

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

155(6)b

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK**

[illegible]

1173044

The assistance is for the purpose of ~~XXXXXX~~ [reducing or discharging a liability incurred for the purpose of that acquisition].† (note 1)

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: £202 divided into 202
ordinary shares

The assistance is to be given to: (note 2) TATA TEA (GB) LIMITED whose registered office
is at 325 Oldfield Lane North, Greenford, Middlesex UB6 0AZ

The assistance will take the form of:

SEE ATTACHED CONTINUATION SHEET NUMBER 1

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

TATA TEA (GB) LIMITED whose registered office is at 325 Oldfield Lane
North, Greenford, Middlesex UB6 0AZ

† delete as appropriate

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

SEE ATTACHED CONTINUATION SHEET NUMBER 2

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

The date on which the assistance is to be given is within 8 weeks of today's date

~~X~~We have formed the opinion, as regards this 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)

(a) ~~X~~We have formed the opinion that this company will be able to pay its debts as they fall due during the year immediately following that date)* (note 3)

[illegible]

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

Declared at

Declarants to sign below

Herbert Smith, Carson

Declarants to sign below

[Signature] *[Signature]*

Day Month Year

on 0 4 0 2 2 0 0 5

Peter Kunst

before me A. A. Hansen

Daniel Bern

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

NOTES

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

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

or, for companies registered in Scotland:-

**The Registrar of Companies
Companies House
37 Castle Terrace
Edinburgh
EH1 2EB**

Continuation Sheet Number 1

On 28 February 2003, Tata Tea (GB) Limited ("**TTGB**") acquired from The Tetley Group Limited ("**TTGL**") the entire existing share capital of Tetley Group Holdings Limited ("**TGHL**"), which is a holding company of Tetley Overseas Holdings Limited (the "**Company**"). The consideration for the acquisition was left outstanding on an intercompany account (the "**Deferred Consideration**"). In incurring an obligation to pay the Deferred Consideration, TTGB changed its financial position, and incurred a liability, for the purpose of its acquisition of the shares in TGHL.

On 28 February 2003, TTGB and, *inter alia*, the Company entered into certain financing and security arrangements (the "**Existing Financing**").

It is presently proposed that TTGB enter into certain financing and security arrangements (the "**New Financing**"). The New Financing arrangements would refinance the Existing Financing and, as the Deferred Consideration is still outstanding, may reduce or discharge the Deferred Consideration and wholly or partly restore the financial position of TTGB to what it was before its acquisition of TGHL took place. The New Financing is detailed in the following documents:

1. A £75,000,000 term loan and £67,500,000 revolving credit facility agreement to be entered into by, *inter alia*, (1) TTGB as Borrower and Guarantor, (2) the Company as Guarantor and (3) Rabobank International, London Branch as Arranger, Original Bank, Issuing Bank, LC Bank, Security Agent and Facility Agent (the "**Senior Facility Agreement**");
2. A £17,500,000 subordinated revolving credit facility agreement to be entered into by, *inter alia*, (1) TTGB as Borrower (2) the Company as Guarantor and (3) Rabobank International, London Branch as Arranger, Original Lender, Security Agent and Facility Agent (the "**SRCF Agreement**");
3. A £300,000,000 on demand revolving credit facility made available by TTGB and TTGL to each of Tetley Group Holdings Limited, Tetley GB Limited, the Company, Tetley Overseas Limited, Tetley Australia Pty Limited, Tetley Canada Inc., Tetley US Holdings Inc. and Tetley USA Inc. for general corporate purposes, including repaying their obligations and liabilities under the Finance Documents (as such term is defined in the Senior Facility Agreement);
4. A £300,000,000 on demand revolving credit facility made available by Tetley Group Holdings Limited, Tetley GB Limited, the Company, Tetley Overseas Limited, Tetley Australia Pty Limited, Tetley Canada Inc., Tetley US Holdings Inc. and Tetley USA Inc. to each of TTGB and TTGL for general corporate purposes, including repaying its obligations and liabilities under the Finance Documents (as such term is defined in the Senior Facility Agreement);
5. A £300,000,000 on demand revolving credit facility made available by TTGL to TTGB for general corporate purposes including the repayment of TTGB's obligations under the Finance Documents (as such term is defined in the Senior Facility Agreement);
6. A £300,000,000 on demand revolving credit facility made available by TTGB to TTGL for general corporate purposes including the repayment of the Company's obligations under the Finance Documents (as such term is defined in the Senior Facility Agreement)
7. A letter between TTGB and Rabobank International, London Branch relating to the hedging to be maintained by TTGB and its subsidiaries, and other interest rate swap and/or interest rate cap and/or other hedging agreements entered into or to be entered into by TTGB and/or its subsidiaries in connection with the New Financing (the "**Hedging Documents**"); and
8. Fee letters between TTGB and Rabobank International, London Branch as Arranger in relation to the Senior Facility Agreement and the SRCF Agreement (the "**Fee Letters**"),

