

Compliance Certificate

To: Deutsche Trustee Company Limited

12 June 2014

Dear Sirs

Common Terms Agreement dated 10 May 2001 between Dŵr Cymru Cyfyngedig, ("DCC") and the Deutsche Trustee Company Limited (the "DCC Security Trustee" and the "Issuer Security Trustee") ("the Common Terms Agreement")

Capitalised terms not defined in this certificate have the meaning given to them in the Common Terms Agreement.

We refer to the Common Terms Agreement and pursuant to Paragraph 1.5 of Schedule 3 of that Agreement hereby confirm that as of today's date, DCC is in compliance with the RAR, the Historical RAR, the Historical Senior RAR, the Projected RAR, the Projected Senior RAR and the Historical ICR, the Historical Senior ICR and the Projected Senior ICR (together the "Ratios").

The calculations of the ratios are set out on pages 9 and 10 of the Investor Report issued on today's date.

We also confirm that, in the period six months to 31 March 2014 that:

- (a) Save as set out below in respect of the technical consequences of the rating downgrade of National Westminster Bank plc (DCC's account bank) in November 2013, no DCC Potential Event of Default, DCC Event of Default, Potential Trigger event or Trigger Event has occurred; and
- (b) DCC's insurances are being maintained in accordance with:
 - (i) Paragraph 4.2.1 of Schedule 3 of the Common Terms Agreement; and
 - (ii) the provisions of each DCC Finance Lease

On 7 November 2013 the credit ratings of The Royal Bank of Scotland ("RBS") and its subsidiary National Westminster Bank ("Nat West") were downgraded by Standard & Poor's to A- (long-term) and A-2 (short-term). Nat West is the Account Bank under the DCC Account Bank Agreement dated 10 May 2001. As a result of the downgrade, Nat West ceased to meet the Minimum Short-Term Rating requirement of the Common Terms Agreement and DCC was under an obligation to appoint a substitute account bank in its place forthwith.

The following waivers and amendments were subsequently agreed by the DCC Security Trustee following approval by the DCC secured creditors:

- (a) A STID proposal on 6 December 2013 implemented a 90 day waiver period (including in respect of any DCC Potential Event of Default which may or may not have occurred consequentially) to allow the continued use of Nat West as DCC's Account Bank, during which a remedy could be sought. The waiver period extended to 6 March 2014 and was subsequently extended from an initial 90 days, by one month, to 6 April 2014
- (b) A STID Proposal approved on 4 April 2014 amended the Common Terms Agreement and other documents to approve the continued use of Nat West as Account Bank subject to an Annual Rating Review by the Financial Guarantor.
- (c) On 9 June 2014 the Financial Guarantor carried out an Annual Rating Review and approved the continued use of Nat West as DCC's Account Bank, subject to specified ongoing rating thresholds which will be reviewed on an annual basis.

Yours faithfully

For and on behalf of
Dŵr Cymru Cyfyngedig



C A Jones
Director



P D Perry
Director