

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")

27 November 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 30 September 2015:

| Date | 30/09/2015 Actual | 31/03/2016 Forecast | 31/03/2017 Forecast | 31/03/2018 Forecast | 31/03/2019 Forecast | 31/03/2020 Forecast |
|-------------|----------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| Class A RAR | 69.2% | 68.0% | 68.6% | 69.8% | 70.7% | 70.7% |
| Senior RAR | 79.4% | 78.0% | 78.1% | 78.9% | 79.5% | 79.2% |

| Test Period | 31/03/2016 Forecast | 31/03/2017 Forecast | 31/03/2018 Forecast | 31/03/2019 Forecast | 31/03/2020 Forecast |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|
| Class A ICR | 2.90x | 2.90x | 3.00x | 3.14x | 3.19x |
| Class A Adjusted ICR | 2.90x | 2.90x | 3.00x | 3.14x | 3.19x |
| Senior Adjusted ICR | 2.49x | 2.49x | 2.52x | 2.83x | 2.86x |
| Class A Average Adjusted ICR | 2.93x | 3.01x | 3.11x | 3.11x | 3.28x |
| Senior Average Adjusted ICR | 2.50x | 2.61x | 2.74x | 2.74x | 2.94x |
| Conformed Class A Adjusted ICR | 1.42x | 1.44x | 1.57x | 1.57x | 1.59x |
| Conformed Senior Adjusted ICR | 1.22x | 1.24x | 1.31x | 1.41x | 1.43x |
| Conformed Class A Average Adjusted ICR | 1.48x | 1.53x | 1.58x | 1.58x | 1.45x |
| Conformed Senior Average Adjusted ICR | 1.26x | 1.32x | 1.38x | 1.38x | 1.30x |

(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 31/03/2016 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 | 555.1 | 569.0 | 615.4 | 638.6 | 660.7 |
| Class A Debt Interest | £m | 191.4 | 196.5 | 205.0 | 203.2 | 207.2 |
| Class A ICR | times | 2.90 | 2.90 | 3.00 | 3.14 | 3.19 |
| Net Cash Flow | £m | 555.1 | 569.0 | 615.4 | 638.6 | 660.7 |
| Less CCD and IRC | £m | <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 | 555.1 | 569.0 | 615.4 | 638.6 | 660.7 |
| Class A Debt Interest | £m | 191.4 | 196.5 | 205.0 | 203.2 | 207.2 |
| Class A Adjusted ICR | times | 2.90 | 2.90 | 3.00 | 3.14 | 3.19 |
| Net Cash Flow | £m | 555.1 | 569.0 | 615.4 | 638.6 | 660.7 |
| Less CCD and IRC | £m | <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 | 555.1 | 569.0 | 615.4 | 638.6 | 660.7 |
| Senior Debt Interest | £m | 222.8 | 228.2 | 244.6 | 225.7 | 230.6 |
| Senior Adjusted ICR | times | 2.49 | 2.49 | 2.52 | 2.83 | 2.86 |
| Year 1 Class A Average Adjusted ICR | times | 2.90 | 2.90 | 3.00 | 3.00 | 3.19 |
| Year 2 Class A Average Adjusted ICR | times | 2.90 | 3.00 | 3.14 | 3.14 | 3.30 |
| Year 3 Class A Average Adjusted ICR | times | 3.00 | 3.14 | 3.19 | 3.19 | 3.37 |
| Class A Average Adjusted ICR | times | 2.93 | 3.01 | 3.11 | 3.11 | 3.28 |
| Year 1 Senior Average Adjusted ICR | times | 2.49 | 2.49 | 2.52 | 2.52 | 2.86 |
| Year 2 Senior Average Adjusted ICR | times | 2.49 | 2.52 | 2.83 | 2.83 | 2.96 |
| Year 3 Senior Average Adjusted ICR | times | 2.52 | 2.83 | 2.86 | 2.86 | 3.01 |
| Senior Average Adjusted ICR | times | 2.50 | 2.61 | 2.74 | 2.74 | 2.94 |
| Net Cash Flow | £m | 555.1 | 569.0 | 615.4 | 638.6 | 660.7 |
| Less Depreciation | £m | (210.6) | (246.6) | (254.3) | (251.5) | (212.1) |
| Less IRE not already deducted in the calculation of Net Cash Flow or Depreciation | £m | (115.3) | (98.2) | (88.4) | (105.6) | (132.7) |
| Fast/Slow Adjustment | £m | <u>42.0</u> | <u>59.3</u> | <u>48.2</u> | <u>37.8</u> | <u>13.3</u> |
| Adjusted Cash Flow divided by | £m | 271.3 | 283.4 | 320.9 | 319.3 | 329.2 |
| Class A Debt Interest | £m | 191.4 | 196.5 | 205.0 | 203.2 | 207.2 |
| Conformed Class A Adjusted ICR | times | 1.42 | 1.44 | 1.57 | 1.57 | 1.59 |
| Net Cash Flow | £m | 555.1 | 569.0 | 615.4 | 638.6 | 660.7 |
| Less Depreciation | £m | (210.6) | (246.6) | (254.3) | (251.5) | (212.1) |
| Less IRE not already deducted in the calculation of Net Cash Flow or Depreciation | £m | (115.3) | (98.2) | (88.4) | (105.6) | (132.7) |
| Fast/Slow Adjustment | £m | <u>42.0</u> | <u>59.3</u> | <u>48.2</u> | <u>37.8</u> | <u>13.3</u> |
| Adjusted Cash Flow divided by | £m | 271.3 | 283.4 | 320.9 | 319.3 | 329.2 |
| Senior Debt Interest | £m | 222.8 | 228.2 | 244.6 | 225.7 | 230.6 |
| Conformed Senior Adjusted ICR | times | 1.22 | 1.24 | 1.31 | 1.41 | 1.43 |