(1. and 2. together the "**Facility Agreements**" and 3., 4., 5. and 6. together the "**Intra-Group Loan Agreements**").

The financial assistance to be given by the Company will take the form of:

1. the Company being an Obligor (as defined in the respective agreements) under:
 - (A) the Senior Finance Documents (as such term is defined in the Senior Facility Agreement); and
 - (B) the SRCF Finance Documents (as such term is defined in the SRCF Agreement);and in particular being a Guarantor under (and as defined in) each of the Facility Agreements, and thereby guaranteeing and granting indemnities in respect of, among other things, obligations and amounts payable under the Facility Agreements, the Debenture (as defined below), the Priority Deed (as defined below), the Fee Letters, the Hedging Documents and the other Senior Finance Documents and/or SRCF Finance Documents.
2. the Company being an Obligor under (and giving such undertakings and being subject to such obligations as are set out in) a priority deed to be entered into for the purpose of the New Financing, dealing with the ranking of the Senior Debt, Hedging Liabilities, SRCF Debt, Convertible Loan Stock Debt, Investor Debt and the Intercompany Debt (as such terms are defined in that deed) and entered into by, inter alia, the Obligors, the Senior Creditors, the Investors' Agent, the SRCF Creditor and the Subordinated Creditors (as such parties are more particularly described therein) (the "**Priority Deed**");
3. the Company being a Chargor under and as defined in, and being bound by the terms of, a debenture in favour of Rabobank International, London Branch (in its capacity as Security Agent) in connection with the New Financing, pursuant to which the Company grants security in respect of satisfaction of the Secured Liabilities (which term is defined in the Debenture and includes, inter alia, all obligations and liabilities of the Obligors (as defined in such debenture) under the Senior Finance Documents and the SRCF Finance Documents and all costs in relation to thereto), including fixed and floating charges over all or substantially all of its assets and undertaking (on the terms more particularly detailed therein) in respect thereof (the "**Debenture**");
4. an intra-group loan agreement whereby TTGB and TTGL agree to provide a revolving credit facility of up to £300,000,000 to certain subsidiaries of TTGB including the Company;
5. an intra-group loan agreement whereby certain subsidiaries of TTGB including the Company agree to provide a revolving credit facility of up to £300,000,000 to TTGB and TTGL;
6. the Company entering into a pledge agreement creating security over its shares in Tetley US Holdings Inc, in favour of Rabobank International, London Branch (in its capacity as security agent) in connection with the New Financing (the "**US Stock Pledge Agreement**"); and
7. the Company entering into a pledge agreement creating security over its shares in Tetley Canada Inc, in favour of Rabobank International, London Branch (in its capacity as security agent) in connection with the New Financing (the "**Canadian Share Pledge Agreement**").

Continuation Sheet Number 2

1(a)(A) Principal terms of the Senior Facility Agreement

Terms defined in the Senior Facility Agreement shall have the same meanings in this paragraph 1(a)(A).

