

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")

26 July 2016

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 2016:

Date	31/03/2016 Actual	31/03/2017 Forecast	31/03/2018 Forecast	31/03/2019 Forecast	31/03/2020 Forecast
Class A RAR	67.6%	68.1%	71.0%	72.1%	71.8%
Senior RAR	77.9%	77.9%	80.4%	81.2%	80.6%

Test Period	31/03/2016 Actual	31/03/2017 Forecast	31/03/2018 Forecast	31/03/2019 Forecast	31/03/2020 Forecast
Class A ICR	2.91x	2.89x	2.83x	3.11x	3.20x
Class A Adjusted ICR	2.91x	2.89x	2.83x	3.11x	3.20x
Senior Adjusted ICR	2.37x	2.53x	2.43x	2.85x	2.93x
Class A Average Adjusted ICR	2.88x	2.94x	3.05x	3.05x	3.31x
Senior Average Adjusted ICR	2.45x	2.61x	2.74x	2.74x	3.00x
Conformed Class A Adjusted ICR	1.50x	1.44x	1.41x	1.54x	1.60x
Conformed Senior Adjusted ICR	1.22x	1.26x	1.21x	1.41x	1.47x
Conformed Class A Average Adjusted ICR	1.45x	1.46x	1.52x	1.52x	1.45x
Conformed Senior Average Adjusted ICR	1.23x	1.29x	1.36x	1.36x	1.31x

(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 Actual	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	549.5	567.3	587.4	635.1	670.2
Class A Debt Interest	£m	189.2	196.3	207.5	204.0	209.6
Class A ICR	times	2.91	2.89	2.83	3.11	3.20
Net Cash Flow	£m	549.5	567.3	587.4	635.1	670.2
Less CCD and IRC	£m	0.0	0.0	0.0	0.0	0.0
Adjusted Cash Flow divided by	£m	549.5	567.3	587.4	635.1	670.2
Class A Debt Interest	£m	189.2	196.3	207.5	204.0	209.6
Class A Adjusted ICR	times	2.91	2.89	2.83	3.11	3.20
Net Cash Flow	£m	549.5	567.3	587.4	635.1	670.2
Less CCD and IRC	£m	0.0	0.0	0.0	0.0	0.0
Adjusted Cash Flow divided by	£m	549.5	567.3	587.4	635.1	670.2
Senior Debt Interest	£m	231.5	223.8	241.5	222.7	228.7
Senior Adjusted ICR	times	2.37	2.53	2.43	2.85	2.93
Year 1 Class A Average Adjusted ICR	times	2.91	2.89	2.83	2.83	3.20
Year 2 Class A Average Adjusted ICR	times	2.89	2.83	3.11	3.11	3.32
Year 3 Class A Average Adjusted ICR	times	2.83	3.11	3.20	3.20	3.42
Class A Average Adjusted ICR	times	2.88	2.94	3.05	3.05	3.31
Year 1 Senior Average Adjusted ICR	times	2.37	2.53	2.43	2.43	2.93
Year 2 Senior Average Adjusted ICR	times	2.53	2.43	2.85	2.85	3.01
Year 3 Senior Average Adjusted ICR	times	2.43	2.85	2.93	2.93	3.06
Senior Average Adjusted ICR	times	2.45	2.61	2.74	2.74	3.00
Net Cash Flow	£m	549.5	567.3	587.4	635.1	670.2
Less Depreciation	£m	(210.3)	(244.8)	(252.1)	(249.6)	(210.6)
Less IRE not already deducted in the calculation of Net Cash Flow or Depreciation	£m	(96.8)	(98.2)	(89.6)	(107.5)	(135.2)
Fast/Slow Adjustment	£m	<u>40.9</u>	<u>57.7</u>	<u>46.6</u>	<u>36.3</u>	<u>11.9</u>
Adjusted Cash Flow divided by	£m	283.2	282.0	292.3	314.3	336.3
Class A Debt Interest	£m	189.2	196.3	207.5	204.0	209.6
Conformed Class A Adjusted ICR	times	1.50	1.44	1.41	1.54	1.60
Net Cash Flow	£m	549.5	567.3	587.4	635.1	670.2
Less Depreciation	£m	(210.3)	(244.8)	(252.1)	(249.6)	(210.6)
Less IRE not already deducted in the calculation of Net Cash Flow or Depreciation	£m	(96.8)	(98.2)	(89.6)	(107.5)	(135.2)
Fast/Slow Adjustment	£m	<u>40.9</u>	<u>57.7</u>	<u>46.6</u>	<u>36.3</u>	<u>11.9</u>
Adjusted Cash Flow divided by	£m	283.2	282.0	292.3	314.3	336.3
Senior Debt Interest	£m	231.5	223.8	241.5	222.7	228.7
Conformed Senior Adjusted ICR	times	1.22	1.26	1.21	1.41	1.47

Test Period		Year ending 31/03/2016 Actual	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	1.50	1.44	1.41	1.41	1.60
Year 2 Conformed Class A Average Adjusted ICR	times	1.44	1.41	1.54	1.54	1.34
Year 3 Conformed Class A Average Adjusted ICR	times	1.41	1.54	1.60	1.60	1.39
Conformed Class A Average Adjusted ICR	times	1.45	1.46	1.52	1.52	1.45
Year 1 Conformed Senior Average Adjusted ICR	times	1.22	1.26	1.21	1.21	1.47
Year 2 Conformed Senior Average Adjusted ICR	times	1.26	1.21	1.41	1.41	1.22
Year 3 Conformed Senior Average Adjusted ICR	times	1.21	1.41	1.47	1.47	1.24
Conformed Senior Average Adjusted ICR	times	1.23	1.29	1.36	1.36	1.31
Class A Net Indebtedness divided by RCV	£m	3,944.2	4,148.5	4,520.2	4,794.3	4,986.5
	£m	5,833.0	6,088.9	6,367.7	6,647.4	6,941.4
Class A RAR	%	67.6%	68.1%	71.0%	72.1%	71.8%
Senior Net Indebtedness divided by RCV	£m	4,541.3	4,745.7	5,120.8	5,399.0	5,595.2
	£m	5,833.0	6,088.9	6,367.7	6,647.4	6,941.4
Senior RAR	%	77.9%	77.9%	80.4%	81.2%	80.6%

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 2016.

Net debt	Comments	£m
Net debt per YW annual report	Note 19 to YW's AR&FS	3,551.7
Fair value adjustment of bonds	Note 19 to YW's AR&FS	(85.0)
Intercompany loans to / (from) other members of the YW Financing Group that reverse on consolidation	Note 19 to YW's AR&FS	(31.0)
Net amounts owed in relation to loans to parent companies consolidation	Note 19 to YW's AR&FS	1,009.0
Discount on RPI accretion on index linked swaps	Note 20 to YW's AR&FS	82.4
Unamortised issue costs	Note 19 to YW's AR&FS	14.1
Senior Net Indebtedness		4,541.2
<i>of which Class A Net Indebtedness</i>		3,944.1

Adjusted Cash Flow	Comments	£m
EBITDA excluding exceptional items	Note 3 to YW's AR&FS	550.7
Changes in working capital	YW's Annual Performance Report ("APR") - table 1D row 5	(1.7)
Changes in working capital – pension contributions	YW's APR - table 1D row 6	(2.2)
Tax received / (paid)	YW's APR - table 1D row 11	2.7
Net Cash Flow		549.5
Less Depreciation	YW FD - inflated to outturn	(210.2)
IRE:		
- FD allowance	YW FD - inflated to outturn	(115.1)
- Already deducted in the calculation of Net Cash Flow or Depreciation	Note 13 to YW's AR&FS	18.3
Less IRE not already deducted in the calculation of Net Cash Flow or Depreciation		(96.8)
Fast/Slow Adjustment	YW FD - inflated to outturn	40.9
Adjusted Cash Flow		283.2

Class A / Senior Debt Interest	Comments	£m
Net interest paid	YW's APR - table 1D row 10	162.9
Add back interest received on subordinated intercompany loans	Note 10 to YW's AR&FS	62.9
Add loan repayment from YW to YWSOFL recognised as interest within the YW Financing Group's interest cover ratios	Note 15 to YWSOFL's AR&FS	5.9
Senior Debt Interest*		231.7
<i>of which Class A Debt Interest</i>		189.4

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 4.07% of RCV as at 31 March 2016; 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

For and on behalf of

YORKSHIRE WATER SERVICES LIMITED



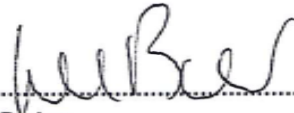
Richard Flint
Chief Executive



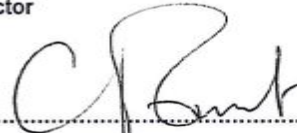
Liz Barber
Group Director of Finance, Regulation & Markets

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



Liz Barber
Director



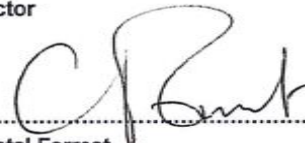
Chantal Forrest
Director

For and on behalf of

YORKSHIRE WATER SERVICES BRADFORD FINANCE LIMITED



Liz Barber
Director



Chantal Forrest
Director