

SUPPLEMENTARY OFFERING CIRCULAR DATED 1 JULY 2016



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)

EUR 7,000,000,000
Euro Medium Term Note Programme

This Supplementary Offering Circular (the "**Supplement**") to the Offering Circular dated 17 November 2015 (the "**Offering Circular**", which definition includes the Offering Circular as supplemented, amended or updated from time to time and includes all information incorporated by reference therein) which constitutes a base prospectus for the purposes of Directive 2003/71/EC (the "**Prospectus Directive**"), constitutes a supplementary prospectus for the purposes of Section 87G of the Financial Services and Markets Act 2000 ("**FSMA**") and is prepared in connection with the EUR 7,000,000,000 Euro Medium Term Note Programme (the "**Programme**") established by United Utilities PLC ("**UU**") and United Utilities Water Finance PLC ("**UUWF**") (each an "**Issuer**" and together the "**Issuers**"). The payments of all amounts due in respect of Notes issued by UUWF will be unconditionally and irrevocably guaranteed by United Utilities Water Limited ("**UW**" or the "**Guarantor**").

This Supplement is supplemental to, forms part of and should be read in conjunction with the Offering Circular and any other supplements to the Offering Circular issued by the Issuers. Except as otherwise provided in this Supplement, terms and expressions defined in the Offering Circular shall have the same meaning when used herein.

Each of the Issuers and the Guarantor (together, the "**Responsible Persons**") accepts responsibility for the information contained in this Supplement. To the best of the knowledge and belief of each 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.

Neither this Supplement 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.

This Supplement has been approved by the United Kingdom Financial Conduct Authority (the "FCA"), which is the United Kingdom competent authority under Part VI of FSMA, for the purposes of the Prospectus Directive and relevant implementing measures in the United Kingdom, as a supplement to the Offering Circular.

1. Purpose

The purpose of this Supplement is to:

- (A) incorporate by reference pages 27 – 85 (inclusive) of the Report and Financial Statements for the year ended 31 March 2016 for UU;
- (B) incorporate by reference pages 6 – 14 (inclusive) of the Report and Financial Statements for the year ended 31 March 2016 for UUWF;
- (C) incorporate by reference pages 69 – 124 (inclusive) of the Report and Financial Statements for the year ended 31 March 2016 for UUW; and
- (D) supplement the section entitled "Risk Factors" on pages 9 – 17 (inclusive) of the Offering Circular by:
 - (i) incorporating by reference the table appearing under the title "Principal risks and uncertainties" on page 48 of the Annual Report and Financial Statements for the year ended 31 March 2016 for United Utilities Group PLC ("UUG");
 - (ii) incorporating by reference the information appearing under the column entitled "Current key risks, issues or areas of uncertainty include:" on page 49 of the Annual Report and Financial Statements for the year ended 31 March 2016 for UUG;
 - (iii) replacing the final sentence of the first paragraph beneath the risk factor entitled "Material litigation involving the following two matters is ongoing." on page 10 of the Offering Circular with the following: "UUIL has filed a defence to the action and will vigorously resist the proceedings given the robust defences that UUIL has been advised that it has on procedural and substantive grounds."; and
 - (iv) replacing the second paragraph beneath the risk factor entitled "Material litigation involving the following two matters is ongoing." on page 10 of the Offering Circular with the following: "In March 2010, Manchester Ship Canal Company (MSCC) issued proceedings seeking, amongst other relief, damages alleging trespass against UUW in respect of UUW's discharges

of water and treated effluent into the canal. Whilst the matter has not reached a final conclusion, the Supreme Court has found substantively in UUW's favour on a significant element of the claim and the High Court has upheld UU's position on the remainder of the proceedings. We await to see whether MSCC pursue a further claim to introduce additional matters for determination."

2. Documents incorporated by reference

2.1 On 22 June 2016 the following documents were published:

- (A) the Report and Financial Statements for the year ended 31 March 2016 for UU ("**UU's Report and Financial Statements**");
- (B) the Report and Financial Statements for the year ended 31 March 2016 for UUWF ("**UUWF's Report and Financial Statements**"); and
- (C) the Report and Financial Statements for the year ended 31 March 2016 for UUW ("**UUW's Report and Financial Statements**");
- (D) the Annual Report and Financial Statements for the year ended 31 March 2016 for UUG ("**UUG's Annual Report and Financial Statements**").

2.2 By virtue of this Supplement:

- (A) the audited financial statements of UU for the year ended 31 March 2016 (together with the audit report prepared in connected therewith), which appear on pages 27 – 85 (inclusive) of UU's Report and Financial Statements, are hereby incorporated in and form part of this Supplement, and are thereby incorporated in and form part of the Offering Circular;
- (B) the audited financial statements of UUWF for the year ended 31 March 2016 (together with the audit report prepared in connected therewith), which appear on pages 6 – 14 (inclusive) of UUWF's Report and Financial Statements, are hereby incorporated in and form part of this Supplement, and are thereby incorporated in and form part of the Offering Circular;
- (C) the audited financial statements of UUW for the year ended 31 March 2016 (together with the audit report prepared in connected therewith), which appear on pages 69 – 124 (inclusive) of UUW's Report and Financial Statements, are hereby incorporated in and form part of this Supplement, and are thereby incorporated in and form part of the Offering Circular.

3. Supplement the section entitled “Risk Factors” on pages 9 – 17 (inclusive) of the Offering Circular

The section entitled “Risk Factors” on pages 9 – 17 (inclusive) of the Offering Circular is supplemented with the:

- (A) table appearing under the title “Principal risks and uncertainties” on page 48 of UUG’s Annual Report and Financial Statements”;
- (B) information appearing under the column entitled “Current key risks, issues or areas of uncertainty include:” on page 49 of UUG’s Annual Report and Financial Statements;
- (C) replacement of the final sentence of the first paragraph beneath the risk factor entitled “Material litigation involving the following two matters is ongoing.” on page 10 of the Offering Circular with the following: “UUIL has filed a defence to the action and will vigorously resist the proceedings given the robust defences that UUIL has been advised that it has on procedural and substantive grounds.”; and
- (D) replacement of the second paragraph beneath the risk factor entitled “Material litigation involving the following two matters is ongoing.” on page 10 of the Offering Circular with the following: “In March 2010, Manchester Ship Canal Company (MSCC) issued proceedings seeking, amongst other relief, damages alleging trespass against UUG in respect of UUG’s discharges of water and treated effluent into the canal. Whilst the matter has not reached a final conclusion, the Supreme Court has found substantively in UUG’s favour on a significant element of the claim and the High Court has upheld UUG’s position on the remainder of the proceedings. We await to see whether MSCC pursue a further claim to introduce additional matters for determination.”.

These risk factors are hereby incorporated in and form part of the Supplement, and are thereby incorporated in and form part of the Offering Circular.

4. General

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

Copies of this Supplement and all information incorporated by reference in this Supplement and the Offering Circular can be obtained from the Issuers in the manner described in the Offering Circular.

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.

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 except where such information or other documents are specifically incorporated by reference to this Supplement or where this Supplement is specifically defined as including such information. Any information contained in a document incorporated by reference in this Supplement which is not incorporated in, and does not form part of, this Supplement is not relevant for investors or is contained elsewhere in this Supplement.

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. Copies of the Annual Reports and Accounts, each of which are incorporated by reference into, and form part of, this Supplement are available for viewing at <http://www.morningstar.co.uk/uk/NSM>.