Pursuant to the Senior Facility Agreement, the Company will become a Guarantor. The Company, among other things, will irrevocably and unconditionally and jointly and severally:

- (a) guarantee to each Finance Party, as principal obligor, prompt performance by each other Obligor of all its obligations under the Senior Finance Documents and the payment of all sums payable now or in the future to such Finance Party by each other Obligor under or in conjunction with the Senior Finance Documents when and as the same shall become due;
- (b) undertake with each Finance Party that, if and whenever any other Obligor does not pay any amount when due under or in connection with any Senior Finance Document, such Guarantor will on demand by the Facility Agent pay such amount as if such Guarantor instead of the other Obligor were expressed to be the primary obligor, and
- (c) indemnify each Finance Party on demand against any loss or liability suffered by it under any Senior Finance Document as a result of any obligation guaranteed by such Guarantor being or becoming unenforceable, invalid or illegal.

Under the Senior Facility Agreement and the other Senior Finance Documents, the Company will give a number of representations, warranties and undertakings in favour of the Finance Parties.

1(a)(B) Principal terms of the SRCF Agreement

Terms defined in the SRCF Agreement shall have the same meanings in this paragraph 1(a)(B).

Pursuant to the SRCF Agreement, the Company will become a Guarantor. The Company, among other things, will irrevocably and unconditionally and jointly and severally:

- (a) guarantee to each Finance Party, as principal obligor, prompt performance by each other Obligor of all its obligations under the SRCF Finance Documents and the payment of all sums payable now or in the future to such Finance Party by each other Obligor under or in conjunction with the SRCF Finance Documents when and as the same shall become due;
- (b) undertake with each Finance Party that, if and whenever any other Obligor does not pay any amount when due under or in connection with any SRCF Finance Document, such Guarantor will on demand by the Facility Agent pay such amount as if such Guarantor instead of the other Obligor were expressed to be the primary obligor; and
- (c) indemnify each Finance Party on demand against any loss or liability suffered by it under any SRCF Finance Document as a result of any obligation guaranteed by such Guarantor being or becoming unenforceable, invalid or illegal.

Under the SRCF Agreement and the other SRCF Finance Documents, the Company will give a number of representations, warranties and undertakings in favour of the Finance Parties.

1(b) Principal terms as an Obligor under the Priority Deed

Terms defined in the Priority Deed shall have the same meanings in this paragraph 1(b).

By entering into the Priority Deed, the Company, among other things, will enter into arrangements for the subordination of the Subordinated Debt (which includes debt from time to time owed to the Company by other members of the Group) to the Senior Debt, Hedging Liabilities, SRCF Debt and

Convertible Loan Stock Debt, and will give certain undertakings and indemnities in connection therewith. Without prejudice to the generality of the foregoing, the Company will:

- (a) covenant in favour of the Security Agent to pay the Senior Debt, the Hedging Liabilities, the SRCF Debt, the Convertible Loan Stock Debt, the Investor Debt and the Intercompany Debt to the Security Agent when and to the extent due from it under the terms of (and subject always to any express limits on the amounts capable of becoming due from it set out in) the Senior Finance Documents, the Hedging Documents, the SRCF Finance Documents, the Convertible Loan Stock Documents, the Investor Documents or the Intercompany Documents, as the case may be, to such bank account as the Security Agent may direct.
- (b) in respect of the SRCF Debt, the Convertible Loan Stock Debt or the Investor Debt, as the case may be, indemnify the SRCF Creditors, the Convertible Loan Stock Creditors or the Investor Creditors (as the case may be) upon demand (to the extent of its liability for the SRCF Debt) for the amount of such payment, distribution, recovered proceeds, set-off, combination of accounts or other discharge so paid and distributed and (if appropriate) costs, liabilities and expenses, and the SRCF Debt, the Convertible Loan Stock Creditors or the Investor Creditors (as the case may be) will not be deemed to have been reduced or discharged in any way or to any extent by the relevant payment, distribution, set-off, proceeds, combination of accounts, costs, liabilities or expenses.
- (c) undertake to each of the Senior Creditors, Hedging Banks and SRCF Creditors that, until the Senior Discharge Date, except as the Majority Senior Creditors have previously consented in writing it will not, and will procure that none of its Subsidiaries shall:
 - (i) pay, prepay or repay, or make any distribution in respect of, or on account of, or purchase or acquire, any of the SRCF Debt in cash or in kind, except as permitted under the terms of the Priority Deed; or
 - (ii) discharge any of the SRCF Debt by set-off, any right of combination of accounts or otherwise except if and to the extent that it is permitted therein; or
 - (iii) create or permit to subsist, or permit any member of the Group to create or permit to subsist, any Encumbrance over any of its assets for any of the SRCF Debt except under the Security Documents (as defined in the Senior Facility Agreement) or under any other Security Documents granted for the full benefit (save to the extent otherwise required so as to comply with applicable law, provided that the Obligors have used reasonable endeavours to overcome any legal impediment) of the Senior Creditors, the Hedging Banks and the SRCF Creditor, in accordance with the ranking specified in the Priority Deed; or
 - (iv) give any financial support (including without limitation, the taking of any participation, the giving of any guarantee, indemnity or other assurance against loss, or the making of any deposit or payment) to any person in respect of the SRCF Debt or to enable any person to do any of the things referred to in paragraph (i) above or this paragraph (iv), except:
 - (i) as effected under the Security Documents (and to the extent excepted thereunder); or
 - (ii) under the SRCF Facility Agreement as in force on the date hereof or as amended in compliance with the terms of the Priority Deed,

