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## COMPANIES FORM No. 155(6)a

**Declaration in relation to  
assistance for the acquisition  
of shares.****155(6)a**

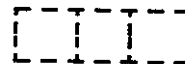
Pursuant to section 155(6) of the Companies Act 1985

Please complete  
legibly, preferably  
in black type, or  
bold block letteringNote  
Please read the notes  
on page 3 before  
completing this form\*Insert full name  
of companyInsert name(s) and  
address(es) of all  
the directors§Delete as  
appropriate‡Delete whichever  
is inappropriate

To the Registrar of Companies

For official use

Company number



1676637

Name of company

\* REED REGIONAL NEWSPAPERS LIMITED ("the Company")

X/Wet Iain William Aiken, of Pendle View, Primrose Hill, Mellor, nr.  
Blackburn BB2 7EQ, James Thompson Brown, of Woodlands, 3 Cedar Walk,  
Kingswood, Surrey KT20 6HW, David Gordon Christie, of 4 Corfe Close,  
Ashstead, Surrey KT21 2HA, Paul Davidson, of 8 Spruce Court, Elderberry  
Road, Ealing, London W5 4AN, John Pfeil, of 59 Oakhill Road, Sevenoaks,  
Kent TN13 1NT, Philip Arthur Radburn, of Pyebirch Manor, Eccleshall,  
Stafford ST21 6JG

[the sole director] [all the directors] § of the above company do solemnly and sincerely declare that *Jim*

The business of the company is:

- (a) ~~that of a [recognised bank] [licensed institution] § within the meaning of the Banking Act 1979~~ *Jim*  
(b) ~~that of a person authorised under section 3 or 4 of the Insurance Companies Act 1982 to carry on~~ *Jim*  
~~insurance business in the United Kingdom~~ *Jim*  
(c) something other than the above ‡

The company is proposing to give financial assistance in connection with the acquisition of shares in the  
[company] [company's holding company] \_\_\_\_\_ Limited ‡ *Jim*

The assistance is for the purpose of [that acquisition] ~~[reducing or discharging a liability incurred for the~~ *Jim*  
~~purpose of that acquisition]. §~~ *Jim*

The number and class of the shares acquired or to be acquired is: please see Appendix 1Presenter's name, address and  
reference (if any):

Clifford Chance  
200 Aldersgate Street  
London EC1A 4JJ  
1556A.51

For official use  
General Section

The assistance is to be given to: (note 2) RRN Group Limited and RRN  
Holdings Limited of 200 Aldersgate Street London EC1A 4JJ  
and/or Reed Elsevier Overseas BV of Van de Sande  
Bakhuyzenstraat 4, 1061 AG Amsterdam, the Netherlands (as  
vendor of the Company)

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legibly, preferably  
in black type, or  
bold block  
lettering

The assistance will take the form of:

See Appendix 2

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

\*Delete as  
appropriate

RRN Group Limited in respect of the 1,270 ordinary shares of  
US\$1 and RRN Holdings Limited in respect of all other shares in  
the capital of the Company

The principal terms on which assistance will be given are:

Please see Appendix 3

The amount of cash to be transferred to the person assisted is £ Nil

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

*Full* The date on which the assistance is to be given is 4<sup>th</sup> 5 January 19 96



**Form No 155(6)a**

**REED REGIONAL NEWSPAPERS LIMITED**

**(Company No. 1676637)**

**APPENDIX 1**

The list below details the number and class of the shares to be acquired

- 127 issued Deferred Ordinary Shares of £1 each in the capital of the Company by RRN Holdings Limited;
- 325,000 issued 1% First Cumulative Redeemable Preference Shares of £1 each in the capital of the Company by RRN Holdings Limited;
- 1,270 Ordinary Shares of US\$1 each in the capital of the Company by RRN Group Limited; and
- 99,900 issued 1% Second Cumulative Redeemable Preference Shares of £1 each in the capital of the Company by RRN Holdings Limited;

(the "Acquisition")

