

M

CHFP025

Please do not
write in
this margin

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

*insert full name
of Company

COMPANIES FORM No. 395

Particulars of a mortgage or charge

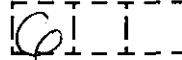
A fee of £10 is payable to Companies House in respect
of each register entry for a mortgage or charge.

Pursuant to section 395 of the Companies Act 1985

To the Registrar of Companies
(Address overleaf - Note 6)

For official use

Company number



988844

Name of company

* WRG Waste Services Limited (the "Charging Company")

Date of creation of the charge

26th August 2004

Description of the instrument (if any) creating or evidencing the charge (note 2)

Debenture (the "Debenture") made between, inter alios, the Charging Company, WRG (Management) Limited, WRG Environmental Limited, WRG (Northern) Limited, WRG (Midlands) Limited, Tawse Ellon (Haulage) Limited, WRG Properties Limited and the Security Agent (as defined below).

Amount secured by the mortgage or charge

Please refer to Part 2 of the attached Continuation Sheet.

Names and addresses of the mortgagees or persons entitled to the charge

Barclays Bank PLC, 5 The North Colonnade, Canary Wharf, London (the "Security Agent")

Postcode E14 4BB

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

Shearman & Sterling
(London) LLP
Broadgate West
9 Appold Street
London EC2A 2AP

Ref: SC/632/202

Time critical reference

For official Use
Mortgage Section

Post room



LD4
COMPANIES HOUSE

0442
09/09/04

Short particulars of all the property mortgaged or charged

Please refer to Part 3 of the attached Continuation Sheet.

Part 4 of the attached Continuation Sheet contains covenants by and restrictions on the Charging Company which protect and further define the Charges and which must be read as part of the Charges.

N.B. Please refer to Part 1 of the attached Continuation Sheet for definitions.

Please do not write in this margin

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

Particulars as to commission allowance or discount (note 3)

Nil

Signed *Shearman + Sterling (London) LLP* Date *9th* September, 2004

On behalf of ~~XXXXXX~~ [company] ~~XXXXXXXX~~ [mortgagee/chargee] †

A fee of £10 is payable to Companies House in respect of each register entry for a mortgage or charge. (See Note 5)

† delete as appropriate

Notes

- 1 The original instrument (if any) creating or evidencing the charge, together with these prescribed particulars correctly completed must be delivered to the Registrar of Companies within 21 days after the date of creation of the charge (section 395). If the property is situated and the charge was created outside the United Kingdom delivery to the Registrar must be effected within 21 days after the date on which the instrument could in due course of post, and if dispatched with due diligence, have been received in the United Kingdom (section 398). A copy of the instrument creating the charge will be accepted where the property charged is situated and the charge was created outside the United Kingdom (section 398) and in such cases the copy must be verified to be a correct copy either by the company or by the person who has delivered or sent the copy to the Registrar. The verification must be signed by or on behalf of the person giving the verification and where this is given by a body corporate it must be signed by an officer of that body. A verified copy will also be accepted where section 398(4) applies (property situate in Scotland or Northern Ireland) and Form No. 398 is submitted.
- 2 A description of the instrument, eg "Trust Deed", "Debenture", "Mortgage" or "Legal charge", etc, as the case may be, should be given.
- 3 In this section there should be inserted the amount or rate per cent. of the commission, allowance or discount (if any) paid or made either directly or indirectly by the company to any person in consideration of his;
 - (a) subscribing or agreeing to subscribe, whether absolutely or conditionally, or
 - (b) procuring or agreeing to procure subscriptions, whether absolute or conditional,for any of the debentures included in this return. The rate of interest payable under the terms of the debentures should not be entered.
- 4 If any of the spaces in this form provide insufficient space the particulars must be entered on the prescribed continuation sheet.
- 5 Cheques and Postal Orders are to be made payable to **Companies House**.
- 6 The address of the Registrar of Companies is:-
Companies House, Crown Way, Cardiff CF14 3UZ

Continuation Sheet to Form 395

PART 1

Definitions

In this form 395, so far as the context admits, the following expressions have the following meanings:

"Accession Document" means an agreement substantially in the form set out in Schedule 7 (*Accession Document*) of the Facilities Agreement pursuant to which a member of the Group becomes a Borrower and/or a Guarantor;

"Acquiror" means Cholet Acquisitions Limited, a company incorporated under the laws of England and Wales with registered number 04731536;

"Acquiror Group" means the Parent and the Acquiror and **"Acquiror Group Company"** and **"member of the Acquiror Group"** means any of them;

"Acquisition Agreements" means the Cholet Acquisition Agreement and the Shanks Acquisition Agreement;

"Acquisition Documents" means the Cholet Acquisition Documents and the Shanks Acquisition Documents;

"Account Bank" means any bank or financial institution with which a Charging Company maintains a bank account;

"Administrator" means an administrator appointed under Schedule B1 of the Insolvency Act 1986;

"Advance" means:

- (a) when designated **"Tranche A"**, the principal amount of each advance made or to be made under the Tranche A Term Facility;
- (b) when designated **"Tranche A-1"**, the principal amount of each advance made or to be made under the Tranche A-1 Term Facility;
- (c) when designated **"Tranche B"**, the principal amount of each advance made or to be made under the Tranche B Term Facility;
- (d) when designated **"Tranche B-1"**, the principal amount of each advance made or to be made under the Tranche B-1 Term Facility;
- (e) when designated **"Tranche C"**, the principal amount of each advance made or to be made under the Tranche C Term Facility;
- (f) when designated **"Tranche C-1"**, the principal amount of each advance made or to be made under the Tranche C-1 Term Facility;
- (g) when designated **"Revolving A"**, the principal amount of each advance made or to be made under the Revolving A Facility;
- (h) when designated **"Revolving B"**, the principal amount of each advance made or to be made under the Revolving B Facility;
- (i) when designated **"Rollover"**, any Revolving A Advance or Revolving B Advance which is used to refinance a maturing Revolving A Advance or Revolving B Advance, as the case may

be, the amount of which is equal to or less than the amount of the maturing Revolving A Advance or Revolving B Advance, as the case may be, and is to be drawn on the same day as such maturing Revolving A Advance or Revolving B Advance, as the case may be, is to be repaid;

- (j) without any such designation, a "Tranche A Advance", "Tranche A-1 Advance", "Tranche B Advance", "Tranche B-1 Advance", "Tranche C Advance", "Tranche C-1 Advance", "Revolving A Advance", "Revolving B Advance" and/or a "Rollover Advance", as the context requires;

in each case as from time to time reduced by repayment or prepayment and in each case subject as provided in Clause 6 (*Interest*) of the Facilities Agreement;

"**Agency Fees Letter**" means the letter from the Facility Agent and the Security Agent to the Acquiror dated 9 June, 2003 setting out details of agency fees payable by the Acquiror in connection with the Facilities and referred to in Clause 10.3 (*Agency Fees*) of the Facilities Agreement;

"**Ancillary Documents**" means the documents setting out the terms on which the Ancillary Facilities are made available;

"**Ancillary Facilities**" means working capital facilities made available by a Revolving Lender by redefinition of a portion of its Revolving Commitment in accordance with Clause 2.2 (*Ancillary Facilities*) of the Facilities Agreement and Schedule 8 (*Ancillary Facilities*) of the Facilities Agreement;

"**Ancillary Lender**" means a Revolving Lender in its capacity as provider of Ancillary Facilities;

"**Arrangement Fees Letter**" means a letter from the Joint Mandated Lead Arrangers to the Acquiror dated 9 June, 2003 setting out details of certain fees payable in connection with Clause 10.2 (*Arrangement Fee*) of the Facilities Agreement;

"**Bank Balances**" means the amounts now or subsequently standing to the credit of any Charged Account which each Charging Company has, or has an interest in, with any person and the debts represented thereby;

"**Bonding Letter of Credit**" means any letter of credit issued or to be issued by an Issuing Lender to an Existing Bond Provider under the Revolving A Facility in connection with the backstopping of the Existing Bonding Indebtedness substantially in the form set out in Schedule 12 (*Form of Bonding Letter of Credit*) of the Facilities Agreement with the language in square brackets and blanks completed, deleted and/or amended by the Borrower requesting the Bonding Letter of Credit as appropriate or in such other form as may be agreed between the Acquiror, the Facility Agent and an Issuing Lender (acting reasonably);