where such member of the Group (save to the extent otherwise required so as to comply with applicable law) gives like support under the Senior Facility Agreement to the Senior Creditors in relation to the Senior Debt and to the Hedging Banks in relation to the Hedging Liabilities; or

- (v) take or omit to take any action whereby the ranking and/or subordination of the SRCF Debt contemplated by the Priority Deed may be impaired.
- (d) Undertake that, without obtaining the consent of the Senior Agent, SRCF Agent and/or Convertible Creditors' Agent (as required by the Priority Deed), it will not, and will not allow any of its Subsidiaries to:
 - (i) pay, prepay or repay, or make any distribution in respect of, or on account of, or purchase or acquire, any of the Subordinated Debt in cash or in kind, except as permitted therein; or
 - (ii) discharge any of the Subordinated Debt by set-off, any right of combination of accounts or otherwise except if and to the extent that it is permitted therein; or
 - (iii) create or permit to subsist, or permit any member of the Group to create or permit to subsist, any Encumbrance over any of its assets for any of the Subordinated Debt; or
 - (iv) give any financial support (including without limitation, the taking of any participation, the giving of any guarantee, indemnity or other assurance against loss, or the making of any deposit or payment) to any person in respect of the Subordinated Debt or to enable any person to do any of the things otherwise prohibited by paragraph (a) above or this paragraph (b), except under the original provisions of the Convertible Loan Stock Documents or the Intercompany Documents or under the Security Documents executed in favour of the Security Agent (as the case may be); or
 - (v) take or omit to take any action whereby the subordination of the Subordinated Debt contemplated by this Deed may be impaired except to the extent expressly permitted hereunder.
- (e) agrees to (i) various restrictions on its right to require or accept the payment or repayment of certain monies which may otherwise be due to it or to enforce repayment of monies; (ii) restrictions on its ability to take or enforce security for amounts owing to it; (iii) restrictions on the operation of subrogation; (iv) restrictions on its ability to deal with certain debts and receivables; and (v) the subordination of its claims on insolvency and restrictions of certain of its rights in certain insolvencies.
- (f) agree to turn over amounts received or recovered by it, or discharged by way of set off, combination of accounts or otherwise, in certain circumstances.
- (g) undertake to enforce debts owing to it in certain circumstances and/or if required by certain parties.
- (h) agree to certain restrictions on its ability to amend, vary, waive, supplement, release, discharge or allow to be superseded any provision of the Hedging Documents, SRCF Finance Documents, Security Documents, Convertible Loan Stock Documents, Intercompany Documents and Investor Documents.

1(c) Principal terms of the Debenture

Terms defined in the Debenture shall have the same meanings in this paragraph 1(c).

