

21 September 2006

UNITED UTILITIES WATER PLC

**Issue of GBP 25,000,000 1.591 per cent.
Index-Linked Notes due September 2056
under the €5,000,000,000
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 set forth in the Offering Circular dated 23 November 2005 which constitutes a base prospectus for the purposes of the Prospectus Directive (Directive 2003/71/EC) (the "Prospectus Directive"). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Offering Circular. The Offering Circular is available for viewing at, and copies may be obtained from, the registered office of the Issuer at Dawson House, Great Sankey, Warrington WA5 3LW, United Kingdom and the specified offices of the Paying Agents.

1. Issuer: United Utilities Water PLC
2. (i) Series Number: 37
(ii) Tranche Number: 1
3. Specified Currency or Currencies: Pounds sterling (**GBP**)
4. Aggregate Nominal Amount:
 - Series: GBP 25,000,000
 - Tranche: GBP 25,000,000
5. Issue Price: 100.00 per cent. of the Aggregate Nominal Amount
6. Specified Denominations: GBP 50,000
7. (i) Issue Date: 25 September 2006
(ii) Interest Commencement Date: 25 September 2006
8. Maturity Date: 25 September 2056
9. Interest Basis: Index Linked Interest (further particulars specified below)

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| 10. | Redemption/Payment Basis: | Index Linked Redemption (see Appendix) |
| 11. | Change of Interest Basis or Redemption/Payment Basis: | Not Applicable |
| 12. | Put/Call Options: | Not Applicable |
| 13. | Status of the Notes: | Senior, unsecured |
| 14. | Method of distribution: | Non-syndicated |

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

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| 15. | Fixed Rate Note Provisions | Not Applicable |
| 16. | Floating Rate Note Provisions | Not Applicable |
| 17. | Zero Coupon Note Provisions | Not Applicable |
| 18. | Index Linked Interest Note Provisions | Applicable |
| (i) | Index/Formula: | See Appendix |
| (ii) | Calculation Agent responsible for calculating the interest due: | Citibank, N.A. |
| (iii) | Provisions for determining Coupon where calculation by reference to Index and/or Formula is impossible or impracticable: | See Appendix |
| (iv) | Specified Period(s)/Specified Interest Payment Dates: | Semi-annually in arrear on 25 March and 25 September in each year, commencing on 25 March 2007 and up to and including the Maturity Date |
| (v) | Business Day Convention: | Not Applicable |
| (vi) | Additional Business Centre(s): | Not Applicable |
| (vii) | Minimum Rate of Interest: | Not Applicable |
| (viii) | Maximum Rate of Interest: | Not Applicable |

- (ix) Day Count Fraction: See Appendix
19. **Dual Currency Interest Note Provisions** Not Applicable
- PROVISIONS RELATING TO REDEMPTION**
20. Issuer Call: Not Applicable
21. Investor Put: Not Applicable
22. Final Redemption Amount of each Note: Nominal Amount, subject in the case of Condition 7(a) to indexation as provided in Condition 5(f)(i) - see Appendix.
23. Early Redemption Amount of each Note payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 7(e)): Nominal Amount, subject in the case of Condition 7(b) and Condition 10 to indexation as provided in Condition 5(f)(i) - see Appendix.

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. Form of Notes: Temporary Global Note exchangeable for a Permanent Global Note not earlier than 40 days after closing, which is exchangeable for Definitive Notes only upon an Exchange Event.
25. Additional Financial Centre(s) or other special provisions relating to Payment Dates: Not Applicable
26. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): Yes. Talons will mature on 25 March 2019, 25 September 2031 and 25 March 2044.
27. Details relating to Partly Paid Notes:
amount of each payment comprising the Issue Price and date on which each payment is to be made and consequences of failure to pay, including any right of the Issuer to forfeit the Notes and interest due on late payment: Not Applicable
28. Details relating to Instalment Notes:

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|------|----------------------------|-------------------------------|
| (i) | Instalment Amount(s) | Not Applicable |
| (ii) | Instalment Date(s) | Not Applicable |
| 29. | Redenomination applicable: | Redenomination not applicable |
| 30. | Other final terms: | See Appendix |

DISTRIBUTION

- | | | | |
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| 31. | (i) | If syndicated, names of Managers: | Not Applicable |
| | (ii) | Stabilising Manager (if any): | Not Applicable |
| 32. | | If non-syndicated, name of relevant Manager: | The Royal Bank of Scotland plc |
| 33. | | Whether TEFRA D or TEFRA C rules applicable or TEFRA rules not applicable: | TEFRA D |
| 34. | | Additional selling restrictions: | Not Applicable |


LISTING AND ADMISSION TO TRADING APPLICATION

These Final Terms comprise the final terms required to list and have admitted to trading the issue of Notes described herein pursuant to the €5,000,000,000 Euro Medium Term Note Programme established by United Utilities PLC, United Utilities Electricity PLC and United Utilities Water PLC.