"**Book Debts**" means all book and other debts and monetary claims now or subsequently due or owing to each Charging Company, the proceeds of the same and the benefit of all Investments, Security Interests and guarantees or other rights of any nature now or subsequently enjoyed or held by it in relation thereto (other than Bank Balances);

"**Borrowers**" means the Term Borrowers and the Revolving Borrowers and "**Borrower**" means any of them;

"**Cash Collateral Account**" means any account with the Facility Agent or any Lender opened or to be opened in the name of a Borrower into which sums are to be paid in accordance with Clause 7 (*Repayment*) of the Facilities Agreement or Clause 8 (*Prepayment*) of the Facilities Agreement or in the provision of cash cover and held as security for the obligations of such Borrower under the Finance Documents and in relation to which such Borrower shall have complied with the requirements of

paragraph 7 (*Cash Cover*) of Schedule 9 (*Provisions relating to Letters of Credit/Lender Guarantees*) of the Facilities Agreement;

"Charged Accounts" means any Cash Collateral Account;

"Charged Assets" means the assets from time to time the subject of any Security Interests created or purported to be created by or pursuant to the Debenture and, where the context permits, the proceeds of sale of such assets;

"Charged Investments" means Investments forming part of the Charged Assets;

"Charged Property" means all freehold and leasehold property forming part of the Charged Assets;

"Charges" means Security Interests from time to time created by or pursuant to the Debenture;

"Charging Companies" means the companies detailed in Schedule 1 (*The Charging Companies*) to the Debenture and any Group Company which accedes to the Debenture pursuant to Clause 24 (*Assignment and New Charging Companies*) of the Debenture;

"Cholet Acquisition" means the acquisition by WRG of Cholet Acquisitions 2 Limited;

"Cholet Acquisition Agreement" means the sale and purchase agreement in the agreed form entered into between Cholet Investments 2 Limited and WRG relating to the Cholet Acquisition;

"Cholet Acquisition Documents" means the Cholet Acquisition Agreement together with all instruments of transfer and any other agreement executed pursuant to the Cholet Acquisition Agreement;

"Cholet Completion" means completion of the Cholet Acquisition;

"Cholet Completion Date" means the date on which the Cholet Completion takes place;

"Cholet Investments 2 Debenture" means the debenture entered into or to be entered into by Cholet Investments 2 Limited in favour of the Security Agent on the Restatement Date;

"Collection Account(s)" means any account (other than a Cash Collateral Account or an Excluded Account) maintained by the Charging Company as an account into which moneys are paid pursuant to Clause 5.3(b) (*Book Debts*) of the Debenture;

"Commitment" means:

- (a) when designated **"Tranche A"**, in relation to an Original Lender and the Tranche A Term Facility, the amount set opposite its name in Schedule 1 (*The Original Lenders*) to the Facilities Agreement in relation to the Tranche A Term Facility and, in relation to any other Lender, the amount or the total amount of the Tranche A Commitments transferred to it under a Transfer Certificate or Transfer Certificates or other document pursuant to which it becomes party to, or acquires rights under, the Facilities Agreement;
- (b) when designated **"Tranche A-1"**, in relation to an Original Lender and the Tranche A-1 Facility, the amount set opposite its name in Schedule 1 (*The Original Lenders*) to the Facilities Agreement in relation to the Tranche A-1 Facility and, in relation to any other Lender, the amount or the total amount of the Tranche A-1 Commitments transferred to it under a Transfer Certificate or Transfer Certificates or other document pursuant to which it becomes party to, or acquires rights under, the Facilities Agreement;
- (c) when designated **"Tranche B"**, in relation to an Original Lender and the Tranche B Term Facility, the amount set opposite its name in Schedule 1 (*The Original Lenders*) to the

Facilities Agreement in relation to the Tranche B Term Facility and, in relation to any other Lender, the amount or the total amount of the Tranche B Commitments transferred to it under a Transfer Certificate or Transfer Certificates or other document pursuant to which it becomes party to, or acquires rights under, the Facilities Agreement;

- (d) when designated "**Tranche B-1**", in relation to an Original Lender and the Tranche B-1 Term Facility, the amount set opposite its name in Schedule 1 (*The Original Lenders*) to the Facilities Agreement in relation to the Tranche B-1 Term Facility and, in relation to any other Lender, the amount or the total amount of the Tranche B-1 Commitments transferred to it under a Transfer Certificate or Transfer Certificates or other document pursuant to which it becomes party to, or acquires rights under, the Facilities Agreement;
- (e) when designated "**Tranche C**", in relation to an Original Lender and the Tranche C Term Facility, the amount set opposite its name in Schedule 1 (*The Original Lenders*) to the Facilities Agreement in relation to the Tranche C Term Facility and, in relation to any other Lender, the amount or the total amount of the Tranche C Commitments transferred to it under a Transfer Certificate or Transfer Certificates or other document pursuant to which it becomes party to, or acquires rights under, the Facilities Agreement;
- (f) when designated "**Tranche C-1**", in relation to an Original Lender and the Tranche C-1 Term Facility, the amount set opposite its name in Schedule 1 (*The Original Lenders*) to the Facilities Agreement in relation to the Tranche C-1 Term Facility and, in relation to any other Lender, the amount or the total amount of the Tranche C-1 Commitments transferred to it under a Transfer Certificate or Transfer Certificates or other document pursuant to which it becomes party to, or acquires rights under, the Facilities Agreement;
- (g) when designated "**Revolving A**", in relation to an Original Lender and the Revolving A Facility, the amount set opposite its name in Schedule 1 (*The Original Lenders*) to the Facilities Agreement in relation to the Revolving A Facility and, in relation to any other Lender, the amount or the total amount of the Revolving A Commitments transferred to it under a Transfer Certificate or Transfer Certificates or other document pursuant to which it becomes party to, or acquires rights under, the Facilities Agreement; and
- (h) when designated "**Revolving B**", in relation to an Original Lender and the Revolving B Facility, the amount set opposite its name in Schedule 1 (*The Original Lenders*) to the Facilities Agreement in relation to the Revolving B Facility and, in relation to any other Lender, the amount or the total amount of the Revolving B Commitments transferred to it under a Transfer Certificate or Transfer Certificates or other document pursuant to which it becomes party to, or acquires rights under, the Facilities Agreement;

less, in any such case:

- (a) that part thereof transferred by it in accordance with Clause 19 (*Assignments and Transfers*) of the Facilities Agreement; and
- (b) that part thereof which has been cancelled, reduced or terminated in accordance with the Facilities Agreement,

and without any such designation means "**Tranche A Commitment**", "**Tranche A-1 Commitment**", "**Tranche B Commitment**", "**Tranche B-1 Commitment**", "**Tranche C Commitment**", "**Tranche C-1 Commitment**", "**Revolving A Commitment**", and/or "**Revolving B Commitment**" as the context requires;

"**Contingent Liability**" means, at any time:-

- (a) in relation to an Issuing Lender and a Letter of Credit or Lender Guarantee, the actual and/or contingent liability of that Issuing Lender under that Letter of Credit or Lender Guarantee at that time; or
- (b) in relation to a Lender and a Letter of Credit or a Lender Guarantee, the actual and/or contingent liability of that Lender in relation to that Letter of Credit or Lender Guarantee at that time as a result of the obligations assumed by it under paragraph 4(b) (*Indemnity*) of Schedule 9 (*Provisions relating to Letters of Credit/Lender Guarantees*) to the Facilities Agreement;

"Controlled JVs" means any Joint Venture in relation to which, in accordance with the terms of such Joint Venture's constitutional documents and shareholders' agreement or similar agreement dealing with the management and/or control of such Joint Venture, a member of the Group is able to procure compliance with the restrictions set out in the Finance Documents.