By entering into the Debenture:

- 1(c).1 The Company grants to the Security Agent the assignments, charges, mortgages and other security described in the Debenture as being granted, created or made by Chargors thereunder (and summarised below), to the intent that its assignments, charges, mortgages and other security shall be effective and binding upon it and its property and assets and shall not in any way be avoided, discharged or released or otherwise be adversely affected by any

ineffectiveness or invalidity of the Debenture or of any other party's execution thereof, or by any avoidance, invalidity, discharge or release of any guarantee, assignment or charge contained in the Debenture;

1(c).2 Fixed Charges

The Company as beneficial owner and with full title guarantee as security for the payment, discharge and performance of all Secured Liabilities at any time owed or due to the Secured Parties (or any of them), charges in favour of the Security Agent (as agent and trustee for the Secured Parties):

- (a) by way of a first legal mortgage all the property (if any) now belonging to it and specified in Schedule 2 and/or in the Schedule to the Deed of Accession to the Debenture by which it became party to the Debenture (where relevant), together with all buildings and Fixtures thereon, the proceeds of sale of all or any part thereof and the benefit of any covenants for title given or entered into by any predecessor in title and any moneys paid or payable in respect of such covenants subject, in the case of any leasehold properties, to any necessary third party's consent to such mortgage being obtained (the charge in relation to any such leasehold property to take effect immediately on such consent being obtained); and
- (b) by way of first legal mortgage all estates or interests in any freehold or leasehold property and any rights under any licence or other agreement or document which gives any Chargor a right to occupy or use property, (except any Security Assets specified in paragraph (a) and/or (b) above) wheresoever situated now belonging to it together with all buildings and Fixtures thereon, the proceeds of sale of all or any part thereof and the benefit of any covenants for title given or entered into by any predecessor in title and any moneys paid or payable in respect of such covenants subject, in the case of any leasehold properties, to any necessary third party's consent to such mortgage being obtained;
- (c) by way of first fixed charge:
 - (i) (to the extent that the same are not the subject of a mortgage under paragraph (a) above) all present and future estates or interests in any freehold or leasehold property and any rights under any licence or other agreement or document which gives the Company a right to occupy or use property, wheresoever situate now or hereafter belonging to it together with all buildings and Fixtures thereon, the proceeds of sale of all or any part thereof and the benefit of any covenants for title given or entered into by any predecessor in title and any moneys paid or payable in respect of such covenants, subject, in the case of any leasehold properties, to any necessary third party's consent to such charge being obtained;
 - (ii) all plant, machinery, computers and vehicles now or in the future owned by it and, subject to any necessary third party's consent to such charge being obtained, its interest in any plant, machinery, computers or vehicles in its possession other than any for the time being part of the Company's stock in trade or work in progress;
 - (iii) all moneys (including interest) from time to time standing to the credit of each of its present and future accounts (including, without limitation, the Security Accounts, but excluding any Cash Collateral Prepayment Account) with any bank, financial institution or other person and the debts represented thereby, provided that without prejudice to any other provision hereof any such monies paid out of such accounts without breaching the terms of the

Secured Finance Documents and not paid into another such account in the name of the Company shall be released from the fixed charge effected by this sub-paragraph (iii) upon the proceeds being so paid out;