| Test Period | | 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 | 1.42 | 1.44 | 1.57 | 1.57 | 1.59 |
| Year 2 Conformed Class A Average Adjusted ICR | times | 1.44 | 1.57 | 1.57 | 1.57 | 1.36 |
| Year 3 Conformed Class A Average Adjusted ICR | times | 1.57 | 1.57 | 1.59 | 1.59 | 1.39 |
| Conformed Class A Average Adjusted ICR | times | 1.48 | 1.53 | 1.58 | 1.58 | 1.45 |
| Year 1 Conformed Senior Average Adjusted ICR | times | 1.22 | 1.24 | 1.31 | 1.31 | 1.43 |
| Year 2 Conformed Senior Average Adjusted ICR | times | 1.24 | 1.31 | 1.41 | 1.41 | 1.22 |
| Year 3 Conformed Senior Average Adjusted ICR | times | 1.31 | 1.41 | 1.43 | 1.43 | 1.24 |
| Conformed Senior Average Adjusted ICR | times | 1.26 | 1.32 | 1.38 | 1.38 | 1.30 |

| Test Period | | 30/09/2015 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 |
|---|----------|----------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Class A Net Indebtedness divided by RCV | £m | 3,957.6 | 3,979.6 | 4,217.1 | 4,485.2 | 4,740.4 | 4,944.7 |
| | £m | 5,720.9 | 5,853.1 | 6,148.2 | 6,429.8 | 6,705.6 | 6,995.4 |
| Class A RAR | % | 69.2% | 68.0% | 68.6% | 69.8% | 70.7% | 70.7% |
| Senior Net Indebtedness divided by RCV | £m | 4,544.8 | 4,566.8 | 4,804.3 | 5,074.9 | 5,333.2 | 5,540.6 |
| | £m | 5,720.9 | 5,853.1 | 6,148.2 | 6,429.8 | 6,705.6 | 6,995.4 |
| Senior RAR | % | 79.4% | 78.0% | 78.1% | 78.9% | 79.5% | 79.2% |

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 30 September 2015.

| Net debt reconciliation to YW Interim Report and Financial Statements (notes 6 and 7) | £m |
|--|----------------|
| Total adjusted net debt | 3,523.7 |
| Intercompany loans to / (from) other members of the YW Financing Group that reverse on consolidation | (32.7) |
| Subordinated loans to parent companies | 1,009.0 |
| Discount on RPI accretion on index linked swaps excluded from debt covenants | 84.0 |
| Add back unamortised issue costs | 2.0 |
| Fair value adjustments excluded from debt covenants | (41.2) |
| Senior Net Indebtedness | 4,544.8 |
| of which Class A Net Indebtedness | 3,957.6 |

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 3.83% of RCV as at 30 September 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



.....

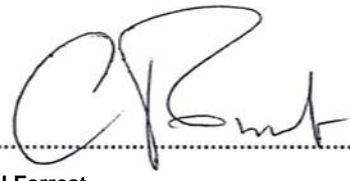
Richard Flint
Chief Executive

For and on behalf of
YORKSHIRE WATER SERVICES LIMITED



.....

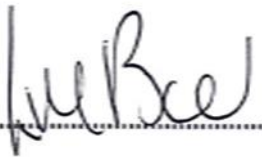
Liz Barber
Director



.....

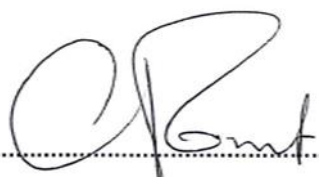
Chantal Forrest
Director

For and on behalf of
YORKSHIRE WATER SERVICES BRADFORD FINANCE LIMITED



.....

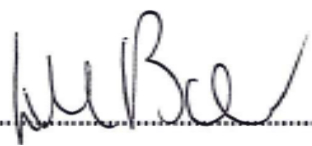
Liz Barber
Director



.....

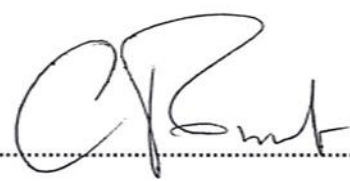
Chantal Forrest
Director

For and on behalf of
YORKSHIRE WATER SERVICES FINANCE LIMITED



.....

Liz Barber
Director



.....

Chantal Forrest
Director

For and on behalf of
YORKSHIRE WATER SERVICES ODSAL FINANCE LIMITED