SOFR Administrator, the Compounded SOFR for the applicable Interest Accrual Period for which the relevant SOFR Index is not available shall be "Compounded Daily SOFR" determined in accordance with Condition 6.2(b)(iv) above as if "Index Determination" were specified in the applicable Final Terms as being 'Not Applicable', and for these purposes: (i) the "Observation Method" shall be deemed to be "Observation Shift" and (ii) the "Observation Shift Period" shall be deemed to be equal to the Relevant Number of U.S. Government Securities Business Days, as if such alternative elections had been made in the applicable Final Terms.

(vi) Interest Accrual Period

As used in this Condition 6.2(b), an “Interest Accrual Period” means (A) each Interest Period and (B) any other period (if applicable) in respect of which interest is to be calculated, being the period from (and including) the first day of such period to (but excluding) the day on which the relevant payment of interest falls due (which, if the relevant Notes become due and payable in accordance with Condition 12, shall be the date on which such Notes become due and payable).

(vii) Determination of Rate of Interest following acceleration

If the Notes become due and payable in accordance with Condition 12, then:

(A) if the applicable Final Terms specifies "Screen Rate Determination" and "Overnight Rate" to be "Applicable", the final Rate of Interest shall be calculated for the Interest Accrual Period to (but excluding) the date on which the Notes become so due and payable; and

(B) in all other cases, the Rate of Interest applicable to the Notes from time to time shall continue to be calculated in accordance with Clause 2.4 of the Trust Deed,

and (in each case) the applicable Rate(s) of Interest shall continue to apply to the Notes for so long as interest continues to accrue thereon.

(c) Minimum Rate of Interest and/or Maximum Rate of Interest

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of Condition 6.2(b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of Condition 6.2(b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(d) Determination of Rate of Interest and calculation of Interest Amounts

The Principal Paying Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Principal Paying Agent will calculate the amount of interest (the "Interest Amount") payable on the Floating Rate Notes in respect of each Specified Denomination for the relevant Interest Period. Each Interest Amount shall be calculated by applying the Rate of Interest to:

(i) in the case of Floating Rate Notes which are (A) represented by a Global Note or (B) Registered Notes in definitive form, the aggregate outstanding nominal amount of (I) the Notes represented by such Global Note or (II) such Registered Notes; or

(ii) in the case of Floating Rate Notes which are Bearer Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note which is a Bearer Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination without any further rounding.

"Day Count Fraction" means, in respect of the calculation of an amount of interest in accordance with this Condition 6.2:

(a) if "Actual/Actual (ISDA)" or "Actual/Actual" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);

(b) if "Actual/365 (Fixed)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;

(c) if "Actual/365 (Sterling)" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;

(d) if "Actual/360" is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;

(e) if "30/360", "360/360" or "Bond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D_1 is greater than 29, in which case D_2 will be 30;

(f) if "30E/360" or "Eurobond Basis" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360x(Y_2 - Y_1)] + [30x(M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D_2 will be 30;

(g) if "30E/360 (ISDA)" is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360x(y_2 - Y_1)] + [30x(m_2 - D_1)] + (D_2 - D_1)}{360}$$

where:

"Y_1" is the year, expressed as a number, in which the first day of the Interest Period falls;

"Y_2" is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"M_1" is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

"M_2" is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

"D_1" is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D_1 will be 30; and

"D_2" is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31 and in which case D_2 will be 30.

"sub-unit" means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, means one cent.

(e) Linear Interpolation

Where Linear Interpolation is specified as applicable in respect of an Interest Period in the applicable Final Terms, the Rate of Interest for such Interest Period shall be calculated by the Principal Paying Agent by straight line linear interpolation by reference to two rates based on the relevant Reference Rate, one of which shall be determined as if the Designated Maturity were the period of time for which rates are available next shorter than the length of the relevant Interest Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period provided however that if there is no rate available for a period of time next shorter, or, as the case may be, next longer, then the Principal Paying Agent shall determine such rate at such time and by reference to such sources as it determines appropriate.

"Designated Maturity" means the period of time designated in the Reference Rate.

(f) Notification of Rate of Interest and Interest Amounts

The Principal Paying Agent or (if applicable) such other party as is specified in the applicable Final Terms as being responsible for calculating the Rate of Interest will cause the Rate of Interest and each Interest Amount for each Interest Period or Interest Accrual Period, as the case may be, and the relevant Interest Payment Date to be notified to the relevant Issuer and any stock exchange or other relevant authority on which the relevant Floating Rate Notes are for the time being listed or by which they have been admitted to listing and notice thereof to be published in accordance with Condition 16 as soon as possible after their determination but in no event later than (i) where the applicable Final Terms specifies (A) "Screen Rate Determination" as the manner in which the Rate of Interest is to be determined and (B) "Overnight Rate" to be "Applicable", the second London Banking Day (as defined in Condition 6.2(b)) thereafter or (ii) in any other case, the fourth London Business Day thereafter. Each Rate of Interest, Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the relevant Interest Period or Interest Accrual Period, as the case may be. Any such amendment or alternative arrangements will promptly be notified to each stock exchange or other relevant authority on which the relevant Floating Rate Notes are for the time being listed or by which they have been admitted to listing and to the Noteholders in accordance with Condition 16. For the purposes of this paragraph, the expression "London Business Day" means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(g) Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6.2, whether by the Principal Paying Agent or any other party as is specified in the applicable Final Terms as being responsible for calculating the Rate of Interest (if applicable), shall (in the absence of wilful default, bad faith or manifest error) be binding on the relevant Issuer, the Guarantor (where the relevant Issuer is UUWF), the Trustee, the Principal Paying Agent, the other Paying Agents, any other party as is specified in the applicable Final Terms as being responsible for calculating the Rate of Interest (if applicable) and all Noteholders, Receiptholders and Couponholders and (in the absence as aforesaid) no liability to the relevant Issuer, the Guarantor (where the relevant Issuer is UUWF), the Noteholders, the Receiptholders or the Couponholders shall attach to the Principal Paying Agent, such other party as is specified in the applicable Final Terms as being responsible for calculating the Rate of Interest in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

(h) Benchmark Discontinuation

If the applicable Final Terms specifies "Benchmark Replacement" to be "Applicable", the provisions of Condition 6.2(i)(A) apply, together with the other provisions of this Condition 6.2(i) (other than Condition 6.2(i)(B)).

If the applicable Final Terms specifies "Benchmark Transition" to be "Applicable", the provisions of Condition 6.2(i)(B) apply, together with the other provisions of this Condition 6.2(i) (other than Condition 6.2(i)(A)).

(A) Benchmark Replacement

(i) *Independent Adviser*

If the relevant Issuer determines that a Benchmark Event has occurred in relation to an Original Reference Rate at any time when these Conditions provide for any remaining Rate of Interest (or any component part thereof) to be determined by reference to such Original Reference Rate, then the relevant Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, for the purposes of determining a Successor Rate, failing which an Alternative Rate (in accordance with Condition 6.2(i)(A)(ii)) and, in either case, an Adjustment Spread (in accordance with Condition 6.2(i)(A)(iii)) and any Benchmark Amendments (in accordance with Condition 6.2(i)(A)(iv)).

An Independent Adviser appointed pursuant to this Condition 6.2(i)(A) shall act in good faith in a commercially reasonable manner and (in the absence of wilful default, bad faith or fraud) shall have no liability whatsoever to the relevant Issuer, the Guarantor (where the relevant Issuer is UUWF), the Agents, any other party specified in the applicable Final Terms as being responsible for calculating the Rate of Interest, the Noteholders, the Receiptholders or the Couponholders for any determination made by it pursuant to this Condition 6.2(i)(A).

(ii) *Successor Rate or Alternative Rate*

If the Independent Adviser determines that:

(A) there is a Successor Rate, then (provided that the Independent Adviser has determined an Adjustment Spread for such Successor Rate in accordance with Condition 6.2(i)(A)(iii) below) such Successor Rate (as adjusted by the applicable Adjustment Spread) shall, with effect from the date agreed between the relevant Issuer and the Independent Adviser, be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Notes (subject to the further operation of this Condition 6.2(i) (other than Condition 6.2(i)(B)); or

(B) there is no Successor Rate but that there is an Alternative Rate, then (provided that the Independent Adviser has determined an Adjustment Spread for such Successor Rate in accordance with Condition 6.2(i)(A)(iii) below) such Alternative Rate (as adjusted by the applicable Adjustment Spread)shall, with effect from the date agreed between the relevant Issuer and the Independent Adviser, be used in place of the Original Reference Rate to determine the relevant Rate(s) of Interest (or the relevant component part(s) thereof) for all relevant future payments of interest on the Notes (subject to the further operation of this Condition 6.2(i) (other than Condition 6.2(i)(B)).

(iii) *Adjustment Spread*

The Independent Adviser shall determine an Adjustment Spread, which Adjustment Spread shall be applied to the Successor Rate or the Alternative Rate (as the case may be) for each subsequent determination of a relevant Rate of Interest (or a relevant component part thereof) by reference to such Successor Rate or Alternative Rate (as applicable).

(iv) *Benchmark Amendments*

If any Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread is determined in accordance with this Condition 6.2(i)(A) and the Independent Adviser determines (A) that amendments to these Conditions, the Trust Deed and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and/or (in either case) the applicable Adjustment Spread (such amendments, the "Benchmark Amendments") and (B) the terms of the Benchmark Amendments, then the relevant Issuer shall, subject to giving notice thereof in accordance with Condition 6.2(i)(C), without any requirement for the consent or approval of Noteholders, Receiptholders or Couponholders, vary these Conditions, the Trust Deed and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the relevant Issuer, but subject to receipt by the Trustee and the Agents of a certificate signed by one Director or duly authorised signatory of the relevant Issuer or (where the relevant Issuer is UUWF) of the Guarantor, in each case pursuant to Condition 6.2(i)(C), the Trustee and the Agents shall, without any requirement for the consent or approval of the Noteholders, the Receiptholders or the Couponholders, be obliged to concur with the relevant Issuer in effecting any Benchmark Amendments (including, *inter alia*, by the execution of a deed supplemental to the Trust Deed) and neither the Trustee nor any Agent shall be liable to any party for any consequences thereof, provided that neither the Trustee nor any Agent shall be obliged so to concur if in the sole opinion of the Trustee or the relevant Agent (as applicable) doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce rights and/or the protective provisions afforded to the Trustee in these Terms and Conditions, the Trust Deed or the Agency Agreement, as applicable, (including, for the avoidance of doubt, any supplemental trust deed) in any way.

In connection with any such variation in accordance with this Condition 6.2(i)(A)(iv), the relevant Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(v) *Definitions*

For the purposes of this Condition 6.2(i)(A):

"Adjustment Spread" means either (A) a spread (which may be positive, negative or zero), or (B) a formula or methodology for calculating a spread (which calculated spread shall, in each case, be the "Adjustment Spread"), in either case which is to be applied to the relevant Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

(I) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body;

(II) in the case of a Successor Rate for which no such recommendation (as referred to in sub-paragraph (I) above) has been made or in the case of an Alternative Rate, the Independent Adviser determines is customarily applied to the relevant Successor Rate or the Alternative Rate (as the case may be) in international debt capital market transactions to produce an industry-accepted replacement rate for the Original Reference Rate;

(III) if the Independent Adviser determines that neither sub-paragraph (I) nor (II) above applies, the Independent Adviser determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be); or

(IV) if the Independent Adviser determines that neither sub-paragraph (I), (II) nor (III) above applies, the Independent Adviser acting in good faith, determines to be appropriate to reduce or eliminate, to the extent reasonably practicable in the circumstances, any economic prejudice or benefit (as the case may be) to Noteholders as a result of the replacement of the Original Reference Rate with the Successor Rate or the Alternative Rate (as the case may be);

"Alternative Rate" means an alternative to the Original Reference Rate which the Independent Adviser determines in accordance with Condition 6.2(i)(A)(ii) has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for debt securities denominated in the same Specified Currency as the Notes and with an interest period of comparable duration to the relevant Interest Period or, if the Independent Adviser determines that there is no such rate, such other rate as the Independent Adviser determines in its sole discretion is most comparable to the relevant Original Reference Rate;

"Benchmark Amendments" has the meaning given to it in Condition 6.2(i)(A)(iv);

"Benchmark Event" means:

(A) the Original Reference Rate ceasing to be published for a period of at least five consecutive Business Days or ceasing to exist or be administered; or

(B) the later of (I) the making of a public statement by or on behalf of the administrator of the Original Reference Rate that it will, on or by a specified date, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate) and (II) the date falling six months prior to the specified date referred to in (B)(I); or

(C) the making of a public statement by or on behalf of the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been permanently or indefinitely discontinued; or

(D) the later of (I) the making of a public statement by or on behalf of the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate will, on or by a specified date, be permanently or indefinitely discontinued and (II) the date falling six months prior to the specified date referred to in (D)(I); or

(E) the later of (I) the making of a public statement by or on behalf of the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case on or by a specified date and (II) the date falling six months prior to the specified date referred to in (E)(I); or

(F) it has or will, prior to the next Interest Determination Date, become unlawful for the Principal Paying Agent, any other party specified in the applicable Final Terms as being responsible for calculating the Rate of Interest, the Trustee or the relevant Issuer to calculate any payments due to be made to any Noteholder, Receiptholder or Couponholder using the Original Reference Rate (including, without limitation, under Regulation (EU) No. 2016/1011 as that Regulation applies in the European Union and/or as it forms part of domestic law in the United Kingdom under the European Union (Withdrawal) Act 2018 as amended, as applicable); or

(G) the making of a public statement by or on behalf of the supervisor of the administrator of such Original Reference Rate announcing that such Original Reference Rate is no longer representative or may no longer be used; or

(H) the later of (I) the making of a public statement by or on behalf of the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate will, on or by a specified date, no longer be representative of its relevant underlying market and (II) the date falling six months prior to the specified date referred to in (H)(I);

"Independent Adviser" means an independent financial institution of international repute or an independent financial adviser with appropriate expertise to carry out the functions expressed to be carried out by an Independent Adviser under this Condition 6.2(i)(A), as appointed by the relevant Issuer under Condition 6.2(i)(A)(i);

"Original Reference Rate" means the Reference Rate originally specified in the applicable Final Terms for the purposes of determining the relevant Rate of Interest (or any component part(s) thereof) in respect of the Notes (provided that if, following one or more Benchmark Events, such originally specified Reference Rate (or any Successor Rate or Alternative Rate which has replaced it) has been replaced by a (or a further) Successor Rate or Alternative Rate and a Benchmark Event subsequently occurs in respect of such Successor Rate or Alternative Rate, the term "Original Reference Rate" shall include any such Successor Rate or Alternative Rate);

"Relevant Nominating Body" means, in respect of an Original Reference Rate:

(A) the central bank for the currency to which the Original Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Original Reference Rate; or

(B) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (I) the central bank for the currency to which the Original Reference Rate relates, (II) any central bank or other supervisory authority which is responsible for supervising the administrator of the Original Reference Rate, (III) a group of the aforementioned central banks or other supervisory authorities or (IV) the Financial Stability Board or any part thereof; and

"Successor Rate" means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

(B) Benchmark Transition

If the relevant Issuer determines that a Benchmark Transition Event and its related Benchmark Replacement Date have occurred in relation to an Original Reference Rate at any time when any Rate of Interest (or any component part thereof) remains to be determined by reference to such Original Reference Rate, then the following provisions shall apply.

(1) *Independent Adviser*

The relevant Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, for the purposes of determining the Benchmark Replacement which will replace such Original Reference Rate for all purposes relating to the Notes in respect of all determinations on such date and for all determinations on all subsequent dates (subject to any subsequent application of this Condition 6.2(i)(B) with respect to such Benchmark Replacement) and any Benchmark Replacement Conforming Changes.

An Independent Adviser appointed pursuant to this Condition 6.2(i)(B) shall act in good faith in a commercially reasonable manner and (in the absence of wilful default, bad faith or fraud) shall have no liability whatsoever to the relevant Issuer, the Guarantor (where the relevant Issuer is UUWF), the Agents, any other party specified in the applicable Final Terms as being responsible for calculating the Rate of Interest, the Noteholders, the Receiptholders or the Couponholders for any determination made by it pursuant to this Condition 6.2(i)(B).

Any Benchmark Replacement so determined by the Independent Adviser shall have effect for any subsequent determination of any relevant Rate of Interest (subject to any further application of this Condition 6.2(i)(B) with respect to such Benchmark Replacement), subject, if any associated Benchmark Replacement Conforming Changes are required in connection therewith, to such Benchmark Replacement Conforming Changes becoming effective in accordance with the following provisions.

If, however, the Independent Adviser is unable to determine a Benchmark Replacement in accordance with this Condition 6.2(i)(B), the provisions of Condition 6.2(i)(E) below shall apply.

(2) *Benchmark Replacement Conforming Changes*

If the Independent Adviser considers it is necessary to make Benchmark Replacement Conforming Changes, the Independent Adviser shall determine the terms of such Benchmark Replacement Conforming Changes, and shall, subject to giving notice in accordance with Condition 6.2(i)(C) below (but without any requirement for the consent or approval of the Noteholders, the Receiptholders or the Couponholders), vary these Conditions, the Trust Deed and/or the Agency Agreement to give effect to such Benchmark Replacement Conforming Changes with effect from the date specified in such notice.

At the request of the relevant Issuer, but subject to receipt by the Trustee and the Agents of a certificate signed by one Director or duly authorised signatory of the relevant Issuer or (where the relevant Issuer is UUWF) of the Guarantor, in each case pursuant to Condition 6.2(i)(C), the Trustee and the Agents shall, without any requirement for the consent or approval of the Noteholders, the Receiptholders or the Couponholders, be obliged to concur with the relevant Issuer in effecting any Benchmark Replacement Conforming Changes (including, *inter alia*, by the execution of a deed supplemental to the Trust Deed) and neither the Trustee nor any Agent shall be liable to any party for any consequences thereof, provided that neither the Trustee nor any Agent shall be obliged so to concur if in the sole opinion of the Trustee or the relevant Agent (as applicable) doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce rights and/or the protective provisions afforded to the Trustee in these Terms and Conditions, the Trust Deed or the Agency Agreement, as applicable (including, for the avoidance of doubt, any supplemental trust deed) in any way.

In connection with any such variation in accordance with this Condition 6.2(i)(B)(2), the relevant Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

(3) *Definitions*

As used in this Condition 6.2(i)(B):

"Benchmark Replacement" means the first alternative set forth in the order below that can be determined by the Independent Adviser on the Benchmark Replacement Date:

I. the sum of: (a) the alternate rate of interest that has been selected or recommended by the Relevant Governmental Body as the replacement for the Original Reference Rate for the applicable Corresponding Tenor and (b) the Benchmark Replacement Adjustment;

II. the sum of: (a) the ISDA Fallback Rate and (b) the Benchmark Replacement Adjustment; or

III. the sum of: (a) the alternate rate of interest that has been selected by the Independent Adviser as the replacement for the Original Reference Rate for the applicable Corresponding Tenor giving due consideration to any industry-accepted rate of interest as a replacement for the then-current benchmark for U.S. dollar-denominated floating rate notes at such time and (b) the Benchmark Replacement Adjustment;

"Benchmark Replacement Adjustment" means the first alternative set forth in the order below that can be determined by the Independent Adviser on the Benchmark Replacement Date:

I. the spread adjustment, or method for calculating or determining such spread adjustment, (which may be a positive or negative value or zero) that has been selected or recommended by the Relevant Governmental Body for the applicable Unadjusted Benchmark Replacement;

II. if the applicable Unadjusted Benchmark Replacement is equivalent to the ISDA Fallback Rate, the ISDA Fallback Adjustment; or

III. the spread adjustment (which may be a positive or negative value or zero) that has been selected by the Independent Adviser giving due consideration to any industry-accepted spread adjustment, or method for calculating or determining such spread adjustment, for the replacement of the then-current benchmark with the applicable Unadjusted Benchmark Replacement for U.S. dollar-denominated floating rate notes at such time;

"Benchmark Replacement Conforming Changes" means, with respect to any Benchmark Replacement, any technical, administrative or operational changes (including changes to any Interest Period, Interest Accrual Period, the timing and frequency of determining rates and making payments of interest, rounding of amounts or tenors, and other administrative matters) that the Independent Adviser decides may be appropriate to reflect the adoption of such Benchmark Replacement in a manner substantially consistent with market practice (or, if the Independent Adviser decides that adoption of any portion of such market practice is not administratively feasible or if the Independent Adviser determines that no market practice for use of the Benchmark Replacement exists, in such other manner as the Independent Adviser determines is reasonably necessary);

"Benchmark Replacement Date" means the earliest to occur of the following events with respect to the Original Reference Rate (including the daily published component used in the calculation thereof):

I. in the case of clause (i) or (ii) of the definition of "Benchmark Transition Event", the later of (a) the date of the public statement or publication of information referenced therein and (b) the date on which the administrator of the Original Reference Rate permanently or indefinitely ceases to provide the Original Reference Rate (or such component); or

II. in the case of clause (iii) of the definition of "Benchmark Transition Event," the date of the public statement or publication of information referenced therein.

For the avoidance of doubt, if the event that gives rise to the Benchmark Replacement Date occurs on the same day as, but earlier than (where the Rate of Interest is to be determined pursuant to this Condition 6.2(i)(B)) the Specified Time or (in any other case) the customary or scheduled time for publication of the relevant reference rate in accordance with the then-prevailing operational procedures of the administrator of such reference rate or, as the case may be, of the other relevant information service publishing such reference rate, on, the relevant Interest Determination Date, the Benchmark Replacement Date will be deemed to have occurred prior to such time for such determination;

"Benchmark Transition Event" means the occurrence of one or more of the following events with respect to the Original Reference Rate (including the daily published component used in the calculation thereof):

I. a public statement or publication of information by or on behalf of the administrator of the Original Reference Rate (or such component) announcing that such administrator has ceased or will cease to provide the Original Reference Rate (or such component), permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Original Reference Rate (or such component); or

II. a public statement or publication of information by the regulatory supervisor for the administrator of the Original Reference Rate (or such component), the central bank for the currency of the Original Reference Rate (or such component), an insolvency official with jurisdiction over the administrator for the Original Reference Rate (or such component), a resolution authority with jurisdiction over the administrator for the Original Reference Rate (or such component) or a court or an entity with similar insolvency or resolution authority over the administrator for the Original Reference Rate, which states that the administrator of the Original Reference Rate (or such component) has ceased or will cease to provide the Original Reference Rate (or such component) permanently or indefinitely, provided that, at the time of such statement or publication, there is no successor administrator that will continue to provide the Original Reference Rate (or such component); or

III. a public statement or publication of information by the regulatory supervisor for the administrator of the Original Reference Rate announcing that the Original Reference Rate is no longer representative;

"Corresponding Tenor" means, with respect to a Benchmark Replacement, a tenor (including overnight) having approximately the same length (disregarding business day adjustment) as the applicable tenor for the Original Reference Rate;

"Independent Adviser" means an independent financial institution of international repute or an independent financial adviser with appropriate expertise to carry out the functions expressed to be carried out by an Independent Adviser under this Condition 6.2(i)(B), as appointed by the relevant Issuer under Condition 6.2(i)(B)(1).

"ISDA Definitions" means the 2021 ISDA Interest Rate Derivatives Definitions (as amended or supplemented from time to time);

"ISDA Fallback Adjustment" means the spread adjustment (which may be a positive or negative value or zero) that would apply for derivatives transactions referencing the ISDA Definitions to be determined upon the occurrence of an index cessation event with respect to the Original Reference Rate;

"ISDA Fallback Rate" means the rate that would apply for derivatives transactions referencing the ISDA Definitions to be effective upon the occurrence of an index cessation date with respect to the Original Reference Rate for the applicable tenor excluding the applicable ISDA Fallback Adjustment;

"Original Reference Rate" means the benchmark or screen rate (as applicable) originally specified for the purpose of determining the relevant Rate of Interest (or any relevant component part(s) thereof) on the Notes (provided that if, following one or more Benchmark Transition Events, such originally specified benchmark or screen rate (or any benchmark used in any Benchmark Replacement which has replaced it (the "Replacement Benchmark")) has been replaced by a (or a further) Replacement Benchmark and a Benchmark Transition Event subsequently occurs in respect of such Replacement Benchmark, the term "Original Reference Rate" shall be deemed to include any such Replacement Benchmark);

"Relevant Governmental Body" means the Federal Reserve Board and/or the Federal Reserve Bank of New York, or a committee officially endorsed or convened by the Federal Reserve Board and/or the Federal Reserve Bank of New York or any successor thereto; and

"Unadjusted Benchmark Replacement" means the Benchmark Replacement excluding the Benchmark Replacement Adjustment.

(C) *Notices, etc.*

The relevant Issuer will notify the Principal Paying Agent, any other party specified in the applicable Final Terms as being responsible for calculating the Rate of Interest, the other Agents, the Trustee and, in accordance with Condition 16, the Noteholders, promptly of any Successor Rate, Alternative Rate, Adjustment Spread and/or Benchmark Replacement, and the specific terms of any Benchmark Amendments or Benchmark Conforming Changes (as applicable) determined under this Condition 6.2(i). Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments or Benchmark Replacement Conforming Changes (as applicable), if any.

Prior to any Benchmark Amendments or Benchmark Replacement Conforming Changes (as applicable) taking effect and no later than notifying the Trustee of the same, the relevant Issuer or (where the relevant Issuer is UUWF) the Guarantor shall deliver to the Trustee and the Agents a certificate signed by one Director or duly authorised signatory of the relevant Issuer or the Guarantor, as applicable:

(A) confirming (I) that a Benchmark Event or a Benchmark Transition Event (as applicable) has occurred, (II) the Successor Rate or, as the case may be, the Alternative Rate and (in either case) the applicable Adjustment Spread or, as the case may be, the Benchmark Replacement and (III) where applicable, the specific terms of the Benchmark Amendments or Benchmark Replacement Conforming Changes (if any), as applicable, in each case as determined in accordance with the provisions of this Condition 6.2(i); and

(B) certifying that the Benchmark Amendments or Benchmark Replacement Conforming Changes (as applicable) (if any) are necessary to ensure the proper operation of (as applicable) (1) such Successor Rate, Alternative Rate and (in either case) the applicable Adjustment Spread, or (2) such Benchmark Replacement.

The Trustee and the Agents shall be entitled to rely on such certificate (without enquiry or liability to any person) as sufficient evidence thereof, and none of the Trustee and the Agents shall be liable to the Noteholders, the Receiptholders, the Couponholders or any other person for acting on relying on such certificate, irrespective of whether any related modification is or may be prejudicial to the interests of any such person. The Successor Rate, Alternative Rate, Benchmark Replacement, Adjustment Spread, Benchmark Amendments and/or Benchmark Replacement Conforming Changes (if any), as applicable, specified in such certificate will (in the absence of manifest error in the determination thereof) be binding on the relevant Issuer, the Guarantor (where the relevant Issuer is UUWF), the Principal Paying Agent, any other party specified in the applicable Final Terms as being responsible for calculating the Rate of Interest, the other Agents, the Trustee, the Noteholders, the Receiptholders and the Couponholders as of their effective date.

(D) *Survival of Original Reference Rate*

Subject to Condition 6.2(i)(E) and without prejudice to the obligations of the relevant Issuer under Conditions 6.2(i)(A) and 6.2(i)(B) above, the Original Reference Rate and the fallback provisions provided for in Condition 6.2(b)(i), (ii), (iii), (iv) or (v), as the case may be, will continue to apply unless and until a Benchmark Event or Benchmark Transition Event, as applicable, has occurred.

(E) *Fallbacks*

If, following the occurrence of:

(1) a Benchmark Event; or

(2) a Benchmark Transition Event (and its related Benchmark Replacement Date),

and in relation to the determination of the Rate of Interest on the relevant Interest Determination Date:

(i) (in the case of (1) above) no Successor Rate or Alternative Rate (as applicable) or (in either case) applicable Adjustment Spread is determined and notified to the Principal Paying Agent or such other party as is specified in the applicable Final Terms as being responsible for calculating the Rate of Interest (as applicable), in each case pursuant to Condition 6.2(i)(A), prior to such Interest Determination Date; or

(ii) (in the case of (2) above) no Benchmark Replacement is determined in accordance with Condition 6.2(i)(B), prior to such Interest Determination Date,

then the Original Reference Rate will continue to apply for the purposes of determining such Rate of Interest on such Interest Determination Date, with the effect that the fallback provisions provided for in the relevant part of Condition 6.2(b) will continue to apply to such determination.

For the avoidance of doubt, this Condition 6.2(i)(E) shall apply to the determination of the Rate of Interest on the relevant Interest Determination Date only, and any subsequent Interest Periods are subject to the subsequent operation of, and to adjustment as provided in, this Condition 6.2(i).

6.3 Interest on Index Linked Notes

This Condition 6.3 applies to Index Linked Notes only.