- (iv) (to the extent not effectively assigned under the Debenture all proceeds in respect of the Insurances (as defined therein)) and all claims and returns of premiums in respect thereof;
- (v) all of its present and future book and other debts, all other moneys due and owing to it or which may become due and owing to it at any time in the future and the benefit of all rights, securities and guarantees of any nature whatsoever now or at any time enjoyed or held by it in relation to any of the foregoing including in each case the proceeds of the same, provided that without prejudice to any other provision hereof such proceeds shall be released automatically from the fixed charge effected by Clause 4.1(v) of the Debenture upon those proceeds being credited to any Security Account;
- (vi) (to the extent not already effectively assigned), all of its rights and benefits under each of the Relevant Agreements all bills of exchange and other negotiable instruments held by it, and (subject to any necessary third party's consent to such charge being obtained) any distributorship or agreement for the licensing of Intellectual Property Rights or similar agreements entered into by it and any letters of credit issued in its favour;
- (vii) any beneficial interest, claim or entitlement of it to any assets of any pension fund;
- (viii) its present and future goodwill;
- (ix) to the extent not prohibited by the terms thereto as originally issued or, if later, as in force at the date of the Debenture, the benefit of all present and future licences, permissions, consents and authorisations (statutory or otherwise) held in connection with its business or the use of any of the Security Assets specified in paragraphs (a) and (b) and sub-paragraph (i) above and the right to recover and receive all compensation which may at any time become payable to it in respect thereof;
- (x) its present and future uncalled capital;
- (xi) all its present and future Intellectual Property Rights (including, without limitation, any rights and interest of the Company in those patents and trade marks and designs, if any, specified in Schedule 5 to the Debenture owned by it, subject to any necessary third party's consent to such charge being obtained. To the extent that any such Intellectual Property Rights are not capable of being charged (whether by reason of lack of any such consent or otherwise) the charge thereof purported to be effected by Clause 4.1(xi) of the Debenture shall operate as an assignment of any and all damages, compensation, remuneration, profit, rent or income which the Company may derive therefrom or be awarded or entitled to in respect thereof, as continuing security for the payment, discharge and performance of the Secured Liabilities; and
- (xii) all stocks, shares, debentures, bonds, warrants, coupons or other securities and investments now or in the future owned by any or (when used in relation to a particular Chargor) that Chargor from time to time not charged pursuant to Clause 4.2 of the Debenture, excluding:

- (A) shares in Joint Ventures over which Encumbrances are prohibited (or not permitted without consent of another party) by the terms of the agreements stabilising and regulating such Joint Ventures (as in effect at the date of the Debenture); and
- (B) shares in Joint Ventures entered into by the Chargors after the date of the Debenture (to the extent permitted under the terms of the Senior Facility Agreement) over which Encumbrances are prohibited (or not permitted without the consent of another party) by the terms of the agreements establishing and regulating such Joint Ventures provided that the terms of the agreements establishing and regulating such Joint Ventures contain a no less restrictive prohibition on Encumbrances in relation to the shares held by each party to such Joint Venture (other than the Chargor) as the prohibition in relation to the Chargor's shares,

provided that any property or assets situated in Scotland and any property or assets the rights in and to which are governed by the laws of Scotland shall be excluded from the mortgages and charges created or effected under the Debenture.

1(c).3 Charges on Shares

The Company as sole beneficial owner and with full title guarantee in accordance with the Law of Property (Miscellaneous Provisions) Act 1994, as continuing security for the payment, discharge and performance of all the Secured Liabilities at any time owed or due to the Secured Parties (or any of them):

- (a) mortgages and charges and agrees to mortgage and charge to the Security Agent (as agent and trustee for the Secured Parties) all Group Shares held now or in the future by it and/or any nominee on its behalf, the same to be a security by way of a first mortgage; and
- (b) mortgages and charges and agrees to mortgage and charge to the Security Agent (as agent and trustee for the Secured Parties) all the Related Rights (as defined in the Debenture) accruing to all or any of the Group Shares (as defined in the Debenture) held now or in the future by it and/or any nominee on its behalf, the same to be a security by way of a first mortgage or charge.

provided that whilst no Event of Default has occurred or is continuing, all dividends and other distributions paid or payable as referred to above may be paid directly to the Company, the Security Agent shall use all its reasonable endeavours to forward to the Company all material notices, correspondence and/or other communication it receives in relation to the Group Shares and all voting rights attaching to the relevant Group Shares may be exercised by the Company.