"Delegate" means a delegate or sub-delegate appointed, directly or indirectly, pursuant to Clause 9.3 (*Delegation*) of the Debenture;

"Drawing" means a utilisation by a Borrower of the Tranche A Term Facility, the Tranche A-1 Term Facility, the Tranche B Term Facility, the Tranche B-1 Term Facility, the Tranche C Term Facility, the Tranche C-1 Term Facility, the Revolving A Facility or the Revolving B Facility as the case may be;

"Drawing Date" means, in relation to a Drawing, the date for the making of such Drawing as specified by the relevant Borrower in the relevant Drawing Request;

"Drawing Request" means a notice requesting an Advance or issue of a Letter of Credit or Lender Guarantee in the form set out in Schedule 4 to the Facilities Agreement (*Form of Drawing Request*);

"EA Bond" means any financial provisioning bond required by, and issued or to be issued to, the Environment Agency by (a) an Issuing Lender under the Revolving A Facility or (b) an Ancillary Lender under any Ancillary Facility provided pursuant to the Revolving A Facility, in each case substantially in one of the forms set out in Schedule 10 (*Form of EA Bond*) of the Facilities Agreement (with the language in square brackets and blanks completed, deleted and/or amended by the Borrower requesting the EA Bond as appropriate) or in such other form as may be agreed between the Acquiror and an Issuing Lender, in the case of the Issuing Lender such agreement not to be unreasonably withheld, in each case in respect of the obligations of a member of the Target Group to the Environment Agency;

"Environment Agency" means the Environment Agency, being the Waste Regulation Authority for the purposes of the Environmental Protection Act 1990 (and includes, for the avoidance of doubt, the Scottish Environment Protection Agency) and references to the Environment Agency shall include its successors in title as the statutory regulatory authority in relation to waste;

"Event of Default" means any of the events specified in Clause 16.1 (*Events of Default*) of the Facilities Agreement;

"Excluded Account" means any bank account which is subject to Escrow Security as defined in the Facilities Agreement;

"Excluded Contract" means an agreement, the terms of which either preclude absolutely the Company from creating any Security Interest over the benefit of or from assigning its rights arising from such agreement or requiring the consent of any third party prior to the creation of such Security Interest or to the assignment of such rights and such consent shall not have been previously obtained;

"Excluded Insurances" shall have the meaning ascribed thereto in paragraph 10 of Part 3 of this Continuation Sheet;

"Excluded Material Contract" shall have the meaning ascribed thereto in paragraph 16(a) of Part 3 of this Continuation Sheet;

"Excluded Subsidiary" means any entity which is a direct or indirect Subsidiary of the Acquiror (or would be but for the exclusion in the definition of that term) and which, in accordance with the terms of the Facilities Agreement, is formed for the purposes of the Allington Incineration Project including, without limitation, Kent Enviropower Limited;

"Existing Bonding Indebtedness" means the financial provisioning bonds required to be issued by or on behalf of members of the Target Group to the Environment Agency and the performance bonds required to be issued by or on behalf of members of the Target Group to relevant Local Authorities each of which exist in the case of the Target Group at the Effective Date or, if an Election is made, the Unconditional Date or in the case of the Shanks Target Group at the Cholet Completion Date and will be backstopped pursuant to the Facilities Agreement;

"Existing Bond Providers" means ING Bank N.V., Lloyds TSB Bank plc, The Royal Bank of Scotland, Yorkshire Bank Plc, National Australia Bank, Zurich Re, Euler Hermes, Barclays Bank PLC, The Royal Bank of Scotland plc and "Existing Bond Provider" means any of them;

"Facility Agent" means Barclays Bank PLC acting in its capacity as agent for the Lenders or such other agent for the Lenders as shall be appointed pursuant to Clause 18.9 (*Resignation of Agents*) of the Facilities Agreement;

"Facilities" means the Term Facilities, the Revolving Facilities and the Ancillary Facilities and **"Facility"** means any one of them;

"Facilities Agreement" means the facilities agreement dated 9 June, 2003 between, inter alios, Cholet Investments Limited, Cholet Acquisitions Limited, Barclays Capital and Merrill Lynch International as Joint Mandated Lead Arrangers and Syndication Agents, the financial institutions named therein as Original Lenders and Barclays Bank PLC as Facility Agent and as Security Agent as amended pursuant to amendment letters dated 11 June, 2003 and 11 August, 2003 and as amended and waived pursuant to the amendment and waiver letter dated 29 March, 2004 and as amended and restated pursuant to the First Supplemental Agreement, and as otherwise amended and restated from time to time;

"Fees Letters" means the Agency Fees Letter and the Arrangement Fees Letter;

"Finance Documents" means the Facilities Agreement, the First Supplemental Agreement, each Security Document, the Intercreditor Deed, the Third Intercreditor Amendment Deed, the Hedging Agreements, the Hedging Strategy Letter, the Syndication Letter, the Ancillary Documents, each Accession Document, each Transfer Certificate, the Fees Letters and any other document designated as a Finance Document by the Facility Agent and the Acquiror;

"Finance Parties" means each Joint Mandated Lead Arranger, the Shanks Sole Mandated Lead Arranger, the Facility Agent, each Syndication Agent, the Shanks Syndication Agent, the Security Agent, each Lender, each Ancillary Lender, each Issuing Lender and each Hedging Lender and **"Finance Party"** means any of them;

"First Drawing Date" means the date of the first Drawing of the Term Facilities;

"First Stage Debenture" means the debenture, in the agreed form, to be entered into by each Acquiror Group Company;

"First Supplemental Agreement" the supplemental agreement to the Facilities Agreement dated 26 August, 2004 between, inter alios, Cholet Investments Limited and Barclays Bank PLC;

"Fixtures" means trade and other fixtures and fittings and fixed plant, machinery and other apparatus;

"Group" means, at any time, the Parent and its Subsidiaries at that time and **"Group Company"** and **"member of the Group"** means any one of them;

"Guarantors" means the Original Guarantors and any other member of the Group which shall have become a guarantor under the Facilities Agreement by executing an Accession Document, and **"Guarantor"** means any of them;

"Hedging Agreements" means agreements entered into with the Hedging Lenders for the purpose of hedging interest rate risk in relation to the Term Facilities;

"Hedging Lender" means any Lender or any affiliate of any Lender in its capacity as provider of interest rate hedging in relation to the Term Facilities and which provides such hedging under the Hedging Agreements (and, for the avoidance of doubt, a Hedging Lender shall continue to be a Hedging Lender for the purposes of the Finance Documents in the event that its Commitments are reduced to zero);

"HoldCo" means Cholet Holdings Limited, a company incorporated under the laws of England and Wales with registered number 04733479;

"Incapacity" means, in relation to a person, the insolvency, liquidation, dissolution, winding-up, administration, receivership, amalgamation, reconstruction or other incapacity of that person whatsoever (and, in the case of a partnership, includes the termination or change in the composition of the partnership) or any analogous proceeding occurring in relation to that person whatsoever;

"Insurances" means all benefits, rights and interest of a Charging Company under or in respect of any present or future contract or policy of insurance;

"Intellectual Property" means all patents and patent applications, trade and service marks and trade and service mark applications, all brand and trade names, all copyrights (including any rights in computer software) and rights in the nature of copyrights, all design rights, all registered designs, and applications for registered designs, domain name rights, trade secrets, know-how and all other intellectual property rights throughout the world or interests in any of the foregoing, and all rights under any agreements relating to the use or exploitation of any such rights in each case of any Charging Company;

"Intercompany Loan Agreements" means the agreements in a form acceptable to the Facility Agent (acting reasonably) to be entered into between certain members of the Shanks Target Group, the Acquiror and Cholet Acquisitions 2 Limited pursuant to which funds are advanced to enable the Acquiror or Cholet Acquisitions 2 Limited to make payments under the Finance Document and all other loans between members of the Group in respect of which the Charging Company is a lender;

"Intercreditor Deed" means the intercreditor deed dated 9 June, 2003 between the Finance Parties, the Obligors, HoldCo and each Original Equity Investor as amended pursuant to amendment deeds dated 5 August, 2003 and 10 September, 2003, as further amended pursuant to the Third Intercreditor Amendment Deed and as further amended, extended or supplemented from time to time;

"Investment" means any debenture, bond, share, stock, certificate of deposit or other security now or in the future owned at law or in equity by each Charging Company and all dividends, interest and other moneys paid or payable in respect thereof and all rights, moneys and assets related to or accruing or offered or arising thereon from time to time, whether by way of redemption, conversion, exercise of option rights, substitution, exchange, preference, bonus or otherwise;

"Issuing Lender" means Barclays Bank PLC in its capacity as issuer of any Letter of Credit or Lender Guarantee and/or any other Lender which agrees to issue a Letter of Credit and/or Lender Guarantee in accordance with Clause 5.7 (*Issue of Letters of Credit/Lender Guarantees*) of the Facilities Agreement in its capacity as issuer of such Letter of Credit or Lender Guarantee;

