

Company No. 2366678

WRITTEN RESOLUTION OF THE MEMBERS OF
UNITED UTILITIES WATER LIMITED

Pursuant to section 381A of the Companies Act 1985 we the undersigned, being all the members of the company who, at the date of this resolution are entitled to attend and vote at a general meeting of the company, hereby resolve as a special resolution:

THAT regulation 3 be deleted and that the regulations contained in "Appendix A" be approved and adopted as the articles of association in substitution for and to the exclusion of the existing articles thereof.

Signed (Members):



.....
For and on behalf of
United Utilities Service Delivery PLC
Dated: 13 August 2001



THE COMPANIES ACT 1985

PUBLIC COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

of

UNITED UTILITIES WATER PLC *

(Adopted by special resolution dated 13 August 2001)

1. The regulations contained in Table A in the Schedule to the Companies (Tables A to F) Regulations 1985 as amended by the Companies (Tables A to F) (Amendment) Regulations 1985 (hereinafter called “Table A”) shall apply to the Company save insofar as they are varied or excluded by or are inconsistent with these articles of association (together hereinafter referred to as “these Articles”); and regulation 1 shall so apply as if references to “these regulations” included references to these Articles. Accordingly, in these Articles, “the Act” means the Companies Act 1985, including any statutory modification or re-enactment of it for the time being in force; and any reference in these Articles to a provision of that Act includes a reference to any statutory modification or re-enactment of that provision for the time being in force.
2. Regulations 24, 73 to 80 (inclusive), 94 to 97 (inclusive) and 101 in Table A shall not apply to the Company.
3. The directors may in their absolute discretion, and without giving any reason, decline to register any transfer of any share, whether or not fully paid.
4. A member or members holding a majority in nominal value of the issued ordinary shares in the Company may appoint any person who is willing to act to be a director, either to fill a vacancy or as an additional director, and may remove from office any director however appointed. Any such appointment or removal shall be effected by an instrument in writing signed by the member or members concerned, or in the case of a corporate member, signed by one of its directors on its behalf, and shall take effect on lodgment at the office.
5. The directors may appoint any person who is willing to act to be a director, either to fill a vacancy or as an additional director.

* The name of the company was changed from North West Water Limited to United Utilities Water Limited on 2 April 2001, and the company was re-registered as a public limited company on 31 August 2001.

6. The Company may by ordinary resolution appoint any person who is willing to act to be a director, either to fill a vacancy or as an additional director and, without prejudice to the provisions of the Act, may by ordinary resolution remove a director from office.
7. The removal of a director under Article 4 or 6 shall be without prejudice to any claim the director may have for breach of any contract of service between him and the Company.
8. No person shall be disqualified from being or becoming a director by reason of his attaining or having attained the age of 70 or any other age.
9. A director who has duly declared his interest (so far as he is required to do) may vote at a meeting of the directors or of a committee of the directors on any resolution concerning a matter in which he is interested, directly or indirectly. If he does, his vote shall be counted; and whether or not he does, his presence at the meeting shall be taken into account in calculating the quorum subject to article 10.
10. A director shall not vote on any resolution of the directors, or of a committee of the directors, concerning any contract, arrangement, or any other proposal to which the Company is or may be a party and in which he is interested by virtue of any other directorship of any other company which is or may be a party to any such contract, arrangement, transaction or proposal. A director who is prohibited from voting on any resolution pursuant to this Article shall not be counted in the quorum in relation to that resolution.
11. The directors may appoint any person (not being a director) to any office of employment having a designation or title including the word "director" or attach to any existing office or employment with the Company such designation or title and may terminate any such appointment or the use of such designation or title. The inclusion of the word "Director" in the designation or title of any such office or employment shall not imply that such person is, or is deemed to be, or is empowered in any respect to act as a director of the Company for any of the purposes of the Act or these Articles.
12. The seal shall be used only by the authority of a resolution of the directors or of a committee of the directors. The directors may determine whether any instrument to which the seal is affixed shall be signed, whether autographically or otherwise, and may so determine either generally or in relation to a particular instrument or type of instrument. Unless otherwise determined by the directors:
 - (i) share certificates and, subject to the provisions of any instrument constituting the same, certificates issued under the seal in respect of any debentures or other securities, need not be signed, and any signature may be applied to any such certificate by any mechanical or other means or may be printed on it; and

- (ii) every other instrument to which the seal is affixed shall be signed by one director and by the secretary or another director.