(a) Interest Payment Dates

Each Index Linked Note bears interest on its outstanding nominal amount (in the case of Index Linked Notes represented by a Global Note) or the Calculation Amount (in the case of Index Linked Notes in definitive form) from (and including) the Interest Commencement Date at the rate per annum equal to the Rate of Interest, and such interest will be payable in arrear on either:

(i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or

(ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an "Interest Payment Date") which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period.

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

(A) in any case where Specified Periods are specified in accordance with Condition 6.3(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (i) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (B) below shall apply mutatis mutandis or (ii) in the case of

(y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (1) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (2) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding Interest Payment Date occurred; or

(B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or

(C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or

(D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In this Condition, "Business Day" means a day which is both:

I. a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and any Additional Business Centre specified in the applicable Final Terms; and

II. either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than London and Any Additional Business Centre and which, if the Specified Currency is New Zealand dollars shall be Auckland) or (2) in relation to any sum payable in euro, a day on which T2 is open.

(b) Rate of Interest

The Rate of Interest payable from time to time in respect of Index Linked Notes will be the product of the rate per annum specified in the applicable Final Terms and the Index Ratio (as determined in accordance with Condition 7.1) rounded to six decimal places (0.0000005 being rounded upwards).

(c) Minimum Rate of Interest and/or Maximum Rate of Interest

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of Condition 6.3(b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of Condition 6.3(b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(d) Determination of Rate of Interest and calculation of Interest Amounts

The Calculation Agent will, at or as soon as practicable after each time at which the Rate of Interest is capable of being determined, determine the applicable Rate of Interest and notify the Principal Paying Agent as soon as practicable after determining the same.

The amount of interest payable on each Index Linked Note for any Interest Period (the “Interest Amount”) will be calculated by the Calculation Agent by applying the Rate of Interest to:

(i) in the case of Index Linked Notes which are (i) represented by a Global Note or (ii) Registered Notes in definitive form, the aggregate outstanding nominal amount of (A) the Notes represented by such Global Note or (B) such Registered Notes; or

(ii) in the case of Index Linked Notes which are Bearer Notes in definitive form, the Calculation Amount;

and, in each case, multiplying such product by the Day Count Fraction specified in the applicable Final Terms and:

(A) defined in Condition 6.1;

(B) defined in Condition 6.2; or

(C) in the case of Notes which pay interest on a semi-annual basis, the Day Count Fraction which is a fraction (1) the numerator of which is the number of days from and including the most recent Interest Payment Date (or Interest Commencement Date if such period is before the first scheduled Interest Payment Date) (to but excluding the next Interest Payment Date or, if earlier, the date of payment); and (2) the denominator of which is two times the number of days (including the first and excluding the last) in the Interest Period (the “Index Day Count Fraction”),

and rounding the resulting figure to the nearest sub-unit of the relevant Specified Currency (half of any such sub-unit being rounded upwards or otherwise in accordance with the applicable market convention).

Where the Specified Denomination of an Index Linked Note which is a Bearer Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

(e) Notification of Rate of Interest and Interest Amounts

The Principal Paying Agent will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the relevant Issuer, the Trustee, the other Paying Agents and any stock exchange, or other relevant authority, on which the relevant Index Linked Notes are for the time being listed, or by which they have been admitted to listing, and notice thereof to be published in accordance with Condition 16 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period. Any such amendment will be promptly notified to each stock exchange, or other relevant listing authority, on which the relevant Index Linked Notes are for the time being listed, or by which they have been admitted to listing, and to the Noteholders in accordance with Condition 16. For the purpose of this paragraph, the expression “London Business Day” means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(f) Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 6.3, whether by the Calculation Agent or the Principal Paying Agent, shall (in the absence of wilful default, bad faith or manifest error) be binding on the relevant Issuer, the Guarantor (where the relevant Issuer is UUWF), the Calculation Agent, the Principal Paying Agent, the Trustee, the other Paying Agents and all

Noteholders, Receiptholders and Couponholders and (in the absence of the aforesaid) no liability to the relevant Issuer, the Guarantor (where the relevant Issuer is UUWF), the Noteholders, the Receiptholders or the Couponholders shall attach to the Calculation Agent, the Principal Paying Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

6.4 Accrual of interest

Each Note (or, in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, interest will continue to accrue as provided in the Trust Deed.

7. INDEXATION

This Condition 7 is applicable only if the applicable Final Terms specifies the Notes as Index Linked Notes.

7.1 Definitions

In these Conditions:

"Base Index Figure" means (subject to Condition 7.3) the base index figure as specified in the applicable Final Terms;

"Calculation Date" means any date when an Interest Amount or principal amount, as the case may be, falls due;

"CPI" means the U.K. Consumer Price Index (for all items) published by the Office for National Statistics (2015 = 100), or any comparable index which may replace such index for the purpose of calculating the amount payable on repayment of the Indexed Benchmark Gilt (if any);

"CPIH" means the U.K. Consumer Price Index including owner occupier's housing costs (for all items) published by the Office for National Statistics (2015 = 100), or any comparable index which may replace such index for the purpose of calculating the amount payable on repayment of the Indexed Benchmark Gilt (if any);

"Expert" means a gilt-edged market maker, an independent investment bank or other expert in London appointed by the relevant Issuer;

"Index" or "Index Figure" means, subject as provided in Conditions 7.3, 7.5 and 9.3, either RPI, CPI or CPIH as specified in the applicable Final Terms;

Where RPI is specified as the Index in the applicable Final Terms, any reference to the "Index Figure applicable" to a particular Calculation Date shall, subject as provided in Conditions 7.3, 7.5 and 9.3, and if "3 months lag" is specified in the applicable Final Terms, be calculated in accordance with the following formula:

$$RPI_{m-3} + \frac{(Day\ of\ Calculation\ Date - 1)}{(Days\ in\ month\ of\ Calculation\ Date)} + (RPI_{m-2} - RPI_{m-3})$$

and rounded to five decimal places (0.000005 being rounded upwards) and where:

"RPI_{m-3}" means the Index Figure for the first day of the month that is three months prior to the month in which the payment falls due; and

"RPI_{m-2}" means the Index Figure for the first day of the month that is two months prior to the month in which the payment falls due;

Where RPI is specified as the Index in the applicable Final Terms, any reference to the "Index Figure applicable" to a particular Calculation Date shall, subject as provided in Conditions 7.3, 7.5 and 9.3, and if "8 months lag" is specified in the applicable Final Terms, mean the Index Figure for the first day of the month that is eight months prior to the month in which the payment falls due;

Where CPI is specified as the Index in the applicable Final Terms, any reference to the "Index Figure applicable" to a particular Calculation Date shall, subject as provided in Conditions 7.3, 7.5 and 9.3, be calculated in accordance with the following formula:

$$CPI_{m-t} + \frac{(Day\ of\ Calculation\ Date - 1)}{(Days\ in\ month\ of\ Calculation\ Date)} + \left(CPI_{m-(t-1)} - CPI_{m-t}\right)$$

and rounded to five decimal places (0.000005 being rounded upwards) and where:

"CPI_{m-t}" means the Index Figure for the first day of the month that is t months prior to the month in which the payment falls due, where the lag period "t" has a value of 2 to 24 as specified in the applicable Final Terms;

Where CPIH is specified as the Index in the applicable Final Terms, any reference to the "Index Figure applicable" to a particular Calculation Date shall, subject as provided in Conditions 7.3, 7.5 and 9.3, be calculated in accordance with the following formula:

$$CPIH_{m-t} + \frac{(Day\ of\ Calculation\ Date - 1)}{(Days\ in\ month\ of\ Calculation\ Date)} + \left(CPIH_{m-(t-1)} - CPIH_{m-t}\right)$$

and rounded to five decimal places (0.000005 being rounded upwards) and where:

"$CPIH_{m-t}$" means the Index Figure for the first day of the month that is t months prior to the month in which the payment falls due, where the lag period "t" has a value of 2 to 24 as specified in the applicable Final Terms;

"His Majesty's Treasury" means His Majesty's Treasury or any officially recognised party performing the function of a calculation agent (whatever such party's title), on its or its successor's behalf, in respect of the relevant Reference Gilt ;

"Indexed Benchmark Gilt" means the index-linked sterling obligation of the United Kingdom Government listed on the Official List of the Financial Conduct Authority (in its capacity as competent authority under the Financial Services and Markets Act 2000, as amended) and traded on the London Stock Exchange that is indexed to the same Index as the Notes and whose average maturity most closely matches that of the Notes as the Expert shall determine to be appropriate;

"Index Ratio" applicable to any Calculation Date means the Index Figure applicable to such month or date divided by the Base Index Figure and rounded to five decimal places (0.000005 being rounded upwards);

"Reference Gilt" means the Treasury Stock specified in the applicable Final Terms (or, if such stock is not in existence, such other index-linked stock issued by or on behalf of HM Government as the relevant Issuer, on the advice of the Expert, may consider to be the most appropriate reference government stock for the Index Linked Notes); and

"RPI" means the U.K. Retail Price Index (for all items) published by the Office for National Statistics (January 1987 = 100) as published by HM Government.

7.2 Indexation of Principal

The Final Redemption Amount, the Early Redemption Amount and the Optional Redemption Amount in respect of the Index Linked Notes shall be the nominal amount of the Index Linked Notes multiplied by the Index Ratio applicable to the date on which the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount (as the case may be) becomes payable (as determined in accordance with Condition 7.1), provided that:

(a) if a Minimum Final Redemption Amount, Minimum Early Redemption Amount and/or Minimum Optional Redemption Amount is specified in the applicable Final Terms and such amount is greater than the amount of principal in respect of the Notes determined in accordance with this Condition 7.2 (expressed on a per Calculation Amount basis), the Final Redemption Amount, Early Redemption Amount and/or Optional Redemption Amount (as applicable) shall be, respectively, the Minimum Final Redemption Amount, Minimum Early Redemption Amount and/or Minimum Optional Redemption Amount (as applicable) so specified in the applicable Final Terms; and/or

(b) if a Maximum Final Redemption Amount, Maximum Early Redemption Amount and/or Maximum Optional Redemption Amount is specified in the applicable Final Terms and such amount is less than the amount of principal in respect of the Notes determined in accordance with this Condition 7.2 (expressed on a per Calculation Amount basis), the Final Redemption Amount, Early Redemption Amount and/or Optional Redemption Amount (as applicable) shall be, respectively, the Maximum Final Redemption Amount, Maximum Early Redemption Amount or Maximum Optional Redemption Amount (as applicable) so specified in the applicable Final Terms; and

(c) the Calculation Agent will calculate the Final Redemption Amount, Early Redemption Amount and Optional Redemption Amount (as the case may be) as soon as reasonably practicable after each time such amount is capable of being determined and will notify the Principal Paying Agent thereof as soon as practicable after calculating the same. The Principal Paying Agent will as soon as practicable thereafter notify the relevant Issuer and any stock exchange on which the Notes are for the time being listed thereof and cause notice thereof to be published in accordance with Condition 16.

7.3 Changes in Circumstances Affecting the Index

(a) Change in Base: If at any time and from time to time the Index is changed by the substitution of a new base for it, then with effect from (and including) the month in respect of which such substitution takes effect:

(i) the definition of Index and Index Figure in Condition 7.1 shall be deemed to refer to the month and/or year (as applicable) in substitution for January 1987 (where RPI is specified as the Index in the applicable Final Terms) or 2015 (where CPI or CPIH is specified as the Index in the applicable Final Terms) (or, as the case may be, for such other date or month as may have been substituted for it); and

(ii) the definition of Base Index Figure in Condition 7.1 shall be amended to mean the product of the then existing Base Index Figure and the Index Figure immediately following such substitution, divided by the Index immediately prior to such substitution.

(b) Delay in publication of the Index: If in relation to a particular Interest Period or to the redemption of all or some only of the Notes and otherwise than in circumstances which the relevant Issuer certifies to the Trustee may fall with Condition 7.5 or Condition 9.3 (notwithstanding that the relevant Issuer may subsequently be advised that they do not fall within Condition 7.5 or Condition 9.3), the Index Figure relating to any month (the "calculation month") which is required to be taken into account for the purposes of the determination of the Index Figure applicable to any date is not published on or before the fourteenth day before the date on which such payment is due (the "date for payment"), the Index Figure for the relevant calculation month shall be:

(i) the substitute index figure (if any) as is published by the Bank of England or the United Kingdom Debt Management Office (or such other United Kingdom authority as may be appropriate) for the purposes of indexation or payments on the Reference Gilt or the Indexed Benchmark Gilt (as applicable) or, failing such publication, on any one or more of HM Government's index-linked stocks that is indexed to the same Index as the Notes, as determined by the Expert; or

(ii) if no such determination is made by the Expert within seven days, the Index Figure last published before the date for payment.

7.4 Application of Changes

Where the provisions of Condition 7.3(b) apply, the relevant Issuer shall deliver to the Principal Paying Agent and Calculation Agent a certificate, acting on the sole advice of the Expert, as to the Index Figure applicable to the date for payment which shall be conclusive and binding. If a substitute index is published as specified in Condition 7.3(b)(i) above, a determination made based on that Index shall be final and no further payment by way of adjustment shall be made, notwithstanding that the Index Figure applicable to the date for payment may subsequently be published.

If no substitute index is so published and the index relating to the date for payment is subsequently published then:

(a) in the case of an Index Linked Note not falling due for redemption on the date for payment of interest or principal (as the case may be), if the index so subsequently published (if published when such Note remains outstanding) is greater or less than the Index applicable by virtue of Condition 7.3(b)(ii), the interest payable on that Note on the Interest Payment Date next succeeding the date of such subsequent publication shall be increased or reduced to reflect the amount by which the interest or principal (as the case may be) next payable on that Note on the date for payment on the basis of the index applicable by virtue of the preceding paragraph fell short of, or (as the case may be) exceeded the interest or principal (as the case may be) which would have been payable on that Note if the Index subsequently published had been published on or before the fourteenth business day before the date for payment; or

(b) in the case of any Note falling due for final redemption on the date of payment, no subsequent adjustment to amounts paid will be made.

7.5 Cessation of or Changes to the Index

Where CPI or CPIH is specified in the applicable Final Terms as the Index, if the Index ceases to be published or any changes are made to it which, in the opinion of the Expert, constitute a fundamental change in the rules governing the Index and the change would, in the opinion of the Expert, be detrimental to the interests of the relevant Issuer or the Noteholders and if, within 30 days after its appointment (or such longer period as the Trustee may in its sole discretion agree), the Expert recommends for the purposes of the Index Linked Notes one or more adjustments to the Index or a substitute index (with or without adjustments), then provided that such adjustments or substitute index (as the case may be) are not materially detrimental (in the opinion of the Expert) either to the interests of the relevant Issuer or the interests of the Noteholders, as compared to the interests of the relevant Issuer and the Noteholders (as the case may be) as they would have been had the Index continued to be published or such fundamental change in the rules governing the Index had not been made, the Index shall be adjusted as so recommended or (as the case may be) shall be replaced by the substitute index so recommended (as so adjusted, if so recommended) and references in these Conditions to the Index shall be construed accordingly and the relevant Issuer shall notify the Noteholders of the adjustments to the Index or the introduction of the substitute index (with or without adjustments) in accordance with Condition 16.

Where RPI is specified in the applicable Final Terms as the Index and:

(a) if notice is published by His Majesty's Treasury, or on its behalf, following a change to the coverage or the basic calculation of such Index, then the Calculation Agent shall make any such adjustments to the Index as are consistent with any adjustments made to the Index as applied to the Reference Gilt; and

(b) if the Index ceases to be published:

(i) if at any time a substitute index has been designated by His Majesty's Treasury in respect of the Reference Gilt, the Index shall be replaced for the purposes of the relevant Index Linked Notes by the substitute index so designated, notwithstanding that any other substitute index may previously have been determined under paragraph (ii) below; and

(ii) if, within 30 days after its appointment (or such longer period as the Trustee may in its sole discretion agree), the Expert recommends for the purposes of the Index Linked Notes a substitute index (with or without adjustments), then provided that such substitute index is not materially detrimental (in the opinion of the Expert) either to the interests of the relevant Issuer or the interests of the Noteholders, as compared to the interests of the relevant Issuer and the Noteholders (as the case may be) as they would have been had the Index continued to be published, the Index shall be replaced by the substitute index so recommended (as so adjusted, if so recommended),

and references in these Conditions to the Index shall be construed accordingly and the relevant Issuer shall notify the Noteholders of the introduction of the substitute index (with or without adjustments), as applicable, in accordance with Condition 16.

If any payment in respect of the Index Linked Notes is due to be made after the cessation or changes referred to in the preceding paragraphs but before any such adjustment to, or replacement of, the Index takes effect, the relevant Issuer or (where the relevant Issuer is UUWF) the Guarantor shall (if the Index Figure applicable (or deemed applicable) to the date of payment is not available in accordance with the provisions of Condition 7.1) make a provisional payment on the basis that the Index Figure applicable to the date for payment is the Index last published. In that event or in the event of any payment on the Index Linked Notes having been made on the basis of an index deemed applicable under Condition 7.3(b)(i) above (also referred to below as a "provisional payment") the Expert subsequently determines that the relevant circumstances fall within this Condition 7.5, then:

(a) except in the case of a payment on redemption of the Index Linked Notes, if the sum which would have been payable if such adjustments or such substitute index had been in effect on the due date for such provisional payment is greater or less than the amount of such provisional payment, the interest payable on the Index Linked Notes on the Interest Payment Date next succeeding the date on which the relevant Issuer and the Trustee receive such recommendation shall be increased or reduced to reflect the amount by which such provisional payment of interest fell short or, (as the case may be) exceeded, the interest which would have been payable on the Notes if such adjustments or such substituted index had been in effect on that date; or

(b) in the case of a payment of principal or interest on redemption of the Notes, no subsequent adjustment to amounts paid will be made.

7.6 Trustee Action and/or Steps

The Trustee shall be entitled to assume that no cessation of or change to the Index has occurred until informed otherwise by the relevant Issuer and it will not be responsible for identifying or appointing an Expert. The Trustee may rely absolutely on any determination made or advice given by the Expert without need for further investigation.

8. PAYMENTS

8.1 Method of payment

Subject as provided below:

(a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is New Zealand dollars, shall be Auckland); and

(b) payments in euro will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to (i) any fiscal or other laws and regulations applicable thereto in the place of payment or other laws and regulations to which the relevant Issuer, the Guarantor (where the relevant Issuer is UUWF) or any Agent is subject, but without prejudice to the provisions of Condition 10, and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "Code") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto and, in each case, the relevant Issuer will not be liable to holders for any taxes or duties of whatsoever nature imposed or levied by such laws, agreements or regulations.

8.2 Presentation of definitive Bearer Notes, Receipts and Coupons

Payments of principal in respect of definitive Bearer Notes will (subject as provided below) be made in the manner provided in Condition 8.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Bearer Notes, and payments of interest in respect of definitive Bearer Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Payments of instalments of principal (if any) in respect of definitive Bearer Notes, other than the final instalment, will (subject as provided below) be made in the manner provided in Condition 8.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Receipt in accordance with the preceding paragraph. Payment of the final instalment will be made in the manner provided in Condition 8.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the relevant Bearer Note in accordance with the preceding paragraph. Each Receipt must be presented for payment of the relevant instalment together with the definitive Bearer Note to which it appertains. Receipts presented without the definitive Bearer Note to which they appertain do not constitute valid obligations of the relevant Issuer. Upon the date on which any definitive Bearer Note becomes due and repayable, unmatured Receipts (if any) relating thereto (whether or not attached) shall become void and no payment shall be made in respect thereof.

Fixed Rate Notes in definitive bearer form (other than Index Linked Notes) and save as provided in Condition 6.4) should be presented for payment together with all unmatured Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmatured Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmatured Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 10) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 11) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive bearer form becoming due and repayable prior to its Maturity Date, all unmatured Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note or Index Linked Note in definitive bearer form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.

If the due date for redemption of any definitive Bearer Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Bearer Note.

8.3 Payments in respect of Bearer Global Notes

Payments of principal and interest (if any) in respect of Notes represented by any Global Note in bearer form will (subject as provided below) be made in the manner specified above in relation to definitive Bearer Notes and otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States. A record of each payment made against presentation or surrender of any Bearer Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the Paying Agent to which it was presented or in the records of Euroclear and Clearstream, Luxembourg, as applicable.

8.4 Payments in respect of Registered Notes

Payments of principal (other than instalments of principal prior to the final instalment) in respect of each Registered Note (whether or not in global form) will be made against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of the Registered Note at the specified office of the Registrar or any of the Paying Agents. Such payments will be made by transfer to the Designated Account (as defined below) of the holder (or the first named of joint holders) of the Registered Note appearing in the register of holders of the Registered Notes maintained by the Registrar (the "Register") (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg, are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the third business day (being for this purpose a day on which banks are open for business in the city where the specified office of the Registrar is located) before the relevant due date. For these purposes, "Designated Account" means the account (which, in the case of a payment in Japanese Yen to a non-resident of Japan, shall be a non-resident account) maintained by a holder with a Designated Bank and identified as such in the Register and "Designated Bank" means (in the case of payment in a Specified Currency other than euro) a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is New Zealand dollars, shall be Auckland) and (in the case of a payment in euro) any bank which processes payments in euro.

Payments of interest and payments of instalments of principal (other than the final instalment) in respect of each Registered Note will be made by transfer on the due date to the Designated Account of the holder (or the first named of joint holders) of the Registered Note appearing in the Register (i) where in global form, at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg, are open for business) before the relevant due date, and (ii) where in definitive form, at the close of business on the fifteenth day (whether or not such fifteenth day is a business day) before the relevant due date (the "Record Date"). Payment of the interest due in respect of each Registered Note on redemption will be made in the same manner as payment of the principal amount of such Registered Note.

No commissions or expenses shall be charged to such holders by the Registrar in respect of any payments of principal or interest in respect of the Registered Notes.

None of the relevant Issuer, the Guarantor, or the Agents will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Registered Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

8.5 General provisions applicable to payments

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the relevant Issuer or, as the case may be, the Guarantor (where the relevant Issuer is UUWF) will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for their share of each payment so made by the relevant Issuer or, as the case may be, the Guarantor (where the relevant Issuer is UUWF) to, or to the order of, the holder of such Global Note.

Notwithstanding the provisions of Condition 8.1 above, if any amount of principal and/or interest in respect of Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of Bearer Notes will be made at the specified office of a Paying Agent in the United States if:

(a) the relevant Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Bearer Notes in the manner provided above when due;

(b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and

(c) such payment is then permitted under United States law without involving, in the opinion of the relevant Issuer and (where the relevant Issuer is UUWF) the Guarantor, adverse tax consequences to the relevant Issuer or (where the relevant Issuer is UUWF) the Guarantor.

8.6 Payment Day

If the date for payment of any amount in respect of any Note, Receipt or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, "Payment Day" means any day which (subject to Condition 11) is:

(a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in:

    (i) in the case of Notes in definitive form only, the relevant place of presentation;

    (ii) any Additional Financial Centre (other than T2) specified in the applicable Final Terms;

(b) if T2 is specified as an Additional Financial Centre in the applicable Final Terms, a day on which T2 is open; and

(c) either (1) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (if other than the place of presentation, London and any Additional Financial Centre and which if the Specified Currency is New Zealand dollars shall be Auckland) or (2) in relation to any sum payable in euro, a day on which T2 is open.

8.7 Interpretation of principal and interest

Any reference in these Terms and Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

(a) any additional amounts which may be payable with respect to principal under Condition 10 or under any undertaking or covenant given in addition thereto, or in substitution thereof, pursuant to the Trust Deed;

(b) the Final Redemption Amount of the Notes;

(c) the Early Redemption Amount of the Notes;

(d) the Optional Redemption Amount(s) (if any) of the Notes;

(e) in relation to Notes redeemable in instalments, the Instalment Amount(s);

(f) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 9.6(c)); and

(g) any premium and any other amounts which may be payable by the relevant Issuer under or in respect of the Notes.

Any reference in these Terms and Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 10 or under any undertaking or covenant given in addition thereto, or in substitution thereof, pursuant to the Trust Deed.

9. REDEMPTION AND PURCHASE

9.1 Redemption by Instalments and Redemption at maturity

(a) Unless previously redeemed or purchased and in each case cancelled as specified below, each Note (including each Index Linked Note) that provides for Instalment Dates and Instalment Amounts shall be partially redeemed on each Instalment Date at the related Instalment Amount specified in the applicable Final Terms. The outstanding nominal amount of each such Note shall be reduced by the Instalment Amount (or, if such Instalment Amount is calculated by reference to a proportion of the nominal amount of such Note, such proportion) for all purposes with effect from the related Instalment Date, unless payment of the Instalment Amount is improperly withheld or refused, in which case, such amount shall remain outstanding until the Relevant Date (as defined in Condition 10) relating to such Instalment Amount.

(b) Unless previously redeemed or purchased and in each case cancelled as specified below, each Note (including each Index Linked Note) will be redeemed by the relevant Issuer at its Final Redemption Amount specified in the applicable Final Terms or, in the case of a Note falling within sub-paragraph (a) above, its final Instalment Amount (subject, in the case of Index Linked Notes to adjustment in accordance with Condition 7.2) in the relevant Specified Currency on the Maturity Date specified in the applicable Final Terms.

9.2 Redemption for tax reasons

Subject to Condition 9.6, the Notes may be redeemed at the option of the relevant Issuer in whole, but not in part, at any time (if the Note is neither a Floating Rate Note nor an Index Linked Note) or on any Interest Payment Date (if the Note is either a Floating Rate Note or an Index Linked Note), on giving not less than the minimum period and not more than the maximum period of notice specified in the applicable Final Terms (in the event that such periods are not so specified, the minimum period will be not less than 30 days and the maximum period will be not more than 60 days) to the Trustee and the Principal Paying Agent and, in accordance with Condition 16, the Noteholders (which notice shall be irrevocable), if the relevant Issuer satisfies the Trustee immediately before the giving of the notice referred to above that on the occasion of the next payment due under the Notes, the relevant Issuer or (where the relevant Issuer is UUWF) the Guarantor has or will become obliged to pay additional amounts as provided or referred to in Condition 10 as a result of any change in, or amendment to, the laws or regulations of the United Kingdom or any political subdivision of, or any authority in, or of, the United Kingdom having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the Issue Date of the first Tranche of the Notes provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the relevant Issuer or, as the case may be, the Guarantor (where the relevant Issuer is UUWF) would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition 9.2, the relevant Issuer shall deliver to the Trustee a certificate signed by one Director or duly authorised signatory of the relevant Issuer or, as the case may be, one Director or duly authorised signatory of the Guarantor (where the relevant Issuer is UUWF) stating that the relevant Issuer is entitled to effect such redemption and setting forth a statement of the change or amendment (as referred to above) which has occurred (irrespective of whether such change or amendment is then effective) describing the facts leading thereto and accompanied by an opinion in a form satisfactory to the Trustee of independent legal advisers of recognised standing to the effect that such change or amendment has occurred (irrespective of whether such change or amendment is then effective) and the relevant Issuer or, as the case may be, the Guarantor (where the relevant Issuer is UUWF) has or will become obliged to pay such additional amounts as a result of such change or amendment. The Trustee shall be entitled to accept such certificate and opinion as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event they shall be conclusive and binding on the Noteholders, the Receiptholders and the Couponholders.

Notes redeemed pursuant to this Condition 9.2 will be redeemed at their Early Redemption Amount referred to in Condition 9.6 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

9.3 Redemption for Index Reasons

(a) In the case of Index Linked Notes where CPI or CPIH is specified in the applicable Final Terms as the Index, if:

(i) the Index ceases to be published or any changes are made to it which, in the opinion of an Expert, constitute a fundamental change in the rules governing the Index and the change would, in the opinion of the Expert, be detrimental to the interests of the Noteholders and if the Expert fails within 30 days after its appointment (or such longer period as the Trustee may in its sole discretion agree), or states to the relevant Issuer and the Trustee that it is unable to recommend for the purposes of the Notes any adjustments to the Index or any substitute index (with or without adjustments), as described in Condition 7.5, the relevant Issuer shall, within 14 days of the expiry of such period or (as the case may be) after the date of such statement, give notice (which shall be irrevocable and shall state the date fixed for redemption which shall not be more than 15 days after the date on which the notice is given) to redeem the Notes then outstanding, at a price equal to their nominal amount multiplied by the Index Ratio applicable to the date on which the date fixed for redemption falls, together with accrued interest; or

(ii) the Index ceases to be published or any changes are made to it which, in the opinion of an Expert, constitute a fundamental change in the rules governing the Index and the change would, in the opinion of the Expert, be detrimental to the interests of the relevant Issuer and if the Expert fails within 30 days after its appointment (or such longer period as the Trustee may in its sole discretion agree), or states to the relevant Issuer and the Trustee that it is unable to recommend for the purposes of the Notes any adjustments to the Index or any substitute index (with or without adjustments), as described in Condition 7.5, the relevant Issuer may at its option, within 14 days of the expiry of such period or (as the case may be) after the date of such statement, give notice (which shall be irrevocable and shall state the date fixed for redemption which shall not be more than 15 days after the date on which the notice is given) to redeem the Notes then outstanding, at a price equal to their nominal amount multiplied by the Index Ratio applicable to the date on which the date fixed for redemption falls, together with accrued interest.