RESPONSIBILITY

The Issuer accepts responsibility for the information contained in these Final Terms.

Signed on behalf of the Issuer:

By: 
Duly authorised

PART B – OTHER INFORMATION**1. LISTING**

- (i) Listing: London
- (ii) Admission to trading: Application has been made for the Notes to be admitted to trading on the Gilt-Edged and Fixed Interest Market of the London Stock Exchange with effect from 25 September 2006.
- (iii) Estimate of total expenses related to admission to trading: GBP1060 (GBP960 for admission of Notes to trading on the London Stock Exchange plc and GBP100 listing fee payable to United Kingdom Listing Authority).

2. RATINGS

- Ratings: The Notes to be issued have been rated:
- S & P: A-
Moody's: A2

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

So far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer.

4. PERFORMANCE OF INDEX/FORMULA, EXPLANATION OF EFFECT ON VALUE OF INVESTMENT AND ASSOCIATED RISKS AND OTHER INFORMATION CONCERNING THE UNDERLYING

Information on the UK Retail Price Index can be found on Bloomberg Page UKRPI.

5. OPERATIONAL INFORMATION

- (i) ISIN Code: XS0268406518
- (ii) Common Code: 026840651
- (iii) Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): Not Applicable
- (iv) Delivery: Delivery against payment
- (v) Names and addresses of additional Paying Agent(s) (if any): Not Applicable

6. GENERAL

Tradeable Amount: GBP50,000

APPENDIX

1. Paragraphs (ii), (iii) and (iv) of Condition 5(b) are deleted. The following shall be deemed to be inserted as a new paragraph (ii) in Condition 5(b) and paragraphs (v), (vi) and (vii) of Condition 5(b) will be renumbered (iii), (iv) and (v) respectively and amended accordingly:

"(ii) **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 of the Rate of Interest as soon as practicable after calculating the same.

The amount of interest payable on each Note for any Interest Period (the **Interest Amount**) will be calculated by the Calculation Agent by (A) applying the Rate of Interest (as notified to the Principal Paying Agent by the Calculation Agent in accordance with the preceding paragraph) to the Specified Denomination of such Note, (B) multiplying the resulting amount by the Day Count Fraction and (C) rounding the resulting figure to the nearest one penny (half a penny being rounded upwards).

The **Day Count Fraction** is a fraction (a) the numerator of which is the number of days from and including the most recent Interest Payment Date (or Issue 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 (b) the denominator of which is two times the number of days (including the first and excluding the last) in the Interest Period."

2. Condition 5(b)(iv) (renumbered as provided above) shall be deleted and the following paragraph shall be inserted in place thereof as a new Condition 5(b)(iv):

"(iv) **Determination or Calculation by Trustee**

If for any reason the Calculation Agent at any time after the Issue Date defaults in its obligation to determine or calculate:

- (A) the Rate of Interest;
- (B) any Interest Amount in accordance with paragraph (ii) above;
- (C) the Final Redemption Amount (as defined below); or
- (D) the Early Redemption Amount (as defined below),

the Trustee shall determine or calculate the same, in its absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition 5 and Conditions 7 and 10), and in such manner as it shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Calculation Agent (and, where practicable, in accordance with this Condition 5)."

3. A new Condition 5(f) shall be inserted as follows:

"(f) Indexation

(i) Indexation of principal

The Final Redemption Amount payable pursuant to Condition 7(a) and the Early Redemption Amount payable pursuant to Conditions 7(b) or 10 shall be the nominal amount of the Notes multiplied by the Index Ratio applicable to the date on which the Final Redemption Amount or the Early Redemption Amount (as the case may be) becomes payable.

The Calculation Agent will calculate such Final Redemption Amount or Early Redemption Amount (as the case may be) as soon as 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 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 14.

(ii) Definitions

For the purposes of these Conditions:

Base Index Figure means 198.50, being the Index Figure applicable to 25 September 2006;

Calculation Date means any date when an Interest Amount falls due.

Expert means an independent investment bank or other expert in London appointed by the Issuer and approved by the Trustee acting reasonably or (failing such appointment within 10 days after the Trustee shall have requested such appointment (provided such request is reasonable)) appointed by the Trustee;

Index means, in relation to any Calculation Date, subject as provided in Conditions 5(g) and 7(k) below, the United Kingdom General Index of Retail Prices (for all items) as published by the Office for National Statistics (January 1987=100) as published by HM Government (currently contained in the Monthly Digest of Statistics) and applicable to that Calculation Date or, if that index is not published for any Calculation Date, any substituted index or index figures published by the Office for National Statistics or the comparable index which replaces the United Kingdom General Index of Retail Prices (for all items) for the purpose of calculating the amount payable on repayment of the Reference Gilt;

Any reference to the **Index Figure applicable** to a particular Calculation Date shall, subject as provided in Condition 5(g) below, be calculated in accordance with the following formula:

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

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.

