



Our Ref. DS/GS/KB

Mr Jonson Cox
Chairman
Ofwat
Centre City Tower
7 Hill Street
Birmingham
B5 4UA

3 October 2013

Dear Jonson

REGARDING: BOARD LEADERSHIP, TRANSPARENCY AND GOVERNANCE – PRINCIPLES

Thank you for your recent letter which outlined the principles that should apply in respect of Board leadership, transparency and governance (the “Principles”).

The ultimate holding company of Dee Valley Water is listed on the London Stock Exchange and therefore I am pleased to report that the Principles are essentially complied with at a Group level. However, we acknowledge and support the objective of also complying with the Principles at a regulated company level and in this regard will put in place a compliance code by 31 December 2013. The compliance code will set out how the Principles are currently applied and, where any non-compliances exist, detail a roadmap to ensure the Principles are adopted in a proportionate manner taking into account the size of Dee Valley Water.

We will be in contact once we have developed our draft compliance code in order to discuss the detail of our approach with Ofwat.

Yours sincerely

A handwritten signature in black ink, appearing to read "Graham Scott", is written over a large, stylized blue and red graphic element that resembles a stylized 'S' or a signature flourish.

Graham Scott
Chairman