1(c).4 Assignments

- (a) The Company as beneficial owner and with full title guarantee in accordance with the Law of Property (Miscellaneous Provisions) Act 1994, as continuing security for the payment, discharge and performance of the Secured Liabilities at any time owed or due to the Secured Parties (or any of them), assigns and agrees to assign to the Security Agent (as agent and trustee for the Secured Parties) all its right, title and interest (if any) in and to the agreements specified and to:
 - (i) any and all proceeds of the Insurances ;
 - (ii) the Hedging Agreements;

- (iii) the Intra Group Loan Agreements;
 - (iv) the Pakistan Joint Venture Agreement;
 - (v) the Empirical Joint Venture Agreement;
 - (vi) the Southern Tea Joint Venture Agreement; and
 - (vii) the Tetley ACI Joint Venture Agreement.
- (b) The Company shall forthwith give notice of each such assignment of its right, title and interest except in the case of sub-paragraphs (a)(iv)-(a)(vii) above.
- (c) To the extent that any such right, title and interest described above is not assignable or capable of assignment, the assignment thereof purported to be effected by paragraph (a) shall operate as an assignment of any and all damages, compensation, remuneration, profit, rent or income which the Company may derive therefrom or be awarded or entitled to in respect thereof,

in each case as continuing security for the payment, discharge and performance of the Secured Liabilities at any time owed or due to the Secured Parties (or any of them).

- (d) Whilst no Event of Default exists (or an Event of Default has occurred but has been waived) the Security Agent shall permit the Company to exercise its Rights (other than to receive payment of money) under any Relevant Agreement to which it is party, provided that the exercise of these rights in the manner proposed would not result in a Default under the terms of the Senior Finance Documents or the SRCF Finance Documents, and (ii) any payments received by the Security Agent under or in respect of the Relevant Agreements by virtue of this Debenture shall be paid by the Security Agent to the Company save to the extent required by the terms of the Senior Facility Agreement, the SRCF Facility Agreement or, as the case may be, the Priority Deed to be applied against any of the Secured Liabilities which are then due and payable (or as a result of such receipt become due and payable).

1(c).5 Creation of floating charges

The Company as beneficial owner and with full title guarantee in accordance with the Law of Property (Miscellaneous Provisions) Act 1994, as security for the payment, discharge and performance of the Secured Liabilities, charges in favour of the Security Agent (as agent and trustee for the Secured Parties) by way of a first floating charge all its undertaking and assets whatsoever and wheresoever both present and future (including, without limitation, any undertaking and assets situated in Scotland (whether or not the same may be mortgaged or charged by way of standard security)), subject always to all mortgages, fixed charges and assignments created by or pursuant to the Debenture.

1(c).6 Restrictions on dealing

The Company undertakes to each Lender that, save as expressly permitted under the terms of the Debenture, the Senior Facility Agreement and the SRCF Facility Agreement it will not:

- (a) create or permit to subsist any Encumbrance over all or any of its assets, rights or property other than pursuant to the Debenture or any other Security Document; or
- (b) part with, lease, sell, transfer, assign or otherwise dispose of or agree to part with, lease, sell, transfer, assign or otherwise dispose of all or any part of its assets, rights or property or any interest therein.

2. Principal terms of the Intra-Group Loan (Company as Lender)

The Company and certain other subsidiaries of TTGB grant an on demand £300,000,000 revolving credit facility to TTGL and TTGB subject to the terms of the Priority Deed for the purpose of, *inter alia*, repaying all obligations and liabilities under the Finance Documents. Advances may not be terminated or demands for repayment made during the currency of the Senior and SRCF Facilities save where the borrowers thereof are or become insolvent or subject to liquidation or winding up.

3. Principal terms of the Intra-Group Loan (Company as Borrower)

TTGB and TTGL grant an demand £300,000,000 revolving credit facility to, *inter alia*, the Company subject to the terms of the Priority Deed for the purpose of, *inter alia*, repaying all obligations and liabilities under the Finance Documents. Advances may not be terminated or demands for repayment made during the currency of the Senior and SRCF Facilities save where the borrowers thereof are or become insolvent or subject to liquidation or winding up.

4. Principle terms of the US Stock Pledge Agreement

Terms defined in the US Stock Pledge Agreement shall have the same meanings in this paragraph 4.

