

SUPPLEMENTARY OFFERING CIRCULAR DATED 27 JULY 2010



UNITED UTILITIES PLC

(incorporated with limited liability in England)

UNITED UTILITIES WATER PLC

(incorporated with limited liability in England)

EUR 7,000,000,000

Euro Medium Term Note Programme

This supplement (the "Supplement") to the offering circular dated 12 November 2009 (the "Offering Circular"), which comprises a base prospectus for each of United Utilities PLC and United Utilities Water PLC (each an "Issuer" and together, the "Issuers"), constitutes a supplementary prospectus in respect of the Offering Circular for the purposes of Section 87G of the Financial Services and Markets Act 2000 ("FSMA"). This Supplement is prepared in connection with the Euro Medium Term Note Programme (the "Programme") established by the Issuers and incorporates by reference the auditors' reports and statutory annual financial statements for the financial year ended 31 March 2010 in respect of each of the Issuers.

This Supplement is supplemental to, and should be read in conjunction with, the Offering Circular and any other supplements to the Offering Circular issued by the Issuers. Terms defined in the Offering Circular have the same meaning when used in this Supplement.

Each of the Issuers (together, the "Responsible Persons") accepts responsibility for the information contained in this Supplement. To the best knowledge and belief of the Responsible Persons (each having taken all reasonable care to ensure that such is the case) the information contained in this Supplement is in accordance with the facts and does not omit anything likely to affect the import of such information.

Copies of this Supplement are available on the London Stock Exchange website (www.londonstockexchange.com).

Investors should be aware of their rights under Section 87Q(4) of FSMA.

Annual reports and accounts

On 30 June 2010, U UW published its report and financial statements for the financial year ended 31 March 2010 (the "U UW Report") and on 5 July 2010, U U published its report and financial statements for the financial year ended 31 March 2010 (the "U U Report"). By virtue of this Supplement, the independent auditors' report and the statutory financial statements (and accompanying notes) of both U U (pages 31 to 104 of the U U Report) and U UW (pages 37 to 81 of the U UW Report) are incorporated in, and form part of, the Offering Circular.

Risk factors

The Offering Circular shall be further supplemented by the inclusion of the following new information on page 12 of the Offering Circular as an additional section at the end of the section entitled "Risks relating to the Group and its business":

"Ofwat's introduction of the service incentive mechanism and the serviceability assessment could adversely affect profitability"

For the 2010-15 period, Ofwat has introduced a new comparative incentive mechanism to reward or penalise water companies' service performance, replacing the overall performance assessment. The service incentive mechanism ("SIM") compares companies' performance in terms of the number of 'unwanted' contacts received from customers and how well they deal with those contacts. Depending upon U UW's relative performance under the SIM it could receive a revenue penalty or reward when price limits are next reset in 2014.

U UW is required to maintain the serviceability of its water and wastewater assets, ensuring they continue to deliver a level of service and performance at least as good as in the past. Where serviceability falls below required reference levels of performance Ofwat may impose a penalty in revenue at the next price-setting. Or, if performance were to decline, U UW may incur additional operating or capital expenditure to restore performance.

The adoption of private sewers could adversely affect profitability

In 2008, the government announced its intention to transfer sewers and pumping stations currently owned by private individuals and businesses to sewerage undertakers. The precise date and nature of the transfer is yet to be determined but could occur as soon as 2011. No allowance has been made in price limits for the costs associated with the transfer. Therefore, any costs incurred will represent an unbudgeted increase in operating and capital expenditure of U UW. There can be no guarantee of full recovery of these costs when price limits are next reset."

Recent developments

The Offering Circular shall be further supplemented by the inclusion of the following new information on page 73 of the Offering Circular at the end of the section entitled "Recent developments" (inserted to the Offering Circular pursuant to a supplementary offering circular dated 16 February 2010) at the end of U U's business description:

"In May 2010, U U agreed the disposal of its Australian business for approximately £135 million. In June 2010, U U agreed the disposal of its principal UK and European non-regulated water interests for approximately £174 million and agreed and completed the disposal of its UK electricity services business. U U is continuing to evaluate the expressions of interest it has received for its remaining non-regulated businesses."

Litigation

The Offering Circular shall be further supplemented by the inclusion of the following new information on page 83 of the Offering Circular, at the end of the second paragraph of the section entitled "Litigation":

"In March 2010, Manchester Ship Canal Company ("MSCC"), owners of the Manchester Ship Canal (the "canal"), issued proceedings, seeking, amongst other relief, damages alleging trespass against U UW in respect of U UW's discharges of water and treated effluent into the canal. The respective legal rights of MSCC and U UW relating to the discharges are unclear. Accordingly, the relevant legal principles need to be tested through court process. U UW will be filing a defence and counterclaim in support of its believed entitlement to make discharges into the canal without charge and MSCC's claim will be vigorously defended thereafter. The potential liability of the Group or U UW in relation to this matter is not quantifiable at this stage."

The section entitled "Litigation" beginning on page 82 of the Offering Circular shall be further amended by the deletion after the words "Save as stated in the" in the first line of the new paragraph 4 (and existing paragraph 3) of the word "two" and its replacement with the word "three".

General

If documents which are incorporated by reference themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of this Supplement for the purposes of the Prospectus Directive (Directive 2003/71/EC) except where such information or other documents are specifically incorporated by reference in or are attached to this Supplement.

Copies of all of the documents incorporated by reference in the Offering Circular can be obtained from the registered offices of each Issuer and from the specified offices of the Paying Agents, for the time being in London and Luxembourg. Copies of this Supplement and all documents incorporated by reference in the Offering Circular are available on the London Stock Exchange website (www.londonstockexchange.com).

To the extent that there is any inconsistency between (a) any statement in this Supplement and (b) any other statement in, or incorporated by reference in, the Offering Circular, the statements in this Supplement will prevail.

Save as disclosed in this Supplement, there has been no other significant new factor, material mistake or inaccuracy relating to information included in the Offering Circular since the publication of the Offering Circular.

No person is or has been authorised by the Issuers to give any information or to make any representation not contained in or not consistent with the Offering Circular or this Supplement 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, any of the Dealers or the Trustee.

Neither the delivery of the Offering Circular and/or this Supplement nor the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuers is correct at any time subsequent to the date hereof 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.