

Date: 5 July 2013  
Our Ref: 130705 Grant letter  
Your Ref:

J. S. MacLeod  
Cobalt Water Limited  
Gibbsyard  
Auchincruive Country Estate  
Ayr  
KA6 5HN

Dear Scott

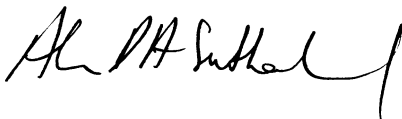
**Cobalt Water Limited's Application for Water Services and Sewerage Services Licences**

Following your completion of the Training Process (including self-certifying your readiness to participate in the market) in accordance with Market Code Subsidiary Document 0001 (Market Training and Assurance Strategy for the Water Market in Scotland), the Commission is pleased to confirm that a decision has been made to grant you a water services licence and a sewerage services licence as of today.

Please find attached copies of your licences. Please pay particular attention to the standard conditions of each of your licences and the ordinary condition regarding relevant escrow arrangements. It is imperative that you comply with the terms and conditions of your licences as any failure to do so will be subject to the enforcement mechanisms set out in Schedule 2 of the Water Services etc (Scotland) Act 2005.

In accordance with section 7(6) of the Water Services etc (Scotland) Act 2005 we are copying this letter and the licences to Scottish Water.

Yours sincerely



Alan DA Sutherland  
Chief Executive Officer

cc. Scottish Water

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Chairman Professor Gordon Hughes

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