By entering into the US Stock Pledge Agreement:

- 4.1 The Company will grant security for the prompt and complete payment and performance of the Secured Liabilities when due (whether due because of stated maturity, acceleration, mandatory prepayment, or otherwise) and to induce the Lenders to make the Loans, pledge to the Agent for the benefit of the Secured Parties, and grant to the Agent for the benefit of the Secured Parties a continuing security interest in, the Pledged Collateral.
- 4.2 The US Stock Pledge Agreement will create a continuing security interest in the Pledged Collateral and will remain in full force and effect until the irrevocable and indefeasible payment in full of the ultimate balance of the Secured Liabilities, regardless of any intermediate payment or discharge in whole or in part.
- 4.3 The Company will covenant and agree that, so long as any Lender has any commitment under the Senior Facility Agreement and until payment in full of the Secured Liabilities, it will not, save as permitted pursuant to the Secured Finance Documents, permit Tetley US Holdings Inc. to make, declare, or pay any dividends, distributions, or returns of capital, or purchase, redeem, or otherwise acquire for value any shares of capital stock or other ownership interests in Tetley US Holdings Inc. now or later outstanding, or make any distribution of assets or property to its shareholder as such.

5. Principle terms of the Canadian Share Pledge Agreement

Terms defined in the Canadian Share Pledge Agreement shall have the same meanings in this paragraph 5.

By entering into the Canadian Share Pledge Agreement:

- 5.1 The Company will grant to the Security Agent, by way of security interest, pledge, charge, assignment and hypothec, a security interest in:
 - (a) the Pledged Property;

- (b) all other shares in the capital of Tetley Canada Inc., and all warrants, options or other rights to acquire such shares in the capital of Tetley Canada Inc., which the Company now owns or may acquire in future;
 - (c) all other Securities, Instruments, negotiable Documents of Title and other personal property of any kind which may in future be acquired by the Company in renewal of, substitution for, as owner of, or as a result of the exercise of any rights relating to, any of the property described in this Section;
 - (d) all dividends, income or other distributions, whether paid or distributed in cash, Securities or other property, in respect of any of the property described in this section;
 - (e) all Intangibles now or hereafter relating in any way to any of the property described in this section; and
 - (f) all Proceeds of any of the property described in this section.
- 5.2 The Security Interest granted pursuant to the Canadian Share Pledge Agreement will secure payment, performance and satisfaction of the Secured Liabilities. The Company will covenant that the security created the Canadian Share Pledge Agreement will create a first ranking security interest in the Collateral, except to the extent of any Liens permitted under the Senior Facility Agreement and the SRCF Agreement. No provision hereof shall be construed as a subordination or postponement of the Security Interest to or in favour of any other Lien, whether or not such Lien is permitted hereunder or otherwise.
- 5.3 The Company will agree that it shall not, without the prior consent in writing of the Security Agent sell, assign, transfer, exchange or otherwise dispose of Collateral.

The Directors
Tetley Group Holdings Limited
325 Oldfield Lane North
Greenford
Middlesex UB6 0AZ

4 February 2005

Dear Sirs

Auditors' report to the directors of Tetley Group Holdings Limited pursuant to Section 156(4) of the Companies Act 1985

We have examined the attached statutory declaration of the directors of Tetley Group Holdings Limited (the "Company") dated 4 February 2005 in connection with the proposal that the Company's subsidiary undertaking, Tetley Overseas Holdings Limited, should give financial assistance for the purpose of discharging the liability which was incurred in connection with the 2003 purchase of shares of the Company. This report, including the opinion, has been prepared for and only for the Company and the Company's directors in accordance with Section 156 of the Companies Act 1985 and for no other purpose. We do not, in giving the opinion set out below, *accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.*

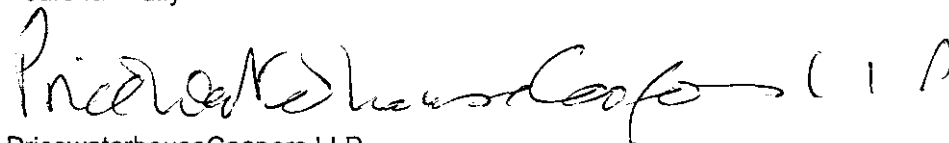
Basis of opinion

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.

Yours faithfully



PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors

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