"Joint Mandated Lead Arrangers" means Barclays Capital PLC and Merrill Lynch International acting in their capacity as joint mandated lead arrangers and bookrunners in connection with the Facilities Agreement;

"Joint Venture" means any joint venture, partnership or similar arrangement with any person where the Acquiror legally and beneficially owns (directly or indirectly) less than 90% of the shares, partnership or other interests in the relevant entity;

"LA Bond" means any performance bond required by, and issued or to be issued to, a local authority, district council, local or municipal authority or governmental body (a **"Local Authority"**) by (a) an Issuing Lender under the Revolving A Facility or (b) an Ancillary Lender under any Ancillary Facility provided pursuant to the Revolving A Facility, in each case substantially in one of the forms set out in Schedule 11 (*Form of LA Bond*) of the Facilities Agreement (with the language in square brackets and blanks completed, deleted and/or amended by the Borrower requesting the LA Bond as appropriate) or in such other form as may be agreed between the Acquiror and an Issuing Lender such agreement not to be unreasonably withheld, in each case in respect of the obligations of a member of the Target Group to such Local Authority pursuant to a contract with such member of the Group;

"Leasehold Restricted Property" shall have the meaning ascribed thereto in paragraph 13 of Part 3 of this Continuation Sheet;

"Lender" means:

- (a) when designated **"Tranche A"**, the Original Lenders identified in Schedule 1 (*The Original Lenders*) to the Facilities Agreement as participating in the Tranche A Term Facility;
- (b) when designated **"Tranche A-1"**, the Original Lenders identified in Schedule 1 (*The Original Lenders*) to the Facilities Agreement as participating in the Tranche A-1 Term Facility;
- (c) when designated **"Tranche B"**, the Original Lenders identified in Schedule 1 (*The Original Lenders*) to the Facilities Agreement as participating in the Tranche B Term Facility;
- (d) when designated **"Tranche B-1"**, the Original Lenders identified in Schedule 1 (*The Original Lenders*) to the Facilities Agreement as participating in the Tranche B-1 Term Facility;
- (e) when designated **"Tranche C"**, the Original Lenders identified in Schedule 1 (*The Original Lenders*) to the Facilities Agreement as participating in the Tranche C Term Facility;
- (f) when designated **"Tranche C-1"**, the Original Lenders identified in Schedule 1 (*The Original Lenders*) to the Facilities Agreement as participating in the Tranche C-1 Term Facility;
- (g) when designated **"Revolving A"**, the Original Lenders identified in Schedule 1 (*The Original Lenders*) to the Facilities Agreement as participating in the Revolving A Facility; and
- (h) when designated **"Revolving B"**, the Original Lenders identified in Schedule 1 (*The Original Lenders*) to the Facilities Agreement as participating in the Revolving B Facility;

and in each case any New Lender to whom rights and/or obligations are assigned or transferred in accordance with Clause 19 (*Assignments and Transfers*) of the Facilities Agreement (until, in each case, its entire participation in the Facilities has been assigned or transferred to a New Lender in accordance with Clause 19 (*Assignments and Transfers*) of the Facilities Agreement) (collectively the **"Lenders"**);

"Lender Guarantee" means (i) any bank guarantee or performance bond issued or to be issued by an Issuing Lender under the Revolving B Facility in the form provided for in Schedule 14 (*Forms of Letter of Credit/Lender Guarantee*) of the Facilities Agreement or in such other form as may be agreed

between the Acquiror and the relevant Issuing Lender, such agreement not to be unreasonably withheld, (ii) any EA Bond or (iii) any LA Bond;

"Letter of Credit" means (i) a letter of credit issued or to be issued by an Issuing Lender under the Revolving B Facility in the form set out in Schedule 14 (*Forms of Letter of Credit/Lender Guarantees*) to the Facilities Agreement or in such other form as may be agreed between the Acquiror and an Issuing Lender, such agreement not to be unreasonably withheld, or (ii) a Bonding Letter of Credit;

"Local Authority Contract" means any agreement entered into by any Charging Company with a local authority pursuant to which such Charging Company agrees to provide for the disposal of waste by means of either landfill or incineration;

"Material After-Acquired Property" means any Property acquired by any Charging Company after the date of the Debenture which is a land fill site in respect of which there is in excess of 2 million cubic metres of fully consented void capacity;

"Material Adverse Effect" means any event or circumstance which:-

- (a) is or is reasonably likely to be materially adverse to:-
 - (i) the ability of the Obligors (taken as whole) to perform any of their payment obligations under any Finance Document or comply with the financial covenants contained in Clause 15.7 (*Financial Covenants*) of the Facilities Agreement; or
 - (ii) the business, assets (taken as whole) or financial condition of the Group (taken as a whole);
- (b) which results in any of the Finance Documents not being (in each case subject to the reservations) legal, valid and binding on and enforceable against any member of the Group and/or in the case of any Security Documents not providing to the Security Agent security over the assets expressed to be secured under the Security Documents in each case in a manner and to an extent which is materially prejudicial to the interests of the Finance Parties under the Finance Documents;

"Material Contracts" means the Local Authority Contracts and any other agreement designated as such by the Security Agent and the Acquiror at the date of the Debenture or thereafter;

"Material Intellectual Property" means any Intellectual Property of a Charging Company that the Security Agent (acting reasonably and following consultation with the relevant Charging Company) considers to be material in the context of the Business;

"Minor Joint Ventures" means Shelford Composting Limited, Energyline Limited and CLWR Management 2001 Limited;

"New Lender" has the meaning given to it in Clause 19.3 (*Assignments and Transfers by Lenders*) of the Facilities Agreement;

"Notice of Document Assignment" means a notice of assignment in the form set out in Part 1 of Schedule 6 of the Debenture;

"Notice of Insurance Assignment" means a notice of assignment in the form set out in Part 2 of Schedule 6 of the Debenture;

"Obligors" means at any time each Borrower and each Guarantor at that time and **"Obligor"** means any of them;

"Original Equity Investors" means the Partnerships (as defined in the Parent Loan Note Instruments) in each case acting through its general partner and the Subscriber (as defined in the Parent Loan Note Instruments) as at the date on which the Parent Loan Instruments are entered into;

"Original Guarantors" means from the date on which each such person becomes a guarantor by executing the Facilities Agreement, each member of the Group identified in Part C of Schedule 2 (*The Obligors*) of the Facilities Agreement;

"Original Lenders" means each of the banks and financial institutions identified in Schedule 1 (*The Original Lenders*) of the Facility Agreement and "Original Lender" means any one of them;

"Parent" means Cholet Investments Limited, a company incorporated under the laws of England and Wales with registered number 04770256;

"Parent Loan Notes" means the zero coupon subordinated loan notes in the agreed form issued or to be issued on or prior to the Completion Date under the Parent Loan Note Instruments;

"Parent Loan Note Instruments" means the zero coupon bond commitment facility agreement and the related deed of covenant constituting the Parent Loan Notes instrument in the agreed form entered into or to be entered into by the Parent on or before the First Drawing Date;

"Permitted Security Interest" means any Security Interest which is permitted pursuant to Clause 15.3(d) (*Negative Pledge*) of the Facilities Agreement;

"Personal Chattels" means plant, machinery, equipment, goods and other personal chattels (including all spare parts, replacements, modifications and additions) but not Fixtures on Property charged under Clause 3.2 (*Property*) of the Debenture or stock in trade or work in progress;

"Property" means freehold and leasehold property in England or Wales and other real estate anywhere in the world, and any reference to any charges over Property or any estate or interest therein includes a charge over:

- (a) the benefit of any covenant for title given or entered into by any predecessor in title of a Charging Company in respect of that Property and any moneys paid or payable in respect of those covenants;
- (b) all buildings and Fixtures on the Property; and
- (c) the proceeds of sale of all or any part thereof;

(the assets referred to in paragraphs (a), (b) and (c) being "**Related Property Rights**");

"Receiver" means an administrative receiver, receiver and manager or other receiver appointed in respect of the Charged Assets by the Security Agent pursuant to the Debenture;

"Refinancing Advances" means Advances made available to members of the Target Group under the Term Facilities for the purposes specified in Clauses 2.3(a)(ii) and 2.3(c)(ii) (*Purpose*) of the Facilities Agreement;

"Release Date" means the date on which the Security Agent is satisfied (acting reasonably) that all the Secured Liabilities have been irrevocably and unconditionally paid and discharged in full and no further Secured Liabilities are capable of becoming outstanding;