(b) In the case of Index Linked Notes where RPI is specified in the applicable Final Terms as the Index, if:

(i) the Index ceases to be published and if both (A) no substitute index is designated by His Majesty's Treasury in respect of the Reference Gilt as described in Condition 7.5(b)(i) and (B) the Expert fails within 30 days after its appointment (or such longer period as the Trustee may in its sole discretion agree), or states to the relevant Issuer and the Trustee that it is unable to recommend for the purposes of the Notes any substitute index (with or without adjustments), as described in Condition 7.5(b)(ii), the relevant Issuer shall, within 14 days of the expiry of such period or (as the case may be) after the date of such statement, give notice (which shall be irrevocable and shall state the date fixed for redemption which shall not be more than 15 days after the date on which the notice is given) to redeem the Notes then outstanding, at a price equal to their nominal amount multiplied by the Index Ratio applicable to the date on which the date fixed for redemption falls, together with accrued interest; or

(ii) notice is published by His Majesty's Treasury, or on its behalf, following cessation of the Index, offering a right of redemption to the holders of the Reference Gilt, and no amendment or substitution of the Index shall have been designated by His Majesty's Treasury in respect of the Reference Gilt and such circumstances are continuing, the relevant Issuer may at its option, within 14 days of the date of such publication, give notice (which shall be irrevocable and shall state the date fixed for redemption which shall not be more than 15 days after the date on which the notice is given) to redeem the Notes then outstanding, at a price equal to their nominal amount multiplied by the Index Ratio applicable to the date on which the date fixed for redemption falls, together with accrued interest.

9.4 Redemption at the option of the relevant Issuer (Issuer Call)

If Issuer Call is specified as being applicable in the applicable Final Terms, the relevant Issuer may, having given not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms (in the event that such periods are not so specified, the minimum period will be not less than 30 days and the maximum period will be not more than 90 days) to the Noteholders in accordance with Condition 16; (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date and at the Optional Redemption Amount(s) specified in the applicable Final Terms together, if appropriate, with interest accrued to (but excluding) the relevant Optional Redemption Date. Any such redemption must be of a nominal amount not less than the Minimum Redemption Amount and not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms.

In the case of a partial redemption of Notes, the Notes to be redeemed ("Redeemed Notes") will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes and, in the case of Redeemed Notes represented by a Global Note, in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion), in each case not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the "Selection Date"). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 16 not less than 15 days prior to the date fixed for redemption. The aggregate nominal amount of Redeemed Notes represented by definitive Notes shall bear the same proportion to the aggregate nominal amount of all Redeemed Notes as the aggregate nominal amount of definitive Notes outstanding bears to the aggregate nominal amount of the Notes outstanding, in each case on the Selection Date, provided that, if necessary, appropriate adjustments shall be made to such nominal amounts to ensure that each represents an integral multiple of the Specified Denomination. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 9.4 and notice to that effect shall be given by the relevant Issuer to the Noteholders in accordance with Condition 16 at least five days prior to the Selection Date.

9.5 Redemption at the option of the Noteholders (Investor Put)

If Investor Put is specified as being applicable in the applicable Final Terms, upon the holder of any Note giving to the relevant Issuer in accordance with Condition 16 not less than the minimum period nor more than the maximum period of notice specified in the applicable Final Terms (in the event that such periods are not so specified, the minimum period will be not less than 30 days and the maximum period will be not more than 90 days), the relevant Issuer will, upon the expiry of such notice, redeem in whole (but not in part), such Note on the Optional Redemption Date and at the Optional Redemption Amount together, if appropriate, with interest accrued to (but excluding) the Optional Redemption Date.

If this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must deliver, at the specified office of any Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes) at any time during normal business hours of such Paying Agent or, as the case may be, the Registrar, falling within the notice period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent or, as the case may be, the Registrar (a "Put Notice") and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition and, in the case of Registered Notes, the nominal amount thereof to be redeemed and, if less than the full nominal amount of the Registered Notes so surrendered is to be redeemed, an address to which a new Registered Note in respect of the balance of such Registered Notes is to be sent subject to and in accordance with the provisions of Condition 2.2. If this Note is in definitive bearer form, the Put Notice must be accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control.

If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the notice period, give notice to the Principal Paying Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on their instruction by Euroclear or Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be, for them to the Principal Paying Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time.

9.6 Early Redemption Amounts

For the purpose of Condition 9.2 and 9.4 and Condition 12, the Notes will be redeemed at their Early Redemption Amount calculated as follows:

(a) in the case of Notes with a Final Redemption Amount equal to the Issue Price, at the Final Redemption Amount thereof;

(b) in the case of Notes (other than Zero Coupon Notes) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Notes are denominated, at the amount specified in the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at their nominal amount; or

(c) in the case of Zero Coupon Notes, at an amount (the "Amortised Face Amount") equal to the sum of:

(i) the Reference Price; and

(ii) the product of the Accrual Yield (compounded annually) being applied to the Reference Price from (and including) the Issue Date of the first tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Notes become due and repayable.

Where such calculation is to be made for a period which is not a whole number of years, it shall be made (1) in the case of a Zero Coupon Note other than a Zero Coupon Note payable in euro, on the basis of a 360-day year consisting of 12 months of 30 days each and (2) in the case of a Zero Coupon Note payable in euro, on the basis of the actual number of days elapsed divided by 365 (or, if any of the days elapsed falls in a leap year, the sum of (x) the number of those days falling in a leap year divided by 366 and (y) the number of those days falling in a non-leap year divided by 365).

(d) In the case of Index Linked Notes, at the outstanding nominal amount thereof, subject to adjustment in accordance with Condition 7.2.

9.7 Purchases

The relevant Issuer, the Guarantor (where the relevant Issuer is UUWF) or any Subsidiary (as defined in the Trust Deed) of the relevant Issuer or (where the relevant Issuer is UUWF) the Guarantor may at any time purchase Notes (provided that, in the case of definitive Bearer Notes, all unmatured Receipts, Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the relevant Issuer or (where the relevant Issuer is UUWF) the Guarantor, surrendered to any Paying Agent or the Registrar for cancellation.

9.8 Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Receipts, Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and Notes purchased and cancelled pursuant to Condition 9.7 above (together with all unmatured Receipts, Coupons and Talons cancelled therewith) shall be forwarded to the Principal Paying Agent and cannot be reissued or resold.

9.9 Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Conditions 9.1, 9.2, 9.4 or 9.5 above or upon its becoming due and repayable as provided in Condition 12 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 9.6(c) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

(a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and

(b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Note has been received by the Principal Paying Agent, the Registrar or the Trustee and notice to that effect has been given to the Noteholders in accordance with Condition 16.

10. TAXATION

All payments of principal and interest in respect of the Notes, Receipts and Coupons by or on behalf of the relevant Issuer or (where the relevant Issuer is UUWF) the Guarantor will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of the United Kingdom or any political subdivision or any authority thereof or therein having power to tax unless such withholding or deduction is required by law. In such event, the relevant Issuer or, as the case may be, the Guarantor (where the relevant Issuer is UUWF) will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes, Receipts or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes, Receipts or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note, Receipt or Coupon:

(a) presented for payment by or on behalf of a holder who is liable for such taxes or duties in respect of such Note, Receipt or Coupon by reason of their having some connection with the United Kingdom other than the mere holding of such Note, Receipt or Coupon; or

(b) presented for payment in the United Kingdom; or

(c) presented for payment to, or to a third party on behalf of, a holder who would not be liable to such withholding or deduction if such holder had made a declaration of non-residence or similar claim for exemption to any authority of or in the United Kingdom; or

(d) where such withholding or deduction is required pursuant to an agreement described in Section 1471(b) of the Code or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or any law implementing an intergovernmental approach thereto; or

(e) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day.

As used herein, the "Relevant Date" means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Trustee or the Principal Paying Agent or the Registrar, as the case may be, on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 16.

11. PRESCRIPTION

The Notes (whether in bearer or registered form), Receipts and Coupons will become void unless claims in respect of principal and/or interest are made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 10) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition or Condition 8.2 or any Talon which would be void pursuant to Condition 8.2.

12. EVENTS OF DEFAULT AND ENFORCEMENT

12.1 The Trustee at its discretion may, and if so requested in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject in each case to it being indemnified and/or secured and/or pre-funded to its satisfaction), (but, in the case of the happening of any of the events mentioned in Conditions 12.1(b), (c), (e), (f) and (g), below in relation to the relevant Issuer or (where the relevant Issuer is UUWF) the Guarantor and (c) to (g) below (inclusive) in relation to a Material Subsidiary, only if the Trustee shall have certified in writing that such event is, in its opinion, materially prejudicial to the interests of the Noteholders) give notice to the relevant Issuer that the Notes are, and they shall accordingly thereupon become, immediately due and repayable at their Early Redemption Amount, together with accrued interest as provided in the Trust Deed, if any of the following events shall occur and be continuing:

(a) if default is made by the relevant Issuer or (where the relevant Issuer is UUWF) the Guarantor for a period of 14 days or more in the payment of any principal or interest due in respect of the Notes or any of them; or

(b) if default is made by the relevant Issuer or (where the relevant Issuer is UUWF) the Guarantor in the performance or observance of any material obligation, condition or provision binding upon it under the Notes or the Trust Deed (other than any obligation for the payment of any principal or interest in respect of the Notes) and, except where such default is, in the opinion of the Trustee, not capable of remedy when no such continuation and notice as is hereinafter mentioned will be required, such default continues for 30 days (or such longer period as the Trustee may permit) after written notice thereof has been given by the Trustee to the relevant Issuer or, as the case may be, the Guarantor (where the relevant Issuer is UUWF) requiring the same to be remedied; or

(c) (1) any indebtedness for moneys borrowed (as defined below) of the relevant Issuer or (where the relevant Issuer is UUWF) the Guarantor or any Material Subsidiary or (2) any present or future guarantee for, or indemnity in respect of, any indebtedness for moneys borrowed of any person given by the relevant Issuer, the Guarantor (where the relevant Issuer is UUWF) or any Material Subsidiary where the relevant indebtedness for moneys borrowed when aggregated with all other indebtedness for moneys borrowed in respect of which one or more other events referred to in this paragraph (c) shall have occurred exceeds whichever is the greater of £30,000,000 (or the equivalent in other currencies as determined by the Trustee) and two per cent. of the Adjusted Capital and Reserves:

(i) is not paid or repaid or honoured when due or within any applicable grace period; or

(ii) is declared to be or becomes enforceable, redeemable or repayable prior to the due date for payment thereof as a result of any actual default by the relevant Issuer, the Guarantor (where the relevant Issuer is UUWF) or any Material Subsidiary, as the case may be, or as a result of an event of default (howsoever described) in relation thereto, unless such default or event of default is waived or remedied (to the satisfaction of the Trustee) within thirty business days, except, in any such case, where there is a bona fide dispute as to payment; or

(d) if an order is made or a resolution is passed for the winding up of, or an administration order is made in relation to, the relevant Issuer, the Guarantor (where the relevant Issuer is UUWF) or any Material Subsidiary (save, in the case of a Material Subsidiary, (i) with the prior consent of the Trustee or the prior sanction of an Extraordinary Resolution for the purposes of or in connection with an amalgamation or reconstruction, or (ii) a voluntary solvent winding-up where surplus assets are available for distribution); or

(e) if an encumbrancer takes possession or an administrative or other receiver or an administrator is appointed of the whole or any substantial part of the undertaking, property and assets of the relevant Issuer, the Guarantor (where the relevant Issuer is UUWF) or any Material Subsidiary or if a distress, execution or other process is levied or enforced upon or sued out against the whole or any substantial part of the assets of the relevant Issuer, the Guarantor (where the relevant Issuer is UUWF) or any Material Subsidiary and, in the case of any of the foregoing events, is not discharged within 60 days or such longer period as the Trustee may allow; or

(f) if the relevant Issuer, the Guarantor (where the relevant Issuer is UUWF) or any Material Subsidiary is unable to pay its debts within the meaning of Section 123(2) of the Insolvency Act 1986; or

(g) if the relevant Issuer, the Guarantor (where the relevant Issuer is UUWF) or any Material Subsidiary shall cease to carry on the whole or substantially the whole of its business, save in any case for the purposes of amalgamation, merger, consolidation, reorganisation, reconstruction or other similar arrangement:

(i) (where the relevant Issuer is UU) not involving or arising out of the insolvency of UU or a Material Subsidiary and under which all or substantially all of its assets are transferred to UU or a Material Subsidiary or one or more of UU's other Subsidiaries or to a transferee or transferees which is or are, or immediately upon such transfer become(s), a Material Subsidiary or Material Subsidiaries provided that this exception (i) shall not apply where the transferor company is UU unless assets comprising the major part by value of the assets owned by UU immediately prior to such transfer are transferred to a single transferee company and contemporaneously with such transfer (y) such transferee company assumes (to the satisfaction of the Trustee) all the obligations of UU as principal debtor in respect of the Notes and (z) UU unconditionally and irrevocably guarantees (to the satisfaction of the Trustee) the payment of all amounts payable by such transferee company as the new principal debtor; or

(ii) (where the relevant Issuer is UUWF) not involving or arising out of the insolvency of UUWF, the Guarantor or a Material Subsidiary and under which all or substantially all of its assets are transferred to UUWF, the Guarantor or a Material Subsidiary or one or more of UUWF's or the Guarantor's Subsidiaries or to a transferee or transferees which is or are, or immediately upon such transfer become(s), a Material Subsidiary or Material Subsidiaries provided that this exception (ii) shall not apply where the transferor company is UUWF or the Guarantor unless assets comprising the major part by value of the assets owned by the relevant transferor company immediately prior to such transfer are transferred to a single transferee company and contemporaneously with such transfer (1) where the transferor company is UUWF (y) such transferee company assumes (to the satisfaction of the Trustee) all the obligations of UUWF as principal debtor in respect of the Notes and (z) UUWF or the Guarantor unconditionally and irrevocably guarantees (to the satisfaction of the Trustee) the payment of all amounts payable by such transferee company as the new principal debtor and (2) where the transferor company is the Guarantor, such transferee company guarantees (to the satisfaction of the Trustee) the payment of all amounts payable by UUWF as the relevant Issuer in respect of the Notes; or

(iii) under which all or substantially all of its assets are transferred to a third party or parties (whether associates or not) for full consideration on an arm's length basis; or

(iv) the terms of which have previously been approved by the Trustee in writing or by an Extraordinary Resolution of the Noteholders provided that in no event shall the relevant Issuer or (where the relevant Issuer is UUWF) the Guarantor or any Material Subsidiary be deemed to have ceased to carry on the whole or substantially the whole of its business solely by reason of any forced divestiture imposed by any government or regulatory body or by reason of the loss of the Appointment; or

(h) in the case of Notes issued by UUWF, the Guarantee ceases to be, or is claimed by the Guarantor not to be, in full force and effect.

12.2 Definitions

For the purposes of this Condition:

"Accounts" means, to the extent an Issuer has Subsidiary Undertakings, a consolidation of the annual accounts of the relevant Issuer or (where the relevant Issuer is UUWF) the Guarantor and (in each case) its Subsidiary Undertakings as prepared by the relevant Issuer or (where the relevant Issuer is UUWF) the Guarantor, and audited and reported upon by the Auditors in accordance with United Kingdom generally accepted accounting practices and principles, including International Financial Reporting Standards as adopted by the European Union, as applicable;

"Adjusted Capital and Reserves" means at any time a sum equal to the aggregate of:

(a) the amount paid up or credited as paid up on the issued share capital of the relevant Issuer or (where the relevant Issuer is UUWF) the Guarantor; and

(b) the amounts standing to the credit of the capital and revenue reserves of the relevant Issuer or (where the relevant Issuer is UUWF) the Guarantor and its respective Subsidiary Undertakings (including any share premium account and capital redemption reserve) after adding thereto any balance standing to the credit of the profit and loss account;

all based on the consolidated balance sheet of (where the relevant Issuer is UU) UU or (where the relevant Issuer is UUWF) the Guarantor and, in each case, their respective Subsidiary Undertakings as contained in the then latest Accounts but after:

(i) excluding all sums set aside for taxation (whether in respect of deferred taxation or otherwise);

(ii) making such adjustments as may be appropriate in respect of any variation in the amount of such share capital or such reserves subsequent to the relevant balance sheet date and so that for this purpose share capital allotted shall be deemed to have been issued and if any issue or proposed issue of shares by the relevant Issuer or (where the relevant Issuer is UUWF) the Guarantor for cash has been underwritten then such shares shall be deemed to have been issued and the amount (including any premium) of the subscription moneys payable in respect thereof (not being moneys payable later than six months after the date of allotment) shall to the extent so underwritten be deemed to have been paid up on the date when the issue of such shares was underwritten (or, if such underwriting was conditional, on the date when it became unconditional in all respects);

(iii) making such adjustments as may be appropriate in respect of any distributions declared, recommended or made by the relevant Issuer or (where the relevant Issuer is UUWF) the Guarantor or any of their respective Subsidiary Undertakings out of profits earned up to and including the date of such balance sheet to the extent that such distribution is not provided for in such balance sheet;

(iv) making such adjustments as may be appropriate in respect of any variation in the interests of the relevant Issuer or (where the relevant Issuer is UUWF) the Guarantor in their respective Subsidiary Undertakings (including, but without limiting the generality of the foregoing, any acquisition of a new Subsidiary Undertaking or disposal of an interest which causes an undertaking to cease to be a Subsidiary Undertaking) since the date of such balance sheet;

(v) if the calculation is required for the purposes of or in connection with a transaction under or in connection with which any company is to become or cease to be a Subsidiary Undertaking of the relevant Issuer or (where the relevant Issuer is UUWF) the Guarantor, making all such adjustments as would be appropriate if such transaction had been carried into effect;

(vi) excluding all minority interests and other third party interests in Subsidiary Undertakings of the relevant Issuer or (where the relevant Issuer is UUWF) the Guarantor;

(vii) deducting any balance to the debit of the profit and loss account;

(viii) deducting all amounts (if any) attributable to goodwill or any other intangible assets;

(ix) excluding such part of the interests of the relevant Issuer or (where the relevant Issuer is UUWF) the Guarantor or any of their respective Subsidiary Undertakings in an associated company (as defined in the Trust Deed), not being a Subsidiary Undertaking of the relevant Issuer or (where the relevant Issuer is UUWF) the Guarantor, as is attributable to any post-acquisition undistributed profits and reserves, but including such interests at original cost or, if lower, book value;

(x) deducting (if not otherwise excluded) such amount as the Auditors shall consider appropriate in respect of any deferred taxation liabilities on the net amount by which the fixed assets of the relevant Issuer or (where the relevant Issuer is UUWF) the Guarantor and their respective Subsidiary Undertakings shall have been written up as a result of any revaluation, and for this purpose a transfer of any assets by the relevant Issuer or (where the relevant Issuer is UUWF) the Guarantor to any of their respective Subsidiary Undertakings, or by any of their respective Subsidiary Undertakings to the relevant Issuer or (where the relevant Issuer is UUWF) the Guarantor or another of their respective Subsidiary Undertakings, for a consideration in excess of the book value thereof shall be deemed to be a writing up of the book value of such asset as a result of a revaluation;

(xi) deducting therefrom all amounts attributable (whether by way of share or loan capital or otherwise) to the interests of the relevant Issuer or (where the relevant Issuer is UUWF) the Guarantor and their respective Subsidiary Undertakings (other than Excluded Subsidiaries) in Excluded Subsidiaries; and

(xii) making such other adjustments (if any) as the Auditors may consider appropriate;

and so that no amount shall be included or excluded more than once in the same calculation.

The certificate of the Auditors as to the amount of the Adjusted Capital and Reserves at any time shall, in the absence of manifest error, be conclusive and binding on all parties.

"Appointment" means the Instrument of Appointment dated 24 August, 1989 under Sections 11 and 14 of the Water Act 1989 (as varied from time to time) appointing United Utilities Water Limited as a water undertaker and sewerage undertaker;

"Auditors" means the auditors for the time being of the relevant Issuer or the Guarantor (as the case may be) or, in the event of their being unable or unwilling to carry out any action requested of them pursuant to the Trust Deed, such other firm of chartered accountants as the Trustee may in writing nominate or approve for the purpose;

"Excluded Subsidiary" means any Subsidiary of UU (where the relevant Issuer is UU) or (where the relevant Issuer is UUWF) the Guarantor (i) which is a single purpose company whose principal assets and business are constituted by the ownership, acquisition, development and/or operation of an asset, (ii) none of whose liabilities in respect of the financing of such ownership, acquisition, development and/or operation of an asset is subject to any recourse whatsoever to any member of the Group other than an Excluded Subsidiary, and (iii) which has been designated as such by the relevant Issuer or (where the relevant Issuer is UUWF) the Guarantor by written notice to the Trustee; provided that the relevant Issuer or (where the relevant Issuer is UUWF) the Guarantor may give written notice to the Trustee at any time that any Excluded Subsidiary is no longer an Excluded Subsidiary, whereupon it shall cease to be an Excluded Subsidiary;

"Group" means (where the relevant Issuer is UU) UU or (where the relevant Issuer is UUWF) the Guarantor and, in each case, their respective Subsidiaries and "member of the Group" shall be construed accordingly;

"indebtedness for moneys borrowed" means any present or future indebtedness (being principal, premium or interest) for or in respect of (a) all moneys borrowed, (b) liabilities under or in respect of any acceptance or acceptance credit and (c) all notes, bonds, debentures, debenture stock, loan stock or other securities offered, issued or distributed whether by way of public offer, private placing, acquisition consideration or otherwise and whether issued for cash or in whole or in part for a consideration other than cash which is not for the time being owned by the relevant Issuer or (where the relevant Issuer is UUWF) the Guarantor or any of their respective Subsidiary Undertakings and which does not amount to Project Finance Indebtedness;

"Material Subsidiary" means (A) if the relevant Issuer is UU, any Subsidiary of the Issuer or (B) if the relevant Issuer is UUWF, any Subsidiary of the Guarantor (but excluding UUWF) and, in each case, not being an Excluded Subsidiary (i) whose gross revenues earned from outside the Group or whose gross assets (in each case consolidated in respect of a Subsidiary which itself has Subsidiaries, and in each case attributable to UU (where the relevant Issuer is UU) or (where the relevant Issuer is UUWF) the Guarantor all as shown in the latest audited accounts (consolidated or, as the case may be, unconsolidated)) of such Subsidiary represent 20 per cent. or more of the consolidated gross revenues or, as the case may be, consolidated gross assets (in each case attributable to the shareholders of its ultimate parent) of UU (where the relevant Issuer is UU) or (where the relevant Issuer is UUWF) the Guarantor and in each case their respective Subsidiary Undertakings (other than Excluded Subsidiaries) all as shown in the latest Accounts; or (ii) to which is transferred all or substantially all of the business, undertaking or assets of a Subsidiary which immediately prior to such transfer is a Material Subsidiary, whereupon the transferor Subsidiary shall immediately cease to be a Material Subsidiary and the transferee Subsidiary shall immediately become a Material Subsidiary under this sub-paragraph (ii) but shall cease to be a Material Subsidiary upon publication of its next audited accounts unless it would then be a Material Subsidiary under (i) above. A report by the Auditors (whether or not addressed to the Trustee) that in their opinion a Subsidiary is or is not or was or was not at any particular time a Material Subsidiary shall, in the absence of manifest error, be conclusive and binding on all parties;

"Project Finance Indebtedness" means any indebtedness for moneys borrowed to finance the ownership, acquisition, development and/or operation of an asset (whether or not an asset of a member of the Group):

(a) which is incurred by an Excluded Subsidiary; or

(b) in respect of which the person or persons to whom any such indebtedness for moneys borrowed is or may be owed by the relevant borrower (whether or not a member of the Group) has or have no recourse whatsoever to any member of the Group (other than an Excluded Subsidiary) for the repayment thereof other than:

   (i) recourse for amounts limited to the cash flow or net cash flow (other than historic cash flow or historic net cash flow) from such asset; and/or

   (ii) recourse for the purpose only of enabling amounts to be claimed in respect of such indebtedness for moneys borrowed in an enforcement of any encumbrance given by such borrower over such asset or the income, cash flow or other proceeds deriving therefrom (or given by any shareholder or the like in the borrower over its shares or the like in the capital of the borrower) to secure such indebtedness for moneys borrowed, provided that (1) the extent of such recourse to such borrower is limited solely to the amount of any recoveries made on any such enforcement, and (2) such person or persons is/are not entitled, by virtue of any right or claim arising out of or in connection with such indebtedness for moneys borrowed, to commence proceedings for the winding up or dissolution of the borrower or to appoint or procure the appointment of any receiver, trustee or similar person or officer in respect of the borrower or any of its assets (save for the assets the subject of such encumbrance); and/or

(iii) recourse to such borrower generally, or directly or indirectly to a member of the Group, under any form of assurance, undertaking or support, which recourse is limited to a claim for damages (other than liquidated damages and damages required to be calculated in a specified way) for breach of an obligation by the person against whom such recourse is available (not being a payment obligation or an obligation to procure payment by another or an indemnity in respect thereof or any obligation to comply or to procure compliance by another with any financial ratios or other tests of financial condition);

"Subsidiary" means a subsidiary within the meaning of Section 1159 of the Companies Act 2006; and

"Subsidiary Undertaking" has the meaning ascribed thereto in Section 1162 of the Companies Act 2006 (but, in relation to each Issuer or (where the relevant Issuer is UUWF) the Guarantor, shall exclude any Subsidiary Undertaking whose accounts are not included in the then latest Accounts, or (in the case of a Subsidiary Undertaking which has first become a Subsidiary Undertaking of a member of the Group since the date as at which such Accounts were prepared) would not have been so included or consolidated if it had become so on or before that date).

12.3 Enforcement

The Trustee shall not be bound to take any proceedings or any other action in relation to the Trust Deed, the Notes, the Receipts or the Coupons unless it shall have been so directed by an Extraordinary Resolution or so requested in writing by the holders of at least one-quarter in aggregate amount of the Notes then outstanding and in either case then only if it shall be indemnified and/or secured and/or pre-funded to its satisfaction against all liabilities which it may incur by so doing.

No Noteholder, Receiptholder or Couponholder shall be entitled to proceed directly against the relevant Issuer or (where the relevant Issuer is UUWF) the Guarantor unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure is continuing.

13. REPLACEMENT OF NOTES, RECEIPTS, COUPONS AND TALONS

Should any Note, Receipt, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Principal Paying Agent (in the case of Bearer Notes, Coupons or Receipts) or the Registrar (in the case of Registered Notes) upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the relevant Issuer may reasonably require. Mutilated or defaced Notes, Receipts, Coupons or Talons must be surrendered before replacements will be issued.

14. AGENTS

The initial Paying Agents are set out above. If any additional Paying Agents are appointed in connection with any Series, the names of such Paying Agents will be specified in Part B of the applicable Final Terms.

The relevant Issuer is entitled to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

(a) there will at all times be a Principal Paying Agent and, whilst any Registered Notes are outstanding, a Registrar and, whilst any Index Linked Notes are outstanding, a Calculation Agent;

(b) so long as the Notes are listed on any stock exchange or admitted to listing by any other relevant authority, there will at all times be a Paying Agent (in the case of Bearer Notes) and a Registrar and Transfer Agent (in the case of Registered Notes) with a specified office in such place as may be required by the rules and regulations of the relevant stock exchange or other relevant authority; and

(c) there will at all times be a Paying Agent in a jurisdiction within Europe, other than the jurisdiction in which the relevant Issuer or (where the relevant Issuer is UUWF) the Guarantor is incorporated.

In acting under the Agency Agreement, the Paying Agents act solely as agents of the relevant Issuer and (where the relevant Issuer is UUWF) the Guarantor and, in certain circumstances specified therein, of the Trustee and do not assume any obligation to, or relationship of trust with, any Noteholder, Receiptholder or Couponholder. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

15. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Principal Paying Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 11.

16. NOTICES

All notices regarding the Bearer Notes will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in London. It is expected that such publication will be made in the Financial Times in London. The relevant Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or any other relevant authority on which the Bearer Notes are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee may approve.

All notices regarding the Registered Notes will be deemed to be validly given if sent by first class mail or (if posted to an address overseas) by airmail to the holders (or the first named of joint holders) at their respective addresses recorded in the Register and will be deemed to have been given on the fourth day after mailing and, in addition, for so long as any Registered Notes are listed on a stock exchange or are admitted to trading by another relevant authority and the rules of that relevant authority or stock exchange so require, such notice will be published in a daily newspaper of general circulation in the places or places required by that competent authority or stock exchange.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) or such mailing the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange or admitted to trading by any other relevant authority and the rules of that stock exchange or other relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by that stock exchange or other relevant authority. Any such notice shall be deemed to have been given to the holders of the Notes on the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Principal Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Registered Notes). Whilst any of the Notes is represented by a Global Note, such notice may be given by any holder of a Note to the Principal Paying Agent or the Registrar through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Principal Paying Agent, the Registrar and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

17. MEETINGS OF NOTEHOLDERS, MODIFICATION AND WAIVER

The Trust Deed contains provisions for convening meetings (including by way of conference call or by use of a videoconference platform) of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Receipts, the Coupons or any of the provisions of the Trust Deed. Such a meeting may be convened by the relevant Issuer or the Trustee or (where the relevant Issuer is UUWF) the Guarantor and shall be convened by the relevant Issuer or (where the relevant Issuer is UUWF) the Guarantor at the request of Noteholders holding not less than five per cent. in nominal amount of the Notes for the time being outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes, the Receipts, the Coupons or the Trust Deed (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate or amount of interest payable in respect of the Notes or altering the currency of payment of the Notes, the Receipts or the Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders, or as a resolution in writing signed by or on behalf of all the Noteholders, or consented to by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee), shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Receiptholders and Couponholders.