13. The authorised share capital of the Company is £873,437,000, divided into 650,000,000 ordinary shares of £1 each and 130,000,000 7% cumulative redeemable preference shares of £1 each and 93,437,000 zero coupon preference shares of £1 each.¹

14. Rights and privileges attached to the zero coupon preference shares:-

(A) With regard to capital, income and voting

(i) As regards capital

The zero coupon preference shares shall entitle the holders thereof on a winding up, liquidation or other return of capital to shareholders of the Company, subject to the rights of the redeemable preference shareholders but otherwise in priority to the holders of any other class of shares, to repayment of the amount of capital paid up or credited as paid upon the zero coupon preference shares so held.

(ii) As regards income

The holders of the zero coupon preference shares shall have no entitlement to any dividend declared, paid or made by the Company.

(iii) As regards voting

The zero coupon preference shares shall not entitle the holders to receive notice of, attend or vote (either in person or by proxy and whether on a poll or show of hands) at any general meeting of the Company unless the business of the general meeting of the Company includes the consideration of a resolution for winding up the Company or for a reduction of capital or any resolution which directly or indirectly would modify, vary or abrogate any right or privilege attached to the zero coupon preference shares in which case the holders thereof shall only be entitled to vote at the relevant meeting in respect of such resolution or resolutions.

In the event of any such resolution being considered the zero coupon preference shareholders shall be entitled to receive notice, attend the meeting, vote, and appoint proxies and corporate representatives in accordance with the provisions elsewhere in these Articles of Association relating to meetings generally.

¹ Article 14 amended by special resolution dated 16 June 1999

(iv) Other rights

The zero coupon preference shares shall not confer on the holders thereof any further rights to participate in the profits or assets of the Company or to vote.

(B) Application of surplus assets on a winding up

On a winding up of the Company the surplus assets shall be applied to the following purposes and in the following order of priority:-

- (i) the repayment of capital paid up or credited as paid up on the redeemable preference shares and any arrears or deficiency of the preference dividend due thereon;
- (ii) the repayment of capital paid up or credited as paid up on the zero coupon preference shares; and
- (iii) to the repayment of capital paid up or credited as paid up on the ordinary shares and any surplus assets shall be divided amongst the holders of the ordinary shares in proportion to the number of ordinary shares each held by them respectively.

15. Rights and privileges attached to the redeemable preference shares:-

(A) As regards income

- (i) The redeemable preference shares shall confer on the holders thereof the right to receive, in priority to any payment by way of dividend to the holders of any other class of shares in the capital of the Company a fixed cumulative preferential dividend ("preference dividend") at the rate of 7% per annum (exclusive of any associated tax credit) on the total amount for the time being paid up thereon in respect of each financial year of the Company.

To the extent that there are profits available for distribution for the purposes of the Act (after payment of all dividends accrued and in arrears on the redeemable preference shares in respect of any earlier financial year), on the due date for payment thereof the preference dividend shall ipso facto and without any resolution of the Board or of the Company in general meeting become a debt due from and immediately payable by the Company to the redeemable preference shareholders in respect of each redeemable preference share held by each such shareholder.

- (ii) The preference dividend shall accrue from day to day and be paid half-yearly on 30 September and 31 March in each year (each a "preference dividend payment date") in respect of the half-years ending on 29 September and 30 March respectively

out of the profits of the Company available for distribution
Provided that the first such payment shall be made on 31 March 1999 and shall be calculated in respect of the period from the date of adoption of these Articles up to and including 30 March 1999.

- (iii) The rate at which the preference dividend is payable shall be a rate per annum compounded with rests on the preference dividend payment dates.