"Relevant Contracts" shall have the meaning ascribed thereto in Clause 5.8 (*Payments under Contracts*) of the Debenture;

"Relevant Documents" means the Hedging Agreements, the Insurances and the Intercompany Loan Agreements;

"Revolving Facilities" means the Revolving A Facility and the Revolving B Facility and **"Revolving Facility"** means any of them;

"Revolving A Facility" means the revolving credit facility to be made available by the Revolving A Lenders pursuant to Clause 2.1(g) (*Facilities*) of the Facilities Agreement;

"Revolving B Facility" means the revolving credit facility to be made available by the Revolving Lenders pursuant to Clause 2.1(h) (*Facilities*) of the Facilities Agreement;

"Revolving Borrowers" means, from the date on which each such person becomes a borrower by either being party to the Facilities Agreement or by executing an Accession Document, each member of the Group identified in Part B of Schedule 2 (*The Obligors*) of the Facilities Agreement and each other member of the Group which is entitled to become and becomes a borrower by executing an Accession Document pursuant to the Facilities Agreement;

"Revolving Commitments" means the Revolving A Commitments and the Revolving B Commitments and **"Revolving Commitment"** means any of them;

"Revolving Lenders" means the Revolving A Lenders and the Revolving B Lenders and **"Revolving Lender"** means any of them;

"rights" shall be construed as including rights, benefits, privileges, consents, authorities, discretions, remedies and powers and **"right"** shall be construed accordingly;

"Scheduled Investments" means the Investments described in Schedule 3 to the Debenture;

"Second Stage Debenture" means a debenture in the agreed form (such form agreed prior to the date of the Facilities Agreement) granted by certain members of the Target Group pursuant to the Facilities Agreement for the purpose of securing certain of the Refinancing Advances and Drawings of the Revolving Facilities made available to members of the Target Group;

"Security Accession Deed" means a deed of accession to the Debenture in such form as the Security Agent and the Acquiror (acting on behalf of the Charging Company) may agree;

"Security Agent" means Barclays Bank PLC, acting in its capacity as trustee and security agent for the Finance Parties in relation to the Security Documents, or such other agent as may from time to time be appointed in that capacity pursuant to Clause 21 (*Appointment and Duties of the Security Agent*) of the Intercreditor Deed;

"Security Documents" means the documents comprising the First Stage Debenture, the Second Stage Debenture, the Third Stage Debenture, the Standard Security, the Shanks Security Documents and any other document providing for a guarantee or Security Interest in favour of the Finance Parties (or any of them) in respect of the obligations of the Obligors under the Finance Documents;

"Security Interest" means any mortgage, charge (fixed or floating), standard security, pledge, lien, hypothecation, right of set-off, security trust, assignment by way of security, reservation of title, or any other security interest whatsoever, howsoever created or arising or any other agreement or arrangement entered into for the purposes of conferring security and any agreement to create or establish any of the foregoing;

"Shanks Acquisition Agreement" means the sale and purchase agreement dated 25th May, 2004 and made between Terra Firma and the Vendor relating to the acquisition of the Shanks Targets as subsequently amended and novated to be between Cholet Acquisitions 2 Limited and the Vendor;

"Shanks Acquisition Documents" means the Shanks Acquisition Agreement together with all instruments of transfer and any other agreement executed pursuant to the Shanks Acquisition Agreement including, without limitation, the Tax Deed (as defined in the Shanks Acquisition Agreement);

"Shanks Second Stage Security" means:

- (a) a debenture (the **"Shanks Second Stage Debenture"**) in the agreed form granted by certain members of the Shanks Target Group pursuant to the Facilities Agreement; and
- (c) a bond and floating charge and standard security in the agreed form granted by certain members of the Shanks Target Group incorporated in Scotland,

in each case for the purpose of securing all Drawings under the Facilities Agreement other than Shanks Acquisition Advances and the WRG Acquisition Advances;

"Shanks Security Documents" means the documents comprising the Shanks First Stage Security, the Cholet Investments 2 Debenture and the Shanks Second Stage Security and the Shanks Third Stage Security;

"Shanks Targets" means WRG (Management)) Limited (a company incorporated under the laws of England and Wales with registered number 2563475) and WRG Environmental Limited (a company incorporated under the laws of England and Wales with registered number 2206141);

"Shanks Target Group" means the Shanks Targets and all of their Subsidiaries and **"Shanks Target Group Company"** and **"member of the Shanks Target Group"** means any of them;

"Shanks Third Stage Security" means:

- (a) a debenture in substantially the same form as the Shanks Second Stage Debenture granted by members of the Shanks Target Group pursuant to the Facilities Agreement; and
- (b) a bond and floating charge and standard security substantially in the agreed form as that granted as Shanks Second Stage Security granted by certain members of the Shanks Target Group incorporated in Scotland,

in each case securing all Drawings made available to the Group;

"Site Waste Management Licences" means any waste management licence issued by the Environment Agency to the Charging Company in relation to a specified site;

"Standard Security" means the standard security granted by Waste Recycling Group (Scotland) Limited in respect of the heritable part of the Drummond Moor site (as to the commercial effect on substantially the same terms in respect of real property as the Third Stage Debenture) pursuant to the Facilities Agreement securing the obligations of the Obligor under the Finance Documents;

"Subsidiary" means:

- (a) a subsidiary as defined in section 736 of the Companies Act 1985 and excluding the Minor Joint Ventures;
- (b) for the purposes only of the financial information to be delivered, and the financial covenants to be complied with, under the Facilities Agreement, a subsidiary undertaking as defined in section 258 of the Companies Act 1985; and
- (c) any Controlled JV,

but excluding any Excluded Subsidiary;

"Syndication Agent" means Barclays Capital PLC, acting as Syndication Agent in connection with the Facilities Agreement;

"Syndication Letter" means the syndication letter dated 9 June, 2003 between Terra Firma, the Acquiror and the Joint Mandated Lead Arrangers;

"Target" or **"WRG"** means Waste Recycling Group Limited (formerly Waste Recycling Group plc);

"Target Group" means Target and all of its Subsidiaries and **"Target Group Company"** and **"member of the Target Group"** means any of them;

"Term Borrowers" means, from the date on which each such person becomes a borrower by either being party to the Facilities Agreement or by executing an Accession Document, each member of the Group identified in Part A of Schedule 2 (*The Obligors*) of the Facilities Agreement and each other member of the Group which is entitled to become and becomes a borrower thereunder for the purposes of drawing the Term Facility by executing an Accession Document;

"Term Facilities" means the Tranche A Term Facility, the Tranche A-1 Term Facility, the Tranche B Term Facility, the Tranche B-1 Term Facility, the Tranche C Term Facility and the Tranche C-1 Term Facility and **"Term Facility"** means any of them;

"Terra Firma" means Terra Firma Investments GP(2) Ltd, a company incorporated in Guernsey whose registered office is at PO Box 543, East Wing, Trafalgar Court, Admiral Park, St Peter Port, Guernsey (previously, Fort Complex, Les Tracheries, St. Sampson, Guernsey);

"Third Intercreditor Amendment Deed" means the third amendment deed relating to the Intercreditor Deed dated 26 August, 2004 and made between Cholet Holdings Limited, the Parent, the Acquiror, the companies named therein as Obligors, the companies and institutions named therein as equity investors and Barclays Bank PLC as senior agent and security agent;

"Third Stage Debenture" means a debenture in substantially the same form as the Second Stage Debenture/an extension of the Second Stage Debenture granted by certain members of the Target Group pursuant to the Facilities Agreement securing all Advances made available to the Group;

"Tranche A Term Facility" means the term loan facilities to be made available by the Tranche A Lenders pursuant to Clause 2.1(a) (*Facilities*) of the Facilities Agreement;

"Tranche A-1 Term Facility" means the term loan facilities to be made available by the Tranche A-1 Lenders pursuant to Clause 2.1(b) (*Facilities*) of the Facilities Agreement;

"Tranche B Term Facility" means the term loan facilities to be made available by the Tranche B Lenders pursuant to Clause 2.1(c) (*Facilities*) of the Facilities Agreement;

"Tranche B-1 Term Facility" means the term loan facilities to be made available by the Tranche B-1 Lenders to Clause 2.1(d) (*Facilities*) of the Facilities Agreement;

"Tranche C Term Facility" means the term loan facilities to be made available by the Tranche C Lenders pursuant to Clause 2.1(e) (*Facilities*) of the Facilities Agreement;

"Tranche C-1 Term Facility" means the term loan facilities to be made available by the Tranche C-1 Lenders pursuant to Clause 2.1(f) (*Facilities*) of the Facilities Agreement;

"Transfer Certificate" means a certificate substantially in the form set out in Schedule 6 (*Transfer Certificate*) of the Facilities Agreement or any other form agreed between the Facility Agent and the Acquiror;

"Vendor" means Shanks Group plc, a company incorporated in Scotland with registered number SCO77438.