The Trustee may agree, without the consent of the Noteholders, Receiptholders or Couponholders, to:

(a) any modification of any of the provisions of these Terms and Conditions, the Notes, the Receipts, the Coupons or the Trust Deed which is not in the opinion of the Trustee materially prejudicial to the interests of the Noteholders; or

(b) any modification of the provisions of any of these Terms and Conditions, the Notes, the Receipts, the Coupons or the Trust Deed which is of a formal, minor or technical nature or is made to correct a manifest error or to comply with mandatory provisions of law.

The Trustee may also agree, without the consent of the Noteholders, Receiptholders or Couponholders, to the waiver or authorisation of any breach or proposed breach of any of these Terms and Conditions or any of the provisions of the Trust Deed or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default (each as defined in the Trust Deed) shall not be treated as such, which in any such case is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders. In addition, the Trustee shall be obliged to concur with the relevant Issuer in effecting any Benchmark Amendments or Benchmark Replacement Conforming Changes in the circumstances and as otherwise set out in Condition 6.2(i) without the consent or approval of the Noteholders, Receiptholders or Couponholders.

In connection with the exercise by it of any of its trusts, powers, authorities or discretions (including, but without limitation, any modification, waiver, authorisation or determination), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders, Receiptholders or Couponholders (whatever their number) and, in particular, but without limitation, shall not have regard to the consequences of such exercise for individual Noteholders, Receiptholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political subdivision thereof and the Trustee shall not be entitled to require, nor shall any Noteholder, Receiptholder or Couponholder be entitled to claim, from the relevant Issuer, the Guarantor (where the relevant Issuer is UUWF), the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders, Receiptholders or Couponholders except, in the case of the relevant Issuer and (where the relevant Issuer is UUWF) the Guarantor, to the extent provided for in Condition 10 and/or any undertaking or covenant given in addition to, or in substitution for, Condition 10 pursuant to the Trust Deed.

Any such modification shall be binding on the Noteholders, Receiptholders and the Couponholders and, unless the Trustee otherwise agrees, any such modification shall be notified to the Noteholders in accordance with Condition 16 as soon as practicable thereafter.

18. INDEMNIFICATION OF THE TRUSTEE AND ITS CONTRACTING WITH THE RELEVANT ISSUER AND (WHERE THE RELEVANT ISSUER IS UUWF) THE GUARANTOR

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded to its satisfaction.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, inter alia, (i) to enter into business transactions with the relevant Issuer and/or (where the relevant Issuer is UUWF) the Guarantor and/or any of their respective Subsidiaries and to act as trustee for the holders of any other securities issued by, or relating to, the relevant Issuer and/or (where the relevant Issuer is UUWF) the Guarantor and/or any of their other Subsidiaries; (ii) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders, Receiptholders or Couponholders, and (iii) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

19. FURTHER ISSUES

The relevant Issuer is at liberty from time to time without the consent of the Noteholders, Receiptholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and the date on which interest starts to accrue and so that the same shall be consolidated and form a single Series with the outstanding Notes. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of Notes of other Series in certain circumstances where the Trustee so decides.

20. SUBSTITUTION

The Trustee may agree, without the consent of the Noteholders or the Couponholders, to the substitution at any time or times:

(a) of any Subsidiary of UU in place of UU as principal debtor, subject to the irrevocable and unconditional guarantee of UU; or

(b) of any Subsidiary of UUWF in place of UUWF as principal debtor, subject to the irrevocable and unconditional guarantee of UUWF; or

(c) of the Guarantor or any other Subsidiary of the Guarantor in place of UUWF as principal debtor subject, in the case of any other Subsidiary of the Guarantor, to the irrevocable and unconditional guarantee of the Guarantor; or

(d) of any holding company or Subsidiary of the Guarantor as guarantor under the Trust Deed and the Notes subject to such guarantor having the benefit of the Appointment held by the Guarantor.

Any such substitution shall also be subject to the relevant provisions of the Trust Deed.

21. GOVERNING LAW

The Trust Deed (including the Guarantee), the Agency Agreement, the Notes, the Receipts and the Coupons and any non-contractual obligations arising out of or in connection therewith are governed by, and construed in accordance with, English law.

22. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999 but this does not affect any right or remedy of any person which exists or is available apart from that Act.

USE OF PROCEEDS

The net proceeds from each issue of Notes will be applied by the relevant Issuer or (where the relevant Issuer is UUWF) the Guarantor, for its general corporate purposes. If, in respect of any particular issue of Notes there is a particular identified use of proceeds, this will be stated in the applicable Final Terms.

Where the applicable Final Terms for any Tranche of Notes indicates (including under 'Reasons for the offer' in Part B of such Final Terms) that such Notes are intended to be issued as Green Bonds, Social Bonds, Sustainability Bonds or Blue Bonds, the allocation of an amount equal to the net proceeds from such issue of Notes will be to eligible projects and activities that are in keeping with the Sustainable Finance Framework (as defined below and as may be amended, supplemented, updated or replaced from time to time at the sole discretion of United Utilities), being (as at the date of this Offering Circular) eligible projects and activities in relation to which expenditures have occurred within the three-year period prior to the relevant issuance year and/or where expenditure has occurred within a two-year period following the relevant issuance (such eligible projects and activities as may be amended from time to time, "Eligible Projects") (as further described in the section of this Offering Circular entitled "*Sustainable Finance Framework*"). Such Notes are not issued as "European Green Bonds" in accordance with the EuGB Regulation (as defined above).

Green Bonds

Where the applicable Final Terms denote a Tranche of Notes as "Green Bonds", an amount equal to the net proceeds arising from the issuance of such Green Bonds will be allocated to Eligible Projects which have a benefit for the natural environment and fall within eligible categories, which include (but are not limited to): (i) sustainable water and wastewater management; (ii) renewable energy; (iii) energy efficiency; (iv) pollution prevention and control; (v) environmentally sustainable management of living natural resources and land use; (vi) terrestrial and aquatic biodiversity conservation; and (vii) clean transportation (the "Green Eligible Categories").

Social Bonds

Where the applicable Final Terms denote a Tranche of Notes as "Social Bonds", an amount equal to the net proceeds arising from the issuance of such Social Bonds will be allocated to Eligible Projects which have a benefit for societies and communities and fall within eligible categories which include (but are not limited to) affordable basic infrastructure (the "Social Eligible Categories").

Sustainability Bonds

Where the applicable Final Terms denote a Tranche of Notes as "Sustainability Bonds", an amount equal to the net proceeds arising from the issuance of such Sustainability Bonds will be allocated to Eligible Projects which fall within eligible categories which are either Green Eligible Categories or Social Eligible Categories (the "Sustainability Eligible Categories").

Blue Bonds

Where the applicable Final Terms denote a Tranche of Notes as "Blue Bonds", an amount equal to the net proceeds arising from the issuance of such Blue Bonds will be allocated to Eligible Projects which fall within eligible categories, which will include (but are not limited to) certain marine and ocean-based categories (the "Blue Eligible Categories").

More information regarding the management of proceeds and reporting in respect of the Green Bonds, Social Bonds, Sustainability Bonds and Blue Bonds can be found in the section of this Offering Circular entitled "*Sustainable Finance Framework*".

SUSTAINABLE FINANCE FRAMEWORK

The below is intended as a summary of the Sustainable Finance Framework (as defined below) only. None of the Issuers, the Guarantor, the Trustee, the Arranger, the Dealers or any of their respective affiliates assumes any obligation or responsibility to release any update or revision to the Sustainable Finance Framework to reflect events or circumstances after the date of publication of the Sustainable Finance Framework. The Sustainable Finance Framework may be amended, supplemented or updated from time to time without the consent of the Noteholders and investors should refer to the Sustainable Finance Framework in full, as published at https://www.unitedutilities.com/corporate/investors/credit-investors/sustainable-finance/.

United Utilities' Sustainable Finance Framework has been developed to align with the Green Bond Principles (2018 edition), the Social Bond Principles (2020 edition) and the Sustainability Bond Guidelines (2018 edition), as published by the International Capital Market Association, as well as Green Loan Principles published by the Loan Market Association (2020 edition) (as amended, supplemented, updated or replaced from time to time, the "Sustainable Finance Framework").

The Group intends to use the Sustainable Finance Framework to raise finance in a variety of forms, and will allocate an amount at least equal to the net proceeds of any Green Bonds, Social Bonds, Sustainability Bonds or Blue Bonds to finance and/or refinance, in whole or in part, new or existing Eligible Projects. Eligible Projects will fall into one or several of the Green Eligible Categories, Social Eligible Categories, Sustainability Eligible Categories or Blue Eligible Categories (as applicable).

Exclusions

Allocations will be made to the Green Eligible Categories, Social Eligible Categories, Sustainability Eligible Categories or Blue Eligible Categories as specified in the "*Use of Proceeds*" section above, and in each case, the following uses of proceeds shall be specifically excluded: (i) financing of any fossil-fuel, nuclear, or hydropower generation projects with a capacity of 25 MW or above, and involving a water impoundment dam; and (ii) financing of any activities involving tobacco, alcohol, gambling or defence. For the avoidance of doubt, any additional excluded categories set out in the Sustainable Finance Framework will also be deemed to be excluded.

Management of Proceeds

The net proceeds arising from each issue of Green Bonds, Social Bonds, Sustainability Bonds and Blue Bonds will be appropriately managed by the Group's Treasury function and an amount equal to the proceeds arising will be wholly allocated to finance, refinance or invest in Eligible Projects. The Group's Treasury team will ensure on a best efforts basis that the portfolio of Eligible Projects exceeds, or at least is equal to, the amount of instruments raised under the Sustainable Finance Framework.

Where any proceeds cannot be initially allocated to Eligible Projects, the funds will be held or deposited in accordance with the Group's treasury policy (which may include investment on a temporary basis in accordance with the relevant internal policies, in cash, cash equivalents or similar instruments) until allocation to Eligible Projects.

Reporting in respect of Green Bonds, Social Bonds, Sustainability Bonds and Blue Bonds

The principles to which the Sustainable Finance Framework is aligned encourage reporting on the use of proceeds and the expected impacts at least on an annual basis, with the first report to be published within a year after launch of the finance raised under the Sustainable Finance Framework.

Within one year of issuance, and annually thereafter until full allocation of an amount equal to the net proceeds of any Green Bonds, Social Bonds, Sustainability Bonds or Blue Bonds, United Utilities will make available a report, which will provide investors information regarding (i) the total amount of proceeds allocated to Eligible Projects, per category; (ii) the proportion of the proceeds allocated to refinancing of existing Eligible Projects; (iii) unallocated proceeds; and (iv) selected impacts of its Eligible Projects based on environmental and social performance data.

External Review

Sustainalytics have provided a Second Party Opinion on the Sustainable Finance Framework, which is available at https://www.unitedutilities.com/corporate/investors/credit-investors/sustainable-finance/ (the "Second Party Opinion"). The Second Party Opinion is also available at www.sustainalytics.com. For the avoidance of doubt, the Second Party Opinion (and/or any amended, updated or replacement second party opinion provided in connection with the Sustainable Finance Framework from time to time) and the Sustainable Finance Framework are not incorporated into, and do not form part of, this Offering Circular.

United Utilities also intends to commission an independent review by an external auditor within one year of issuance of any Green Bonds, Social Bonds, Sustainability Bonds or Blue Bonds, and annually thereafter until full allocation of any proceeds of Green Bonds, Social Bonds, Sustainability Bonds or Blue Bonds, with the intention of confirming that an amount equal to the net proceeds have been allocated in accordance with the specifications of the Sustainable Finance Framework.

None of the Dealers or the Trustee shall be responsible for (i) any assessment of the Eligible Projects; (ii) any verification of whether the Eligible Projects falls within an investor's requirements or expectations of a "green", "social", "sustainable", "blue" or equivalently labelled project; or (iii) the ongoing monitoring of the use of proceeds in respect of any such Notes.

INFORMATION ON UNITED UTILITIES GROUP PLC

UUG is a public limited company registered in England and Wales with registered number 06559020.

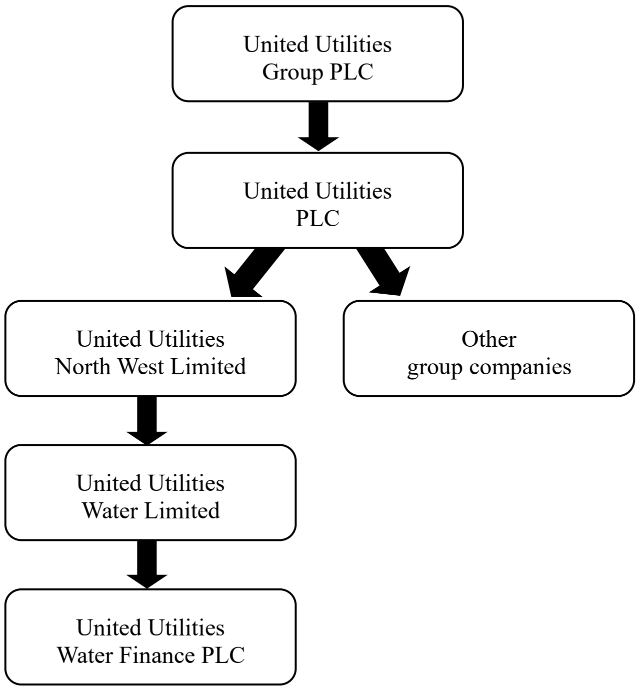
Description of business

UUG is the holding company of UU and ultimately owns UUW and UUWF. For the avoidance of doubt, UUG is neither an issuer nor a guarantor under the Programme.

Through UUW, the Group owns and manages the licenced water and wastewater network in the North West of England providing around eight million people with water and wastewater services. UUW is one of the largest listed water and wastewater companies in the UK as measured by RCV.

The ordinary shares of UUG are listed on the London Stock Exchange and are traded in the United States of America in the form of American Depository Receipts, which trade on an over the counter basis under the symbol UUGRY. UUG has a market capitalisation of £8.2 billion (as at 31 October 2025).

Ownership structure



History of UUG

On 29 November 2007, the board of directors of UU announced its intention to return approximately £1.5 billion to shareholders. The return of capital comprised the net equity proceeds of approximately £1,050 million from the sale of United Utilities Electricity Limited and a further £450 million from the Group's pre-existing resources in order to create a more efficient capital structure.

UUG was incorporated and registered on 8 April 2008 under the Companies Act 1985 as a private limited company limited by shares, as United Utilities Newco Limited. On 28 April 2008, UUG was re-registered as a public company and its name was changed to United Utilities Group PLC.

The return of capital was implemented on 28 July 2008 by introducing UUG as the holding company of UU through a High Court approved scheme of arrangement under section 899 of the Companies Act 2006, the issue of ordinary shares and B shares and a subsequent reduction of capital of UUG under section 135 of the Companies Act 1985. Following the implementation of the scheme of arrangement, UUG owns no material assets other than the share capital of UU.

UUG is a holding company and has not traded since incorporation.

Capital structure, credit ratings and UUG dividend policy for the 2025-2030 regulatory period

Following the acceptance of Ofwat's PR24 Final Determination by the board of UUW on 29 January 2025, under which the revenues of UUW as the regulated water entity within the Group have been set for the price control period 2025-2030 (see the subsection entitled "*Price Review – PR24*" below), the UUG board announced:

- a Group dividend policy of growth in line with CPIH inflation annually for the AMP8 regulatory period (which follows the long-term dividend policy applicable throughout the AMP7 period);

- that it would continue to manage the capital structure of the Group within a Group net debt to RCV targeted gearing range of 55 per cent. to 65 per cent. (in line with the AMP7 target range); and

- that it would target long-term issuer credit ratings for UUW of at least Baa1 with Moody's and BBB+ with S&P, and an issuer default rating of at least BBB+ with Fitch (senior unsecured debt rating A-), assuming that each rating agency maintains ratio thresholds/guidance for United Utilities' ratings in line with those published as at 29 January 2025 and no further changes to the rating agencies' methodologies or sector risk assessments are implemented.

Payment of dividends by UUG is expected to be underpinned by any dividends paid by UUW. In its PR24 Business Plan, UUW committed to further cementing its responsible approach to gearing, dividends and benefit sharing in AMP8 and more explicit alignment with the changes introduced in May 2023 by Ofwat in relation to its new powers to regulate water companies paying dividends. The UUW board is committed to making decisions on dividends on an annual basis (with a clear explanation to shareholders as part of its annual performance report (the "Annual Performance Report")), which will include an assessment of the underlying approach applied by the UUW board and how that may impact the availability of dividends available for the UUG board to pay to its shareholders.

DESCRIPTION OF THE ISSUERS - UNITED UTILITIES PLC

History of UU

UU is a public limited company registered in England and Wales with registered number 02366616. UU was incorporated on 1 April 1989 under the Companies Act 1985 as North West Water Group PLC.

UU was previously the listed holding company of the Group. However, on 28 July 2008, a new statutory holding company structure became effective by way of a share exchange between UU and UUG (see the subsection entitled "*History of UUG*" above). Following this, UUG is the listed holding company of the Group. UU is the intermediate holding company of the Group.

In order to focus on its core regulated water and wastewater activities, the Group sold United Utilities Electricity Limited in December 2007. United Utilities Electricity Limited owned the licenced electricity distribution network in the North West of England. The Group disposed of the bulk of its non-regulated activities over the period 2007-2010. Following completion of those disposals in November 2010, the Group's activities now comprise a single segment for financial reporting purposes.

The Group also has a 50 per cent. holding in Water Plus, a 50/50 joint venture with Severn Trent that delivers services to the competitive non-household retail sector in England and Scotland.

Credit ratings

As at the date of this Offering Circular, Moody's long-term corporate credit rating for UU is Baa2 and Notes issued by UU are expected to be rated Baa2. S&P's long-term corporate credit rating for UU is BBB and Notes issued by UU are expected to be rated BBB-. Fitch's long-term issuer default rating for UU is BBB and Notes issued by UU are expected to be rated BBB+.

Fitch, Moody's and S&P are each established in the UK and are each registered under the UK CRA Regulation.

Board of directors

The directors of UU and their functions within the Group are as follows:

Name	Function
Louise Beardmore	Chief Executive Officer
Philip Aspin	Chief Financial Officer
Brendan Murphy	Treasurer
Robert Lee	Group Financial Controller

There is no existing or potential conflict of interest between the directors' duties to UU and/or their private interests or other duties.

The business address of each director is Haweswater House, Lingley Mere Business Park, Lingley Green Avenue, Great Sankey, Warrington WA5 3LP. This is the registered address of UU.

DESCRIPTION OF THE ISSUERS – UNITED UTILITIES WATER FINANCE PLC

History of UUWF

UUWF is a public limited company registered in England and Wales with registered number 09227416. UUWF was incorporated on 19 September 2014 under the Companies Act 2006.

UUWF is a wholly owned subsidiary of UUW. The ultimate parent company of UUWF is UUG.

UUWF was incorporated for the purpose of arranging finance for its immediate parent company, UUW. This is achieved by, amongst other potential sources of finance, the issuing of Notes under the Programme and the on-lending of the issue proceeds to UUW. Any Notes issued by UUWF are unconditionally and irrevocably guaranteed by UUW.

Credit ratings

UUWF does not have a corporate credit rating. However, Moody's, S&P and Fitch have each confirmed that they expect Notes issued by UUWF to be rated in line with UUW, reflecting the benefit of the Guarantee. See the subsection entitled "*Credit ratings*" under the heading "*Description of the Guarantor - United Utilities Water Limited*" below.

Fitch, Moody's and S&P are each established in the UK and are each registered under the UK CRA Regulation.

Board of directors

The directors of UUWF and their functions within the Group are as follows:

Name	Function
Philip Aspin	Chief Financial Officer
Simon Gardiner	Company Secretary
Brendan Murphy	Treasurer

There is no existing or potential conflict of interest between the directors' duties to UUWF and/or their private interests or other duties.

The business address of each director is Haweswater House, Lingley Mere Business Park, Lingley Green Avenue, Great Sankey, Warrington WA5 3LP. This is the registered address of UUWF.

DESCRIPTION OF THE GUARANTOR – UNITED UTILITIES WATER LIMITED

History of UUW

UUW is a private limited company registered in England and Wales with registered number 02366678. UUW was incorporated on 1 April 1989 under the Companies Act 1985 as North West Water Limited.

UUW is a wholly owned subsidiary of United Utilities North West Limited. United Utilities North West Limited is a wholly owned subsidiary of UU. The ultimate parent company of UUW is UUG.

Following its establishment as a wholly owned financing vehicle for UUW, Notes issued by UUWF under the Programme are unconditionally and irrevocably guaranteed by UUW.

Business overview

UUW serves the North West of England, holding licences to provide water and wastewater services to a population of around eight million people. The area includes the major cities of Manchester and Liverpool but also extends as far north as the Cumbrian–Scottish border and south beyond Crewe.

Credit ratings

As at the date of this Offering Circular, Moody's long-term corporate credit rating for UUW is Baa1 and Notes issued or guaranteed by UUW are expected to be rated Baa1. S&P's long-term corporate credit rating for UUW is BBB+ and Notes issued or guaranteed by UUW are expected to be rated BBB+. Fitch's long-term issuer default rating for UUW is BBB+ and Notes issued or guaranteed by UUW are expected to be rated A-.

Fitch, Moody's and S&P are each established in the UK and are each registered under the UK CRA Regulation.

UUW AMP8 dividend policy

UUW has an established dividend policy with robust and well-evidenced principles, which complies with the updated P30 Licence Condition requirements applicable to UUW's Instrument of Appointment (see subsection entitled "*Licences*" below).

UUW's dividend policy for the 2025-2030 AMP8 regulatory period has been set as follows:

- a 4% (nominal) return on the actual equity portion of the shadow RCV, paid in relation to the appointed activities of UUW;
- a further dividend comprising the profit after tax in relation to the non-appointed activities of UUW; and
- an amount no greater than demonstrable outperformance versus the PR24 Final Determination.

All dividend payments are reviewed annually by the UUW board. A decision to declare or pay a dividend is subject to a number of key principles committed to by the UUW board in its PR24 Business Plan, and obligations under its licence. In particular, before declaring or paying a dividend, the UUW board will:

- take account of a full range of matters including service delivery for customers and the environment;

- consider company performance in the round and over time, encompassing all aspects of delivery against its licence, including delivery against performance commitments, investment plans, cost efficiency and other areas of its operations;
- give consideration to UUW's current and future investment needs and financial resilience over the short and longer-term; and
- have due regard to whether the dividend rewards efficiency and the effective management of the business, including performance across a number of periods.

Industry and market

In England and Wales, most customers receive a water and wastewater service from one of the 11 licenced regional water and wastewater companies. A limited number of customers receive water or wastewater services from smaller companies providing services to consumers in smaller service areas. Since privatisation, the water industry has invested a significant amount, contributing to improvements in public health and environmental standards, better quality of services, and superior quality drinking water. A further £104 billion will be invested across the industry over 2025-2030 to deliver even more improvements. As each company in the water sector operates as a regional monopoly for the majority of its services, they are subject to regulation by various bodies in terms of both price and performance.

Key facts

The work of UUW includes:

- Collecting raw water from open reservoirs, lakes, rivers and boreholes, which are managed in a sustainable way, protecting and enhancing local habitats.
- Owning and managing 56,000 hectares of land, which are open to the public to enjoy access to nature.
- Treating the extracted water in one of its 86 water treatment works to ensure it is safe and clean for customers to drink, and storing the treated water in covered reservoirs ready to be delivered to customers.
- Maintaining over 43,000km of water pipes through which an average of 1.8 billion litres of water is delivered each day to around 8 million people and businesses across the North West.
- Removing wastewater from customers' drains and rainwater from roads and rooftops into combined sewers to be taken for cleaning.
- Maintaining over 79,000km of wastewater pipes through which wastewater is transported from sewers to one of UUW's 583 wastewater treatment works to be separated and treated.
- Returning the water to the natural environment through rivers and streams, once it is clean enough to meet stringent environmental consents.
- Minimising waste from its operations including turning sludge by-product into compost for farmers and capturing biogas to generate renewable energy from Bioresources. UUW produced 167.2 GWh of renewable electricity and biomethane in this way in its 2024-2025 financial year, reducing its carbon footprint and energy costs, and purchases electricity to cover remaining electricity needs which is 100 per cent. certified renewable.

UUW's water cycle is illustrated in the following diagram:

UUW is the second largest water and wastewater company based on the size of its asset base, as measured by RCV, and is a natural regional monopoly and as such the bulk of UUW's activities are subject to price regulation.

As at 31 March 2025, UUW had an Ofwat published RCV of just over £15.0 billion including all end-of-AMP midnight adjustments, a shadow RCV of just over £15.0 billion and an adjusted shadow RCV of around £15.4 billion, which reflects the full expected value of UUW's AMP7 ex-post adjustment mechanisms (these mechanisms are discussed in more detail in the section entitled "*AMP8 reconciliation mechanisms*" below). The RCV is the capital base used in setting price limits and has been built up from the total share value immediately after privatisation plus the value of the accumulated net capital investment since then. The RCV is significantly lower than the replacement asset value (i.e., the estimated amount it would cost for another party to build similar assets and networks) reflecting the fact that, at privatisation, the value of the water companies with the assets in situ was viewed as being less than the cost of replacing their assets. The shadow RCV shows the implied revisions to the RCV as a result of the net total expenditure ("totex") over or underspend.[3]

UUW's household retail team provides metering, billing and customer services for millions of household customers, and helps vulnerable customers with its Priority Services and other assistance schemes (UUW's affordability and vulnerability schemes are discussed in more detail in the section entitles "*ESG impact*" below). Household customers pay just under £600 per year on average for the combined water and wastewater services provided by UUW. Bills for 2025 and beyond have been set with reference to the PR24 Final Determination, marking an increase from previous years in order to support the increased investment required in AMP8 (see the subsection entitled "*Price Review – PR24*" below).

Unlike household customers, business customers have the flexibility to choose a water retailer in the open market. UUW exited the non-household retail market in 2017 (see the section entitled "*Competition*" below) and now provides wholesale services to retailers in this market, such as businesses, including interactions with new appointments and variations. UUW's intermediate parent company, UU, owns a joint venture (Water Plus) which operates in the competitive non-household retail market.

UUW continues to invest heavily for the benefit of its customers and the environment, with a totex allowance pursuant to the PR24 Final Determination of c.£13 billion over the 2025-2030 regulatory period (see subsection entitled "*Price Review – PR24*" below for further detail). This AMP8 totex allowance includes: (i) £2.5 billion to deliver a 33 per cent. reduction in spills from storm overflows, (ii) £256

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[3] *UUW includes timing differences from accelerated or deferred spend in any given year in its calculation of shadow RCV, however these are excluded from Ofwat's calculation.*

million to improve smart meter coverage in homes and businesses, to help deliver a 13 per cent. reduction in leakage as well as reducing business customer water use by 7 per cent., (iii) £354 million to improve service to customers and deliver a 34 per cent. reduction in customer contacts about water quality over AMP8, and (iv) £304 million to increase the resilience of its infrastructure over AMP8.

Over AMP7, UUW adapted its allowed totex by: (i) accelerating the timing of its capital programme, bringing totex forward within the AMP, (ii) extending its totex beyond the scope of its totex allowance in order to deliver customer and environmental improvements, and (iii) accelerating AMP8 expenditure into the final two years of AMP7 in order to expedite delivery of environmental commitments (including improving river health and reducing the use of storm overflows - for further detail, see the subsection entitled "*Combined sewer overflows (CSOs)*" below). UUW expects to continue with a substantial investment programme for the foreseeable future as current environmental legislation is expected to continue to drive significant investment needs.

UUW is one of the most financially resilient companies in the sector. Ofwat published its 2024-2025 monitoring financial resilience report in November 2025, which confirmed UUW had attained the top financial resilience categorisation of 'standard'. This is supported by:

- A strong balance sheet: UUW's ultimate parent, UUG, has one of the lowest gearing levels across the sector at 60% as at 31 March 2025 and UUW holds investment grade credit ratings;
- A secure pensions position: UUW has operated with an accounting pension surplus for a number of years as a result of its de-risking policies being fully funded on a low-dependency basis, with around 70% of the liabilities hedged through buy-in contracts and the remaining liabilities fully hedged for interest rate and inflation risk. All of UUW's defined benefit pension schemes have been closed to new employees since 2006; and
- A prudent approach to financial risk management: UUW (and UU more generally) operates with robust financial policies, targets and thresholds for liquidity risk, credit risk, market risk (inflation, interest rate, electricity price and currency) and capital risk.