(B) As regards capital

On a return of capital on liquidation or otherwise the assets of the Company available for distribution amongst the members shall be applied, in priority to any payment to the holders of any other class of shares in the capital of the Company in paying to the redeemable preference shareholders:

- (i) first, the total amounts paid up on the redeemable preference shares held ; and
- (ii) secondly, a sum equal to any arrears or deficiency of the preference dividend to be calculated down to the date of return of capital and to be payable irrespective of whether or not such dividend has been declared or earned.

(C) Further participation

The redeemable preference shares shall not confer any further right of participation in the profits or assets of the Company.

(D) As regards redemption

- (i) By not less than 30 days' written notice expiring at any time and served by the Company on the redeemable preference shareholders or by the redeemable preference shareholders on the Company, the Company or, as the case may be, the *redeemable preference shareholders may require that the whole or any part of the redeemable preference shares then in issue be redeemed for cash on the date stated in such notice (in each case, a "redemption date")*.
- (ii) Any redemption of some but not all of the redeemable preference shares shall be made amongst the holders thereof pro rata or as nearly as possible to their then holdings of redeemable preference shares.
- (iii) Upon the redemption date the paid-up value of each redeemable preference share to be redeemed and any preference dividend due thereon (whether declared or earned or not ("the *redemption monies*")) shall become a debt due and payable by

the Company to the relevant redeemable preference shareholder and subject to receipt of the relevant share certificates (or an indemnity in respect thereof in a form reasonably satisfactory to the Company) the Company shall forthwith upon the redemption date pay the redemption monies to the appropriate redeemable preference shareholder.

- (iv) On redemption, the Company shall cancel the share certificate of the redeemable preference shareholder concerned and, in the case of a redemption of part of the redeemable preference shares included in the certificate, without charge issue a fresh certificate for the balance of redeemable preference shares not redeemed.
- (v) As from the relevant redemption date, the preference dividend shall cease to accrue on any redeemable preference shares due to be redeemed on that date unless on the presentation of the certificate (or an indemnity as aforesaid) relating thereto the Company fails to make payment of the redemption monies in which case the preference dividend shall be deemed to have continued and shall continue to accrue from the relevant redemption date to the date of payment.
- (vi) Any redeemable preference shares in issue on 1st October 2099 shall be redeemed by the Company for cash by not less than 30 days' written notice expiring at any time thereafter served on the redeemable preference shareholders and the provisions of articles 16(D)(iii), (iv) and (v) shall apply mutatis mutandis.

(E) As regard voting

The redeemable preference shares shall not entitle the holders to receive notice of, attend or vote (either in person or by proxy and whether on a poll or show of hands) at any general meeting of the Company unless the business of the general meeting of the Company includes the consideration of a resolution for winding up the Company or for a reduction of capital or any resolution which directly or indirectly would modify, vary or abrogate any right or privilege attached to the redeemable preference shares in which case the holders thereof shall only be entitled to vote at the relevant meeting in respect of such resolution or resolutions.

In the event of any such resolution being considered the redeemable preference shareholders shall be entitled to receive notice, attend the meeting, vote, and appoint proxies and corporate representatives in accordance with the provisions elsewhere in these Articles of Association relating to meetings generally.

We, the subscribers, wish to be formed into a company pursuant to this Memorandum; and we agree to take the number of shares shown opposite our respective names:

NAMES AND ADDRESSES OF SUBSCRIBERS

Number of Shares
taken by each
Subscriber

Signed: J Samuels

ONE

JACQUELINE SAMUELS

For and on behalf of
Legibus Secretaries Limited
Royex House
Aldermanbury Square
London EC2V 7LD

Signed: C Lee

ONE

CHRISTINE ANNE LEE

For and on behalf of
Legibus Secretaries Limited
Royex House
Aldermanbury Square
London EC2V 7LD

Total shares taken

TWO

DATED the 16th day of March, 1989

WITNESS to all the above signatures:-

Signed: D Ward

DENISE WARD

Royex House
Aldermanbury Square
London EC2V 7LD