Note Save where a contrary intention appears in this Continuation Sheet:

- (1) reference to a party or person is, where relevant, a reference to or to include, as appropriate, its successor, permitted assignees or transferees; and
- (2) a reference to any agreement, deed or instrument is a reference to that agreement, deed or instrument as it may from time to time be amended, varied, supplemented, restated or novated.

PART 2

Amount Secured by the Mortgage or Charge

All present and future obligations and other liabilities of any nature of each Obligor due, owing or incurred under the Finance Documents (or any of them) to the Security Agent and/or the Finance Parties and/or any Receiver (including, without limitation, under any amendments, supplements or restatements of any of the Finance Documents or in relation to any new or increased advances or utilisations under the Finance Documents), and whether indebtedness or liabilities originally owed to all or any of the Finance Parties and/or any Receiver actual or contingent, matured or not matured, liquidated or unliquidated, whether incurred solely or jointly and/or severally or in any other capacity whatsoever and whether as principal or surety, in any currency or currencies, including all interest accruing thereon (calculated in accordance with Clause 2.3 (*Interest*) of the Debenture), after as well as before judgment, and all costs, charges and expenses incurred in connection therewith which are payable by the relevant Obligor in accordance with the terms of the Finance Documents, in each case, and notwithstanding any other provision of the Debenture, except for any obligations or liabilities which, if they did form part of the Secured Liabilities, would result in the Debenture (or any part thereof) constituting unlawful financial assistance in contravention of section 151 of the Companies Act 1985 (the "**Secured Liabilities**").

PART 3

Short Particulars of all property mortgaged or charged

1. **Security Interests: Property:** Pursuant to Clause 3.2 (*Property*) of the Debenture, the Charging Company, as security for the payment of all Secured Liabilities charged and agreed to charge:
 - (a) by way of first legal mortgage, the relevant Scheduled Property in respect of which it is listed in Schedule 2 to the Debenture as the Charging Company other than any Leasehold Restricted Property, in relation to which the provisions of Clause 3.15 (*Leasehold Interests Containing Restrictions on Charging*) of the Debenture shall apply; and
 - (b) by way of first fixed charge, all estates or interests now or subsequently belonging to it in, or in relation to, any Scheduled Property and any Material After-Acquired Property (save to the extent charged by paragraph (a) above) other than any Leasehold Restricted Property, in relation to which the provisions of Clause 3.15 (*Leasehold Interests Containing Restrictions on Charging*) of the Debenture shall apply.
2. **Security Interests: Investments:** Pursuant to Clause 3.3 (*Investments*) of the Debenture, the Charging Company, as security for the payment of all Secured Liabilities, charged by way of first fixed charge all of its Investments (including the Scheduled Investments) now or subsequently belonging to it or held by any nominee on its behalf.
3. **Security Interests: Book Debts:** Pursuant to Clause 3.4 (*Book Debts*) of the Debenture, the Charging Company, as security for the payment of all Secured Liabilities (and subject to Clause 5.3(c) (*Book Debts*) of the Debenture), charged by way of first fixed charge, all rights which it may have now or subsequently in respect of any Book Debts.
4. **Security Interests: Intellectual Property:** Pursuant to Clause 3.5 (*Intellectual Property*) of the Debenture, the Charging Company, as security for the payment of all Secured Liabilities, charged (to the extent not prohibited to do so by the terms on which such Intellectual Property is held by it) by way of first fixed charge all rights in respect of Intellectual Property now or subsequently belonging to it.
5. **Security Interests: Bank Balances:** Pursuant to Clause 3.6 (*Bank Balances*) of the Debenture, the Charging Company charged, as security for the payment of all Secured Liabilities, by way of first fixed charge all of its Bank Balances.
6. **Security Interests: Plant and Machinery:** Pursuant to Clause 3.7 (*Plant and Machinery*) of the Debenture, the Charging Company, as security for the payment of all Secured Liabilities, charged by way of first fixed charge all of its Personal Chattels now or subsequently belonging to the Charging Company and its interest in any such Personal Chattels in its possession.
7. **Security Interests: Contracts:** Pursuant to Clause 3.8 (*Contracts*) of the Debenture (and subject to Clause 5.8 (*Payments under Contracts*) of the Debenture), the Charging Company, as security for the payment of all Secured Liabilities, charged and agreed to charge by way of first fixed charge all its rights (including, without limitation, the right to receive any compensation) now or subsequently of the Charging Company in respect of:
 - (a) the Material Contracts and any other agreement to which it is party;
 - (b) any warranty, bond, guarantee or letter of credit issued in its favour;
 - (c) any bill of exchange or any other negotiable instrument held by it,(to the extent that the same are not otherwise subject to an effective fixed charge or security assignment pursuant to Clause 3 (*Security Interests*) of the Debenture) but excluding any Excluded Contract in

relation to which the provisions of Clause 3.16 (*Material Contracts Containing Prohibition on Charging*) of the Debenture shall apply.

8. **Security Interests: Pension Funds:** Pursuant to Clause 3.9 (*Pension Fund*) of the Debenture, the Charging Company, as security for the payment of all Secured Liabilities, charged (to the extent not prohibited to do so by the terms applicable to such interests, claims or rights) by way of first fixed charge any interest, claim or right which it has now or subsequently in respect of any pension fund or plan.
9. **Security Interests: Other Charges:** Pursuant to Clause 3.10 (*Other Charges*) of the Debenture, the Charging Company, as security for the payment of all Secured Liabilities, charged by way of first fixed charge:
 - (a) all its uncalled capital;
 - (b) all its goodwill; and
 - (c) subject to Clause 5.8 (*Payments under Contracts*) of the Debenture, the Site Waste Management Licences and (to the extent it is permitted to do so by the terms applicable to the same) any other authorisation, licence or consent in relation to any Charged Assets (including the right to receive compensation in respect thereof).
10. **Security Interests: Assignment by way of Security:** Pursuant to Clause 3.11 (*Assignment by way of Security*) of the Debenture:
 - (a) the Charging Company, as continuing security for the payment of all Secured Liabilities, assigned absolutely (subject to the right to reassignment on redemption pursuant to Clause 16.7 (*Redemption*) of the Debenture) and, in the case of any Insurances which constitute an Excluded Material Contract to obtaining the relevant third party consent in accordance with Clause 3.16 (*Material Contracts Containing Prohibition on Charging*)) to the Security Agent all rights and interest present or future of the Charging Company in respect of the Relevant Documents (other than any Insurances which relate to any third party liability, employees' liability, public liability or any directors and officers insurance (together, the "**Excluded Insurances**")) together with the benefit of all its rights, claims and remedies in respect of such Relevant Documents.
 - (b) until the Charges are enforceable in accordance with Clause 6.2(b) (*Enforceability of Security*) of the Debenture and the Security Agent serves a notice to the contrary in accordance with a Notice of Document Assignment, the Charging Company shall be entitled to exercise all its rights in the Relevant Documents, subject to the other provisions of the Debenture.
11. **Security Interests Floating Charge:** Pursuant to Clause 3.12 (*Floating Charge*) of the Debenture:
 - (a) The Charging Company, as security for the payment of all Secured Liabilities, charged by way of first floating charge, its undertaking and all its assets both present and future not otherwise effectively mortgaged, charged or assigned by the Debenture (other than the Leasehold Restricted Contracts, the Excluded Contracts, the Excluded Insurances and the Excluded Accounts). The floating charge created by the Charging Company under Clause 3.12 (*Floating Charge*) of the Debenture shall:
 - (i) except as otherwise agreed in writing by the Security Agent, rank in priority to any other Security Interest which shall subsequently be created or permitted to arise by the Charging Company (other than any Security Interest permitted under Clause 15.3(d)(i), 15.3(d)(v), 15.3(d)(xi) or 15.3(d)(xiii) (*Negative Pledge*) of the Facilities Agreement) or any Security Interest created by a Receiver appointed under the Debenture; and

