

COMPLIANCE CERTIFICATE

To: Deutsche Trustee Company Limited as Security Trustee
 cc: Fitch Ratings, Moody's investors Service and S&P Global Ratings
 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")

28 July 2017

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 2017.

Date	31/03/2017	31/03/2018	31/03/2019	31/03/2020
	Actual	Forecast	Forecast	Forecast
Class A RAR	63.8%	67.4%	67.3%	66.2%
Senior RAR	76.8%	75.8%	75.4%	74.0%

Test Period	31/03/2017	31/03/2018	31/03/2019	31/03/2020
	Actual	Forecast	Forecast	Forecast
Class A ICR	2.83x	3.22x	3.50x	3.59x
Class A Adjusted ICR	2.83x	3.22x	3.50x	3.59x
Senior Adjusted ICR	2.46x	2.75x	3.22x	3.30x
Class A Average Adjusted ICR	3.18x	3.44x	3.44x	4.00x
Senior Average Adjusted ICR	2.81x	3.09x	3.09x	3.60x
Conformed Class A Adjusted ICR	1.46x	1.70x	1.80x	1.85x
Conformed Senior Adjusted ICR	1.26x	1.45x	1.66x	1.71x
Conformed Class A Average Adjusted ICR	1.65x	1.78x	1.78x	1.71x
Conformed Senior Average Adjusted ICR	1.46x	1.60x	1.60x	1.54x

(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	Year ending	Year ending	Year ending
		31/03/2017	31/03/2018	31/03/2019	31/03/2020
		Actual	Forecast	Forecast	Forecast
Net Cash Flow divided by	£m	551.4	587.1	630.5	668.2
Class A Debt Interest	£m	195.1	182.4	180.3	186.1
Class A ICR	times	2.83	3.22	3.50	3.59
Net Cash Flow	£m	551.4	587.1	630.5	668.2
Less CCD and IRC	£m	0.0	0.0	0.0	0.0
Adjusted Cash Flow divided by	£m	551.4	587.1	630.5	668.2
Class A Debt Interest	£m	195.1	182.4	180.3	186.1
Class A Adjusted ICR	times	2.83	3.22	3.50	3.59
Net Cash Flow	£m	551.4	587.1	630.5	668.2
Less CCD and IRC	£m	0.0	0.0	0.0	0.0
Adjusted Cash Flow divided by	£m	551.4	587.1	630.5	668.2
Senior Debt Interest	£m	224.5	213.6	195.7	202.2
Senior Adjusted ICR	times	2.46	2.75	3.22	3.30
Year 1 Class A Average Adjusted ICR	times	2.83	3.22	3.22	3.59
Year 2 Class A Average Adjusted ICR	times	3.22	3.50	3.50	4.15
Year 3 Class A Average Adjusted ICR	times	3.50	3.59	3.59	4.27
Class A Average Adjusted ICR	times	3.18	3.44	3.44	4.00
Year 1 Senior Average Adjusted ICR	times	2.46	2.75	2.75	3.30
Year 2 Senior Average Adjusted ICR	times	2.75	3.22	3.22	3.76
Year 3 Senior Average Adjusted ICR	times	3.22	3.30	3.30	3.73
Senior Average Adjusted ICR	times	2.81	3.09	3.09	3.60
Net Cash Flow	£m	551.4	587.1	630.5	668.2
Less Depreciation	£m	(245.7)	(255.7)	(254.2)	(214.5)
Less IRE not already deducted in the calculation of Net Cash Flow or Depreciation	£m	(79.8)	(69.1)	(89.0)	(120.8)
Fast/Slow Adjustment	£m	58.0	47.2	36.9	12.1
Adjusted Cash Flow divided by	£m	283.9	309.5	324.3	345.0
Class A Debt Interest	£m	195.1	182.4	180.3	186.1
Conformed Class A Adjusted ICR	times	1.46	1.70	1.80	1.85
Net Cash Flow	£m	551.4	587.1	630.5	668.2
Less Depreciation	£m	(245.7)	(255.7)	(254.2)	(214.5)
Less IRE not already deducted in the calculation of Net Cash Flow or Depreciation	£m	(79.8)	(69.1)	(89.0)	(120.8)
Fast/Slow Adjustment	£m	58.0	47.2	36.9	12.1
Adjusted Cash Flow divided by	£m	283.9	309.5	324.3	345.0
Senior Debt Interest	£m	224.5	213.6	195.7	202.2
Conformed Senior Adjusted ICR	times	1.26	1.45	1.66	1.71