Purpose, strategic priorities, and core values

UUW's purpose is to provide great water for a stronger, greener and healthier North West.

Stronger: UUW delivers an essential service, helps customers in vulnerable situations, invests in local communities across the region, and supports thousands of jobs and the economy, giving the North West resilience in a changing world;

Greener: UUW protects and enhances urban and rural environments, and adapts to the challenges of climate change, allowing people, wildlife and nature to thrive, making the North West a better place to live now and for the future; and

Healthier: UUW provides great quality drinking water and safely removes and recycles used water for around 8 million people in the North West, while taking care of beautiful landscapes across the region every day.

This purpose drives UUW to deliver services in an environmentally sustainable, economically beneficial and socially responsible manner and create sustainable long-term value for all stakeholders with whom it interacts.

UUW's strategy to enable delivery of its purpose has six priorities, which permeate everything that UUW does:

- Improve our rivers;
- Create a greener future;
- Provide a safe and great place to work;
- Deliver great service for all our customers;
- Spend customers' money wisely; and
- Contribute to our communities.

UUW aims to achieve this through its three core values:

- Do the right thing: first and foremost, as a responsible business, UUW wants its people to always focus on doing the right thing.
- Make it happen: UUW is focussed on supporting people and working as a team to make things happen, taking accountability and putting progress over perfection.
- Be better: ultimately, everything UUW does is about improving things and creating a better tomorrow for everyone. UUW wants to be better as a company, and this means encouraging all colleagues to live this value as well.

UUW undertakes planning for long, medium and short-term horizons to protect long-term resilience and sustainability. Long-term planning covers the next 25 years and more. UUW plans far into the future, using adaptive planning pathways to ensure it can respond to risks and opportunities that may arise, building resilience to ensure that the business can provide essential services to customers far into the future. Medium-term planning is aligned to the regulatory asset management periods, including the commitments and targets in UUW's PR24 Final Determination for the AMP8 period, as well as its non-regulatory activities – this planning currently extends out to 2030. Short-term planning, for the next financial year, enables UUW to monitor and measure progress against its longer-term targets. UUW sets annual, measurable targets but retains flexibility in its one-year plans to meet its five-year targets in the most effective and efficient way as circumstances change.

ESG impact

UUW's purpose highlights how ESG considerations are integral to everything it does. UUW operates in an environmentally and socially conscious manner and aims to uphold the highest standards of corporate governance. UUW actively participates in a range of global ESG ratings, indices and frameworks to benchmark its approach against best practice and emerging sustainability challenges. Open, honest and transparent reporting is at the core of UUW's responsible business approach, underpinned by a clear purpose and strategic priorities. UUW includes disclosures within its annual report and financial statements consistent with the recommendations of the Task Force on Climate-related Financial Disclosures, in addition to inclusion of information on its approach to the Task Force on Nature-related Financial Disclosures.

By operating in a responsible manner throughout the organisation, UUW seeks to ensure it is well placed to continue to create long-term sustainable value for all stakeholders. This value comes from understanding what matters most to stakeholders and balancing these different perspectives in UUW's decision-making. UUW is working to embed a value-based approach to decision making, bringing environmental and social impacts into business processes to create and protect value for all stakeholders.

UUW serves more of the most deprived communities in the North West than any other region in England, which makes affordability support critical. UUW leads the sector with an extensive range of affordability and vulnerability schemes, which supported over 414,000 customers in AMP7, with 540,000 customers using its Priority Services offering as at 31 March 2025. UUW has committed to a package of £525 million of affordability support over AMP8, which includes schemes such as discounted tariffs, grants and its payment matching scheme. This is expected to assist one in six customers over AMP8. In the PR24 Draft Determination, Ofwat noted that it considered UUW's plans for customer affordability to be 'sector leading'. In accordance with the PR24 Final Determination and PR24 Business Plan, UUW has committed to a shareholder contribution of £86 million to hardship funds and other support measures, and £86 million on matching payments which are made by customers repaying debts.

UUW has an ambitious and adaptive net zero transition plan that aims to achieve net zero (as defined by the SBTi Net-Zero Standard) by 2050. UUW is the only UK water company to have SBTi approved near-term, long-term and net zero targets. These targets cover all three emission scopes and the emissions reduction targets are aligned with the 1.5°C ambition of the Paris Agreement.

Key Performance Indicators ("KPIs")

UUW measures its performance against a selection of KPIs which are set at Group level, and are both financial and operational in nature.

UUW's financial KPIs assess both the profitability and financial resilience of its business, including income statement, balance sheet and shareholder performance metrics. UUW's financial KPIs are: underlying operating profit, underlying earnings per share, dividend per share, gearing: net debt to RCV, total shareholder return and return on regulated equity ("RoRE").

UUW's operational KPIs are linked to ESG and are aligned to the stronger-greener-healthier elements of its purpose, with clear links to its strategic priorities:

Purpose	KPI
Environmental performance: Greener North West	Better Rivers: Better North West commitments: The percentage of in-year milestones delivered as part of UUW's Better Rivers programme.
	Carbon pledges: Six pledges to reduce UUW's carbon footprint including peatland restoration, woodland creation and reducing the reliance on fossil fuels of UUW's vehicle fleet.
	The Environment Agency's (the "EA") Environmental Performance Assessment ("EPA") rating: The EA's annual assessment across six key sector environmental performance measures.
Social performance: Healthier North West	Colleague Engagement: Level of colleague engagement as measured by UUW's annual colleague opinion survey.
	Customer Measure of Experience ("C-MeX") ranking: Ofwat's C-MeX, comprising two surveys – the customer service survey, and the customer experience survey.
	Customers lifted out of water poverty: Where UUW support acts to lift a customer out of water poverty, which is defined as households spending more than 3 per cent. of income on their water bill.
Governance performance: Stronger North West	Capital Programme Delivery incentive: Measures the extent to which UUW has delivered its capital projects efficiently, on time, and to the required quality standard.
	Community Investment: Total community investment as measured by the 'Business for Social Impact' method.
	Performance across a range of trusted investor indices: Company performance relative to the water and utilities sector participants in a selection of trusted investor ESG ratings and indices.

Performance against the above KPIs and against many other performance metrics that matter to stakeholders is set out in UUW's annual report, which is published on UUW's website. UUW expects to refresh its list of operational KPIs and associated targets in 2026, in order to better align with the regulatory targets set out in the PR24 Final Determination.

Regulators

The regulators in the water and wastewater industry are as follows:

- **Ofwat** (the Water Services Regulation Authority) is the economic regulator of the water and sewerage sectors in England and Wales, responsible for ensuring that companies provide customers with a good quality, efficient service at a fair price.

- **The EA** regulates emissions to land, water and air and through this controls how much water can be drawn from the environment, the quality of water returned to rivers and the sea, applications of biosolids to land and the quality of any emissions to air made through UUW's operations.
- **The DWI** is responsible for ensuring compliance with the drinking water quality regulations.
- **The Regulators' Alliance for Progressing Infrastructure Development** is a partnership made up of Ofwat, the EA and DWI, to help accelerate the development of new water infrastructure and design future regulatory frameworks.
- **The CCW** represents customers' interests relating to price, service and value for money. It also investigates customer complaints. Customers who remain dissatisfied can refer their complaint to be adjudicated by an independent service, the WATRS (defined below).
- **The Water Redress Scheme** (the "WATRS") is an independent service designed to adjudicate disputes that have not been resolved through the relevant water company's customer services teams or by referring the matter to the CCW.
- **Natural England** is responsible for the protection of designated sites for nature conservation such as Sites of Specific Scientific Interest. Companies are required to manage these sites and to protect and enhance biodiversity.
- **Defra** is the UK Government department responsible for water policy and regulations in England and Wales. It also sets drinking water quality and environmental standards which water companies must meet.
- **DESNZ** is the UK Government department responsible for energy security and net zero. It is focussed on delivering security of energy supply, ensuring properly functioning energy markets, encouraging greater energy efficiency and seizing the opportunities of net zero to lead the world in new green industries.
- **Natural Resources Wales** is a Welsh Government sponsored body, responsible for the sustainable management of natural resources, focussed on tackling the climate, nature and pollution emergencies. Natural Resources Wales regulates most of the environmental aspects of UUW's operations over the Welsh border.
- **OEP** is an independent public body, which was established to assess environmental protection and the improvement of the natural environment. The OEP has functions for scrutiny, advice and enforcement, and its mission is to hold the UK Government and other public authorities to account.

Environmental regulation

The water and wastewater industry in the UK is subject to substantial regulation. This regulation places significant statutory obligations on water and wastewater companies with regard to, amongst other factors, the price of services provided, the quality of drinking water supplied, wastewater treatment and the effects of the companies' activities on the natural environment.

The Water (Special Measures) Act 2025 (the "Special Measures Act") has provided regulators with new powers to take tougher and faster action against water companies damaging the environment, and (amongst other things): (i) increases the EA's enforcement powers by introducing automatic fines for pollution offences, failure to comply with information requests and reporting requirements and water resource offences (which will be captured by secondary legislation), (ii) provides Ofwat with the power to set rules for restricting or prohibiting bonus payments to executives where specified standards are not met, (iii) introduces independent monitoring of every sewage outlet and requires water companies to produce real-time data (within an hour) for all emergency overflows in England, and (iv) requires water companies to publish annual Pollution Incident Reduction Plans.

In November 2021, the Environment Act was passed into UK law. This is the UK's framework of environmental protection and sets clear statutory targets for the recovery of the natural world within four priority areas of air quality, water, biodiversity and resource efficiency and waste reduction. The Environment Act also targets a halt in the decline in species abundance by the end of 2030. The integration, prevention, rectification at source, polluter pays and precautionary principles have each been specified for ministers to consider when making policy.

When the Environment Act came into force, it required changes to the water resources planning process to ensure more effective collaboration between water companies and other sectors to manage supply and demand, deliver resilience against droughts, and facilitate environmental improvement through a better understanding of environmental needs. Where water abstraction poses an environmental risk, from 1 January 2028, the EA will have powers to, in certain circumstances and subject to certain conditions, (i) vary or revoke abstraction licences without the liability of compensation to licence holders and (ii) vary abstraction licences without the liability of compensation if the relevant licence holder is abstracting at least 25% less water than its licenced volume for each year over a 12-year period. Guidance is to be issued to enable abstraction permit holders to seek alternatives to variation or revocation wherever possible before this date. The Written Ministerial Statement on Water Efficiency issued on 1 July 2021 outlined the expectations on water companies to reduce the demand for water and the Environment Act made no major changes to this plan. There were also additional metering programmes identified for Seriously Stressed Water Areas (none of which are in UUW's region).

The Environment Act has also impacted UUW's wastewater service through its storm overflow discharge reduction plan, which has imposed further requirements with regards to monitoring and reducing discharges from CSOs. As part of this plan, water companies are required to deliver progressive improvements to storm overflows in line with statutory milestones. By 2035, all storm overflows discharging near designated bathing waters must be improved, and at least 75% of those discharging into or near high-priority sites. By 2045, all remaining storm overflows discharging into or near high-priority sites must be improved. By 2050, storm overflows must operate only during periods of unusually heavy rainfall and must not cause any adverse ecological harm. Failure to achieve these targets may result in regulatory enforcement action, including financial penalties. UUW is also required under the Environment Act to reduce phosphorus loading from treated wastewater by 80% by 2038 in order to reduce nutrient pollution in water.

The EA introduced the EPA in 2011 as a tool to compare the performance between the 9 English water and wastewater companies across several years. The specific metrics are reviewed each year in line with the 5-year AMP investment cycles. In 2023, the EA rated UUW the maximum 4 stars (industry leading). The most recent assessment was published in October 2025 in respect of the 2024 period, in which the EA rated UUW 2 stars (requiring improvement). The EA reported a general decline across the industry for 2024, due to factors such as (i) the increase in wet and adverse weather over the period, which put extra pressure on water company assets, (ii) the long-standing issues with underinvestment and asset performance, and (iii) increased monitoring highlighting incidents which had not been identified in prior EPA periods. Whilst 2024 marked a decrease in UUW's EPA rating, UUW's cumulative performance star rating from 2021 to 2024 totals 13 stars which is the second highest rating across the sector for AMP7.

Retained European Union environmental regulation

Several aspects of the environmental regulation to which the Group is subject are derived from EU environmental legislation which entered into force prior to completion of the Brexit implementation period (being 11pm GMT on 31 December 2020). Except as otherwise modified, repealed or replaced, such legislation (or the provisions of UK law which transposed or implemented such legislation into domestic law) continues to form part of the domestic law of the UK by virtue of EUWA (as amended by the Retained EU Law (Revocation and Reform) Act 2023) as assimilated law (formerly known as 'retained EU law') and references in this section to provisions of EU law should be read as references to such assimilated law.

EU environmental legislation as transcribed into UK law included several directives, such as the Bathing Water Directive (2006/7/EC), the Urban Wastewater Directive (91/271/EEC) and the Water Framework Directive (2000/60/EC), which establish environmental standards which need to be met. UUW and other UK water companies have a part to play in meeting these objectives. However, UUW is not the sole agent in terms of compliance, and as such works in partnership with other agencies and organisations such as the EA, Natural England, local authorities, landowners and environmental non-governmental organisations to deliver coordinated action to move towards meeting these objectives.

There has been an increased focus on sewage sludge being regulated as waste under the Waste Framework Directive (2008/98/EC). This includes implementation of the Industrial Emissions Directive (Directive 2010/75/EU) (the "IED"), which came into force on 6 January 2011 and is implemented through the Environmental Permitting Regime in England and Wales. The EA has determined that the IED permitting regime applies to anaerobic digestion activities at Bioresource treatment centres on sewage treatment works and these facilities must be designed and operated according to the best available techniques for waste treatment. A consultation on the appropriate measures for the treatment of biological waste was issued by the EA in July 2020, concluded in August 2020, and published in September 2022, driving new waste treatment standards. A revised version of the IED entered into force in August 2024 ("IED 2.0"), to support large European industries in their efforts towards the EU's zero pollution ambition by 2050, notably by supporting circular economy principles and investments. Although IED 2.0 is not directly applicable in the UK given that the UK no longer forms part of the EU post-Brexit, it is expected that the UK Government will react to the updates introduced by IED 2.0 by implementing similarly revised legislation of its own.

Further, in 2023, the EA announced that it was developing a strategy for the safe and sustainable use of treated sludge which will bring the recycling of sludge to agriculture within the Environmental Permitting Regulations. This will support improvements in water quality as set out in the Reduction and Prevention of Agricultural Diffuse Pollution (England) Regulations, also known as the Farming Rules for Water. UUW is focussed on developing its bioresources strategy across AMP8, with plans to rationalise ageing sludge digestion assets into fewer, larger, advanced anaerobic digestion hubs in order to achieve greater efficiencies and economies of scale, to put the Group in a better position to address the requirements of the IED.

The Environmental Permitting (England and Wales) (Amendment) (England) Regulations 2023 (SI 2023/651) (the “EP Amendment Regulations”) came into force on 2 October 2023, following publication of the UK Government’s response in March 2023 to the Defra consultation which was held from 29 September 2021 to 22 December 2021. The EP Amendment Regulations make a number of changes to groundwater permitting in England and, amongst other things, allow certain standard rules permitting where the risks are well understood, assessed and mitigated. The EA undertook a consultation in January to March 2024 on proposed updates to charges for water quality permits under the Environmental Permitting Regulations, and published its response on 24 May 2024. The reforms are intended to enable full cost recovery of regulatory services and to support enhanced water quality oversight and included significant increases in annual subsistence charges for sewerage undertakers. The updated charging scheme came into force on 1 June 2024.

The Habitats Directive (92/43/EEC) imposes requirements relating to the maintenance of biodiversity through the protection of natural habitats and certain wild species. This also drives action to reduce the impact of wastewater in special areas of conservation and the delivery of nutrient reduction programmes. The Levelling-up and Regeneration Act 2023 introduced amendments to the WIA which imposed new obligations on sewerage undertakers in England to deliver additional activity and improve infrastructure in nutrient sensitive areas.

The Medium Combustion Plant Directive (Directive (EU) 2015/2193) (the “MCPD”) and the Specified Generator Regulations (the “SGR”) are also relevant to UUW’s activities. Both the MCPD and the SGR have been transposed into UK domestic law through the Environmental Permitting (England and Wales) (Amendment) Regulations 2018. These regulations came into force on 30 January 2018 and together seek to reduce the emission of air pollutants, such as sulphur dioxide, nitrogen oxides and dust, which are emitted from the Group’s combustion plants and generators.

Combined sewer overflows (“CSOs”)

Storm overflows are an important part of the sewerage network and have been a feature of sewer systems for over 150 years and include CSOs and storm tank discharges. Typically, sewers are designed to be able to cope with six or more multiples of dry weather flow, and can often be less than 15% full during dry conditions. However, when there is too much rainfall storm overflows act as a pressure relief valve, allowing rainwater, mixed with sewage, to rise inside the sewer and eventually enter a separate pipe which flows into a river or the sea. Sewers operate this way to help prevent the flooding of streets, homes and businesses.

Public acceptance of stormwater sewage going into rivers and seas, no matter how diluted, is now lower than in previous years. The Environment Act passed into UK law in November 2021 imposes further requirements with regards to monitoring and reducing discharges from CSOs through its storm overflows discharge reduction plan. Under the Special Measures Act, water companies are now required to install and operate monitors at 100% of emergency overflows, and are required to publish near real-time information on storm overflow discharges.

As at 31 March 2025, around 54% of UUW’s sewers were classed as combined sewers, which is where rainwater and sewage are conveyed in the same pipe. This compares to an average of 33% across water and sewerage companies in England and Wales. In addition, urban rainfall is 40% higher than the UK industry average in the North West, and over the next 25 years more severe rainfall events are expected due to climate change, along with an expected growth in the North West’s population by 1 million. A higher proportion of investment is therefore required to tackle storm overflows in the North West. The former UK Government estimated in its storm overflows discharge reduction plan published in September 2023 that around £20 billion of the total £56 billion of investment required to 2050 falls to the North West.

The frequency and duration of storm overflow operations are measured using Event Duration Monitors ("EDMs") and UUW has reported on this since 2020. There are over 2,200 storm overflows in the North West, and since the end of 2023 all of them are now monitored. A summary of UUW's reported data for 2020, 2021, 2022, 2023 and 2024 as published by the EA is included in Table 11 below. Overflow operation data may well fluctuate given it is heavily dependent on the weather. 2023 was one of the wettest years on record in the North West and overflows operated as designed to relieve pressure on the wastewater network and prevent homes and businesses from flooding.

Table 11 Summary of UUW's reported storm overflow data for 2020 – 2024

	2020	**2021**	**2022**	**2023**	**2024**
Total number of storm overflows with EDM commissioned	1,925	2,006	2,004	2,264	2,270
Total number of monitored spill events	113,940	81,588	69,245	97,537	77,817
Average number of spills per storm overflow with spill data	59	41.8	35.1	45	34.7
Total duration (hours) of monitored spill events	726,450	540,753	425,491	656,014	450,778

Source: https://environment.data.gov.uk/dataset/21e15f12-0df8-4bfc-b763-45226c16a8ac

UUW's PR24 Final Determination covering the 2025-2030 AMP8 period that was published by Ofwat in December 2024 (see the subsection entitled "*Price Review - PR24*" above for further detail) included the biggest CSO spill reduction programme across the country. In the PR24 Final Determination, Ofwat allocated £2.5 billion to UUW to deliver a 33 per cent. reduction in spills from storm overflows over the AMP8 regulatory period.

Prior to the publication of the PR24 Final Determination, in June 2023, Ofwat published its final decision on accelerated additional infrastructure delivery, which focusses on storm overflows as a key area for improvement. Ofwat's final decision approved the acceleration of ten schemes across seven companies, including UUW, to tackle storm overflows. The acceleration of this work to improve storm overflows ahead of AMP8 has enabled UUW to get started on reducing spills from storm overflows ahead of AMP8, and it is now well placed to press forward with its AMP8 investment programme (which represents the largest investment plan in the sector to date) to reduce this further, with a target of delivering a 60 per cent. reduction in spills over the decade to 2030.

Reform

In October 2024, the UK Government launched an independent commission into the water industry (the "Cunliffe Review"), with the aim of reforming the water sector to attract investment, improve environmental outcomes and ensure a stable regulatory framework.

On 21 July 2025, the independent water commission presented its final report (the "Cunliffe Report") to the UK and Welsh Governments, outlining 88 recommendations in relation to (amongst other things) strategic direction and planning, legislative framework, regulatory reform, company structures, ownership, governance and management, and infrastructure and asset health.

The UK Government has already responded to some of the report's key conclusions and has confirmed that it will publish its full response to the Commission's report in the autumn of 2025, alongside a consultation on future changes, a transition plan and an interim Strategic Policy Statement. The recommendations agreed by the UK Government include:

- establishing a single regulator, bringing together Ofwat and the Drinking Water Inspectorate, with the water functions of the EA and Natural England;
- introducing a new statutory water ombudsman to handle customer complaints;
- ending operator self-monitoring and transitioning to open monitoring to increase transparency and help restore public trust;

- establishing a regional element within the new regulator to ensure greater local involvement; and
- the new regulatory framework will recognise the risks investors take and, if they meet their obligations, they will see a fair, stable return on their investment.

The Group is currently reviewing all of the Cunliffe Report findings.

Economic regulation

Ofwat

Ofwat is currently the economic regulator for the water and sewerage sectors in England and Wales. Ofwat is controlled by a board which consists of the chairman, the chief executive, and a number of other directors, the majority of whom are non-executive directors. Appointments to the Ofwat board are made by the Secretary of State for Environment, Food and Rural Affairs in consultation with the Welsh Assembly Government.

Ofwat must comply with its statutory duties as laid out in the WIA and the Water Act 2014. The Water Act 2014 created a power for the UK Government to produce a statement of strategic priorities and objectives for Ofwat to follow when carrying out its statutory functions. Ofwat operates within the UK Government's overall policy framework. However, Ofwat acts independently of the UK Government and is not subject to direction with regard to its judgements.

Ofwat's principal functions are to:

- Further the consumer objective to protect the interests of consumers, wherever appropriate, by promoting effective competition;
- Secure that water companies (meaning water and sewerage undertakers) properly carry out their statutory functions;
- Secure that water companies can (in particular through securing reasonable returns on their capital) finance the proper carrying out of their statutory functions;
- Secure that water supply licensees and sewerage licensees properly carry out their licenced activities and statutory functions; and
- Further the resilience objective to secure the long-term resilience of water companies' water supply and wastewater systems, and to secure that they take steps to enable them, in the long term, to meet the need for water supplies and wastewater services.

Ofwat must exercise its powers and duties in the manner that it considers is best calculated to fulfil its main duties, being to:

- Promote economy and efficiency by water companies in their work;
- Secure that no undue preference or discrimination is shown by water companies in fixing charges;
- Secure that no undue preference or discrimination is shown by water companies in relation to the provision of services by such water companies or by water supply licensees or sewerage licensees;
- Secure that consumers' interests are protected where water companies sell land;
- Ensure that consumers' interests are protected in relation to any unregulated activities of water companies; and
- Contribute to the achievement of sustainable development.

In addition to the WIA and the Water Act 2014, Ofwat also exercises powers under competition legislation, most significantly the Competition Act 1998 and the Enterprise Act 2002.

Licences

Water companies that operate public water networks hold appointments as water undertakers. Water companies that operate public wastewater networks hold appointments as sewerage undertakers for the purposes of the WIA. The conditions of the appointment are set in each company's licence, which sets out:

- The area in which the licensee company provides services;
- Obligations on charge setting;
- The process for reviewing charges, information provision, financial viability, dealings with associated companies, and competition; and
- The process for setting prices at price reviews and revising prices in the periods between price reviews.

UUW's current licence conditions include (but are not limited to):

- Provisions relating to the operation of price controls;
- A prohibition on undue discrimination or undue preference in setting charges for water supply or sewerage services;
- Financial ring-fencing and cash lock up provisions to protect UUW, the regulated company, from the activities of other entities such as other group companies, ensuring that it maintains sufficient financial and management resources to enable it to carry out its obligations in a sustainable manner and obliges it to maintain investment grade credit ratings;
- Provisions prohibiting, subject to certain limited exceptions (including payments to a financing subsidiary), without the regulator's prior consent, the transfer of cash or other assets to an associated company in certain circumstances where UUW's investment grade credit rating is threatened;
- Restrictions on dealings with associated companies: the consent of Ofwat is required for certain transactions, including transferring certain rights or assets, guaranteeing any liability or lending any funds to an associated company and all transactions with associated companies must be on an arm's length basis without cross-subsidy;
- Provisions to ensure that the financial affairs of the regulated business can be separately assessed and reported on;
- Restrictions on the disposal of land;
- Provisions on the payment of fees and the supply of information to Ofwat;
- Provisions requiring UUW's board to comply with leadership, transparency and governance principles established by Ofwat;
- A provision allowing a licence to be terminated where the Secretary of State has given UUW at least 25 years' notice;
- Provisions relating to water supply licensing competition, including provisions requiring compliance with an access code and the Customer Transfer Protocol; and
- Provisions governing how UUW can declare and pay dividends (instituted by Ofwat in June 2025, known as the "P30 Licence Condition").

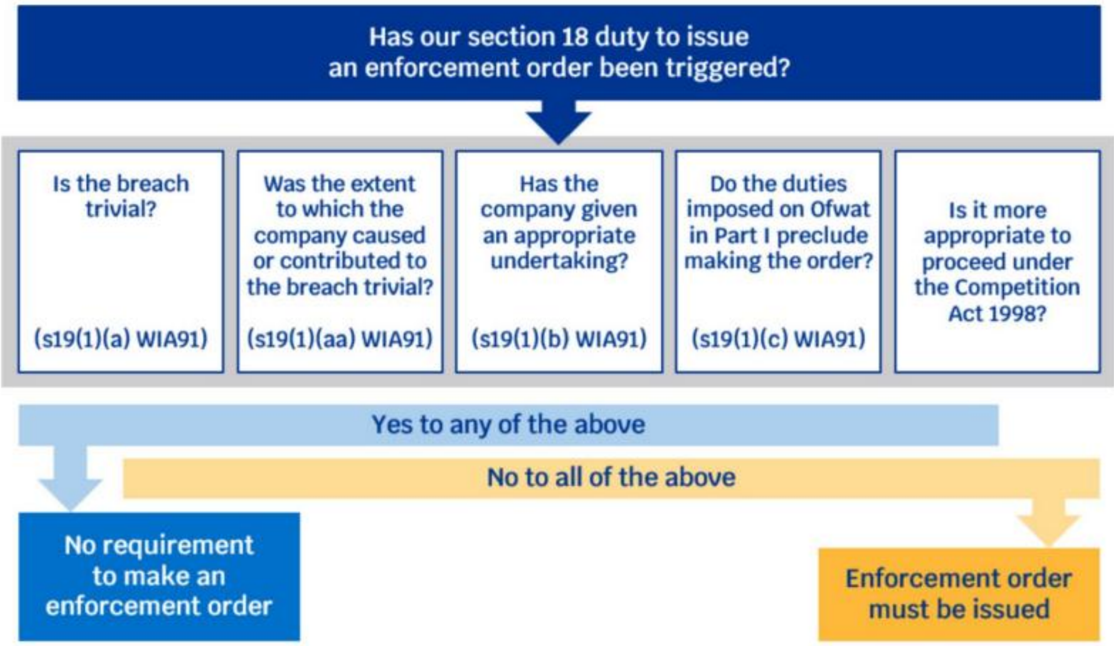
The Environment Act made changes to the procedure for licence modifications via an amendment to section 12A of the WIA, which came into effect in January 2022. Under these provisions, licence conditions can be modified by Ofwat without the consent of the licensee company. This is subject to Ofwat first consulting with licensee companies on each proposal for a modification, and a power of veto held by the Secretary of State. Should Ofwat proceed to modify the licence, UUW may appeal to the Competition and Markets Authority (the "CMA"), subject to obtaining permission from the CMA to make an appeal.

Licence modifications can also result, in certain circumstances, from a merger or market investigation reference by the CMA.

Enforcement and special administration

If a licensee company does not comply with its obligations (whether statutory, licence-based or otherwise), Ofwat can take appropriate action. Ofwat has a range of possible measures it can apply to companies in breach, or likely to be in breach, of: (i) specific statutory obligations Ofwat is responsible for enforcing (such as those in the WIA), (ii) the obligations set out in each water company licence, (iii) an undertaking under section 19 of the WIA, and (iv) directions Ofwat issues to companies in respect of compliance with codes or rules issued by Ofwat. Ofwat is empowered to apply lower-level sanctions, such as enhanced monitoring, additional information requests or targeted reviews, and in more serious cases may apply more substantial sanctions such as financial penalties, enforcement orders, formal directions, or in the most severe circumstances, apply for special administration under the WIA. Formal enforcement action is likely only to be required to deal with more serious and/or persistent breaches. There are multiple industry cases where Ofwat has taken formal enforcement action by imposing a financial penalty. Alternatively, in cases where the company has offered an undertaking, Ofwat has accepted compliance with the undertaking as an alternative to imposing a financial penalty.

