

The Companies Act 1985

COMPANY LIMITED BY SHARES

SPECIAL RESOLUTIONS

passed as

WRITTEN RESOLUTIONS

of

COATS FINANCE CO LIMITED

(Passed pursuant to section 381A of the Companies Act 1985)

By a set of written resolutions of the above named Company duly passed on 26 March 2004 the following resolutions were duly passed as special resolutions of the Company as follows:

RESOLUTIONS

1. THAT, subject to compliance with sections 155-158 of the Companies Act 1985, the Company enters into the documents as referred to in the Statutory Declaration made by the directors of the Company and listed in paragraphs 1 to 4 inclusive in the Appendix set out below (the "Finance Documents"). The original Statutory Declaration described in this paragraph and its annexed Auditors Report required by Section 156(4) of the Companies Act 1985 have been made available to the sole member of the Company.
2. THAT the giving of financial assistance by the execution, delivery and performance by the Company of the Finance Documents is approved.
3. THAT, notwithstanding any personal interest, the board of directors of the Company be and is specifically authorised, empowered and directed in the name of and on behalf of the Company:
 - 3.1 to execute and deliver each of the Finance Documents in the form produced to the sole member of the Company entitled to attend and vote at general meetings of the Company with such amendments as they shall in their absolute discretion approve; and
 - 3.2 to enter into such documentation and to take such action as may be required in order to carry out the matters referred to above.



APPENDIX

Finance Documents

1. Facilities Agreement Accession

The execution by the Company of an accession letter to a facilities agreement dated on or about the date of these resolutions between Coats Holdings plc (as the Company) (1), the companies listed in Part 1 of Schedule 1 thereto (as the Original Borrowers) (2), the companies listed in Part 2 of Schedule 1 thereto (as Original Guarantors) (3), The Governor and Company of the Bank of Scotland (as Mandated Lead Arranger and Bookrunner) (4) and (5), the financial institutions listed in Part 3 and Part 4 of Schedule 1 thereto (as Original Lenders) (6) and The Governor and Company of the Bank of Scotland (as Agent, Issuing Bank and Security Agent) (7), (8) and (9) (each term as defined therein).

2. Mezzanine Loan Agreement Accession

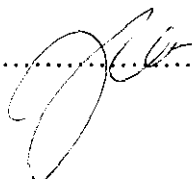
The execution by the Company of an accession letter to a mezzanine loan agreement dated on or about the date of these resolutions between Coats Holdings plc (as the Company and the Borrower), the companies listed in Part 1 of Schedule 1 thereto (as Original Guarantors), The Governor and Company of the Bank of Scotland (as Mandated Lead Arranger and Bookrunner) and the financial institutions listed in Part 2 of Part 3 of Schedule 1 thereto (as Original Lenders) and The Governor and Company of the Bank of Scotland (as Agent and Security Agent) (each term as defined therein).

3. Debenture Accession

The execution by the Company of a deed of accession and charge to a debenture made by Coats Holdings plc in favour of The Governor and Company of the Bank of Scotland as Security Agent to secure all Indebtedness at or after the date thereof due, owing or incurred by the Company to each Beneficiary under or pursuant to the Finance Documents whether on or after demand (each term as defined therein).

4. Intercreditor Deed Accession

The execution by the Company of a deed of accession to an intercreditor deed made between The Governor and Company of the Bank of Scotland (as Security Agent and Senior Agent) (1) and (2), the Senior Creditors (3), the Hedging Banks (4), The Governor and Company of the Bank of Scotland (as Mezzanine Agent) (5), the Mezzanine Creditors (6), the Investors (7), Coats Holdings plc (as the Company) (8), the Intercompany Creditors (9) and the Obligors (10) governing, amongst other things, the priorities between the various parties thereto (each term (other than the Company) as defined therein).


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Director