

Mr D Jones

27 September 2011

Dear David

## **TERMS AND CONDITIONS OF YOUR REAPPOINTMENT AS A NON-EXECUTIVE DIRECTOR OF UNITED UTILITIES GROUP PLC (“THE COMPANY”)**

This letter sets out the terms and conditions that will thereafter govern your reappointment as a non-executive director of the Company. The appointment is subject to the articles of association of the Company and on the terms set out in this letter.

### **Appointment**

These terms and conditions constitute a contract for services and not a contract of employment. In line with The UK Corporate Governance Code (“the Code”), you will be required to retire and seek re-election by shareholders on an annual basis at the Company’s AGM.

Your appointment will terminate if you are not reappointed as a director at an AGM unless the provisions of Article 81A are invoked, or if at any time you are removed as a director by a resolution passed by our shareholders at a general meeting or if you cease to be a director under the provisions of our articles of association.

The Board will undertake a rigorous review before re-appointing any non-executive director beyond a period of six years as part of the individual performance evaluation and will take into account the need for progressive refreshing of the Board. On termination of your appointment (howsoever terminated), no entitlement to compensation for loss of office would be payable to you.

### **Time Commitment**

By accepting the appointment you agree to commit to the Company sufficient time for the proper performance of your responsibilities and duties. This will include attendance at Board and Committee meetings, the AGM and other shareholder meetings, other *ad hoc* Board meetings (as required), travelling time and generally sufficient time for you to regularly update and refresh your skills, knowledge and familiarity with the Company. Currently it is proposed that the Board will hold ten meetings per annum. The meetings are normally held on the last Tuesday in the month in London or Warrington, save for the July Board and strategy away day, which are held in the North West of England.

### **Committees**

You have already been appointed to the following committees of United Utilities Group PLC: Audit and Risk, Remuneration (as Chairman) and Nomination.

These meetings are, wherever possible, scheduled to coincide with Board meetings.

## **Role and Responsibilities**

Non-executive directors have the same general legal responsibilities to the Company as any other director and the Board as a whole is collectively responsible for the success of the Company. All directors must take decisions objectively in the interests of the Company. As part of your non-executive role as a member of a unitary board, you should constructively challenge and help develop proposals on strategy. You should scrutinise the performance of management in meeting agreed goals and objectives and monitor the reporting of performance. You should satisfy yourself on the integrity of financial information and that financial controls and systems of risk management are robust and defensible. You also have a prime role in appointing and, where necessary, removing executive directors, and in succession planning.

You are, of course, responsible for complying with all applicable laws relating to the office of director and you must also comply with the provisions of the United Utilities Group PLC Policy, Procedures and Controls relating to the protection from disclosure of inside information manual.

## **Fees**

For your responsibilities as non-executive director, you will receive aggregate directors' fees of £57,000 per annum with effect from 1 September 2011, and for your additional duties as Chairman of the Remuneration Committee a further £10,000 per annum. Fees are payable monthly, wholly in cash, together with appropriate expenses reasonably incurred by you in the proper performance of your responsibilities. The fees are subject to deductions of income tax and National Insurance contributions in the usual way.

## **Outside interests**

You have advised the Board that you do not have any external commitments to declare.

During your appointment, you should consult me prior to accepting any other directorships or business commitments which may give rise to a conflict of interest with the Company or which might impinge on the proper performance of your responsibilities or your ability to devote sufficient time to your role and responsibilities as described in this letter. In the event that you become aware of any actual or potential conflicts of interest which affect or relate to the Company, you should immediately disclose the relevant circumstances to me, or to the Company Secretary, Simon Gardiner.

## **Independence**

Based on the information available to the Board, the Board has determined that you are independent according to the provisions of the Code.

## **Performance Evaluation Process**

The performance of the Board and its Committees is evaluated annually and will be externally evaluated every third year. In addition, your individual performance will be evaluated in order to determine that you continue to contribute effectively and that you continue to demonstrate commitment to the role.

## **Insurance**

The Company will pay for directors' and officers' liability insurance for its directors and it is intended to maintain such cover for your benefit for the full term of your appointment.

### **Professional advice for directors**

If there are any matters which cause you concern arising from your role, you should discuss them with Simon or me as soon as is appropriate. Occasions may arise when you consider that you need professional advice in connection with the performance of your duties as a director; you will be able to seek professional advice, including consulting the Company's advisers, for this purpose.

### **Confidentiality**

All information acquired during your appointment is confidential to the Company and its subsidiaries and should not be released, either during your appointment or following termination (by whatever means), to third parties without prior clearance from me. On the termination of your appointment, you will deliver to the Company all of the books, documents, papers and other property belonging to the Company and its subsidiaries which are then in your possession, custody or control.

Your attention is also drawn to the requirements under both legislation and regulation as to the disclosure of inside information. Consequently, you should avoid making any statements that might risk a breach of these requirements without prior clearance from me or from Simon.

### **Governing law**

This letter is governed by, and shall be construed in accordance with, the laws of England, and the parties agree to submit to the jurisdiction of the courts of England.

Please countersign and return the enclosed copy letter to confirm the basis of your appointment as set out above. In line with the provisions of the Code, the Company will place a copy of this letter on its website and will also arrange for a copy of it to be on display at the Company's AGMs.

Yours sincerely

**Dr John McAdam**  
**Chairman**

I agree to the terms and conditions of my appointment as a non-executive director of United Utilities Group PLC, and I can confirm that I will have sufficient time to devote to properly and effectively undertaking my role as detailed in this letter.

Signed: David Jones