- (ii) be a qualifying floating charge for the purposes of paragraph 14 of Schedule B1 to the Insolvency Act 1986.
- (b) Notwithstanding the provisions of Clause 6.2(b) (*Enforceability of Security*) of the Debenture, the Security Agent may by notice to the Charging Company convert the floating charge created by the Charging Company pursuant to Clause 3.12 (*Floating Charge*) of the Debenture into a fixed charge as regards such assets as may be specified (whether generally or specifically) in such notice if:
 - (i) an Event of Default is outstanding and continuing unremedied and unwaived; or
 - (ii) the Security Agent reasonably considers those assets to be in jeopardy of being seized or sold pursuant to any distress, attachment, execution, sequestration or other legal process.
- (c) Notwithstanding any other provision of the Debenture (and without prejudice to the circumstances in which the floating charge created under Clause 3 (*Security Interests*) of the Debenture will crystallise under general law):
 - (i) if any person presents or makes an application for a writ of execution, writ of *fiat*, garnishee order or charging order or otherwise levies or attempts to levy any distress, execution, attachment, expropriation, sequestration or other legal process against any of the assets which are charged by way of the first floating charge of the Charging Company; or
 - (ii) the Charging Company breaches Clause 5.1(a) (*General Restrictions and Obligations*) of the Debenture;
 - (iii) a petition is presented for the winding up or administration in relation to the Charging Company which is not discharged within 28 days (in the case of a winding up petition) or 5 days (in the case of a petition for an administration order) or in any event before such petition is heard; or
 - (iv) an Administrator or Receiver is appointed in respect of the Charging Company or the Security Agent receives notice of an intention to appoint an Administrator pursuant to paragraphs 15 or 26 of Schedule B1 of the Insolvency Act 1986 in respect of the Charging Company.

then with immediate effect and without notice the floating charge shall automatically convert into a fixed charge as regards such assets.

- (d) Any charge which has crystallised under paragraphs (b) or (c) above may be reconverted into a floating charge by notice given at any time by the Security Agent to the Charging Company concerned in relation to the assets specified in such notice.

12. **Security Interests: Fixed and Floating Security:** Pursuant to Clause 3.14 (*Security Interest Fixed and Floating Security*) of the Debenture, if for any reason any Security Interest in respect of any asset created or purported to be created pursuant to Clause 3 (*Security Interests*) of the Debenture as a fixed charge or assignment, does not, or ceases to, take effect as a fixed charge or assignment, then it shall take effect as a first floating charge in respect of such asset without the Charging Company being in breach of any provision of the Finance Documents. However it is the intent of the parties to the Debenture that the Security Interests over other Charged Assets shall remain unaffected.
13. **Security Interests: Leasehold Interests containing Restrictions on Charging:** Pursuant to Clause 3.15 (*Leasehold Interests containing Restrictions on Charging*) of the Debenture:
- (a) Until the relevant consent has been obtained, there shall be excluded from the charge created by Clause 3.2 (*Property*) of the Debenture and from the floating charge created by Clause 3.12 (*Floating Charge*) of the Debenture and from the operation of the further assurance provisions set out in Clause 11 (*Further Assurance*) of the Debenture, any leasehold property held by the Company under a lease the terms of which either preclude absolutely the Charging Company from creating any Security Interest over its leasehold interest in such property or require the consent of any third party prior to the creation of such Security Interest where such consent shall not have been previously obtained (each a "**Leasehold Restricted Property**").
 - (b) With regard to each Leasehold Restricted Property, the Charging Company undertakes (i) to apply, within 90 days of the date of the Debenture, for the consent of the relevant third party to the creation of the Charges constituted by the terms of the Debenture, (ii) if, at the end of such 90 day period, the Charging Company reasonably believes that the consent of the relevant third party will be forthcoming, to continue to use reasonable endeavours for a further period of 90 days to obtain such consent as soon as possible and (iii) to keep the Security Agent informed of the progress of its negotiations with such third parties, provided that the Charging Company shall not be in breach of the provisions of Clause 3.15 (*Leasehold Interests Containing Restrictions on Charging*) of the Debenture if the terms imposed by such third party as a condition of its granting its consent are unduly onerous or restrictive. It is agreed that if, after the initial 90 day period or, where applicable, the further 90 day period referred to in Clause 3.15 (*Leasehold Interests Containing Restrictions on Charging*) of the Debenture, the consent of the relevant third party has not been obtained, the Charging Company shall have no further obligations in respect of that Leasehold Restricted Property under Clause 3.15 (*Leasehold Interests Containing Restrictions on Charging*) of the Debenture.
 - (c) Forthwith, upon receipt of the relevant third party's consent as aforesaid, the relevant Leasehold Restricted Property shall thereupon stand charged to the Security Agent pursuant to the Charges constituted by the terms of the Debenture with immediate effect in accordance with Clause 3.2 (*Property*) of the Debenture only if such Leasehold Restricted Property is a Scheduled Property or a Material After-Acquired Property and Clause 3.12 (*Floating Charge*) of the Debenture. The Charging Company shall provide the Security Agent with a copy of the third party consent within 7 days of such consent being given and shall notify such third party of such Charges in accordance with the terms of Clause 4.7 (*Notice to Landlords*) of the Debenture. If required by the Security Agent at any time following receipt of such consent the Charging Company will execute a valid legal mortgage in such form as the Security Agent, acting reasonably, shall require in respect of any relevant Leasehold Restricted Property which is a Scheduled Property.
14. **Security Interests: Material Contracts Containing Prohibition on Charging:** Pursuant to Clause 3.16 (*Material Contracts Containing Prohibition on Charging*) of the Debenture:
- (a) Until the relevant consent has been obtained, there shall be excluded from the Charge created by Clause 3.8 (*Contracts*) of the Debenture and from the floating charge created by Clause 3.12 (*Floating Charge*) of the Debenture and from the operation of the further assurance

provision set out in Clause 11 (*Further Assurance*) of the Debenture, any rights, title, assets, benefits or interest enjoyed by the Charging Company under a Material Contract and/or by any Insurances which constitutes an Excluded Contract (an "**Excluded Material Contract**").

- (b) With regard to each Excluded Material Contract, the Charging Company undertakes (i) to apply, within 90 days of the date of the Debenture, for the consent of the relevant third party to the creation of the Charges constituted by the Debenture, (ii) if, at the end of such 90 day period, the Charging Company reasonably believes that the consent of the relevant third party will be forthcoming, to continue to use reasonable endeavours for a further period of 90 days to obtain such consent as soon as possible and (iii) to keep the Security Agent informed of the progress of its negotiations with such third parties, provided that the Charging Company shall not be in breach of the provisions of Clause 3.16 (*Material Contracts Containing Prohibition on Charging*) of the Debenture if the terms imposed by such third party as a condition of it granting its consent are unduly onerous or restrictive. It is agreed that, if after the initial 90 day period or, where applicable, the further 90 day period referred to in Clause 3.16 (*Material Contracts Containing Prohibition on Charging*) of the Debenture, the consent of the relevant third party has not been obtained, the Charging Company shall have no further obligations in respect of that Excluded Material Contract under Clause 3.16 (*Material Contracts Containing Prohibition on Charging*) of the Debenture.
- (c) Forthwith, upon receipt of the relevant third party's consent as aforesaid, the relevant Excluded Material Contract shall thereupon stand (in the case of a Material Contract which is an Excluded Material Contract) charged to the Security Agent pursuant to the Charges constituted by the terms of the Debenture in accordance with Clause 3.8 (*Contracts*) of the Debenture and Clause 3.12 (*Floating Charge*) of the Debenture and (in the case of Insurances which are Excluded Material Contracts) assigned to the Security Agent pursuant to the Charges constituted by the terms of the Debenture in accordance with Clause 3.11 (*Assignment by way of Security*) of the Debenture and Clause 3.12 (*Floating Charge*) of the Debenture. The Charging Company shall provide the Security Agent with a copy of the third party consent within 7 days of such consent being given.