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

the **Rate of Interest** applicable to any amount payable in respect of interest shall be 1.591 per cent. per annum multiplied by the Index Ratio applicable to the date on which such amount falls due and rounded to six decimal places (0.000005 being rounded upwards); and

Reference Gilt means the 1.25 per cent. Index-Linked Treasury Stock due November 2055 (or, if such stock is not in existence, such other index-linked stock issued by or on behalf of HM Government as the Issuer, on the advice of three brokers and/or gilt edged market makers (or such other three persons operating in the gilt edged market as the Issuer, after consultation with the Trustee, may select), may consider to be the most appropriate reference government stock for the Notes)."

4. A new Condition 5(g) shall be inserted as follows:

"(g) Changes in circumstances affecting the Index

(i) Change in base

If at any time the Index is changed by the substitution of a new base for it, then with effect from (and including) the date from and including that on which such substitution takes effect:

(A) the definition of Index in Condition 5(f) shall be deemed to refer to the new date in substitution for January 1987 (or, as the case may be, for such other date or month as may have been substituted for it); and

(B) the definition of Base Index Figure in Condition 5(f) shall be amended to mean the product of the then applicable Base Index Figure and the Index immediately following such substitution, divided by the Index immediately prior to such substitution.

(ii) Delay in publication of the Index

(A) 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 Issuer certifies to the Trustee may fall within Condition 5(g)(iii) or 7(k) (notwithstanding that the Issuer may subsequently be advised that they do not fall within Condition 5(g)(iii) or 7(k)), 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 for 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 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 of payments on the Reference Gilt or, failing such publication, on any one or more of HM Government’s index-linked stocks, as determined by the Expert; or

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

Where the provisions of this Condition 5(g)(ii) apply, the certificate of the Issuer, acting on the advice of an Expert, as to the Index Figure applicable to the date for payment falls shall be conclusive and binding upon the Issuer, the Trustee and the Noteholders. If a substitute index is published as specified in (A) 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:

- (C) in the case of any Note not falling due for redemption on the date for payment, if the Index so subsequently published (if published while that Note remains outstanding) is greater or less than the Index applicable by virtue of (B) above, 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 payable on that Note on the date for payment on the basis of the Index applicable by virtue of (B) above fell short of, or (as the case may be) exceeded the interest which would have been payable on that Note if the Index subsequently published had been published on or before the second business day before the date for payment; or
- (D) in the case of any Note falling due for final redemption on the date for payment, no subsequent adjustment to amounts paid will be made.

(iii) Cessation of or fundamental changes to the Index

If 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 Issuer or the Noteholders and if, within 30 days after its appointment (or such longer period as the Trustee may consider reasonable), the Expert recommends for the purposes of the 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 Issuer or the interests of the Noteholders, as compared to the interests of the 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 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 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 14.

If any payment in respect of the Notes is due to be made after the cessation or changes referred to in the preceding paragraph but before any such adjustment to, or replacement of, the Index takes effect, the Issuer shall (if the Index Figure applicable (or deemed applicable) to the date for payment is not available in accordance with the provisions of Condition 5(f)) 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 Notes having been made on the basis of an Index deemed applicable under Condition 5(g)(ii)(A) above (also referred to below as a **provisional payment**) and of the Trustee on the advice of the Expert subsequently determining that the relevant circumstances fall within this Condition 5(g)(iii), then:

- (A) except in the case of a payment on redemption of the 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 Notes on the Interest Payment Date next succeeding the last date by which the Issuer and Trustee receive such recommendation shall be increased or reduced to reflect the amount by which such provisional payment of interest fell short of, 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.

(iv) Trustee

The Trustee shall be entitled to assume that no cessation of or change to the Index has occurred until informed otherwise by the Issuer and will not be responsible for identifying or appointing an Expert save as provided in these Conditions."

5. A new Condition 7(k) shall be inserted as follows:

"(k) Redemption for Indexation reasons

- (i) If 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 considers reasonable), or states to the 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 5(g)(iii), the Issuer shall, within 14 days after 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 be not 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.

- (ii) If 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 Issuer and if the Expert fails within 30 days after its appointment (or such longer period as the Trustee considers reasonable), or states to the 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 5(g)(iii), the Issuer may at its option, within 14 days after 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 be not 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."