**REED REGIONAL NEWSPAPERS LIMITED**

(Company No: 1676637)

**APPENDIX 2**

1. **Senior Facility Agreement**

By entering into a facility agreement (the "**Senior Facility Agreement**") between (1) RRN Holdings Limited ("**Holdings**"), (2) the Company, (3) the Companies named in Schedule A, Part I thereto (being the Company) (the "**Borrower**"), (4) the Companies named in Schedule A, Part II thereto (being Holdings, RRN Group Limited, Reed Regional Newspapers Limited, Reed Midland Newspapers Limited, Reed Midland Newspapers (Worcester) Limited, Reed Midland Newspapers (Stourbridge) Limited, Reed Midland Newspapers (Birmingham) Limited, Reed Midland Newspapers (South) Limited, Reed Midland Newspapers (Printing) Limited, Reed Midland Newspapers (Lendon) Limited, Reed Southern Newspapers Limited, Reed Southern Print Limited, South London Guardian Limited, Guardian Gazette and Independent Newspapers Limited, News Shopper Limited, London and Kent Newspapers Limited, Essex County Newspapers Limited, Reed Letterbox Services Limited, Billington & Wright Limited, RRN (Midlands North) Limited, RRN (Midlands South) Limited, RRN (Essex) Limited, RRN (Lancashire) Limited, RRN (London) Limited, RRN (Cheshire/Merseyside) Limited, RRN (Yorkshire) Limited, RRN Printing (Lostock) Limited, RRN Printing (Colchester) Limited, RRN Printing (Worcester) Limited, Reed Northern Newspapers Limited, Reed Northern Newspapers (Wirral) Limited, Reed Northern Newspapers (Yorkshire) Limited, Reed Northern Newspapers (Bolton/St Helens) Limited, Reed Northern Newspapers (Cheshire) Limited, Reed Northern Newspapers (LET/Citizen) Limited (the "**Guarantors**"), (5) Credit Suisse and CS First Boston Limited as Arrangers and (6)(7) and (8) Credit Suisse as Facility Agent, Original Bank and Security Agent,

- (a) the Company is to borrow the maximum principal aggregate sum of £95,000,000 by way of a senior term loan facility for a maximum 8 year term (the "**Term Loan Facility**");
- (b) the Company is to borrow the maximum principal aggregate sum of £20,000,000 by way of a 6 year revolving credit facility (the "**Revolving Credit Facility**");
- (c) the Company is to pay certain fees incurred in connection with the Senior Facility Agreement, the Vendor Notes and related borrowing.

2. **Vendor Notes**

By the Company issuing two loan notes (one of nominal amount of £68,485,596 and the other of nominal amount of £2,966,099) and a financing fee letter (the "**Vendor Notes**") to Reed Elsevier Overseas BV ("**REOBV**") pursuant to the agreement (the "**Purchase Agreement**") for the sale and purchase of the issued share capital of the Company dated 22 November 1995 by RRN Group Limited, REOBV and Reed Elsevier PLC ("**RE PLC**").

3. **Guarantee and Debenture**

By giving security in respect of the Term Loan Facility, the Revolving Credit Facility, the Vendor Notes, any hedging liabilities and any subordinated debt incurred to refinance the Vendor Note by way of a guarantee and debenture (the "**Guarantee and Debenture**") between (1) Holdings, (2) the Company, (3) the Company and the Guarantors as Chargors and (4) Credit Suisse as Security Agent.

4. **Priority Agreement**

By entering into a priority agreement (the "**Priority Agreement**") between (1) Holdings, (2) the Company, (3) the Company and the Guarantors as Borrowers and/or Guarantors and/or Intercompany Creditors and/or Intercompany Debtors (4) REOBV as Vendor Creditor (5) Credit Suisse as the Senior Creditor, the Hedging Bank, the Security Agent and Senior Agent relating, inter alia, to the Senior Facility Agreement and to the Vendor Notes.

5. **Upstream Loan Agreement**

By entering into an upstream loan agreement (the "**Upstream Loan Agreement**") between (1) Holdings (2) RRN Group Limited (3) the Company and (4) the Guarantors relating to the assistance to be provided to Holdings, RRN Group Limited and the Company to enable them to meet their respective obligations under the Senior Facility Agreement, to discharge the Vendor Notes, to satisfy any payments required under the Purchase Agreement, to refinance any debt (including inter company debt) created in connection with the Acquisition and to meet fees and expenses incurred in connection with the Acquisition.

6. **Funds Flow**

By the funding of RRN Group Limited with a loan from the Company of £ <sup>1,246,216</sup> for the purpose of facilitating the Acquisition and the payment of certain fees and expenses incurred in connection with the Acquisition. *JUL*

By lending £ <sup>175,000,000</sup> of non-interest bearing debt to RRN (London) Limited, RRN (Essex) Limited, RRN (Lancashire) Limited, RRN (Cheshire/Merseyside) Limited, RRN (Yorkshire) Limited, RRN (Midlands North) Limited, RRN (Midlands South) Limited, RRN Printing (Worcester) Limited, RRN Printing (Lostock) Limited, RRN Printing (Colchester) Limited *JUL*

(the "**Trading Subsidiaries**") for the purpose of permitting the Trading Subsidiaries to repay outstanding indebtedness to Reed Elsevier UK Limited ("**REUK**").

**REED REGIONAL NEWSPAPERS LIMITED**

(Company No: 1676637)

**APPENDIX 3**

**1. Senior Facility Agreement**

- (i) The Company will borrow up to £95,000,000 under the Term Loan Facility in order to facilitate payment of consideration payable under the Purchase Agreement including by means of repayment of certain inter-company indebtedness due from certain members of the RRN Group ("**RRN Group**", being the Company and all its subsidiaries listed in the Purchase Agreement) to either of REPLC or REOBV or any of their affiliates and lending to Holdings, RRN Group Limited and other members of the RRN Group to finance the payment of costs incurred in connection with the Acquisition.
- (ii) The Company will borrow up to £20,000,000 under the Revolving Credit Facility, which sum shall be applied (i) to any adjustments made post closing of the Purchase Agreement as required by the Purchase Agreement; and/or (ii) for the general corporate purposes of members of the RRN Group.
- (iii) The Company will pay fees and disbursements of Credit Suisse together with the fees of the professional advisors (including merchant banking fees) of Credit Suisse and the Company incurred in connection with the Senior Facility Agreement, the Vendor Notes and related borrowing.

**2. Vendor Notes**

The first Vendor Note is in a principal amount of £68,485,596, redeemable on or before 3 February 1997 and is a deep discount security within the meaning of paragraph 1(i)(d) of Schedule 4 to the Income and Corporation Taxes Act 1988, (ii) the second Vendor Note is in a principal amount of £2,966,099 redeemable on or before 3 July 1996 and is also a deep discount security and (iii) the financing fee letter relates to the first Vendor Note and details certain fees payable by the Company to REOBV throughout the term of the first Vendor Note. The Vendor Notes are secured by the Guarantee and Debenture although they are subordinated to the indebtedness created by the Senior Facility Agreement pursuant to the Priority Agreement.



3. **Guarantee and Debenture**

(i) In consideration of Credit Suisse as Security Agent, Facility Agent, Original Bank, Hedging Bank and LC/Guarantee Bank, Credit Suisse and CS First Boston Limited as Arrangers, REOBV, and any bondholders and any issue trustee in connection with a debt issue to be made by one of the Company's holding companies or the Company itself (the "**Lenders**", such term to include any other finance party or hedging bank from time to time) entering into the Senior Facility Agreement or any connected documents (including any hedging liabilities), the Vendor Notes, the Priority Agreement and any documents designed by the Security Agent and entered into in connection with any public debt issue to be made by one of the holding companies of the Company or the Company itself (the "**Finance Documents**"), each Guarantor (including the Company) as Chargers irrevocably and unconditionally and jointly and severally:

- (a) guarantees as principal obligor to Credit Suisse as Security Agent prompt performance by each other Guarantor (each an "**Obligor**") of all its obligations under the Finance Documents constituting Secured Liabilities (as defined below) and the payment of all sums payable now or in the future to Credit Suisse as Security Agent and the Lenders by each other Obligor comprised in the Secured Liabilities when and as the same become due;
- (b) undertakes with Credit Suisse as Security Agent that, if and whenever any Obligor shall be in default in the payment of any sum whatsoever due from it in connection with any Finance Document and comprised in the Secured Liabilities, the Guarantor will on demand by Credit Suisse as Security Agent pay such sums as if it instead of the defaulting Obligor were expressed to be the primary obligor; and
- (c) indemnifies Credit Suisse as Security Agent and each Lender against all losses, claims, damages and liabilities which may be suffered by the Security Agent or any Lender as a result of any obligation guaranteed by each Guarantor being or becoming unenforceable, invalid or illegal.

(ii) "**Secured Liability**" means:-

- (a) all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of each Obligor to the Lenders (or any of them) under the Senior Facility Agreement and any document entered into thereunder (including any hedging

documents), the Guarantee and Debenture, the Priority Agreement (the "**Senior Finance Documents**"), together with all reasonable costs, charges and expenses incurred by any Lender in connection with the protection, preservation and enforcement of its respective rights under the Senior Finance Documents; and

- (b) all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of each Obligor to the Lenders (or any of them) under each of the Vendor Notes, any documents entered into in connection with any public debt issue to be made by one of the holding companies of the Company or the Company itself and the Priority Agreement (the "**Subordinated Finance Documents**") together with all reasonable costs, charges and expenses incurred by any Lender in connection with the protection or preservation of its respective rights under the Subordinated Finance Documents.
- (iii) As security for the payment, discharge and performance of the Secured Liabilities, each Guarantor agrees to create, by entering into the Guarantee and Debenture:
  - (a) a first floating charge over all its undertaking and assets, both present and future, its rights and property (the "**Security Assets**");
  - (b) a fixed charge (by way of first legal mortgage) over certain property now belonging to each Guarantor (as more particularly specified therein);
  - (c) a first mortgage or charge over all present and future shares of all members of the RRN Group and all related rights;
  - (d) an assignment to Credit Suisse as Security Agent of all the Borrowers' and Guarantors' rights, title and interest in and to (i) insurance policies taken out by any Borrower or Guarantor (the "**Insurances**"); (ii) the Purchase Agreement; (iii) any hedging agreement entered into in connection with the Senior Facility Agreement; (iv) an investor and shareholders' agreement dated no later than the Senior Facility Agreement between Holdings, RRN Associates Limited Partnership and senior management of the Company (the "**Subscription Agreement**"); and (v) any agreement under which any inter-company debt is outstanding, evidence, secured or guaranteed; and

(e) a first fixed charge over, inter alia, (i) all present and future estates or interests in any freehold or leasehold property and any rights under any licence or other document; (ii) all its present and future plant, machinery, computers and vehicles; (iii) all moneys (including interest) from time to time standing to the credit of each of its present and future accounts with any bank, or financial institution or other person and the debts represented thereby; (iv) all its benefits, claims and returns of premium in respect of the Insurances to the extent the same are not already assigned; (v) all of its present and future book and other debts, all other moneys due or which may become due and the benefit of all rights, securities and guarantees of any nature held by it in respect of the foregoing; (vi) its rights and benefits under any insurance contracts and policies entered into by the Guarantors, the Purchase Agreement, the Tax Covenants (as defined in the Purchase Agreement), any hedging agreement entered into in connection with the Senior Facility Agreement, the Subscription Agreement, any agreement by which any intercompany debt is outstanding, evidenced, secured or guaranteed, any negotiable instruments and any distributorship or agreement held by it for the licensing of intellectual property rights held by the Guarantors and any letters of credit issued in the Company's or any Guarantor's favour; (vii) any beneficial interest, claim or entitlement in or to any assets of any pension fund; (viii) its present and future goodwill; (ix) its present and future licences, permissions, consents and authorisations held in connection with its business or the use of any of the Security Assets; (x) its present and future uncalled capital; and (xi) all its present and future intellectual property rights.