As an example of the operation of the hierarchy of action, Ofwat may not be required to make an enforcement order if it is satisfied that the relevant licensee company has given a formal undertaking to take all appropriate steps for the purpose of securing compliance with the condition or requirement in question and is complying with that undertaking. The requirement to comply with a formal undertaking is a statutory requirement enforceable by Ofwat in circumstances of breach. In April 2025, Ofwat published the flowchart diagram below which shows how the provisions of sections 18-22F of the WIA interact and impact whether or not a duty for Ofwat to issue an enforcement order under section 18 of the WIA has been triggered:



A licensee company may face a penalty of up to 10 per cent. of its relevant regulated turnover for breaching licence conditions, prescribed standards of performance or other statutory obligations. The Water Act 2014 extended the time limit for imposing financial penalties from 12 months to five years from the date of contravention. Ofwat has published a statement of the policy that it intends to apply to the imposition of any penalty and the determination of its amount. Under the Water Act 2003, such penalties can be appealed to the High Court on the grounds Ofwat lacks power to impose the specific penalty, that Ofwat has failed to follow the procedure for imposing such penalties or that the dates required for payment of such penalties are unreasonable.

Failure to comply with an enforcement order can lead to court action seeking an injunction by Ofwat and to claims for compensation by any person who suffers loss or damage because of the failure to comply. Alternatively, where actual or likely contravention of an enforcement order (or of one of a licensee company's principal statutory duties) is so serious as to make it inappropriate for the licensee company to continue to hold its licence, the Secretary of State may apply to the High Court for the appointment of a special administrator to run the licensee company. Ofwat may also apply to the High Court for the appointment of a special administrator with the consent of the Secretary of State. A special administrator may also be appointed in other circumstances such as where the licensee company is, or is likely to be, unable to pay its debts. A special administrator has powers similar to those of an administrator under the Insolvency Act 1986.

Where, on any application for the winding up of a licensee company, the court considers that it would be inappropriate to grant a winding up order, the court is obliged instead to make a special administration order. A licensee company cannot be wound up voluntarily or have an administration order made in relation to it, unless fourteen days' notice is given to the Secretary of State or Ofwat, and under the new Special Measures Act, both Ofwat and the UK Government are legally entitled to be heard at the hearing of a winding-up petition for a water company. Notice must also be given before any step is taken by any person to enforce security over a licensee company's property.

In March 2024, changes were made to the special administration regime as it relates to water companies in the UK. The package of new legislation introduced a new framework under which the primary purpose of the special administrator is the 'rescue' of the regulated operating company as a going concern. This applies only where the special administration is commenced on the grounds that the company is (or is likely to be unable) to pay its debts. For further detail, see the risk factor entitled *"Corporate governance and legal compliance"*.

On 18 November 2021, Ofwat and the EA launched investigations into all water and wastewater companies in England and Wales. This was after several water companies explained that the volume of sewage treated at their wastewater treatment works may be less than expected, and that this could be resulting in sewage discharges into the environment at times when this is not permitted.

On 16 July 2024, Ofwat announced it had opened new enforcement cases into four water and wastewater companies as part of its ongoing investigation into the management of wastewater treatment works and networks. Ofwat has served formal notices on Dŵr Cymru Welsh Water, Hafren Dyfrdwy, Severn Trent and UUW to gather evidence for its investigation. The opening of these enforcement cases followed detailed analysis of information on companies' environmental performance and data relating to storm overflows. After opening these four new cases, Ofwat now has enforcement activities underway against all 11 water and wastewater companies in England and Wales, including UUW, in relation to the operation of their wastewater businesses. To date, Ofwat has imposed a financial penalty of 9% of turnover for one company, and accepted enforcement packages for five other companies, ranging from 2.5% to 6.5% of company turnover. For further detail, see the risk factor entitled "*Regulatory environment and framework"*.

While Ofwat has concerns which it must investigate, opening an enforcement case does not automatically imply any company has breached its legal obligations. The Group is cooperating with the investigations, and once Ofwat has fully investigated, it will publish details of its findings and, where appropriate, any proposed action to remedy any identified breaches. Ofwat most recently reported on its ongoing enforcement cases in September 2025, and at that point had not provided a firm indication of the expected timeframe for its ongoing investigation, or any subsequent action, in respect of UUW.

On 23 October 2025, Ofwat published its annual Water Company Performance Report for 2024-2025. It was reported that underperformance payments had led to industry-wide bill reductions, with around £700 million returned to customers across the 2020-2025 period, with the figure totalling more than £260 million in the last year alone. However, in contrast to most water companies, UUW received an estimated £95 million in outperformance payments relating to the 2020-2025 period.

Price Review overview

Ofwat undertakes periodic reviews of the price, investment and service package proposed by companies. These are generally referred to as "price reviews" and result in a series of "price controls" although since 2015, companies have operated under mechanisms that are based on revenue controls rather than direct regulation of prices. In determining the outcome of price controls, Ofwat takes decisions and balances the interests of stakeholders as it considers will best deliver its duties as set out in the relevant legislation.

Since privatisation of the water industry in 1989, Ofwat has typically undertaken a price review every five years, setting the price, investment and service package for the following AMP. The most recent of these price reviews concluded in 2024 (and is referred to as PR24), which determined the price controls for AMP8 (2025-2030) – the price review prior to that concluded in 2019 ("PR19") and covered the period April 2020 to March 2025. Price reviews are lengthy processes, typically lasting around three years from establishment of the assessment methodology to delivery of the Final Determination ("PR19 Final Determination"). The PR24 Final Determination was published on 19 December 2024, and was accepted by UUW on 29 January 2025 and therefore UUW did not seek a referral to the CMA.

As part of the price review, companies demonstrate that they engage with a broad range of stakeholders (including customers and other regulators) to understand their needs and preferences and that this information has been used to develop an appropriate business plan for the forthcoming AMP covering a package of proposals including price, service standards and investment. This business plan is submitted to Ofwat for assessment. Ofwat then benchmarks and challenges areas of the business plan and will intervene where it considers the company should propose a more ambitious plan. These interventions can include, but are not limited to, additional challenges on performance standards, cost efficiency, targeting of investment and customer protection. Having concluded its review, Ofwat then makes its final determination (an "FD") for the price control(s). Companies have the right to appeal Ofwat's FD and seek a referral to the CMA, if they believe that the price control is not appropriate. Under the referral, the CMA must make a fresh determination as a whole; companies cannot restrict the appeal to discrete elements of the FD. In line with statutory deadlines, the appeal process lasts for an initial 6-month period, although the CMA can seek up to a 6-month extension if it is required. In respect of the PR24 Final Determination, Ofwat received initial requests for CMA referral from six companies, and formally referred the requests from five of those companies for a redetermination of their respective FDs. On 9 October 2025, the CMA published its provisional redeterminations, allowing an additional 21% of the total £2.7 billion requested by the companies.

Price controls usually incorporate several identified adjustment mechanisms. These mechanisms are designed to either incentivise companies to try to outperform their price control, either through cost reductions or through service improvements, or to protect customers and companies from future changes to the operating environment in some limited circumstances. The adjustment mechanisms applicable throughout AMP8 are explained within the subsection entitled "*AMP8 reconciliation mechanisms*".

Interim determinations and "Shipwreck Clause"

In most cases variance from expected costs or outcomes is viewed by Ofwat either as part of normal business risk and reward, or as being sufficiently small in impact that prices would not need to be adjusted until the next price review. However, if the impact of a variance is sufficiently large, and the cause of the variance is one of a number of predefined factors then an application for a change in price limits can be made outside the normal price review process, through an interim determination of price limits (an "IDoK"). Both the company and Ofwat can raise the need for an IDoK, meaning it can result in positive or negative adjustments to allowed revenues.[4] In particular, Ofwat included a notified item in the PR24 Final Determination enabling an IDoK if significant investment is required to develop alternative biosolid disposal outlets before 2030.

There are two types of IDoK:

- The "*conventional*" IDoK mechanism is triggered if the sum of all allowed variances passes a "materiality test" by being greater in Net Present Value ("NPV") terms than 10 per cent. of prior year turnover (≈£170 million). Each individual item must exceed a "triviality" threshold with a NPV greater than 2 per cent. of impacted services turnover (>£15 million). Ofwat will make an adjustment to prices if its net assessment of all relevant items is that they exceed the 10 per cent. materiality threshold.
- A "*substantial effects*" IDoK, sometimes called the "*Shipwreck Clause*", can be triggered by any single event resulting in a NPV impact greater than 20 per cent. of turnover (≈£350 million). Any event that is outside management control can trigger the "Shipwreck Clause". This then triggers a review by Ofwat, but meeting the 20 per cent. of turnover threshold itself does not guarantee that Ofwat will allow an adjustment to prices.

[4] *Ofwat and water companies now also have the ability to seek corrections to FDs to address changing circumstances and uncertainties companies may face during an AMP, through the in-period adjustment mechanisms set out in the PR24 Final Determination which are applicable to AMP8.*

The factors that can be used to trigger a conventional IDoK are limited to three "Relevant Changes of Circumstance" (as discussed below) and a "Notified Item" (which are set at price reviews). The three current Relevant Changes of Circumstance, which are defined in each companies' licence at Condition B, are:

- New, changed or removed legal requirements specific to the water industry;
- Proceeds from the sale of land; and
- Failure to deliver agreed outputs.

For a conventional IDoK, Ofwat will take account of all eligible items, and a company cannot restrict the claim to a partial list. Individual items are also subject to a "triviality" test, each needing to be greater than 1% of turnover to be eligible. In determining whether IDoK thresholds have been met, the net of these items is taken into consideration.

Substantial effects IDoKs are also expected to be subject to additional stringent tests of liquidity (i.e., whether the company has sufficient liquid resources to manage the issue until the next price control). Although it goes beyond the minimum requirement set out in the licence, this principle was established during the 2009 claim by Sutton & East Surrey and was upheld by the CMA upon appeal.

In early 2021, Ofwat amended UUW's licence to introduce a specific, additional DPC IDoK process to apply where a DPC procurement is abandoned, DPC Designation is amended or revoked, a DPC Allowed Revenue Direction is revoked, or a CAP (as defined below) Agreement is terminated or expires. A lower materiality threshold applies than for conventional or substantial effects IDoKs: the lesser of £10 million or two per cent. of turnover. As part of its PR19 Final Determination, UUW is engaged in a DPC process in relation to the HARP, see "*The Haweswater Aqueduct Resilience Programme*" section for more information.

Ofwat specified the following 'Notified Items' within the PR24 Final Determination or UUW:

1. Cyber security – increases in costs attributable to any new/changed legal requirements that apply to water companies in relation to cyber security and new/changed official guidance about the threat level to be considered. Such Notified Items will be, subject to the satisfaction of certain conditions, eligible for an interim determination under licence Condition B.

2. Per- and poly-fluoroalkyl substances (PFAS) – increases in costs to ensure the safety of drinking water with respect to PFAS where investigations have been completed and the DWI has issued a new legal notice requiring works.

3. Costs resulting from changes to the legal requirements in respect of sludge spreading – any increase in Bioresources costs over the 2025-2026 to 2029-2030 period that is reasonably attributable to any new/changed legal requirements generally, or new/changed statutory guidance or direction from Defra, the EA or Natural Resources Wales, in relation to the application to agricultural land of fertiliser derived from sludge.

4. Windermere (Large Scheme Gated process) – Any increase in costs in the period from 1 April 2025, beyond those that Ofwat allowed for when making the final determination of Price Controls, that is reasonably attributable to the scheme.

On 25 March 2025, Ofwat held an industry workshop to present its initial thoughts on developing the 'cost change process' (which includes what was previously referred to as a bespoke interim determination process). The intention is that items covered by the cost change process would have lower materiality thresholds, as well as a different submission and review process. These changes will require a licence modification. Once the licence modification takes effect, Ofwat expects to remove the notified items for costs covered by the cost change process, so there is only one route to recover each type of cost.

To make in-period adjustments, Ofwat will need to make licence modifications. Ofwat has consulted on its proposed approach to the Cost Change Process and necessary licence adjustments and expects to publish its decisions in November 2025, with the licence modifications taking place in January 2026 for most companies. This means they will be in place in sufficient time for companies to access the process from March 2026.

Price Review – PR24

Background

Since the 2014 price review (known as PR14), which set controls for the 2015-2020 period, Ofwat has focussed on setting price controls based on totex and setting financial and other incentives for companies to deliver high performance standards to customers and the environment. This marked an evolution of the price control process from the historic approach that focussed on setting separate allowances for capital expenditure and operating expenditure and requiring the delivery of specific physical and intermediate outputs.

PR24 continued with the disaggregation of the wholesale price controls, introduced at PR19, with separate price controls for Bioresources and Water Resources from the water and wastewater price controls (the remainder of the operations being referred to as the 'network plus' controls). The result is that UUW is subject to five price controls, four of which relate to "wholesale" activities and one of which relate to retailing to Residential Retail activities:

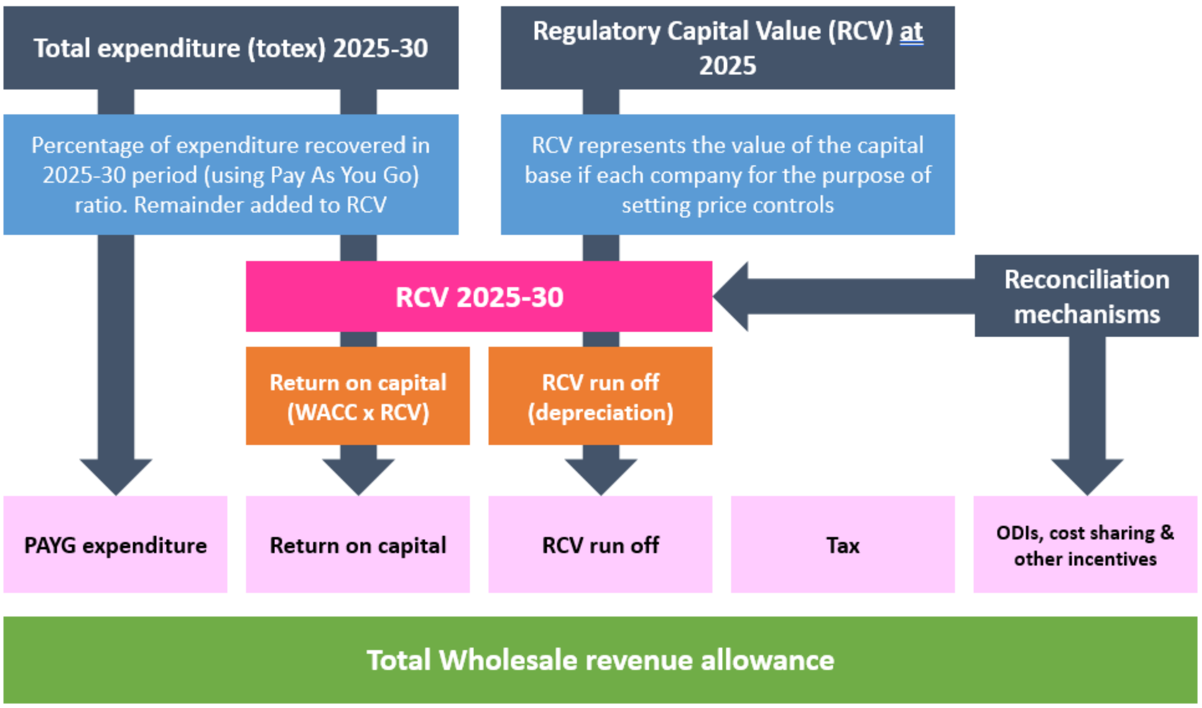
- Water resources: including abstraction licences and raw water abstraction.
- Water network plus: all appointed water undertaker activities that are not designated as water resources or retail.
- Bioresources: including sludge transport, sludge treatment and sludge disposal.
- Wastewater network plus: all appointed sewerage undertaker activities that are not designated as Bioresources or retail.
- Residential Retail: covering activities and costs associated with providing services to household customers, including customer services, debt management and doubtful debts, meter reading, developer services, etc.

UUW does not supply Business Retail services and so is not subject to Ofwat's Business Retail control.

There are a number of wholesale activities that are not covered by wholesale price controls, termed 'Excluded Charges' (for example, charges for a supply of water in bulk to another water undertaker).

Total allowed revenues within the four wholesale price controls for PR24 were derived using the 'building block' approach as shown in Figure 1 below.

Figure 1 The building blocks of the wholesale revenue controls for AMP8



The building block approach involves calculating the required revenues to pay for totex that is recovered directly from customers as well as the revenues required for investments that are added to the RCV. For expenditure that is not recovered through in period revenues i.e., totex that is not pay as you go ("PAYG"), and for historic investments added to the RCV, Ofwat allows companies to recover the efficient cost of financing through the weighted average cost of capital ("WACC") that is set uniformly for the industry.

At PR19, Ofwat started to transition away from using RPI within the regulatory contract. Rather than an immediate change to CPIH for all areas, it transitioned RCV indexation over two AMPs. This meant that for PR19, 50% of the opening AMP7 RCV was indexed with RPI, with the remainder indexed by CPIH. For PR24, Ofwat has fully transitioned all companies so that the entirety of the RCV is indexed by CPIH, bringing it in line with the indexation of both costs and revenues over AMP8.

Ofwat has gradually moved to having more (financial) incentives linked to revenues (rather than adjustments to the RCV) and adjustments made during the period rather than as part of the subsequent price review. In terms of how this will translate across AMP8, this ensures that revenues can change from the determination allowance and more quickly reflect the performance of the company, rather than waiting until the next price review or taking several years to unwind through the RCV. More details on these in-period adjustments are within the subsection entitled "*AMP8 reconciliation mechanisms*".

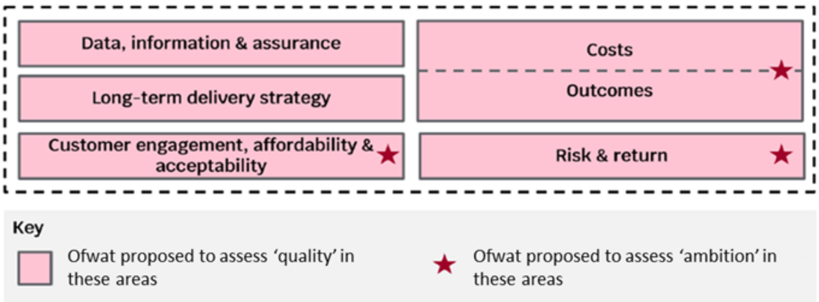
For PR24, allowed revenue within the Retail Household price control was set based on an efficient totex allowance (sometimes referred to as a "cost to serve") plus an allowed margin. Additionally, Ofwat allows each company to recover from customers the appropriate tax payments that it makes to HM Revenue & Customs each year. This is calculated at the company level but then disaggregated into each price control for the purpose of calculating allowed revenues for each individual price control.

The water resources, water network plus and wastewater network plus price controls are total revenue controls for AMP8. This means that the revenues that companies are allowed to recover from customers are fixed during the AMP, irrespective of changes in the number of customers served or the amount of water provided. Bioresources and Retail Household however are average revenue controls, reflecting the exogenous volumetric risk that may occur within these operations. The total revenue controls and the Bioresources price control are set in a real price base and will be adjusted for inflation (CPIH) when charging customers each year over AMP8, but the Retail Household price control is set in nominal prices and not adjusted for actual inflation.

PR24 Quality and Ambition Assessment

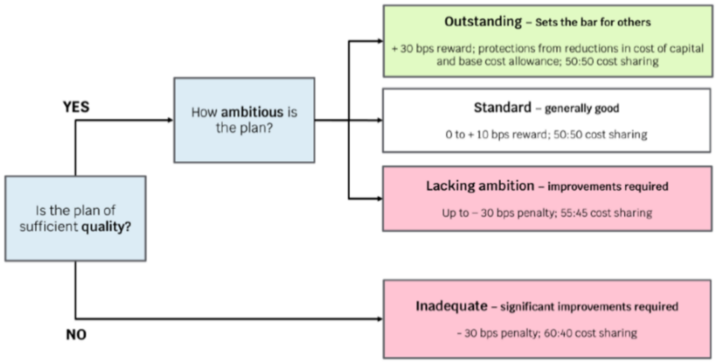
At PR24 Ofwat conducted a Quality and Ambition Assessment ("QAA") "to encourage companies to provide business plans for AMP8 that included ambitious levels of service at efficient costs which will deliver more for customers and the environment over the next five years and beyond". Ofwat assessed company plans using its 'Quality and Ambition Assessment' comprising six test areas, with some areas being assessed for both the level of ambition as well as the quality of the submission. Figure 2 depicts the scope of Ofwat's QAA for company business plans and the areas where both ambition and quality are assessed.

Figure 2 Scope of Ofwat's QAA for company business plans



The QAA was a two-stage approach to assessing company business plans. The first stage assessed whether the plans were of sufficient quality. Companies deemed to not have a plan of sufficient quality were automatically assessed as 'Inadequate'. For companies which passed the quality gateway, Ofwat then considered the level of ambition proposed and assigns companies to one of four categories within its QAA: (i) Outstanding, (ii) Standard, (iii) Lacking Ambition or (iv) Inadequate. Each category had different financial incentives.

Figure 3 Ofwat's framework for determining QAA rewards and penalties



Ofwat categorised UUW's business plan as "Standard". As a result, UUW received a financial reward equivalent to a 5bps RoRE in addition to a 50:50 cost sharing rate for base expenditure. The 5bps RoRE is equivalent to approximately £16 million. UUW chose to receive this reward payment as an addition to the RCV.

<u>PR24 Final Determination and AMP8</u>

Companies received their respective FDs in respect of the 2025-2030 period in December 2024 and could either accept the terms offered or ask Ofwat to commence a referral to the CMA for a redetermination. UUW accepted its PR24 Final Determination in January 2025. Key features of the PR24 Final Determination included the following (all values stated are in real 2022-2023 CPIH financial year average, rather than nominal prices, unless otherwise stated):

- **Allowed revenues of £12.7 billion** over the 2025-2030 period, inclusive of an **allowed return of 4.03%** in CPIH real terms.
- An **increase to average household bills by £142** from 2024-2025 to 2029-2030 for United Utilities customers, before inflation.
- A total **expenditure allowance of c.£13 billion**[5] over the 2025-2030 period. This is £6 billion more than the company was provided with in the previous price control period (2020-2025).
- **£2.5 billion to reduce the use of storm overflows**. United Utilities will invest in nature-based solutions and the removal of surface water from the system to manage the network in a more sustainable way and deliver other improvements across its 2,249 storm overflows. As a result, United Utilities has been set the target of delivering a **33% reduction in the use of storm overflows over 2025-2030**, down to an average of 18 spills per overflow per year.
- **£539 million to prevent nutrient pollution**. United Utilities will act to remove harmful nutrients entering rivers, by removing pollutants from treated wastewater and investing in wetlands to absorb nutrients. There are large scale schemes to reduce phosphorus levels at Davyhulme and Wigan wastewater treatment sites. As a result, United Utilities has been set the target to **reduce the amount of phosphorus entering rivers from water company activities by 28%.**
- A target to improve water bodies by **reducing pollution incidents by 30%.**
- United Utilities has several commitments to reduce demand for water. Ofwat expects the company to target reducing **leakage by 13%, household water use by 5%, and business water use by 7%** in the 2025-2030 period.
- Rather than receiving the sector-wide target for internal sewer flooding, United Utilities has a **company specific target**, due to a combination of regional factors such as high levels of urban rainfall and proportion of combined sewers. This asks United Utilities to achieve a **40% reduction in internal sewer flooding by 2029-2030** from the target for 2024-2025.

[5] *c.£13 billion is adopted throughout this Offering Circular in respect of the AMP8 allowed totex, as this is consistent with high-level messaging published by both Ofwat and the Group. The precise amount, to one decimal place, is £13.3 billion on a post-frontier shift and real price effects (gross of developer services revenue) basis, which can be seen in Table 6 below.*

More detail on the PR24 Final Determination is included in the following sections.

Revenues and average bills

The PR24 Final Determination allows United Utilities to collect just over £12,669 million (2022-2023 prices) through revenues from households, businesses and developers over the 2025-2030 period. This will recover a share of the cost of historical expenditure, as well as a portion of the expenditure planned for 2025-2030 (see the subsection entitled "*Allowed expenditure and PCDs*" below).

Table 1 shows a breakdown of the total c.£12,669 million Appointee allowed revenue by price control.

Table 1 2025-2030 total final allowed revenues (2022-2023 CPIH FYA)

AMP8 total (£m)	**Water resources**	**Water network plus**	**Wastewater network plus**	**Bioresources**	**Residential retail**	**Total**
	Total revenue controls			*Average revenue controls*		
Final allowed revenues	628.6	4,435.5	6,043.9	725.0	836.4	12,669.4

The Bioresources and Residential Retail price controls continue to be average revenue controls for AMP8, meaning that the revenues reflected in the PR24 Final Determination assumed a set level of volume (e.g. for Bioresources tonnes of dry solid or number of customers). Actual allowed revenues are then subject to change to reflect outturn volumes and any variances to the original assumptions. Revenues for water resources and the network plus controls are a total revenue allowance and so allowed revenues are generally fixed other than due to in-period reconciliation adjustments (see the subsection entitled "*AMP8 reconciliation mechanisms*").

The individual 'building block' components for the Wholesale price control revenues, are summarised within Table 2.

Table 2 Calculation of allowed wholesale revenues 2025-2030 (2022-2023 CPIH FYA)

AMP8 total, £m	**Water resources**	**Water network plus**	**Wastewater network plus**	**Bioresources**	**Total**
Pay as you go	409.1	1,935.4	1,840.7	354.2	4,539.5
RCV run-off	111.0	1,081.6	1,797.0	253.7	3,243.2
Return on capital	158.7	792.1	2,007.8	118.4	3,077.0
PR19 reconciliations (revenue)	(42.8)	391.8	137.5	(0.9)	485.6
Tax	-	-	-	-	-
Developer services, diversions and other contributions (price control)	-	203.9	235.3	-	439.2
Other income (non-price control)	(7.3)	(6.2)	(4.9)	(0.4)	(18.8)
Innovation & Water efficiency fund	-	36.8	30.5	-	67.3
Final allowed revenues	628.6	4,435.5	6,043.9	725.0	11,833.0

In addition to these allowed revenues, in AMP8 UUW will begin to recover revenues associated with its Direct Procurement for Customer ("DPC") project, HARP. These revenues will be recovered by UUW from customers on behalf of the third party competitively appointed provider ("CAP").

Overall, the PR24 Final Determination is forecast to increase average household bills by £142 from 2024-2025 to 2029-2030 for UUW customers, before inflation. This includes an average rise of £77 between 2024-2025 and 2025-2026. Actual customer bills are set during the period through the company's annual charges process, which also accounts for inflationary impacts.

PR24 Blind-Year Adjustment

The PR24 Final Determination was set in advance of the publication of actual performance in the last year of AMP7 (2024-2025). Ofwat has a process to reconcile any differences in performance for 'PR19 reconciliations' to those assumed within the PR24 Final Determination - it calls this process the 'blind-year adjustment'. Differences in wholesale revenues will be factored into the 'in-period adjustment process' for 2025, which adjusts allowed revenues for 2026-2027. Any RCV adjustments and/or Residential Retail revenue adjustments are expected to be made as part of the next price review period, which will run from 2030-2035 (known as "PR29").

Allowed return and Return on Regulated Equity (RoRE)

In setting the allowed revenues for the wholesale controls, Ofwat also specifies the allowed return on capital that companies can recover to finance their investments. Ofwat's PR24 Final Determination sets a standard rate across the industry for the period,[6] using the Capital Assets Pricing Model (CAPM) to derive the allowed return on equity and an assessment of embedded debt and new debt rates within the industry

[6] *Portsmouth Water and South Staffs Water received a company-specific adjustment to the allowed return on capital to account for the additional small company borrowing costs, often referred to as the 'small company premia'.*

against the notional gearing assumption. If companies can outperform this through more efficient financing, then they are able to retain the benefits of this outperformance as additional profit. However, there is an adjustment mechanism that removes this benefit where it is related to market changes in the rates for new debt. This is measured with reference to the iBoxx A/BBB index and is described in further detail in the subsection entitled "*AMP8 reconciliation mechanisms*" below.