15. **Security Interests: Miscellaneous:** In accordance with Clause 3.17 (*Miscellaneous*) of the Debenture, notwithstanding any other provision of the Debenture, none of the Leasehold Restricted Properties, the Excluded Contracts, the Excluded Insurances or the Excluded Accounts, shall be subject to any Security Interest pursuant to the Debenture except in respect of:

- (a) a Leasehold Restricted Property, in accordance with Clause 3.15 (*Leasehold Interests Containing Restrictions on Charging*) of the Debenture; and
- (b) an Excluded Material Contract, in accordance with Clause 3.16 (*Material Contracts Containing Prohibition on Charging*).

PART 4

Covenants by and restrictions on the Charging Company

1. **Company's Obligations Continuing:** Pursuant to Clause 2.1 (*Charging Company's Obligations Continuing*) of the Debenture, the Charging Company's obligations under Clause 2 (*Covenant To Pay*) of the Debenture and the Charges shall constitute and be continuing obligations and will extend to the ultimate balance of Secured Liabilities payable by the Charging Company and will remain in full force and effect until no Secured Liabilities remain outstanding, unsatisfied or capable of arising under the Finance Documents regardless of any intermediate discharge in whole or in part.
2. **Retention of Documents:** Pursuant to Clause 3.13 (*Retention of Documents*) of the Debenture, the Security Agent is entitled to continue to retain any document delivered to it under the Debenture relating to a Charged Asset until the Charges over such Charged Asset are released in accordance with the Debenture. If, for any reason, the Security Agent ceases to hold any such document before such time, it may by notice to the Charging Company require that the document be redelivered to it and the Charging Company shall immediately comply with that requirement or procure that it is complied with.
3. **Property Obligations: Acquisition of Property:** Pursuant to Clause 4.1(c) (*Acquisition of Property*) of the Debenture the Charging Company shall, promptly on request of the Security Agent and at the cost of the Charging Company, execute and deliver to the Security Agent a legal mortgage in favour of the Security Agent over any Material After-Acquired Property acquired by it.
4. **Property Obligations: Leasing and Other Undertakings:** Pursuant to Clause 4.3 (*Leasing and other Undertaking*) of the Debenture, the Charging Company shall (whether in exercise of any statutory power or otherwise) save where the Security Agent has agreed otherwise:
 - (a) not grant, or agree to grant, any lease or tenancy of all or any part of any Charged Property or confer or agree to confer upon any person any contractual licence or right to occupy or use the any Charged Property other than as permitted by the Finance Documents;
 - (b) nor determine or extend or accept, any surrender of any lease, tenancy or licence comprised in the Charged Property or agree to do any of these things where this would have a Material Adverse Effect.
5. **General Resolutions and Obligations:** Pursuant to Clause 5.1 (*General Resolutions and Obligations*) of the Debenture:
 - (a) except with the consent of the Security Agent, the Charging Company shall not:
 - (i) create or permit to be outstanding any Security Interest over any Charged Assets other than a Permitted Security Interest; or
 - (ii) sell, transfer, assign, lease, hire out, grant, lend or otherwise dispose of any of the Charged Assets or the equity of redemption therein or permit any person to do any such thing except as permitted under the Facilities Agreement.
 - (iii) The Charging Company undertook that it shall use its reasonable its endeavours, or procure its Subsidiaries to use their reasonable endeavours, to ensure that any Material Contracts entered into after the date of the Debenture do not constitute an Excluded Material Contract, provided that the Charging Company shall not be required to take any steps pursuant to Clause 5.1 (*General Resolutions and Obligations*) of the Debenture that could reasonably be expected to prejudice negotiations in respect of, or the terms applicable to, any Material Contract entered into after the date of the Debenture.

- (b) The Charging Company, when the Charges are enforceable in accordance with Clause 6.2(b) (*Enforceability of Security*) of the Debenture, undertook, if so requested by the Security Agent, to use all reasonable endeavours to procure the consent of the Environment Agency to the transfer of any Site Waste Management Licences to such person or persons as the Security Agent shall specify.

6. **Further Assurance:** Pursuant to Clause 11 (*Further Assurance*) of the Debenture, the Charging Company shall, at its own expense, promptly do all such acts and things as the Security Agent may require for:

- (a) creating, registering, perfecting, maintaining or protecting the Charges or any of the Charged Assets;
- (b) at any time after the occurrence of an Event of Default which is continuing unremedied and unwaived or the Charges shall have otherwise become enforceable in accordance with Clause 6.2(b) (*Enforceability of Security*) of the Debenture, a legal assignment of Book Debts; or
- (c) facilitating the realisation of any Charge after the Charge has become enforceable in accordance with Clause 6.2(b) (*Enforceability of Security*) of the Debenture or the exercise of any right, power or discretion in relation to any Charged Asset or Charge vested in the Security Agent, any Receiver or any Delegate,

including, without limitation, the execution (including by sealing) of any transfer, assignment, mortgage, charge or Security Interest or any document required to enable the Security Agent or its nominee to obtain legal title to any Charged Assets in circumstances in which it is entitled to obtain such legal title under the Debenture or the giving of any notice, order or direction.

7. **Power of Attorney: Appointment:** Pursuant to Clause 12.1 (*Appointment*) of the Debenture the Charging Company by way of security irrevocably appointed the Security Agent, every Receiver and every Delegate severally to be its attorney:

- (a) to do all acts and things which the Charging Company is obliged to do under the Debenture but has failed to do, including, without limitation, to fill in the name of the transferee and to date and complete any instrument of transfer in respect of any Charged Investments which has been executed in blank by the Charging Company and, in the case of registered Charged Investments, to procure the registration of the transferee as the holder of the relevant Charged Investments in circumstances in which the Charged Investments are to be transferred under the terms of the Debenture;
- (b) after the occurrence of an Event of Default which is continuing unremedied and unwaived, to transfer any interest in any Charged Assets in the circumstances in which such transfer may be required under the Debenture including on an enforcement of the Charges over such Charged Assets;
- (c) after the occurrence of an Event of Default which is continuing unremedied and unwaived, in its name and on its behalf to exercise any right conferred on the Security Agent, any Receiver or any Delegate in relation to the Charged Assets or under the Debenture; and
- (d) to register the existence of the Charges or the restrictions on dealing with the Charged Assets in any register in which the Charging Company is obliged (but has failed) to effect registration under the terms of the Debenture.

8. **Power of Attorney: Ratification:** Pursuant to Clause 12.2 (*Ratification*) of the Debenture the Charging Company agreed to ratify and confirm whatever any such attorney shall do or purport to do in the exercise or purported exercise of the power of attorney granted by Clause 12.1 (*Appointment*) of the

Debenture. All moneys expended by any such attorney shall be deemed to be expenses incurred by the Security Agent under the Debenture.

9. **Set Off:** Pursuant to Clause 19.1 (*Set-Off*) of the Debenture, after an Event of Default has occurred and for so long as it is continuing, the Security Agent and each other Finance Party may (without notice to the Charging Company) set off or otherwise apply any deposits (irrespective of the terms applicable to such deposits) at any time held and any other indebtedness (whether or not then matured or due), owing by it to or for the account of the Charging Company against any indebtedness owing to the Security Agent or such other Finance Party by the Charging Company under the Finance Documents which is due and unpaid.
10. **Set Off: Currency Conversion:** Pursuant to Clause 19.2 (*Currency Conversion*) of the Debenture, a Finance Party may exercise such rights notwithstanding that the obligations concerned may be expressed in different currencies and each Finance Party is authorised to convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.
11. **Set Off: Rights Cumulative:** Pursuant to Clause 19.3 (*Rights Cumulative*) of the Debenture, Clause 19 (*Set-Off*) of the Debenture shall be in addition to and without prejudice to any rights of set-off or any other rights or remedies which a Finance Party may have.

FILE COPY



CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

Pursuant to section 401(2) of the Companies Act 1985

COMPANY No. 00988844

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A DEBENTURE DATED THE 26th AUGUST 2004 AND CREATED BY WRG WASTE SERVICES LIMITED FOR SECURING ALL MONIES DUE OR TO BECOME DUE FROM THE OBLIGOR TO BARCLAYS BANK PLC ("THE SECURITY AGENT") AND/OR THE FINANCE PARTIES AND/OR ANY RECEIVER ON ANY ACCOUNT WHATSOEVER UNDER THE TERMS OF THE AFOREMENTIONED INSTRUMENT CREATING OR EVIDENCING THE CHARGE WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 9th SEPTEMBER 2004.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 14th SEPTEMBER 2004 .

R. Pow



Companies House

— for the record —



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES