

G

CHA 116

COMPANIES FORM No. 155(6)b

Declaration by the directors of a holding company in relation to assistance for the acquisition of shares.

155(6)b

Please do not write in this margin

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

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

*insert full name of company

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

§Delete as appropriate

‡Delete whichever is inappropriate

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

To the Registrar of Companies

For official use

Company number



1676637

Name of company

* Reed Regional Newspaper Limited

I/We† 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, Earling, 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 (hereinafter called 'this company') do *Jun* solemnly and sincerely declare that:

The business of the company is:

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

This company is ~~the~~ [a] holding company of* Please see appendix 1 *Jun*

_____ which is proposing to give financial assistance in connection with the acquisition of shares in [this company] [_____

_____ the holding company of this company]† *Jun*

Presenter's name, address and reference (if any):

Clifford Chance
200 Aldersgate Street
London
EC1A 4JJ
1556B.51
NJXB/G2037/78/DK

For official use
General Section



The assistance is for the purpose of [that acquisition] ~~reducing or discharging a liability incurred for the~~ ^{JUK}
~~purpose of that acquisition~~ † (note 1) ^{JUK}

Please do not
write in this
margin

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

The number and class of the shares acquired or to be acquired is: Please see Appendix 2

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

The assistance will take the form of:

Please see Appendix 3

^{JUK} The person who ~~has acquired~~ [will acquire] † the shares is:

RRN Group Limited in respect of the 1270 ordinary shares of US\$1 and RRN
Holdings Limited in respect of all other shares

†Delete as
appropriate

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

Please see Appendix 4

The amount (if any) by which the net assets of the company which is giving the assistance will be reduced
by giving it is Nil

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

Please do not write in this margin

The date on which the assistance is to be given is 4 and 5 January 19 96 *Jul*

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

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

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

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

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

Declared at 200 ADELPHI GATE STREET
LONDON EC1A 4SS.

the 4th day of January
One thousand nine hundred and ninety six

before me JULIUS BERTS JULIUS BERTS
~~A Commissioner for Oaths or Notary Public or Justice of the Peace or~~ a Solicitor having the powers conferred on a Commissioner for Oaths.

Declarants to sign below
[Handwritten signatures]
JC Pfeil
A Radbury

NOTES

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

Form 155(6)b
(Non Trading Subsidiaries)
REED REGIONAL NEWSPAPERS LIMITED
(Company No. 1676637)
APPENDIX 1

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 (Lendan) Limited
Reed Southern Print Limited
South London Guardian Limited
Guardian Gazette & Independent Newspapers Limited
News Shopper Limited
London & Kent Newspapers Limited
Essex County Newspapers Limited
Reed Letterbox Services Limited
Billington & Wright 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
Reed Midland Newspapers Limited
Reed Southern Newspapers Limited
Reed Northern Newspapers Limited

Form No 155(6)b
(Non Trading)
REED REGIONAL NEWSPAPERS LIMITED
(Company No. 1676637)
APPENDIX 2

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 Reed 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")

Form 155(6)b
(Non Trading Subsidiary)
REED REGIONAL NEWSPAPERS LIMITED
(Company No: 1676637)
APPENDIX 3

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 Holding, 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 (Lendan) 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 (Midland North) Limited, RRN (Midland 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**"); and
- (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**").

2. **Guarantee and Debenture**

By giving security in respect of the Term Loan Facility, the Revolving Credit Facility, 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 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") (the "Purchase Agreement") and any hedging liabilities and any subordinated debt incurred to refinance the Vendor Notes 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.

3. **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.

4. **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.

Form 155(6)(b)
(Non-Trading Subsidiary)
REED REGIONAL NEWSPAPERS LIMITED
(Company No: 1676637)
APPENDIX 4

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, 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.

2. **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 designated 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 Chargors 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) undertake 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) indemnify 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, evidenced, 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.

3. **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 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.

4. **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 Borrower and 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.

Touche Ross



Chartered Accountants

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

Telephone: National 0171 936 3000
International + 44 171 936 3000
Telex: 884739 TRLNDN G
Fax (Gp. 3): 0171 583 8517
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's subsidiaries, as noted in Appendix A, 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 107 PATERNOSTER SQUARE

**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.



Appendix A - Reed Regional Newspapers Limited subsidiary companies referred to in the attached report

RRN (Cheshire/Merseyside) Limited
RRN (Essex) Limited
RRN (Lancashire) Limited
RRN (London) Limited
RRN (Midlands North) Limited
RRN (Midlands South) Limited
RRN (Yorkshire) Limited
RRN Printing (Colchester) Limited
RRN Printing (Lostock) Limited
RRN Printing (Worcester) Limited