Table 3 Ofwat's allowed (real) return on capital for 2025-2030 and 2020-2025, CPIH-stripped

	2025-30 (AMP8)	**2020-25 (AMP7)**
Allowed return on equity (including a debt beta)	5.10%	4.19%
Allowed return on debt (new and embedded)	3.15%	2.14%
Gearing (notional)	55%	60%
Appointee allowed return on capital (vanilla)	4.03%	2.96%
Retail net margin deduction	0.06%	0.04%
Wholesale allowed return on capital (vanilla)	3.97%	2.92%

The PR24 Final Determination set the Retail net margin at 1.5%, an increase of 50bps from PR19. This margin is applied to wholesale revenues that are recovered through the Residential Retail price control, including DPC revenues.

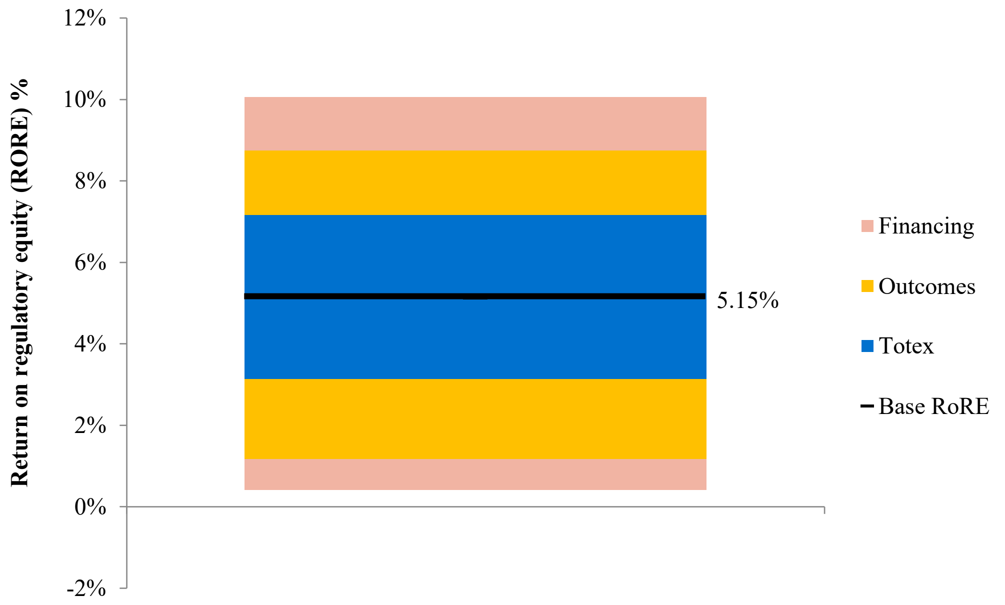
The RoRE is a key financial metric by which Ofwat assesses the risks and rewards available to be earned by UUW. For each price review period, Ofwat's assessment reflects a range of different components of the relevant FD. Ofwat's assessment of RoRE includes the impact of upside and downside risk based on the notional structure and UUW's assessment of the P10 and P90 confidence limits.

The range of risks presented below reflect Ofwat's view of the notional company with some generic assumptions on outperforming and underperforming companies, for AMP8. Ofwat set a base return/RoRE of 5.10% within the PR24 Final Determination with the potential to earn higher or lower returns for outperformance and underperformance respectively. For UUW, Ofwat includes the 5bps QAA reward within the reported base return despite the reward being made as an RCV, not revenue, adjustment.

The PR24 Final Determination risk range reflects the following assumptions by Ofwat:

- The cost range reflects Ofwat's assessment of the plausible range based on evidence of the historic sector performance and taking account of UUW's cost sharing rates that applied in the PR19 Final Determination.
- The financing cost risk range was based on Ofwat's assessment of the range for a notional water company including both embedded and new debt.
- The Outcome Delivery Incentives ("ODI") risk range was determined under Ofwat's Outcomes Framework.
- The risk ranges for the three MeXes reflect the cap and collar limits for the individual incentives and are:
    - C-MeX +/- 0.4% of appointee RoRE
    - Developer service measure of experience ("D-MeX") +/- 0.2% of appointee RoRE
    - Business Retail measure of experience ("BR-MeX") +/- 0.2% of appointee RoRE.

Figure 4 Ofwat's calculated PR24 Final Determination risk ranges for UUW



To ensure that the outcomes package has been appropriately calibrated to the allowed return (removing any positive or negative skew), Ofwat has introduced a new mechanism for AMP8. The Outturn Adjustment Mechanism ("OAM") will adjust the base return for all companies where the ODI performance of the 'median company'[7] lies outside of the ±50bps RoRE deadband. This mechanism will apply annually, and separate calculations will be undertaken for water and wastewater. The adjustment will be made as a revenue adjustment, and all companies will receive the same percentage adjustment, scaled in value by company in respect to their RCVs.

UUW's actual RoRE performance is reported each year within Table 1F of the Annual Performance Report.

<u>Performance measures and incentives</u>

The PR24 outcomes package has been simplified for PR24 with a streamlined set of common measures and financial incentives. PR24 retained the use of financially incentivised measures, or Performance Commitments ("PCs"). Ofwat defined common PCs for the industry, setting 23 PCs for water and sewerage companies ("WaSCs") in England. PCs are grouped into three categories: customer, environment and asset health. Companies were also able to propose bespoke PCs as part of the PR24 process. Ofwat accepted two of UUW's bespoke PCs in the PR24 Final Determination: (i) embodied greenhouse emissions, which focusses on measuring and reducing greenhouse emissions associated with the delivery of UUW's PR24 Water Industry National Environment Programme ("WINEP") wastewater treatment non-infrastructure programme, and (ii) 'Wonderful Windermere', to incentivise the reduction of phosphorous in lake Windermere arising from third-party partnership and from its own assets.

Of UUW's 25 PCs, all but one have financial incentives, referred to more formally as ODIs. These are predominantly set top-down as a percentage of RoRE and are common across the industry. Standard ODI reward/penalty rates are symmetrical except for the penalty-only measures. A limited number of PCs also have enhanced ODI rewards (with no enhanced ODI penalties). Most PCs also have risk protection mechanisms (caps, collars, deadbands) in place which limit the extremity of ODI penalties/rewards.

Ofwat has introduced an Aggregate Sharing Mechanism ("ASM") for outcomes. ASMs were designed to protect customers by reducing the impact of extreme levels of outperformance on customer bills, and to support ongoing investment in cases of extreme underperformance. The outcomes ASM aims to share excess returns or penalties beyond a trigger threshold of ±300bps of regulated equity (calculated annually

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[7] *The median company refers to the average of the middle three or four companies, depending on whether there is an even or odd number of companies within the calculation.*

and separately for water and wastewater services) equally between companies and customers. Beyond a trigger threshold of ±500bps, the sharing of excess returns or penalties is 90% to customers and 10% to companies.

Table 4 UUW PR24 Final Determination performance commitments, targets and financial incentives

Performance commitment	AMP8 target (PCL)	Reward?	Penalty?
Water supply interruptions	Common	✓	✓
Compliance risk index	Common	×	✓
Customer contacts about water quality	Company Specific	✓	✓
Internal sewer flooding	Company Specific	✓	✓
External sewer flooding	Company Specific	✓	✓
Biodiversity	Common	✓	✓
Operational greenhouse gas emissions (Wastewater)	Company Specific	✓	✓
Operational greenhouse gas emissions (Water)	Company Specific	✓	✓
Leakage	Company Specific	✓	✓
Per capita consumption	Company Specific	✓	✓
Business demand	Company Specific	✓	✓
Total pollution incidents	Common	✓	✓
Serious pollution incidents	Common	×	✓
Discharge permit compliance	Common	×	✓
Bathing water quality	Company Specific	✓	✓
River water quality (phosphorus)	Company Specific	×	×
Storm overflows	Company Specific	✓	✓
Repairs to burst mains	Company Specific	✓	✓
Unplanned outage	Common	✓	✓
Sewer collapses	Company Specific	✓	✓
Customer services measure of experience (C-MeX)	Common	✓	✓

Developer service measure of experience (D-MeX)	Common	✓	✓
Business Retail measure of experience (BR-MeX)	Common	✓	✓
'Wonderful Windermere' – Bespoke	Company Specific	✓	✓
Embodied greenhouse gas emissions – Bespoke	Company Specific	✓	✓

Ofwat aims to ensure that there are strong incentives on companies' performance, from achievable but stretching performance commitment levels ("PCLs", also referred to as "targets") and associated ODIs. Ofwat set PCLs for PR24 by considering a variety of factors, including historical performance, econometric modelling, engineering rationales, long-term targets, and companies' own forecasts of performance. It aimed to create PCLs that were both achievable yet stretching for water companies to improve their performance. PCLs were updated at the PR24 Final Determination to reflect latest reported performance (as set out in the Annual Performance Report). The PCLs set aim to push companies to improve performance relative to PR19 levels to a stretch beyond the industry median forecasts and take into account relevant allowances to improve performance. Ofwat expects the median efficient company[8] to earn a net -0.20% ODI penalty (as a percentage of appointee RoRE) across AMP8. This is within its stated risk range of between ±1 to 3% RoRE from the outcomes package.

Table 5 UUW PR24 Final Determination PCLs (detailed targets)

Performance commitment	**2025-2026**	**2026-2027**	**2027-2028**	**2028-2029**	**2029-2030**
Water supply interruptions	00:05:00	00:05:00	00:05:00	00:05:00	00:05:00
Compliance risk index	0.00	0.00	0.00	0.00	0.00
Customer contacts about water quality	1.12	1.04	0.96	0.88	0.80
Internal sewer flooding	2.44	2.23	2.01	1.80	1.59
External sewer flooding	17.21	16.75	16.29	15.83	15.37
Biodiversity	0.00	0.00	0.00	0.05	0.73
Operational greenhouse gas emissions (Wastewater)	-3.56%	-7.15%	-8.89%	-15.76%	-13.76%
Operational greenhouse gas emissions (Water)	-0.47%	-0.54%	-0.59%	-0.53%	0.82%
Leakage	13.9%	17.6%	19.7%	21.8%	23.9%
Per capita consumption	5.8%	7.2%	8.2%	8.8%	9.6%
Business demand	-0.3%	1.2%	2.7%	4.2%	5.7%
Total pollution incidents	25.02	23.42	21.82	20.23	18.63

8 *With a notional capital structure of 55% debt and 45% equity.*

Serious pollution incidents	0	0	0	0	0
Discharge permit compliance	100.00%	100.00%	100.00%	100.00%	100.00%
Bathing water quality	51.8%	51.8%	51.8%	51.8%	54.7%
River water quality (phosphorus)	14.23%	14.51%	19.28%	19.28%	31.13%
Storm overflows	26.35	25.25	23.84	22.03	17.71
Repairs to burst mains	111.3	109.3	107.3	105.3	103.1
Unplanned outage	3.55%	3.20%	2.85%	2.50%	2.14%
Sewer collapses	12.94	12.81	12.68	12.55	12.41
Customer services measure of experience	rank	rank	rank	rank	rank
Developer service measure of experience	rank	rank	rank	rank	rank
Business Retail measure of experience	rank	rank	rank	rank	rank
Wonderful Windermere - Bespoke	9.50	38.00	38.00	57.70	77.40
Embodied greenhouse gas emissions - Bespoke					5.00%

Allowed expenditure and Price Control Deliverables (PCDs)

Ofwat sets the allowed efficient totex for a company to deliver its environmental obligations and customer service levels, through the utilisation of a mix of econometric and unit cost models, engineering assessments of company proposals for enhancements and adjustments based on company representations.

For UUW, total allowed expenditure for the five price controls was £12,712 million, after the application of the frontier shift and real price effects and net of developer services revenue. Real price effects are expected to be subject to a reconciliation mechanism at PR29, detailed in the subsection entitled "*AMP8 reconciliation mechanisms*" below.

Table 6 UUW PR24 Final Determination allowed expenditure (2022-23 prices, £m)

Price control	**AMP8 Totex allowance**
Pre-Frontier Shift and Real Price Effects (Gross of Developer Services Revenue)	
Wholesale Water	4,478.9
Wastewater Network Plus	7,574.6

Bioresources	862.5
Retail	671.3
Total	**13,587.3**
Post-Frontier Shift and Real Price Effects (Gross of Developer Services Revenue)	
Wholesale Water	4,388.6
Wastewater Network Plus	7,428.2
Bioresources	844.9
Retail	650.0
Total	**13,311.7**
Post-Frontier Shift and Real Price Effects (Net of Developer Services Revenue)	
Wholesale Water	4,042.2
Wastewater Network Plus	7,174.9
Bioresources	844.9
Retail	650.0
Total	**12,712.0**

In addition to these allowances, Ofwat included a wastewater project at lake Windermere within its new 'Large Gated Scheme' process. The PR24 Final Determination has allowed an initial 6% totex allowance for development costs (included in the values above), but the remainder of the allowance for the scheme would be approved through a gateway process during AMP8. The estimated cost for this scheme at the time of the PR24 Final Determination was £186 million. See the subsection above entitled 'Interim determinations and "Shipwreck Clause"' for details on the proposed process, as well as how the adjustment will be made.

Differences in actual expenditure and allowed expenditure will be subject to sharing between customers and companies. Sharing rates are presented as a ratio, indicating the percentage that is borne by companies for underspends and overspends. For example, a 40:10 rate means that a company would retain 10% of any underspend but incur 40% of any overspend. For AMP8, Ofwat has six different categories of cost sharing that all companies are subject to.

Table 7 PR24 Final Determination cost sharing rates for AMP8, and UUW cost allowances within each category (2022-23 prices, £m)

Expenditure areas covered	Sharing rate (%)	AMP8 allowance

Base costs within the Wholesale price controls	50:50	5,849
‘Standard’ enhancement expenditure	40:40	4,035
‘Uncertain’ enhancement expenditure[9]	40:10	153
‘Enhanced engagement’ enhancement expenditure	25:25	1,611
Business rates, abstraction licences and wastewater environmental permits	10:10	517
Retail expenditure and wholesale expenditure items that Ofwat excludes from cost sharing	0:0	1,147
Total expenditure - Post-Frontier Shift and Real Price Effects (Gross of Developer Services Revenue)		13,312

In addition to greater protection through the cost sharing rates above, Ofwat has also introduced an ASM for wholesale totex. ASMs were designed to protect customers by reducing the impact of extreme levels of outperformance on customer bills, and to support ongoing investment in cases of extreme underperformance. The ASM for wholesale totex increases the customer share if company performance exceeds ±200bps of RoRE (calculated over AMP8 and combined water and wastewater services). This mechanism applies equally to outperformance (spending less than the allowance) and underperformance (spending more than the allowance) and is applied after cost sharing. The wholesale totex ASM will reduce the effect of out/under performance on equity returns by 50% once a ±200bps RoRE trigger has been passed.

Where there is not sufficient customer protection already in place through the outcomes and cost sharing frameworks, Ofwat has developed PCDs associated with the expenditure allowances. PCDs will encourage companies to deliver funded improvements on time and protect customers from companies failing to deliver these improvements or delivering them late. Companies will return funding to customers if improvements are not delivered. Some PCDs also include additional underperformance payments if companies deliver late and outperformance payments where companies deliver on time.

Ofwat has implemented a ‘Storm Overflow Uncertainty Mechanism’. This provides additional funding to companies that need to deliver additional spill reduction schemes in AMP8 beyond that reflected in their respective PR24 FDs due to new regulatory requirements providing they (are on track to) spend their totex allowances for spill reductions within the PR24 FDs. It would be used where companies are not able to manage new requirements through the PCD mechanism (i.e. by ‘swapping’ requirements) and overspend their storm overflow allowances.

All enhancement expenditure is included within Ofwat’s Delayed Delivery Correction Mechanism (DDCM). This is a reconciliation mechanism that returns money to customers where they have provided funding upfront for investment that has not been delivered. This is a cashflow mechanism affecting revenue with no ‘penalty’ element.

As part of the PR24 FDs across the industry, Ofwat also published its ‘Roadmap for enhancing asset health understanding in the water sector’. In this, it stated that it “will make cost adjustments during the 2025-30 period if [it] identif[ies] sector wide asset condition issues that can be addressed by 31st March 2030. [It] will also consider allowing companies to bring forward 2030-35 capital maintenance spending into the 2025-30 period for solutions that are likely to take more than 2-years to complete.” Ofwat aims to reach a decision on whether additional sector wide cost adjustments are needed to improve asset condition ahead of the 2027-2028 financial year.

9 *Continuous river quality monitoring and investigations programmes.*

AMP8 reconciliation mechanisms

Part of the regulatory contract includes mechanisms to incentivise good performance (or to penalise poor performance), as well as mechanisms to adjust the relevant FD for certain limited circumstances where outturn values are different from assumptions made in the FD and where these are outside management control. Historically, these reconciliations have been undertaken at the end of the period and rolled into the subsequent price review settlement. However, Ofwat has now moved to having a greater number of in-period adjustments meaning that revenues are adjusted more quickly in response to under/outperformance in the AMP.

Not all mechanisms are reconciled in-period, and those that are reconciled at end-of-period consider the time value of money for the lag in revenues. Additionally, some adjustments apply to revenues while others apply to the RCV, reflecting the nature of the item being reconciled (for example, revenue reconciliations will apply to revenues, whereas land sale reconciliations will apply to the RCV).

On 19 May 2025, Ofwat published its formal consultation on the PR24 reconciliations, known as the 'Reconciliation Rulebook'. It has proposed 18 mechanisms for AMP8. UUW groups the mechanisms into three categories for ease of understanding, as follows:

- Mechanisms that reward or penalise company performance against the price control, summarised within Table 8;
- Mechanisms that share the risk and opportunities between companies and customers, summarised within Table 9; and
- Mechanisms that correct for differences in assumptions made at PR19 deemed outside of management control, summarised within Table 10.

Table 8 Mechanisms that reward or penalise company performance against the price control

Mechanism	Timing	Description
Customer measure of experience (C-MeX)	In-period	The C-MeX incentivises companies to provide excellent levels of service to their residential customers. It benchmarks companies using UK Customer Satisfaction Index data.
Developer measure of experience (D-MeX)	In-period	The D-MeX incentivises companies to provide excellent levels of service to their developer customers. Based on its relative performance, each company can receive outperformance or incur underperformance payments each year.
Business customer and retailer measure of experience (BR-MeX)	In-period	This reconciliation only applies to the large licenced water companies operating wholly or mainly in England. It is designed to incentivise water companies to provide excellent customer service to businesses (non-household customers) and support better retail market functioning.
Outcome Delivery Incentives (ODIs)	In-period and end-of-period	This reconciliation determines the level of ODI payments that have been accrued by companies in each year of performance, based on the performance commitments set in the PR24 FDs for each company. It incorporates the Outcomes aggregate sharing mechanism (ASM) and outturn adjustment mechanism (OAM).
Price Control Deliverables (PCDs)	End-of-period	This reconciliation will calculate the non-delivery PCDs and time incentive PCDs related adjustments for each company. These adjustments will be used to adjust the baseline expenditure allowance for the purpose of cost sharing calculations. They will also be used to adjust the companies' revenue and RCV.
Revenue forecasting incentive (RFI)	In-period	This is a symmetric revenue adjustment applied in period to reconcile any revenue under- or over-recovery in an earlier year. The RFI applies a financial penalty where differences between actual and allowed revenues are greater than 2%.

Water trading incentive	End-of-period	This reconciliation calculates PR24 water trading incentives for qualifying trades starting in the 2025-2030 period.

Table 9 Mechanisms that share the risk and opportunities between companies and customers

Mechanism	Timing	Description
Cost sharing reconciliation	End-of-period	This reconciliation accounts for any difference between companies' actual performance against their totex allowances from PR24. It incorporates the wholesale totex aggregate sharing mechanism (ASM).
Real price effects (RPE)	End-of-period	This reconciliation accounts for any difference between actual and forecast of the RPE indices applied for labour, energy, and materials, plant and equipment costs.
Delayed delivery cashflow mechanism (DDCM)	In-period and end-of-period	This reconciliation returns money to customers where they have provided funding upfront for investment that has not been delivered. It is purely a cashflow mechanism affecting revenue with no 'penalty' element.
Innovation Fund and Water Efficiency Fund	End-of-period	This reconciliation adjusts companies' allowed revenues to reflect any unused funds.
Land sales	End-of-period	This reconciliation adjusts companies' RCV for any disposal of land by the regulated business over the 2025 to 2030 period.

Table 10 Mechanisms that correct for differences in assumptions made at PR19 that are outside of management control

Mechanism	**Timing**	**Description**
Bioresources revenue reconciliation	In-period and end-of-period	This reconciliation accounts for any difference between companies' allowed bioresources allowance and the actual bioresources revenue collected from customers. It adjusts allowed revenue to reflect the difference between forecast and actual sludge volumes based on the variable cost of sludge.
Cost of new debt	End-of-period	This reconciliation adjusts the allowed cost of new debt to reflect outturn data from our benchmark debt index over the 2025-30 period.
Residential retail	End-of-period	This reconciliation accounts for any difference between companies' allowed retail allowance and the actual revenue companies collect from customers.
Tax reconciliation	End-of-period	This reconciliation accounts for any difference between actual and forecast headline corporation tax or capital allowance rates. It is incorporated within the most recent version of the financial model.
Third party services reconciliation	End-of-period	Ofwat will reconcile allowed and actual expenditure on third-party services (price control), section 185 diversions (water only) and non-section 185 diversions costs.
Wastewater Enhancement Uncertainty Mechanisms	End-of-period	Ofwat will adjust allowed revenues to reflect additional schemes or investigations as part of the Wastewater Enhancement Uncertainty Mechanisms for Storm Overflows, Investigations and Nutrient Balancing.

Direct procurement for customers (DPC)

For AMP7, Ofwat encouraged companies to consider new means of procurement, design, construction, financing and operation for major asset investments through the introduction of DPC. Traditionally, the appointee designs, finances, constructs, and then operates and maintains an asset to provide a service to customers. DPC aimed to provide the same service to customers but through the sourcing of a third party CAP. At PR19, Ofwat considered that DPC had the potential to unlock potential efficiencies by different use of the competitive market either through more efficient solution costs or through a lower cost of financing.

Ofwat's initial DPC guidance indicated a number of outline criteria that could inform whether DPC was likely to be beneficial for procurement of any given scheme. Amongst the key criteria were that the investment should be substantial (with a guideline that the investment had a whole life cost of >£100 million) and that the scheme was discrete and separable from other elements of the appointed activity. Where a company had one or more schemes which fulfilled the DPC guideline criteria, it was required to undertake a procurement exercise to seek a CAP to deliver the service to assess which delivery route provides the best value for money for customers (relative to the traditional approach). Appointed companies were therefore only initially allowed to recover the costs associated with the initial procurement activities and investigations (the level of activity depends on whether the ‘early’ or ‘late’ model is followed).

Ofwat’s DPC guidance includes a ‘value for money for customers’ test applied through the competitive tender procurement. If DPC was considered to offer best value to customers, then Ofwat envisaged providing consent for companies to appoint a CAP and collect the revenues from customers on behalf of the CAP. If, however, DPC were considered not likely to obtain the best value for customers, then the appointee would be required to exit the DPC process and obtain an interim adjustment to its FD to recover the costs required to deliver the scheme.

At PR24, Ofwat refined its approach to DPC, setting out in its final methodology that companies should deliver projects as “DPC by default” where totex exceeds £200m. Each project was assessed against technical discreteness criteria to confirm that it was suitable for DPC delivery, including in relation to construction risk and operation and maintenance risk. Ofwat set out projects identified as suitable for DPC through its PR24 Final Determinations chapter on major projects, and these projects are subject to revised DPC guidance governing a staged submission process to obtain Ofwat consent to procure and award the CAP Agreement. One of the most notable changes in the revised DPC guidance is the removal of the requirement to test value for money against delivery by the appointee at the end of the procurement process. Instead, the Appointee (UUW) is now required to demonstrate that the DPC procurement process itself has delivered value for money for customers.

Specified Infrastructure Projects Regulations

The Water Industry (Specified Infrastructure Projects) (English Undertakers) Regulations 2013 (“SIPR”) created the power for the Secretary of State and Ofwat to specify large or complex projects to be put out to competitive tender by a water company for delivery by a third-party infrastructure provider, which can include financing, design, build, operation and maintenance of the asset. In contrast to the DPC regime, the SIPR allowed Ofwat to create a project licence and directly regulate the infrastructure provider. The Thames Tideway Tunnel was the first large project to be delivered under SIPR and Ofwat identified a further three projects to be delivered via SIPR in its PR24 Draft Determination. Ofwat has also recently consulted on its guidance for determining whether an infrastructure project should be specified under SIPR in light of the pipeline of infrastructure projects, and published updated guidance in May 2025. Ofwat has stated that, at PR24, three projects indicated a preference for delivery under SIPR, none of which have yet been specified. Ofwat has also announced that it is working closely with Defra to amend SIPR to enable greater flexibility and allow major water projects to be delivered more quickly and with better value to billpayers.

The Haweswater Aqueduct Resilience Programme (“HARP”)

For AMP7, UUW identified one potential DPC scheme, known as the HARP (as defined above).[10] The Haweswater Aqueduct is the largest potable water aqueduct in the UK by capacity and length, supplying more than 2.5 million households and transporting around 35% of UU’s daily supply to customers. It is the major source of supply for the Greater Manchester and Pennine areas. This significant tunnelling construction scheme involves the replacement of 52km of tunnel sections with an estimated construction cost of c.£3 billion.

Over AMP7, the HARP was following the ‘late’ DPC delivery model whereby UUW undertook early phase activities, leaving the financing, detailed design and construction to the CAP. Within the PR19 Final Determination, Ofwat made an allowance of £57 million for the initial development of the scheme, the procurement activities associated with sourcing a CAP as well as the early phase work on ground investigation and initial design. In January 2022, in accordance with the amendments it made to UUW’s conditions of appointment (licence) in February 2021, Ofwat designated the HARP a ‘DPC Delivered Project’. In response, UUW issued a periodic indicative notice in May

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[10] *Formerly known as the Manchester & Pennines Resilience scheme.*

2022, as the first step in the tender process. Following the conclusion of the tender process, in August 2025 UUW signed an agreement with Cascade Infrastructure to deliver the project, with construction expected to start in 2026.

Throughout AMP7, UUW progressed the design and development of the HARP, including working with Ofwat to develop the commercial model for DPC to ensure that the outcome delivered best value for customers. This involved considerable engagement with bidders and other stakeholders (as well as Ofwat) over the regulatory period. The CAP will finance the project and recover its costs via monthly charge to UUW over the life of the project, which will in turn be recovered from customers as part of UUW's wholesale water charges. For clarity, there will be no adjustment to the RCV while the project is in contract with the CAP. This marks the first time that the DPC model has been used in the UK water sector, though Ofwat has indicated that it expects to roll DPC out throughout the sector for large capital infrastructure projects in AMP8 and beyond.

Strategic water resources programme ("SRO")

The SRO programme is governed by the Regulators' Alliance for Progressing Infrastructure Development ("RAPID"). RAPID was founded in 2019 as a response to the 'Preparing for a drier future' report published by the National Infrastructure Commission in April 2018. It is a collaboration between Ofwat, the EA and the DWI, also working closely with Natural Resources Wales and Natural England, to help the sector respond to major resilience challenges by improving water resources infrastructure.

Ofwat's PR24 Final Determinations are allowing up to £2.15 billion (2022/23 prices) to be made available to continue the development of strategically important infrastructure. This encompasses 28 SRO projects across England and Wales.

UUW is engaged in three SROs;

- Severn to Thames Transfer ("STT SRO") – a collaborative project with Severn Trent Water and Thames Water to investigate the viability of transferring water from the North West and Midlands to the South East via a new connection between the River Severn and River Thames.
- North West Transfer ("NWT SRO") – the development of new water resources within North West England to maintain supply resilience in the UU operating area and enable potential transfers to other regions, including the Midlands and South East (via the STT SRO).
- Kielder SRO – a collaborative project with Northumbrian Water and Yorkshire Water exploring potential regional water transfers from Kielder Reservoir to the North West and Yorkshire.

RAPID regulate the SRO programme through a gated process, with schemes being assessed across a number of gates to test their viability and confirm if they are suitable to enter the delivery phase. This process is aligned with the Water Resource Management Plans ("WRMPs") and Regional Plans ("RPs") which determine the need for new water supplies.

Competition

The UK Government and Ofwat are aiming to increase the extent of competition in the water sector, with the objectives of increasing efficiency and innovation, delivering sustainable and secure water supplies, improving the water environment and generating improved service and greater choice for customers.

Retail reform

The Water Act 2014 enabled all non-household water and sewerage customers in England to switch retail supplier from 1 April 2017. This includes businesses, charities and public sector customers. This reform created a market of about 1.2 million customer sites in England. Previously, the ability to switch supplier has only applied to water customers, and only to very large users – those consuming more than five million litres per year. In comparison, in Scotland, full retail competition for non-household customers has existed from 2008. Wales has retained its existing volume threshold of 50 million litres per year.

The Water Act 2014 also provides a mechanism for large licenced water and sewerage companies to voluntarily exit from the non-household retail market, but only with the consent of the Secretary of State. Such an exit is permanent in nature.

