

## COMPLIANCE CERTIFICATE

To: Deutsche Trustee Company Limited as Security Trustee  
 cc: Fitch Ratings, Moody's investors Service and Standard & Poor's  
 From: Yorkshire Water Services Bradford Finance Limited (the "Programme Issuer")  
 Yorkshire Water Services Odsal Finance Limited (the "Exchange Issuer")  
 Yorkshire Water Services Finance Limited ("YWSF")  
 Yorkshire Water Services Limited ("YWS")

29 July 2015

Dear Sirs

**Amended and Restated Common Terms Agreement dated 15 July 2015 between, among others, the Programme Issuer, the Exchange Issuer, YWSF, YWS and Deutsche Trustee Company Limited (the "Security Trustee") (the "Common Terms Agreement")**

Capitalised terms not defined in this certificate have the meaning given to them in the Master Definitions Agreement.

1. We refer to the Common Terms Agreement. This is a Compliance Certificate.
2. We confirm that:
  - (a) the ratios are as detailed in the table below in respect of the Calculation Date of 31 March 2015:

Date	31/03/2015 Actual	31/03/2016 Forecast	31/03/2017 Forecast	31/03/2018 Forecast	31/03/2019 Forecast	31/03/2020 Forecast
Class A RAR	67.2%	68.7%	69.4%	74.2%	74.8%	74.4%
Senior RAR	77.2%	78.7%	78.8%	79.3%	79.7%	79.2%

Test Period	31/03/2015 Actual	31/03/2016 Forecast	31/03/2017 Forecast	31/03/2018 Forecast	31/03/2019 Forecast	31/03/2020 Forecast
Class A ICR	3.34x	2.91	2.91	2.98	3.00	3.04
Class A Adjusted ICR	1.71x	2.91	2.91	2.98	3.00	3.04
Senior Adjusted ICR	1.47x	2.50	2.50	2.58	2.80	2.84
Class A Average Adjusted ICR	1.66x	2.93	2.96	3.01	3.01	3.26
Senior Average Adjusted ICR	1.42x	2.53	2.63	2.74	2.74	2.95
Conformed Class A Adjusted ICR		1.43	1.44	1.54	1.50	1.51
Conformed Senior Adjusted ICR		1.22	1.24	1.33	1.40	1.42
Conformed Class A Average Adjusted ICR		1.47	1.49	1.52	1.52	1.55
Conformed Senior Average Adjusted ICR		1.27	1.32	1.38	1.38	1.40

(together the "Ratios").

3. We confirm that each of the above Ratios has been calculated in respect of the relevant period(s) for which it is required to be calculated under the Common Terms Agreement and has not breached the Trigger Event Ratio Levels and has not caused Paragraph 17 (Ratios) of Part 2 (Events of Default - Non-YWH) of Schedule 6 to be breached.
4. We set out below the computation of the following ratios set out in the table in Paragraph 2 above for your information:

Test Period		Year ending 31/03/2015 Actual	Year ending 31/03/2016 Forecast	Year ending 31/03/2017 Forecast	Year ending 31/03/2018 Forecast	Year ending 31/03/2019 Forecast	Year ending 31/03/2020 Forecast
Net Cash Flow divided by	£m	628.7	558.2	571.1	617.4	648.0	671.9
Class A Debt Interest	£m	188.1	192.0	196.4	207.0	216.0	220.9
<b>Class A ICR</b>	<b>times</b>	<b>3.34</b>	<b>2.91</b>	<b>2.91</b>	<b>2.98</b>	<b>3.00</b>	<b>3.04</b>
Net Cash Flow	£m	628.7	558.2	571.1	617.4	648.0	671.9
Less CCD and IRC	£m	<u>(306.3)</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Adjusted Cash Flow divided by	£m	322.4	558.2	571.1	617.4	648.0	671.9
Class A Debt Interest	£m	188.1	192.0	196.4	207.0	216.0	220.9
<b>Class A Adjusted ICR</b>	<b>times</b>	<b>1.71</b>	<b>2.91</b>	<b>2.91</b>	<b>2.98</b>	<b>3.00</b>	<b>3.04</b>
Net Cash Flow	£m	628.7	558.2	571.1	617.4	648.0	671.9
Less CCD and IRC	£m	<u>(306.3)</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Adjusted Cash Flow divided by	£m	322.4	558.2	571.1	617.4	648.0	671.9
Senior Debt Interest	£m	219.5	223.5	228.4	239.1	231.3	236.4
<b>Senior Adjusted ICR</b>	<b>times</b>	<b>1.47</b>	<b>2.50</b>	<b>2.50</b>	<b>2.58</b>	<b>2.80</b>	<b>2.84</b>
Year 1 Class A Average Adjusted ICR	times	1.65	2.91	2.91	2.98	3.00	3.04
Year 2 Class A Average Adjusted ICR	times	1.60	2.91	2.98	3.00	2.98	3.31
Year 3 Class A Average Adjusted ICR	times	1.71	2.98	3.00	3.04	3.04	3.41
<b>Class A Average Adjusted ICR</b>	<b>times</b>	<b>1.66</b>	<b>2.93</b>	<b>2.96</b>	<b>3.01</b>	<b>3.01</b>	<b>3.26</b>
Year 1 Senior Average Adjusted ICR	times	1.42	2.50	2.50	2.58	2.80	2.84
Year 2 Senior Average Adjusted ICR	times	1.38	2.50	2.58	2.80	2.58	3.08
Year 3 Senior Average Adjusted ICR	times	1.47	2.58	2.80	2.84	2.84	2.91
<b>Senior Average Adjusted ICR</b>	<b>times</b>	<b>1.42</b>	<b>2.53</b>	<b>2.63</b>	<b>2.74</b>	<b>2.74</b>	<b>2.95</b>
Net Cash Flow	£m		558.2	571.1	617.4	648.0	671.9
Less Depreciation	£m		(115.5)	(98.9)	(89.6)	(107.3)	(135.0)
Less IRE not already deducted in the calculation of Net Cash Flow or Depreciation	£m		(211.0)	(248.3)	(257.8)	(255.7)	(215.9)
Fast/Slow Adjustment	£m		<u>42.1</u>	<u>59.7</u>	<u>48.8</u>	<u>38.5</u>	<u>13.5</u>
Adjusted Cash Flow divided by	£m		273.7	283.7	318.8	323.4	334.6
Class A Debt Interest	£m		192.0	196.4	207.0	216.0	220.9
<b>Conformed Class A Adjusted ICR</b>	<b>times</b>		<b>1.43</b>	<b>1.44</b>	<b>1.54</b>	<b>1.50</b>	<b>1.51</b>
Net Cash Flow	£m		558.2	571.1	617.4	648.0	671.9
Less Depreciation	£m		(115.5)	(98.9)	(89.6)	(107.3)	(135.0)
Less IRE not already deducted in the calculation of Net Cash Flow or Depreciation	£m		(211.0)	(248.3)	(257.8)	(255.7)	(215.9)
Fast/Slow Adjustment	£m		<u>42.1</u>	<u>59.7</u>	<u>48.8</u>	<u>38.5</u>	<u>13.5</u>
Adjusted Cash Flow divided by	£m		273.7	283.7	318.8	323.4	334.6
Senior Debt Interest	£m		223.5	228.4	239.1	231.3	236.4
<b>Conformed Senior Adjusted ICR</b>	<b>times</b>		<b>1.22</b>	<b>1.24</b>	<b>1.33</b>	<b>1.40</b>	<b>1.42</b>

Test Period		Year ending 31/03/2015 Actual	Year ending 31/03/2016 Forecast	Year ending 31/03/2017 Forecast	Year ending 31/03/2018 Forecast	Year ending 31/03/2019 Forecast	Year ending 31/03/2020 Forecast
Year 1 Conformed Class A Average Adjusted ICR	times		1.43	1.44	1.54	1.50	1.51
Year 2 Conformed Class A Average Adjusted ICR	times		1.44	1.54	1.50	1.54	1.54
Year 3 Conformed Class A Average Adjusted ICR	times		1.54	1.50	1.51	1.51	1.59
<b>Conformed Class A Average Adjusted ICR</b>	<b>times</b>		<b>1.47</b>	<b>1.49</b>	<b>1.52</b>	<b>1.52</b>	<b>1.55</b>
Year 1 Conformed Senior Average Adjusted ICR	times		1.22	1.24	1.33	1.40	1.42
Year 2 Conformed Senior Average Adjusted ICR	times		1.24	1.33	1.40	1.33	1.43
Year 3 Conformed Senior Average Adjusted ICR	times		1.33	1.40	1.42	1.42	1.36
<b>Conformed Senior Average Adjusted ICR</b>	<b>times</b>		<b>1.27</b>	<b>1.32</b>	<b>1.38</b>	<b>1.38</b>	<b>1.40</b>
Class A Net Indebtedness divided by RCV	£m	3,970.9	4,039.5	4,306.8	4,838.9	5,103.1	5,304.5
	£m	5,907.2	5,879.8	6,208.7	6,524.6	6,824.5	7,126.4
<b>Class A RAR</b>	<b>%</b>	<b>67.2</b>	<b>68.7</b>	<b>69.4</b>	<b>74.2</b>	<b>74.8</b>	<b>74.4</b>
Senior Net Indebtedness divided by RCV	£m	4,558.1	4,626.7	4,893.9	5,176.1	5,440.3	5,641.6
	£m	5,907.2	5,879.8	6,208.7	6,524.6	6,824.5	7,126.4
<b>Senior RAR</b>	<b>%</b>	<b>77.2</b>	<b>78.7</b>	<b>78.8</b>	<b>79.3</b>	<b>79.7</b>	<b>79.2</b>

