

United Utilities Group PLC
18 January 2013

UNITED UTILITIES ACCEPTS OFWAT'S REVISED LICENCE PROPOSALS

After careful consideration, United Utilities Water PLC (U UW) is pleased to advise that it has accepted the revised 'Section 13' licence modification proposals from Ofwat, which were published on 21 December 2012.

This follows extensive, constructive discussions between Ofwat, U UW and other water companies. The Board of U UW considers that the revised licence amendments have reduced uncertainty for investors and customers, compared with the previous proposals issued on 26 October 2012.

These revised licence proposals provide for the changes required to facilitate the forthcoming price review in 2014 (PR14) and set a framework for progressive evolution of regulation in the sector. In particular, these proposals focus on the expected introduction of separate price controls at PR14 for the retail and wholesale segments of the value chain. Any further changes necessary for regulatory evolution which require licence amendment would be subject to subsequent 'Section 13' notices.

We welcome this progress and will continue to actively engage with Ofwat and our other stakeholders through the PR14 process.

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