Most companies, including UUW, have exited the market. UU has entered into a joint venture agreement with Severn Trent, whereby UU and Severn Trent combined their non-household water and wastewater retail businesses into Water Plus, based in Stoke-on-Trent. Non-household retail activity principally comprises billing and customer service activities.

Household customers are not able to switch retail supplier and are served by UUW in its role as an appointed company. Reviews of the potential for competition in this segment, completed in 2016, concluded that there was insufficient financial benefit to progress the introduction of competition for household customers.

Upstream Competition

Changes under the Water Act 2014 were designed to make it easier for new providers of water sources and sewage and sludge treatment services to enter the 'upstream' market for those wholesale activities.

The Water Act 2014 specifically provides for:

- Extension of access rights to water companies' treatment and storage systems rather than just the mains and pipes as was previously the case. This allows alternative suppliers, such as landowners with spare water resources, to input water into any part of the network; and

- Changes to the system governing 'access' prices that new licensees must pay large licenced water companies for using their network to make it easier for new entrants to earn sufficient margin to be able to compete with large licenced water companies.

In 2023, Castle Water Limited became the first company to apply for an upstream authorisation, in the Thames region, however this is not yet expected to lead to further activity in the near future. In July 2024, Ofwat published a consultation on the proposal to modify the licence of Castle Water to include a wholesale authorisation. The consultation closed in August 2024 and Ofwat published its decision to modify Castle Water's licence accordingly on 8 October 2024.

Within PR19, steps were taken to encourage competition, and for PR24, efforts to encourage Bioresources competition expanded. The approach includes:

- Development of a Bid Assessment Framework to encourage third party bidding to provide water supplies to water companies, as part of the Water Resource Management Plan process;

- Initiatives to encourage competition in providing Bioresources services, including publication of more information about potential competition opportunities and a separate price control for Bioresources;

- Development of a Bioresources Bid Assessment Framework to encourage third party bidding to provide Bioresources services; and

- Protection for past investment (pre-AMP7) by appointed companies in water resources and Bioresources.

Developer services competition

The WIA included the potential for New Appointment or Variation ("NAVs") to be granted. A NAV grants a new water company to be appointed as the water company for an area, normally buying wholesale water and wastewater services from the neighbouring large licenced water company. The Water Act 2003 allows self-lay providers to offer a range of developer service activity including connection, new mains, service pipes and meters to developers in competition with large licenced water companies. Current levels of self-lay and NAV competition are high in the North West. Ofwat has indicated that the developer services markets, including self-lay and NAVs, will be subject to a market study in 2025 to test the effectiveness of the competitive markets and separation of contestable and non-contestable activity.

Merger reform

The Water Act 2014 also included changes to the UK merger control regime in respect of companies operating in the sector. Previously, any proposed merger between water and/or water and sewerage companies, where one or all of the companies have an annual turnover of £10 million or more, was automatically referred by the CMA for in-depth investigation. The provisions introduced by the Water Act 2014 enable the CMA to decide not to make a merger reference where either:

- It concludes that the merger is unlikely to prejudice Ofwat's ability to make comparisons between water businesses; or

- It concludes that customer benefits (such as lower prices) will outweigh the prejudicial effect on Ofwat's ability to make comparisons between water businesses.

Before making such a decision, the CMA must consult with Ofwat.

The CMA is also able, having consulted with Ofwat, to accept "undertakings in lieu" from the merging companies, rather than make a reference. These undertakings would focus on delivery of customer benefits in compensating for the loss of a comparator.

The Water Act 2014 also includes a duty on the CMA to keep the current £10 million merger turnover threshold under review and to advise the Secretary of State on whether the threshold is still appropriate. The Secretary of State can change the threshold by secondary legislation.

Board of directors

The directors of UUW and their functions within the Group are as follows:

Name	**Function**
Sir David Higgins	Independent Non-Executive Director and Chairman
Louise Beardmore	Chief Executive Officer
Phil Aspin	Chief Financial Officer
Alison Goligher	Independent Non-Executive Director
Clare Hayward	Independent Non-Executive Director
Doug Webb	Independent Non-Executive Director
Ian El-Mokadem	Independent Non-Executive Director
Kath Cates	Independent Non-Executive Director
Liam Butterworth	Independent Non-Executive Director
Marina Wyatt	Independent Non-Executive Director
Michael Lewis	Independent Non-Executive Director

There is no existing or potential conflict of interest between the directors' duties to UUW and/or their private interests or other duties.

The business address of each director is Haweswater House, Lingley Mere Business Park, Lingley Green Avenue, Great Sankey, Warrington WA5 3LP. This is the registered address of UUW.

MATERIAL CONTRACTS

The Issuers and the Guarantor have not entered into any contracts (being contracts not entered into in the ordinary course of business) which are, or may be, material or which contain a provision under which either Issuer or the Guarantor or another member of the Group has an obligation or entitlement which is material to the relevant Issuer's or (where the relevant Issuer is UUWF) the Guarantor's ability to meet its obligations to Noteholders in respect of Notes to be issued under the Programme.

TAXATION

Tax legislation, including in the country where the investor is domiciled or tax resident and in the Issuer's country of incorporation, may have an impact on the income that an investor receives from the Notes.

UK TAXATION

The following applies only to persons who are the absolute beneficial owners of Notes and is a summary of the Issuers' understanding of current UK law and published HM Revenue & Customs ("HMRC") practice (which may not be binding on HMRC), in each case at the latest practicable date before the date of this Offering Circular, relating only to the UK withholding tax treatment of payments of interest (as that term is understood for UK tax purposes) in respect of the Notes. It does not deal with any other UK taxation implications of acquiring, holding or disposing of Notes and is subject to changes therein and thereof (possibly with retrospective effect) and does not purport to constitute legal or tax advice. Prospective Noteholders who may be unsure as to their tax position should seek their own professional advice.

Payments of interest on the Notes may be made without deduction of or withholding for or on account of UK income tax provided that the Notes carry a right to interest and the Notes are and continue to be listed on a "recognised stock exchange", as defined in section 1005 of the Income Tax Act 2007 (for the purposes of section 987 of the Income Tax Act 2007). The London Stock Exchange is a recognised stock exchange for these purposes. Securities will be treated as listed on the London Stock Exchange if they are included in the Official List (within the meaning of and in accordance with the provisions of Part 6 of the FSMA) and admitted to trading on the main market of the London Stock Exchange. Provided, therefore, that the Notes carry a right to interest and the Notes remain so listed, interest on the Notes will be payable without withholding or deduction on account of UK income tax.

Interest on the Notes may also be paid without withholding or deduction on account of UK income tax in the case of Notes the maturity of which is less than 365 days provided that such Notes do not form part of a scheme or arrangement of borrowing intended to be, or capable of remaining, outstanding for more than 364 days.

In other cases, and subject to the availability of another relief or exemption, an amount must generally be withheld on account of UK income tax at the basic rate (currently 20 per cent.) from any payments of interest on the Notes that has a UK source. However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HMRC can issue a direction to the relevant Issuer to pay interest to the Noteholder without withholding or deduction for or on account of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

Where interest has been paid under deduction for or on account of UK income tax, Noteholders who are not resident in the UK for tax purposes may be able to recover all or part of the tax deducted under an appropriate provision in any applicable double taxation treaty.

If the Guarantor makes any payments in respect of interest on the Notes (or in respect of other amounts due from the Issuers under the Notes), such payments may be subject to deduction of or withholding for or on account of UK income tax, subject to such relief as may be available under the terms of any applicable double taxation treaty or to any other exemption which may apply. Such payments by the Guarantor may not be eligible for the exemptions described above.

Where Notes are issued at an issue price of less than 100 per cent. of their principal amount, any payments in respect of the accrued discount on such Notes should not be made subject to any withholding or deduction for or on account of UK income tax as long as they do not constitute payments in respect of interest for tax purposes. Where Notes are issued on terms that a premium is or may be payable on redemption, as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest for tax purposes and, if so, the provisions described above relevant to interest will apply.

FOREIGN ACCOUNT TAX COMPLIANCE ACT

Pursuant to certain provisions of the U.S. Internal Revenue Code of 1986, commonly known as FATCA, a "foreign financial institution" may be required to withhold on certain payments it makes to persons that fail to meet certain certification, reporting, or related requirements. A number of jurisdictions (including the UK) have entered into, or have agreed in substance to, intergovernmental agreements with the United States to implement FATCA ("IGAs"), which modify the way in which FATCA applies in their jurisdictions. Under the provisions of IGAs as currently in effect, a foreign financial institution in an IGA jurisdiction would generally not be required to withhold under FATCA or an IGA from payments that it makes. Noteholders should consult their own tax advisors regarding how these rules may apply to their investment in the Notes. In the event that any withholding were to be required pursuant to FATCA or an IGA with respect to payments on the Notes, no person would be required to pay additional amounts as a result.

SUBSCRIPTION AND SALE

The Dealers have in a programme agreement dated 14 November 2025 (as supplemented and/or amended and/or restated from time to time) (the "Programme Agreement"), agreed with the Issuers and the Guarantor a basis upon which they or any of them may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under "*Form of the Notes*" and "*Terms and Conditions of the Notes*". The Programme Agreement provides that the obligation of any Dealer under any such agreement is subject to certain conditions and that, in certain circumstances, a Dealer shall be entitled to be released and discharged from its obligations under any such agreement prior to the issue of the relevant Notes. Investors will have no rights against the relevant Issuer, the Guarantor (where the Issuer is UUWF) or any Dealer in respect of any expense incurred or loss suffered in these circumstances. In the Programme Agreement, the Issuers (failing which, where the Issuer is UUWF, the Guarantor) have agreed to reimburse the Dealers for certain of their expenses in connection with the establishment of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

Selling Restrictions

United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) except to certain persons in offshore transactions in reliance on Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations promulgated thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver such Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Index Linked Notes only

The Index Linked Notes have not been and will not be, registered under the Securities Act and trading in the Index Linked Notes has not been approved by the CFTC under the CEA. No Index Linked Notes may at any time be offered, sold, resold or delivered, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person or to others for offer, sale, resale or delivery, directly or indirectly, in the United States or to, or for the account or benefit of, any U.S. person.

Offers, sales, re-sales or deliveries of the Index Linked Notes or interests therein, directly or indirectly, in the United States or to, or for the account or benefit of U.S. persons would constitute a violation of United States securities laws unless made in compliance with the registration requirements of the Securities Act or pursuant to an exemption therefrom. In addition, in the absence of relief from the CFTC, offers, sales, re-sales, trades or deliveries of the Index Linked Notes, or interests therein, directly or indirectly, in the United States or to, or for the account or benefit of, U.S. persons, may constitute a violation of United States law governing commodities trading.

Prohibition of Sales to EEA Retail Investors

Unless the Final Terms in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Final Terms in relation thereto to any retail investor in the EEA. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or

(ii) a customer within the meaning of the Insurance Distribution Directive where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

(iii) not a qualified investor as defined in the EU Prospectus Regulation; and

(b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the Final Terms in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", in relation to each Member State of the EEA, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Final Terms in relation thereto to the public in that Member State except that it may make an offer of such Notes to the public in that Member State:

(a) at any time to any legal entity which is a qualified investor as defined in the EU Prospectus Regulation;

(b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the EU Prospectus Regulation) subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the relevant Issuer for any such offer; or

(c) at any time in any other circumstances falling within Article 1(4) of the EU Prospectus Regulation,

provided that no such offer of Notes referred to in (a) to (c) above shall require the relevant Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the EU Prospectus Regulation or supplement a prospectus pursuant to Article 23 of the EU Prospectus Regulation.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

United Kingdom

Prohibition of Sales to UK Retail Investors

Unless the Final Terms in respect of any Notes specifies "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Final Terms in relation thereto to any retail investor in the UK. For the purposes of this provision:

(a) the expression "retail investor" means a person who is one (or more) of the following:

(i) a retail client as defined in point (8) of Article 2 of Regulation (EU) No. 2017/565 as it forms part of the domestic law of the UK by virtue of the EUWA; or

(ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No. 600/2014 as it forms part of the domestic law of the UK by virtue of the EUWA; or

(iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation; and

(b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

If the Final Terms in respect of any Notes specifies "Prohibition of Sales to UK Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Final Terms in relation thereto to the public in the UK except that it may make an offer of such Notes to the public in the UK:

(a) at any time to any legal entity which is a qualified investor as defined in Article 2 of the UK Prospectus Regulation;

(b) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in Article 2 of the UK Prospectus Regulation) in the UK subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the relevant Issuer for any such offer; or

(c) at any time in any other circumstances falling within Section 86 of the FSMA,

provided that no such offer of Notes referred to in (a) to (c) above shall require the relevant Issuer or any Dealer to publish a prospectus pursuant to Section 85 of the FSMA or supplement a prospectus pursuant to Article 23 of the UK Prospectus Regulation.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Other regulatory restrictions

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that:

(a) in relation to any Notes having a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the relevant Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the relevant Issuer or the Guarantor; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the UK.

Germany

Each Dealer has represented and agreed and each further Dealer appointed under the Programme will be required to represent and agree that the Notes have not been and will not be offered, sold, distributed or publicly promoted or advertised by it in the Federal Republic of Germany other than in compliance with the provisions of the EU Prospectus Regulation (as defined above) and the German Securities Prospectus Act (*Wertpapierprospektgesetz*), each as amended, or any other laws applicable from time to time in the Federal Republic of Germany governing the issue, offering, sale and distribution of securities.

Belgium

Other than in respect of Notes for which "Prohibition of Sales to Belgian Consumers" is specified as "Not Applicable" in the applicable Final Terms each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that an offering of Notes may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1, 2° of the Belgian Code of Economic Law, as amended from time to time (a "Belgian Consumer") and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Notes, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Notes, directly or indirectly, to any Belgian Consumer.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the "FIEA") and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore (the "MAS"). Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as modified from time to time (the "SFA")) pursuant to Section 274 of the SFA or (ii) to an accredited investor (as defined in Section 4A of the SFA) pursuant to and in accordance with the conditions specified in Section 275 of the SFA.

Switzerland

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that this Offering Circular is not intended to constitute an offer or solicitation to purchase or invest in the Notes and the Notes may not be publicly offered, directly or indirectly, in Switzerland within the meaning of the Swiss Financial Services Act ("FinSA") and no application has or will be made to admit the Notes to trading on any trading venue (exchange or multilateral trading facility) in Switzerland. Neither this Offering Circular nor any other offering or marketing material relating to the Notes constitutes a prospectus pursuant to the FinSA, and neither this Offering Circular nor any other offering or marketing material relating to the Notes may be publicly distributed or otherwise made publicly available in Switzerland.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will (to the best of its knowledge and belief) comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Offering Circular and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and neither the relevant Issuer, the Guarantor, nor any of the other Dealers shall have any responsibility therefor.

None of the relevant Issuers, the Guarantor, the Trustee nor any of the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

GENERAL INFORMATION

Authorisation

The establishment of the Programme and the issue of the Notes by the relevant Issuer have been duly authorised by:

(a) a resolution of the Board of Directors of United Utilities PLC, dated 26 May 1998 and by a resolution of the Financing Committee of United Utilities PLC, dated 5 October 1998;

(b) a resolution of the Board of Directors of North West Water Finance PLC, dated 5 October 1998;

(c) United Utilities Water PLC was duly authorised to join the Programme in place of North West Water Finance PLC and to issue Notes hereunder by a resolution of the Board of Directors of United Utilities Water PLC dated 13 September 2001; and

(d) United Utilities Water Finance PLC was duly authorised to join the Programme and to issue Notes hereunder by a resolution of the Board of Directors of United Utilities Water Finance PLC dated 13 November 2014.

This update of the Programme was duly authorised by:

(a) a resolution of the Board of Directors of UU to delegate certain powers by power of attorney, dated 17 April 2025;

(b) a power of attorney of the Board of Directors of UU, dated 17 April 2025;

(c) a certificate of approval, made under the Power of Attorney of the Board of Directors of UU, dated 10 November 2025;

(d) a resolution of the Board of Directors of UUWF to delegate certain powers by power of attorney, dated 17 April 2025;

(e) a power of attorney of the Board of Directors of UUWF, dated 17 April 2025;

(f) a certificate of approval, made under the Power of Attorney of the Board of Directors of UUWF, dated 10 November 2025;

(g) a resolution of the Board of Directors of UUW to delegate certain powers by power of attorney, dated 15 April 2025;

(h) a power of attorney of the Board of Directors of UUW, dated 15 April 2025; and

(i) a certificate of approval, made under the Power of Attorney of the Board of Directors of UUW, dated 10 November 2025.

Additionally, issues of Notes by either Issuer will require authorisation.

Third Party Information

Where information in this Offering Circular has been sourced from third parties, this information has been accurately reproduced and as far as the Issuers and the Guarantor are aware and are able to ascertain from the information published by such third parties no facts have been omitted which would render the reproduced information inaccurate or misleading. The source of third party information is identified where used.

Listing of Notes

It is expected that each Tranche of Notes which is to be admitted to the Official List and admitted to trading on the London Stock Exchange's main market will be admitted separately as and when issued, subject only to the issue of one or more Global Notes initially representing the

Notes of such Tranche. Application has been made to the FCA for Notes issued under the Programme to be admitted to the Official List and on the London Stock Exchange's main market. The listing of the Programme in respect of Notes is expected to be granted on or around 19 November 2025.

Documents Available

For the period of 12 months following the date of this Offering Circular, the following documents will, when published, be available for inspection at https://www.unitedutilities.com/corporate/investors/credit-investors/debt-issuance/, save where an alternative location is stated below:

(a) the up to date Memorandum and Articles of Association of each of the Issuers and the Guarantor (*accessible at: https://www.unitedutilities.com/corporate/investors/shareholders/corporate-governance/*);

(b) the Trust Deed (which includes the Guarantee) and the forms of the Global Notes, the Notes in definitive form, the Receipts, the Coupons and the Talons;

(c) a copy of this Offering Circular; and

(d) any future offering circulars, prospectuses, information memoranda and supplements to this Offering Circular, including Final Terms and any other information incorporated herein or therein by reference.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels. The address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

Conditions for determining price

The price and amount of Notes to be issued under the Programme will be determined by the relevant Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

Significant or Material Change

There has been no significant change in the financial position or financial performance of UU and its consolidated group since 31 March 2025. There has been no material adverse change in the prospects of each of UU and its consolidated group since 31 March 2025.

There has been no significant change in the financial position or financial performance of UUW and its consolidated group since 31 March 2025. There has been no material adverse change in the prospects of UUW and its consolidated group since 31 March 2025.

There has been no significant change in the financial position or financial performance of UUWF since 31 March 2025. There has been no material adverse change in the prospects of UUWF since 31 March 2025.

Litigation

In February 2009, United Utilities International Limited ("UUIL") was served with notice of a multiparty 'class action' in Argentina related to the issuance and payment default of a U.S.$230 million bond by Inversora Eléctrica de Buenos Aires S.A. ("IEBA"), an Argentine project company set up to purchase one of the Argentine electricity distribution networks which was privatised in 1997. UUIL had a 45 per cent. shareholding in IEBA which it sold in 2005. The claim is for a non-quantified amount of unspecified damages and purports to be pursued on behalf of unidentified consumer bondholders in IEBA. The Argentine Court scheduled various hearings starting in May 2023; the evidentiary phase of the trial is ongoing, and the Argentine Court is expected to schedule a further hearing once concluded. UUIL will continue to vigorously resist the proceedings given the robust defences that UUIL has been advised that it has on procedural and substantive grounds.

Collective proceedings in the CAT were issued on 8 December 2023 against UUW and UUG on behalf of approximately 5.6 million domestic customers following an application by the PCR, Professor Carolyn Roberts. The PCR alleges that UUW's customers have collectively paid an overcharge for sewerage services during the claim period (which runs from 1 April 2020 and may continue into the early years of the PR24 period) as a result of UUW allegedly abusing a dominant position by providing misleading information to regulatory bodies. The estimated total aggregate amount the PCR is claiming against UUW (including interest) is at least £141 million. On 7 March 2025, the CAT unanimously concluded that claims could not proceed on the basis that the claims brought forward are excluded by section 18(8) of the WIA. Subsequently, the PCR was granted permission by the Court of Appeal to challenge the CAT's certification decision, with an appeal hearing currently scheduled for February 2026. UUW believes the claim is without merit and will robustly defend it, should the certification decision be overturned on appeal. Separate letters before action were issued on 20 December 2024 in relation to similar claims in respect of non-household customers, however it is not clear how these will proceed following the CAT's decision not to certify the claims brought in respect of domestic customers and any subsequent appeal decision.

Except as set out above in this section entitled "*Litigation*" there are no other governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened) of which UU, UUW, UUWF or any of UU's or UUW's consolidated groups are aware in the last 12 months preceding the date of this document which may have, or have had in the recent past, a significant effect on the financial position or profitability of UU, UUW, UUWF or any of UU's or UUW's consolidated groups.

The Group is engaged in litigation in the ordinary course of its operations, such as contract disputes, disputes over easements/wayleaves and other similar property matters, bill collections, personal injury claims and workers' compensation claims. The Group does not believe that such litigation, either individually or in aggregate, is material. The Group maintains insurance and, to the extent that the amounts in dispute may not be covered by such insurance, maintains provisions in those situations where management deems it appropriate in accordance with UK-adopted international accounting standards.

Auditors

KPMG LLP audited the financial statements of UU, UUWF, the Guarantor and UUG in accordance with International Standards on Auditing (UK) and applicable law for the years ended 31 March 2025 and 31 March 2024 and issued unqualified reports thereon. KPMG LLP has no material interest in the Issuers or the Guarantor.

The Trust Deed provides that the Trustee may rely on any certificate or report (whether or not addressed to the Trustee) of the auditors or any other person called for by or provided to the Trustee for the purposes of the Trust Deed notwithstanding that such certificate or report and/or any engagement letter or other document entered into by the Trustee in connection therewith contains a monetary or other limit on the liability of the auditors or such other person in respect thereof.

Financial Information

The UU financial statements for the year ended 31 March 2025 and 31 March 2024 were each audited in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

The UUWF financial statements for the year ended 31 March 2025 and 31 March 2024 were each audited in accordance with UK accounting standards, including FRS 101 *Reduced Disclosure Framework*, in conformity with the requirements of the Companies Act 2006.

The financial statements of the Guarantor for the year ended 31 March 2025 and 31 March 2024 were each audited in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

The UUG financial statements for the year ended 31 March 2025 and 31 March 2024 were each audited in accordance with UK-adopted international accounting standards in conformity with the requirements of the Companies Act 2006.

Contracts (Rights of Third Parties) Act 1999

The Contracts (Rights of Third Parties) Act 1999 (the "Act") was enacted on 11 November 1999 and provides, *inter alia*, that persons who are not parties to a contract governed by the laws of England and Wales may be given enforceable rights under such contract.

Post-issuance information

The Issuers do not intend to provide any post-issuance information in relation to any issues of Notes.

Dealers transacting with the Issuers and the Guarantor

Certain of the Dealers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuers, the Guarantor and their affiliates in the ordinary course of business.

Certain of the Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuers and their affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuers or the Issuers' affiliates. Certain of the Dealers or their affiliates that have a lending relationship with the Issuers and/or the Guarantor routinely hedge their credit exposure to the Issuers and/or the Guarantor consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the securities of the Issuers and/or the Guarantor, including potentially the Notes issued under the Programme. Any such positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Index Linked Notes

Payments of principal and interest in respect of Index Linked Notes will be calculated by reference to an Index Ratio, derived from: (i) the RPI (for all items) published by the Office for National Statistics (January 1987 = 100) or any comparable index which may replace RPI or ("RPI Linked Notes"), (ii) the CPI (for all items) published by the Office for National Statistics (2015 = 100) or any comparable index which may replace CPI ("CPI Linked Notes") or (iii) the CPIH (for all items) published by the Office for National Statistics (2015 = 100), or any comparable index which may replace CPIH ("CPIH Linked Notes").

Payments of both interest and principal under Index Linked Notes are directly governed by the performance of the relevant Index. If the Index Ratio decreases, then payments will be lower. If the Index Ratio increases, then payments will be higher.

Background to the Indices

RPI is one of the most familiar general purpose domestic measures of inflation in the UK. RPI has been used as a measure of inflation since 1947 and measures the average change from month to month in the prices of goods and services purchased by most households in the UK. The spending pattern on which the RPI is based is revised each year, mainly using information from official expenditure and food surveys.

RPI is compiled by the Office for National Statistics using a large and representative selection of separate goods and services for which price movements are regularly measured in various areas throughout the UK. If prices rise compared to the previous month, the RPI goes up and if prices fall compared to the previous month, the RPI goes down. It takes two or three weeks for the Office for National Statistics to compile the index, so each month's RPI figure is published during the following month, (e.g., the figure relating to July will be published in August). The RPI figures used in the calculation of payments of interest on, and the redemption amount of, the RPI Linked Notes are numerical representations of where prices on a list of items bought by an average family stand at a point in time, in relation to their past values.

In March 2020, a public consultation was launched on proposals issued by the UKSA to cease the publication of RPI, and, in the interim, to change the methodology used for calculating the RPI with the aim of it converging with the methodology for calculating CPIH. In November 2020, the UK Government and the UKSA published their response to the consultation confirming that the methodology used for RPI will be aligned with the methodology for calculating CPIH no earlier than 2030. In September 2022, the High Court dismissed a judicial review of the decision to align the methodology for calculating RPI with the methodology for calculating CPIH which had been brought by the trustees of certain pension funds.

More information on RPI, including past and current levels, can be found at the following website: www.statistics.gov.uk/.

CPI is a measure of inflation in the UK and is produced to international standards and is in line with European regulations. The CPI is the inflation measure which has been increasingly used by the UK Government and has been the Bank of England's target for inflation since December 2003. Approximately 180,000 separate price quotations are used each month in compiling CPI. It takes two or three weeks for the Office for National Statistics to compile the index, so they publish each month's CPI figure during the following month, i.e., the figure relating to January will be published in February.

CPIH is a measure of UK consumer price inflation that includes owner occupiers' housing costs ("OOH"). These are the costs of housing services associated with owning, maintaining and living in one's own home. OOH does not include costs such as utility bills, minor repairs and maintenance, which are already included in the index. CPIH uses an approach called rental equivalence to measure OOH. Rental equivalence uses the rent paid for an equivalent house as a proxy for the costs faced by an owner occupier. It takes two or three weeks for the Office for National Statistics to compile the index, so they publish each month's CPI figure during the following month, i.e., the figure relating to January will be published in February.

Information about the past and further performance and volatility of CPI and CPIH can be found at the following website: https://www.ons.gov.uk/economy/inflationandpriceindices.

Calculation of interest and redemption amounts on Index Linked Notes

Payments of principal and interest on Index Linked Notes will be adjusted to take into account changes in the Index from the Base Index Figure specified in the applicable Final Terms.

In respect of each Tranche of Index Linked Notes, a rate of interest will be specified in the applicable Final Terms. The interest amount due on each Interest Payment Date (such dates to be specified in the applicable Final Terms) will be that rate multiplied by the ratio which reflects the change in the Index between the Base Index Figure and the Index figure relating to a particular month or date (as specified in the applicable Final Terms) prior to the relevant Interest Payment Date.

Subject to any early redemption of Index Linked Notes, such Index Linked Notes will be redeemed on their specified Maturity Date at a Final Redemption Amount specified in the applicable Final Terms, provided that:

(a) if the Index figure applicable to the relevant month or date, as the case may be, in or on which such payment falls to be made is higher than the Base Index Figure, an additional amount reflecting such increase in the Index will also be paid (subject to any Maximum Redemption Amount specified in the applicable Final Terms); and

(b) if the Index figure applicable to the relevant month or date, as the case may be, in or on which such payment falls to be made is lower than the Base Index Figure, the amount payable on redemption of the Index Linked Notes will be reduced to reflect such decrease in the Index (subject to any Minimum Redemption Amount specified in the applicable Final Terms).

Index Figure applicable

The Index Figure applicable for RPI Linked Notes relating to a particular month or date will be the figure either 3 months or 8 months prior to the particular month or date (3 months or 8 months to be specified in the applicable Final Terms). The Index Figure applicable for CPI Linked Notes or CPIH Linked Notes relating to a particular month or date will be the figure "t" months prior to the particular month or date ("t" months to be specified in the applicable Final Terms). If an 8 month period is specified as the Index Figure applicable for RPI Linked Notes, it will be the first day of the month that is 8 months prior to the month in which the relevant payment falls due. If a 3 month period is specified as the Index Figure applicable for RPI Linked Notes, or if CPI or CPIH is specified as the Index, the Index Figure applicable will be determined using the formula which is calculated by the linear interpolation between the relevant reference Index applicable to the first calendar day of the month in which the relevant day falls and the relevant reference Index applicable to the first calendar day of the month immediately following (set out in Condition 7.1).

Legal Entity Identifiers ("LEI")

The Issuers' and Guarantor's respective LEIs are:

- UU: 213800KYT12UFB2VE455
- UUWF: 213800313INX42GDLR44
- UUW: 213800RQ5FMB2GQ69174

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