Test Period		31/03/2017 Actual	31/03/2018 Forecast	31/03/2019 Forecast	31/03/2020 Forecast
Year 1 Conformed Class A Average Adjusted ICR	times	1.46	1.70	1.70	1.85
Year 2 Conformed Class A Average Adjusted ICR	times	1.70	1.80	1.80	1.61
Year 3 Conformed Class A Average Adjusted ICR	times	1.80	1.85	1.85	1.67
Conformed Class A Average Adjusted ICR	times	1.65	1.78	1.78	1.71
Year 1 Conformed Senior Average Adjusted ICR	times	1.26	1.45	1.45	1.71
Year 2 Conformed Senior Average Adjusted ICR	times	1.45	1.66	1.66	1.46
Year 3 Conformed Senior Average Adjusted ICR	times	1.66	1.71	1.71	1.46
Conformed Senior Average Adjusted ICR	times	1.46	1.60	1.60	1.54

Test Period		31/03/2017 Actual	31/03/2018 Forecast	31/03/2019 Forecast	31/03/2020 Forecast
Class A Net Indebtedness divided by	£m	3,921.3	4,364.8	4,547.8	4,670.3
RCV	£m	6,143.6	6,471.8	6,756.0	7,054.8
Class A RAR	%	63.8%	67.4%	67.3%	66.2%
Senior Net Indebtedness divided by	£m	4,718.5	4,906.8	5,093.8	5,220.6
RCV	£m	6,143.6	6,471.8	6,756.0	7,054.8
Senior RAR	%	76.8%	75.8%	75.4%	74.0%

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 period ended 31 March 2017.

Net debt	Reference	2015/16	2016/17
		£m	£m
Net debt	Note 17 to YW's AR&FS	3,551.7	3,773.6
Fair value adjustment of debt	Note 17 to YW's AR&FS	(85.0)	(152.5)
Intercompany loans to / (from) other members of the YW Financing Group that reverse on consolidation	Note 17 to YW's AR&FS	(31.0)	(28.2)
Net amounts owed in relation to loans to parent companies consolidation	Note 17 to YW's AR&FS	1,009.0	1,009.0
Discount on RPI accretion on index linked swaps	Note 18 to YW's AR&FS	82.4	77.1
Unamortised issue costs	Note 17 to YW's AR&FS	14.1	13.7
Collateralised cash excluded from Net Indebtedness	Section 17 "Authorised Investments"	0.0	25.6
Senior Net Indebtedness		4,541.2	4,718.5
of which Class A Net Indebtedness		3,944.1	3,921.3

Totals may not agree due to roundings

Adjusted Cash Flow	Reference	2015/16	2016/17
		£m	£m
EBITDA excluding exceptional items	Note 3 to YW's AR&FS	550.7	563.2
Changes in working capital	Table 1D Line 5 of YW's Annual Performance Report ("APR")	(3.9)	(11.6)
Tax received / (paid)	Table 1D Line 11 of YW's APR	2.7	0.0
Net Cash Flow		549.5	551.5
Less Depreciation	YW FD (inflated to outturn)	(210.4)	(245.7)
Less IRE not already deducted in the calculation of Net Cash Flow or Depreciation:			
- FD allowance	YW FD - inflated to outturn	(115.1)	(98.6)
- IRE already deducted	Note 2 to YW's AR&FS	18.4	18.8
Sub total		(96.8)	(79.8)
Fast/Slow Adjustment	YW FD (inflated to outturn)	40.9	57.9
Adjusted Cash Flow		283.3	283.9

Class A / Senior Debt Interest	Reference	2015/16	2016/17
		£m	£m
Net interest paid	Table 1D Line 10 of YW's APR	162.9	171.3
Interest received on subordinated intercompany loans	Note 10 to YW's AR&FS	62.9	60.9
Finance lease interest paid in advance	Note 8 to YW's AR&FS	0.0	(13.9)
Loan repayment from YW to YWSOFL recognised as interest in YW Financing Group's interest cover ratios	Note 15 to YWSOFL's AR&FS	5.9	6.0
Senior Debt Interest		231.7	224.5
of which Class A Debt Interest		189.4	195.1

Above totals may not agree 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 3.26% of RCV as at 31 March 2017; 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



Richard Flint
Director



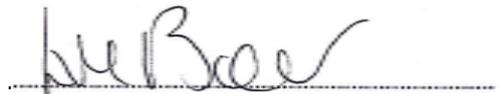
Liz Barber
Director

For and on behalf of

YORKSHIRE WATER SERVICES ODSAL FINANCE LIMITED



Richard Flint
Director



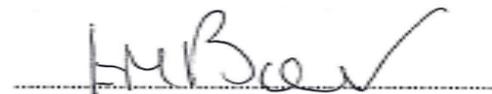
Liz Barber
Director

For and on behalf of

YORKSHIRE WATER SERVICES BRADFORD FINANCE LIMITED



Richard Flint
Director



Liz Barber
Director