5. The tables below reconcile the calculations of Senior Net Indebtedness, Net Cash Flow, and Class A and Senior Debt Interest contained within this report against the audited financial statements of YWS for the twelve months ended 31 March 2015.

Net debt	£m
Net debt (note 12 to YW's statutory accounts)	3,482.1
Ring-fenced cash excluded for covenant calculation purposes (note 12 to YW's statutory accounts)	12.0
Intercompany loans to / (from) other members of the YW Financing Group that reverse on consolidation (note 12 to YW's statutory accounts)	(32.5)
Subordinated loans to Kelda Holdco Ltd (note 12 to YW's statutory accounts)	1,009.0
Discount on RPI accretion on index linked swaps excluded from debt covenants (note 13 to YW's statutory accounts)	85.1
Add back unamortised issue costs (note 12 to YW's statutory accounts)	2.4
<b>Senior Net Indebtedness</b>	<b>4,558.1</b>
<b>of which Class A Net Indebtedness</b>	<b>3,970.9</b>

<b>Net Cash Flow</b>	<b>£m</b>
Operating profit excluding exceptionals (YW's P&L account)	350.4
Depreciation & amortisation (note 2 to YW's statutory accounts)	273.6
Movements in working capital (note 8 to the YW's regulatory accounts)	4.9
Appointed company tax received / (paid) (YW's regulatory accounts - current cost cashflow statement for the appointed business)	18.1
Non-appointed company tax received / (paid) (note 4 to the YW's regulatory accounts)	(0.8)
Less one-off Tax items (note 4 to the YW's regulatory accounts)	(17.5)
<b>Net Cash Flow</b>	<b>628.7</b>

<b>Class A / Senior Debt Interest</b>	<b>£m</b>
Returns on investments and servicing of finance (YW's regulatory accounts - current cost cashflow statement for the appointed business)	150.0
Add back interest received on subordinated loan to Kelda Holdco Ltd (note 3 to YW's statutory accounts)	41.6
Add back interest received on subordinated loan to Kelda Non-regulated Holdco Ltd (note 3 to YW's statutory accounts)	20.8
Add loan repayment from YW to YWSOFL recognised as interest within the YW Financing Group's interest cover ratios (note 15 to YWSOFL's statutory accounts)	5.9
Add back one off, non-recurring interest received (note 3 to YW's statutory accounts)	1.2
<b>Senior Debt Interest</b>	<b>219.5</b>
<b>of which Class A Debt Interest</b>	<b>188.1</b>

*Totals may not add due to roundings*

We also confirm that:

- (a) no Default or Potential Trigger Event is outstanding;
- (b) YWS's insurances are being maintained in accordance with:
  - (i) the Common Terms Agreement; and
  - (ii) the provisions of the Finance Leases;
- (c) the aggregate amount of all accretions by indexation to the original notional amounts of any Super-Senior RPI Linked Hedging Agreements is 3.98% of RCV as at 31 March 2015; and
- (d) no Event of Default or event which would be (with the expiry of a grace period, the giving of notice or the making of any determination or any combination thereof) an Event of Default under any Non-Participating YWSF Bond Debt has occurred and is outstanding.

Yours faithfully

  
.....  
**Liz Barber**  
Group Director of Finance, Regulation & Markets

  
.....  
**Richard Flint**  
Chief Executive

*For and on behalf of*  
**YORKSHIRE WATER SERVICES LIMITED**

  
.....  
**Liz Barber**  
Director

  
.....  
**Chantal Forrest**  
Director

*For and on behalf of*  
**YORKSHIRE WATER SERVICES BRADFORD FINANCE LIMITED**

  
.....  
**Liz Barber**  
Director

  
.....  
**Chantal Forrest**  
Director

*For and on behalf of*  
**YORKSHIRE WATER SERVICES FINANCE LIMITED**

  
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**Liz Barber**  
Director

  
.....  
**Chantal Forrest**  
Director

*For and on behalf of*  
**YORKSHIRE WATER SERVICES ODSAL FINANCE LIMITED**