

Declaration in relation to assistance for the acquisition of shares

155(6)a

CHFP025

Please do not
write in this
margin

Pursuant to section 155(6) of the Companies Act 1985

Please complete
legibly, preferably
in black type, or
bold block lettering

To the Registrar of Companies
(Address overleaf - Note 5)

For official use

Company number

[] [] [] []

00930757

Name of company

Note
Please read the notes
on page 3 before
completing this form.

* Arnold Waste Disposal Limited

* insert full name
of company

§ insert name(s) and
address(es) of all
the directors

~~We~~ ~~§~~ Hugh Charles Etheridge
5 Springfield Place
Bath
Avon
BA1 5RA

Nigel Desmond Alexander Sandy
3 Collett Way
Frome
Somerset
BA11 2XN

† delete as
appropriate

~~We~~ ~~§~~ ~~†~~ [all the directors]† of the above company do solemnly and sincerely declare that:

The business of the company is:

~~(a) that of a company engaged in the business of~~ ~~with the meaning of the Companies Act 1985~~

~~(b) that of a person or persons engaged in the business of~~ ~~on the islands, colonies, countries, territories or~~

~~in the business of the company~~

(c) something other than the above§

§ delete whichever
is inappropriate

The company is proposing to give financial assistance in connection with the acquisition of shares in the

[company] ~~(company)~~ ~~XXXXX~~

The assistance is for the purpose of ~~reducing or discharging a liability incurred for the~~
purpose of that acquisition].†

The number and class of the shares acquired or to be acquired is:

764,644 ordinary class 1 shares and 2,291,646 ordinary class 2 shares

Presentor's name address and
reference (if any) :

Mayer, Brown, Rowe & Maw
11 Pilgrim Street
LONDON EC4V 6RW
Ref. 445/25625.61

For official Use
General Section

Post room



LD5
COMPANIES HOUSE

LABPHAG6

0323
02/05/02

958071

The assistance is to be given to: (note 2) _____

Waste Recycling Group plc (registered number 2902416) whose registered office is at 3 Sidings Court, White Rose Way, Doncaster DN4 5NU ("WRG"), the Finance Parties, Lloyds and each Guarantor (as referred to in Part III of the Schedule attached to this Form 155

Please do not write in this margin

Please complete legibly, preferably in black type, or bold block lettering

The assistance will take the form of:

See Part I of the Schedule attached to this Form 155(6)(a).

The person who [has acquired] ~~will acquire~~ the shares is:

† delete as appropriate

WRG

The principal terms on which the assistance will be given are:

See Part II of the Schedule attached to this Form 155(6)(a).

The amount of cash to be transferred to the person assisted is £ See Part III of Schedule attached

The value of any asset to be transferred to the person assisted is £ NIL

The date on which the assistance is to be given is Within 8 weeks of the date hereof

Please do not write in this margin

~~X~~We have formed the opinion, as regards the company's initial situation immediately following the date on which the assistance is proposed to be given, that there will be no ground on which it could then be found to be unable to pay its debts. (note 3)

Please complete legibly, preferably in black type, or bold block lettering

* delete either (a) or (b) as appropriate

- (a) ~~X~~We have formed the opinion that the company will be able to pay its debts as they fall due during the year immediately following that date]* (note 3)
- (b) ~~It is intended to commence the winding up of the company within 12 months of that date, and we have formed the opinion that the company will be able to pay its debts in full within 12 months of the commencement of the winding up.* (note 3)~~

And ~~X~~we make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1835.

Declared at

11 Pilgrim Street, London EC4P

Declarants to sign below

[Handwritten signature]
Mr Lee

Day Month Year

on	01	05	2	0	0	2
----	----	----	---	---	---	---

before me *[Signature]*

A Commissioner for Oaths or Notary Public or Justice of the Peace or a Solicitor having the powers conferred on a Commissioner for Oaths.

NOTES

- 1 For the meaning of "a person incurring a liability" and "reducing or discharging a liability" see section 152(3) of the Companies Act 1985.
- 2 Insert full name(s) and address(es) of the person(s) to whom assistance is to be given; if a recipient is a company the registered office address should be shown.
- 3 Contingent and prospective liabilities of the company are to be taken into account - see section 156(3) of the Companies Act 1985.
- 4 The auditors report required by section 156(4) of the Companies Act 1985 must be annexed to this form.
- 5 The address for companies registered in England and Wales or Wales is:-

The Registrar of Companies
Companies House
Crown Way
Cardiff
CF14 3UZ

or, for companies registered in Scotland:-

The Registrar of Companies
37 Castle Terrace
Edinburgh
EH1 2EB

SCHEDULE TO FORM 155(6)(a)

Arnold Waste Disposal Limited

Company Number 00930757

Part I

The Form of Financial Assistance

The assistance will take the form of the execution by Arnold Waste Disposal Limited (the "**Company**") of:

- (a) an accession agreement (the "**Accession Agreement**") pursuant to which the Company guarantees the punctual performance by Waste Recycling Group plc ("**WRG**") of all its payment obligations under the Finance Documents on the terms and conditions set out in the Credit Agreement;
- (b) a deed of admission (the "**Deed of Admission**") supplemental to the Principal Deed pursuant to which, among other things, the Company agrees to set-off arrangements and undertakes to pay or discharge all money or liabilities incurred to Lloyds TSB Bank Plc ("**Lloyds**");
- (c) a guarantee in favour of The Royal Bank of Scotland plc ("**RBS**") to guarantee the obligations of WRG under a revolving credit facility between WRG and RBS (the "**RBS Guarantee**");
- (d) a guarantee in favour of Yorkshire Bank Plc (the "**Bank**") to guarantee the obligations of WRG and certain of its subsidiaries under overdraft and bonding facilities between WRG, certain of its subsidiaries (including the Company and the Bank (the "**Yorkshire Facilities Guarantee**"); and
- (e) a letter relating to the making of inter-group loans addressed to WRG (the "**Inter Company Loans Letter**").

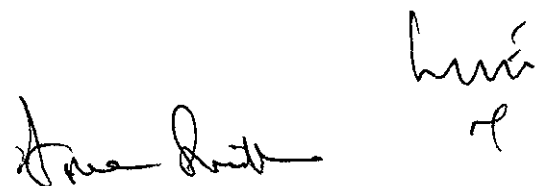
(As all such capitalised terms are defined in Part IV of this Schedule)

Part II

The Principal Terms of the Financial Assistance


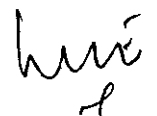
1. The principal terms on which the assistance pursuant to the Accession Agreement will be given are:

under the terms of the guarantee contained in clause 15 (*Guarantee and Indemnity*) of the Credit Agreement:



- (a) the Company guarantees to each Finance Party punctual performance by WRG of all its payment obligations under the Finance Documents;
- (b) the Company undertakes with each Finance Party that, whenever WRG does not pay any amount when due under any Finance Document, the Company must immediately on demand by the Facility Agent pay that amount as if it were the principal obligor;
- (c) the Company agrees to indemnify each Finance Party immediately on demand against any loss or liability suffered by that Finance Party if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal; the amount of the loss or liability under that indemnity will be equal to the amount the Finance Party would otherwise have been entitled to recover;
- (d) the Guarantee is a continuing guarantee and will extend to the ultimate balance of all sums payable by WRG under the Finance Documents, regardless of any intermediate payment or discharge in whole or in part; and
- (e) the obligations of the Company under clause 15 (*Guarantee and Indemnity*) of the Credit Agreement will not be affected by any act, omission or thing which, but for this provision, would reduce, release or prejudice any of its obligations under clause 15 (*Guarantee and Indemnity*) (whether or not known to it or any Finance Party). This includes:
 - (i) any time or waiver granted to, or composition with, any Obligor or other person;
 - (ii) any release of an Obligor or other person under the terms of any composition or arrangement;
 - (iii) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any Obligor or other person;
 - (iv) any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;
 - (v) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of an Obligor or any other person;
 - (vi) any amendment (however fundamental) of a Finance Document or any other document or security; or
 - (vii) any unenforceability, illegality, invalidity or non-provability of any obligation of any person under any Finance Document or any other document or security.

2. The principal terms on which the assistance pursuant to the Deed of Admission will be given are:

- (a) Lloyds may at any time combine or consolidate all or any of the current accounts for the time being of the Further Companies and the Existing Companies;
- (b) the Company shall have the same right by notice to Lloyds to combine or consolidate all or any of the accounts of the Further Companies and the Existing Companies and/or to set-off or transfer any of the credit balance(s) of the Further Companies and the Existing Companies in or towards satisfaction of the liabilities to Lloyds on current account of the Further Companies and the Existing Companies; and
- (c) the Company jointly and severally undertakes as a separate primary obligation (and not by way of guarantee) to Lloyds to pay or discharge all money and liabilities at any time due owing or incurred to Lloyds on current account from or by each and every one of the others of the Existing Companies and the Further Companies to the extent and as more particularly set out in the Principal Deed.

3. The principal terms on which the assistance pursuant to the RBS Guarantee will be given are:

under the terms of the RBS Guarantee:

- (a) the Company guarantees to RBS to discharge on demand the Debtor's Obligations with Interest from the date of demand;
- (b) the Company agrees that any item or amount claimed by RBS to be included in the Debtor's Obligations which is not recoverable from the Company under the RBS Guarantee for any reason on the basis of a guarantee shall nevertheless be recoverable from the Company as principal debtor by way of indemnity and the Company agrees to discharge that liability on demand with Interest from the date of demand;
- (c) the Company agrees to pay Expenses to RBS on demand;
- (d) the RBS Guarantee is a continuing security until the expiry of one month from the date of receipt by RBS of written notice to RBS from the Company to discontinue the RBS Guarantee;
- (e) the obligations of the Company under clause 1.1 (*Guarantee and Indemnity*) of the RBS Guarantee will not be affected by:
 - (i) the absence of any defective excessive or irregular exercise of borrowing powers of the Debtor; or
 - (ii) anything which would not have released or reduced the Company's liability to RBS had the Company been a principal debtor of RBS instead of a guarantor; and
- (f) RBS may without the consent of or notice to the Company and without releasing or reducing the liability to RBS of the Company under the RBS Guarantee:

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Indemnity

- (i) allow the Debtor or any other person any time or indulgence;
 - (ii) grant to the Debtor or any other person any new or increased facility and increase any rate of interest or charge;
 - (iii) enter into renew vary or end any agreement or arrangement with or liability of the Debtor or any other person;
 - (iv) renew vary refrain from enforcing or release any present or future security or guarantee which RBS holds from the Debtor or any other person; and
 - (v) compound with the Debtor or any other person.
4. The principal terms on which the assistance pursuant to the Yorkshire Facilities Guarantee will be given are:
- under the terms of the Yorkshire Facilities Guarantee:
- (a) the Company unconditionally and irrevocably guarantees to the Bank that all Customer Obligations will be paid or satisfied in accordance with the terms applicable to them;
 - (b) if for any reason the Customer Obligations are void or unenforceable against the Customer then the Bank shall be entitled to recover from the Company as though the Company was primarily liable to the bank in respect of the Customer Obligations;
 - (c) the Company's obligations under the Yorkshire Facilities Guarantee is not affected by whether or not the Bank demands payment from the Customer before demanding payment from the Company; and
 - (d) the guarantee under the Yorkshire Facilities Guarantee and the liability of the Company under it will arise and continue regardless of whether or not:
 - (i) the Customer Obligations have from time to time increased or decreased or reduced to nil;
 - (ii) the Customer Obligations are not, are no longer, or are not for the time being recoverable by the Bank from the Customer and/or any Co-surety for any reason whatever;
 - (iii) the Customer's borrowing powers are insufficient or defective in any way or are not properly exercised;
 - (iv) the Bank has made a previous demand or the Guarantor has made any previous payment;
 - (v) the Bank provides or refuses to provide any bank facilities to the Customer, or enlarges, cancels or varies any bank facilities of the Customer;

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James Smith

- (vi) the Bank allows the Customer additional time to make any payment to the Bank or allows the Customer any other concession;
 - (vii) the Bank comes to any other arrangement with the Customer, any Co-surety or anyone else in relation to the Customer Obligations;
 - (viii) the Bank takes any security, guarantee or other similar obligation in relation to the Customer Obligations or, when taken, the same is unenforceable for any reason;
 - (ix) the Bank enforces or declines to enforce or releases or discharges or varies any security, guarantee or other similar obligation in relation to the Customer Obligations.
5. The Company will, at the request of WRG, make loans available to WRG which may be used to make payments when due under the Finance Documents (as defined in the Credit Agreement). The loans will be made on the terms of the Inter Company Loans Letter.

Part III

The amount of cash to be transferred to the person assisted is all amounts being made available under the Inter Company Loans Letter.

Part IV

Definitions and Interpretations

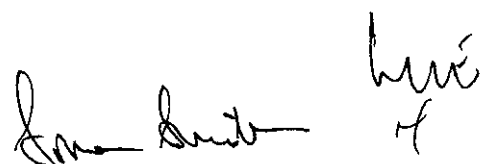
"Credit Agreement" means the credit agreement dated 22 December 2000 (as amended) and made between, amongst others, WRG as borrower and Lloyds TSB Bank plc as facility agent relating to the provision of a facility to WRG to finance the acquisition of, among other things, the entire issued share capital of the Company.

"Guarantor" means either of RBS or the Bank.

"Principal Deed" means the omnibus letter of set-off dated 1 June 1999 (as amended) between WRG and certain of its subsidiaries.

"RBS Facility Agreement" means a facility agreement to be made between RBS and WRG relating to a £32,000,000 revolving credit facility.

Words and expressions shall, unless otherwise defined herein, have the same meaning as attributed to them in the Credit Agreement and/or the Deed of Admission and/or the RBS Guarantee and/or the Yorkshire Facilities Guarantee.



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& Touche**

AUDITORS' REPORT TO THE DIRECTORS OF ARNOLD WASTE DISPOSAL LIMITED ("the Company") PURSUANT TO SECTION 156(4) OF THE COMPANIES ACT 1985

We have examined the attached statutory declaration of the directors dated 1 May 2002 in connection with the proposal that the Company should give financial assistance for the purchase of all of the Company's ordinary shares.

Basis of opinion

We have enquired into the state of the Company's affairs in order to review the bases for the statutory declaration.

Opinion

We are not aware of anything to indicate that the opinion expressed by the directors in their declaration as to any of the matters mentioned in section 156(2) of the Companies Act is unreasonable in all the circumstances.

Deloitte & Touche

Deloitte & Touche
Registered Auditors
1 May 2002