(iv) Each Guarantor agrees with Credit Suisse as Security Agent that it will pay or discharge the Secured Liabilities on the due date as required by the Senior Facility Agreement, the Vendor Notes and any other document entered into thereunder.

#### 4. **Priority Agreement**

(i) The principal purpose of the Priority Agreement is that it ranks the Senior Debt and the Hedging Liabilities, the Vendor Debt and the Inter-company Debt (as defined below) in the following order:

(1) all present and future liabilities (actual or contingent) payable by the Guarantors to Credit Suisse and other banks under the Senior Facility Agreement or any documents entered into in connection therewith (the "Senior Debt") and all present and future liabilities (actual or

contingent) payable by the Guarantors under Hedging Documents (as defined in the Priority Agreement) entered into in favour of the Hedging Banks (as defined in the Priority Agreement) from time to time (the "**Hedging Liabilities**") pari passu without any preference between them;

(2) all present and future liabilities (actual or contingent) payable by the Guarantors to REOBV under the Vendor Notes (the "**Vendor Debt**"); and

(3) all present and future liabilities (actual or contingent) payable by certain subsidiaries of the Company to other members of the RRN Group (the "**Intercompany Debt**").

(ii) Each Guarantor covenants to pay to Credit Suisse as Security Agent the Senior Debt, the Hedging Liabilities and the Vendor Debt

#### 5. Upstream Loan Agreement

The Upstream Loan Agreement in favour of Holdings, RRN Group Limited and the Company sets out the terms and conditions on which the Guarantors agree to make loan facilities available to Holdings, RRN Group Limited and the Company in order to assist them to comply with their obligations under the Senior Facility Agreement, to discharge the Vendor Notes, to meet any payments required under the Purchase Agreement, to refinance any debt (including intercompany debt) created in connection with the Acquisition and to meet any fees and expenses incurred in connection with the Acquisition.

#### 6. Funds Flow

The Company agrees to make an "on demand" to RRN Group Limited of £ <sup>1,246,216</sup> which <sup>Jul</sup> funds will be applied to the Acquisition and the payment of certain related fees and expenses.

Following the draw down by the Company of £ <sup>95,000,000</sup> under the Senior Facility Agreement, the Company lends £ <sup>175,000,000</sup> to the Trading Subsidiaries as non-interest bearing debt to <sup>Jul</sup> allow them to repay their respective indebtedness to REUK. <sup>Jul.</sup>

# Touche Ross



## Chartered Accountants

Touche Ross & Co.  
Hill House  
1 Little New Street  
London EC4A 3TR

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LDE: DX 599

## AUDITORS' REPORT TO THE DIRECTORS OF REED REGIONAL NEWSPAPERS LIMITED ("the Company") PURSUANT TO SECTION 156(4) OF THE COMPANIES ACT 1985

We have examined the attached statutory declaration of the directors dated 4 January 1996 in connection with the proposal that the Company should give financial assistance for the acquisition of the entire issued share capital of the Company by RRN Group Limited and RRN Holdings Limited.

### 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 1985 is unreasonable in all the circumstances.

Touche Ross & Co.  
Chartered Accountants and Registered Auditors  
4 January 1996

COMPANIES HOUSE 18/01/96

**Deloitte Touche  
Tohmatsu  
International**

Aberdeen, Bath, Belfast, Birmingham, Bournemouth, Bracknell, Bristol, Cambridge, Cardiff, Crawley, Dartford, Edinburgh, Glasgow, Leeds, Leicester, Liverpool, London, Manchester, Milton Keynes, Newcastle upon Tyne, Nottingham and Southampton.

Principal place of business at which a list of partners' names is available:  
Stonecutter Court, 1 Stonecutter Street, London EC4A 4TR.

Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.