

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 November 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 30 September 2016:

Date	30/09/2016	31/03/2017	31/03/2018	31/03/2019	31/03/2020
	Actual	Forecast	Forecast	Forecast	Forecast
Class A RAR	67.4%	67.9%	70.8%	71.7%	71.2%
Senior RAR	77.3%	77.6%	80.1%	80.7%	79.9%

Test Period	31/03/2017	31/03/2018	31/03/2019	31/03/2020
	Forecast	Forecast	Forecast	Forecast
Class A ICR	2.79x	2.76x	3.04x	3.13x
Class A Adjusted ICR	2.79x	2.76x	3.04x	3.13x
Senior Adjusted ICR	2.45x	2.38x	2.81x	2.90x
Class A Average Adjusted ICR	2.86x	2.98x	2.98x	3.26x
Senior Average Adjusted ICR	2.55x	2.70x	2.70x	2.97x
Conformed Class A Adjusted ICR	1.44x	1.41x	1.53x	1.59x
Conformed Senior Adjusted ICR	1.26x	1.21x	1.41x	1.47x
Conformed Class A Average Adjusted ICR	1.46x	1.51x	1.51x	1.45x
Conformed Senior Average Adjusted ICR	1.30x	1.37x	1.37x	1.32x

(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 31/03/2017 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	550.4	567.9	618.4	653.8
Class A Debt Interest	£m	197.3	205.7	203.2	208.6
Class A ICR	times	2.79	2.76	3.04	3.13
Net Cash Flow	£m	550.4	567.9	618.4	653.8
Less CCD and IRC	£m	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Adjusted Cash Flow divided by	£m	550.4	567.9	618.4	653.8
Class A Debt Interest	£m	197.3	205.7	203.2	208.6
Class A Adjusted ICR	times	2.79	2.76	3.04	3.13
Net Cash Flow	£m	550.4	567.9	618.4	653.8
Less CCD and IRC	£m	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Adjusted Cash Flow divided by	£m	550.4	567.9	618.4	653.8
Senior Debt Interest	£m	224.7	238.6	219.8	225.5
Senior Adjusted ICR	times	2.45	2.38	2.81	2.90
Year 1 Class A Average Adjusted ICR	times	2.79	2.76	2.76	3.13
Year 2 Class A Average Adjusted ICR	times	2.76	3.04	3.04	3.27
Year 3 Class A Average Adjusted ICR	times	3.04	3.13	3.13	3.37
Class A Average Adjusted ICR	times	2.86	2.98	2.98	3.26
Year 1 Senior Average Adjusted ICR	times	2.45	2.38	2.38	2.90
Year 2 Senior Average Adjusted ICR	times	2.38	2.81	2.81	2.99
Year 3 Senior Average Adjusted ICR	times	2.81	2.90	2.90	3.03
Senior Average Adjusted ICR	times	2.55	2.70	2.70	2.97
Net Cash Flow	£m	550.4	567.9	618.4	653.8
Less Depreciation	£m	(245.7)	(254.8)	(252.3)	(212.9)
Less IRE not already deducted in the calculation of Net Cash Flow or Depreciation	£m	(78.9)	(71.0)	(91.9)	(121.3)
Fast/Slow Adjustment	£m	<u>57.9</u>	<u>47.1</u>	<u>36.7</u>	<u>12.0</u>
Adjusted Cash Flow divided by	£m	283.7	289.1	310.9	331.7
Class A Debt Interest	£m	197.3	205.7	203.2	208.6
Conformed Class A Adjusted ICR	times	1.44	1.41	1.53	1.59
Net Cash Flow	£m	550.4	567.9	618.4	653.8
Less Depreciation	£m	(245.7)	(254.8)	(252.3)	(212.9)
Less IRE not already deducted in the calculation of Net Cash Flow or Depreciation	£m	(78.9)	(71.0)	(91.9)	(121.3)
Fast/Slow Adjustment	£m	<u>57.9</u>	<u>47.1</u>	<u>36.7</u>	<u>12.0</u>
Adjusted Cash Flow divided by	£m	283.7	289.1	310.9	331.7
Senior Debt Interest	£m	224.7	238.6	219.8	225.5
Conformed Senior Adjusted ICR	times	1.26	1.21	1.41	1.47

Test Period		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	1.44	1.41	1.41	1.59
Year 2 Conformed Class A Average Adjusted ICR	times	1.41	1.53	1.53	1.36
Year 3 Conformed Class A Average Adjusted ICR	times	1.53	1.59	1.59	1.40
Conformed Class A Average Adjusted ICR	times	1.46	1.51	1.51	1.45
Year 1 Conformed Senior Average Adjusted ICR	times	1.26	1.21	1.21	1.47
Year 2 Conformed Senior Average Adjusted ICR	times	1.21	1.41	1.41	1.24
Year 3 Conformed Senior Average Adjusted ICR	times	1.41	1.47	1.47	1.25
Conformed Senior Average Adjusted ICR	times	1.30	1.37	1.37	1.32

Test Period		30/09/2016 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
Class A Net Indebtedness divided by RCV	£m	4,028.6	4,161.6	4,556.5	4,816.2	4,997.5
	£m	5,980.5	6,132.2	6,437.1	6,719.7	7,016.9
Class A RAR	%	67.4%	67.9%	70.8%	71.7%	71.2%
Senior Net Indebtedness divided by RCV	£m	4,625.8	4,758.8	5,157.6	5,421.6	5,607.3
	£m	5,980.5	6,132.2	6,437.1	6,719.7	7,016.9
Senior RAR	%	77.3%	77.6%	80.1%	80.7%	79.9%

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 six months ended 30 September 2016.

Net debt	Comments	£m
Net debt at 30 Sep 2016	Note 6 to YW's interim report & financial statements	3,700.5
Fair value adjustments excluded from debt covenants	As above	(151.3)
Subordinated loans to parent companies	As above	1,009.0
Intercompany loans to / (from) other members of the YW Financing Group that reverse on consolidation	As above	(30.6)
Add back unamortised issue costs	As above	13.7
Discount on RPI accretion on index linked swaps excluded from debt covenants	Note 7 to YW's interim report & financial statements	84.5
Senior Net Indebtedness		4,625.8
of which Class A Net Indebtedness		4,028.6

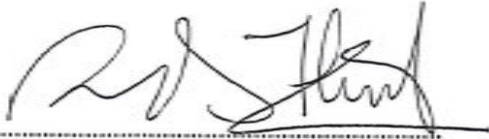
We also confirm that:

- (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 2.97% of RCV as at 30 September 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



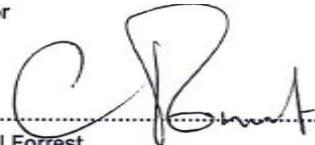
Liz Barber
Group Director of Finance, Regulation & Markets

For and on behalf of

YORKSHIRE WATER SERVICES FINANCE LIMITED



Liz Barber
Director



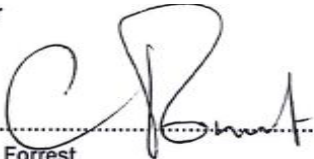
Chantal Forrest
Director

For and on behalf of

YORKSHIRE WATER SERVICES ODSAL FINANCE LIMITED



Liz Barber
Director



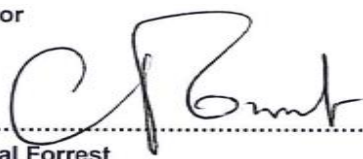
Chantal Forrest
Director

For and on behalf of

YORKSHIRE WATER SERVICES BRADFORD FINANCE LIMITED



Liz Barber
Director



Chantal Forrest
Director