

United Utilities Group PLC
20 November 2014

UNITED UTILITIES WATER IFRS ADOPTION

United Utilities Group PLC (UUG) today announces that its wholly-owned regulated water and wastewater subsidiary, United Utilities Water Limited (U UW), intends to adopt International Financial Reporting Standards (IFRS) for the year ending 31 March 2015.

U UW, which has long-term credit ratings of A3 with Moody's Investors Service and BBB+ with Standard & Poor's Ratings Services, currently reports under UK Generally Accepted Accounting Practice (UK GAAP). This move to IFRS will be consistent with how its parent company, UUG, reports its financial statements and is aligned with the Financial Reporting Council's on-going project to harmonise accounting standards in the UK.

There are certain technical differences between the two accounting standards. A notable difference is that IFRS does not allow for the discounting of deferred tax liabilities. As expected, this will impact negatively the distributable reserves of U UW. It will not, however, impact the financial position of UUG, which will continue to have significant distributable reserves to support its external dividend payments.

As permitted under the Companies Act 2006, U UW intends to carry out a reduction of its share capital in early 2015 in order to strengthen its distributable reserves. In preparation for this, on 11 November 2014, United Utilities Water PLC was re-registered as a private limited company and accordingly changed its name to United Utilities Water Limited. As a private limited company, U UW is no longer able to issue new listed debt securities to the public.

To maintain efficient access to debt capital markets, United Utilities Water Finance PLC (U UWF) was incorporated as a new wholly-owned subsidiary of U UW on 19 September 2014. U UWF will act as a financing subsidiary for U UW and will be used to raise new debt finance on behalf of U UW, via the issuance of notes under the group's London listed €7 billion Euro Medium Term Note Programme (EMTN Programme), as and when such finance is needed. The group's EMTN Programme has been updated accordingly and a new offering circular was filed with the UK Listing Authority on 19 November 2014.

Under the EMTN Programme, all new finance raised by U UWF will be unconditionally and irrevocably guaranteed by U UW and any notes issued by U UWF are expected to be rated in line with U UW's long-term credit ratings.

Whilst U UW ceases to be the direct issuer of any new notes issued under the EMTN programme, it will remain as the issuer of any existing notes previously issued by U UW that are currently outstanding. Accordingly, there will be no change to the terms and conditions of U UW's existing listed debt portfolio and U UW will retain all of the associated obligations.

United Utilities contacts

For further information on the day, please contact:

Gaynor Kenyon – Corporate Affairs Director	+44 (0) 7753 622282
Darren Jameson – Head of Investor Relations	+44 (0) 1925 237033
Peter Hewer / Martin Pengelley – Tulchan Communications	+44 (0) 20 7353 4200