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DATED

2 November 2001

BRITTON GROUP (HOLDINGS) LIMITED

(formerly known as Bealaw (464) Limited)

(as Parent)

BRITTON GROUP LIMITED

(formerly known as Bealaw (461) Limited)

(as Principal Borrower and Obligor)

THE COMPANIES LISTED IN THE FIRST SCHEDULE PART 1

(as Obligors)

CREDIT SUISSE FIRST BOSTON

(as Arranger)

Credit Suisse First Boston

(as Co-ordinating Bank)

THE FINANCIAL INSTITUTIONS LISTED IN THE FIRST SCHEDULE PART 2

(as Banks)

THE FINANCIAL INSTITUTIONS LISTED IN THE FIRST SCHEDULE PART 3

(as Mezzanine Lenders)

CREDIT SUISSE FIRST BOSTON

(as Issuing Bank)

CREDIT SUISSE FIRST BOSTON

(as Agent)

CREDIT SUISSE FIRST BOSTON

(as Mezzanine Agent)

CREDIT SUISSE FIRST BOSTON

(as Security Trustee)

THE CVC ENTITIES LISTED IN THE FIRST SCHEDULE PART 4

(as CVC Funds)

RESTRUCTURING AGREEMENT

We hereby certify this
to be a true copy of the
original.

Signed CCLP
Clifford Chance

200 Aldersgate Street
London
EC1A 4JJ



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COMPANIES HOUSE

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THIS AGREEMENT is made on 2 day of November 2001

BETWEEN:

- (1) **BRITTON GROUP (HOLDINGS) LIMITED** (formerly known as Bealaw (464) Limited), in its capacity as Parent;
- (2) **BRITTON GROUP LIMITED** (formerly known as Bealaw (461) Limited), in its capacity as Principal Borrower and Obligor;
- (3) **THE COMPANIES LISTED IN THE FIRST SCHEDULE PART 1** in their capacity as Obligors;
- (4) **CREDIT SUISSE FIRST BOSTON**, in its capacity as Arranger;
- (5) **CREDIT SUISSE FIRST BOSTON**, in its capacity as Co-ordinating Bank;
- (6) **THE FINANCIAL INSTITUTIONS LISTED IN THE FIRST SCHEDULE PART 2**, in their capacity as Banks;
- (7) **THE FINANCIAL INSTITUTIONS LISTED IN THE FIRST SCHEDULE PART 3**, in their capacity as Mezzanine Lenders;
- (8) **CREDIT SUISSE FIRST BOSTON**, in its capacity as Issuing Bank;
- (9) **CREDIT SUISSE FIRST BOSTON**, in its capacity as Agent;
- (10) **CREDIT SUISSE FIRST BOSTON**, in its capacity as Mezzanine Agent;
- (11) **CREDIT SUISSE FIRST BOSTON**, in its capacity as Security Trustee;
- (12) **THE CVC ENTITIES LISTED IN THE FIRST SCHEDULE PART 4**, in its capacity as CVC Funds.



BACKGROUND:

This Agreement sets out the terms upon which the Participating Creditors of the Parent, the Principal Borrower and the Obligors agree to restructure the indebtedness of the Parent, the Principal Borrower and the Obligors to them.

IT IS AGREED:

1. INTERPRETATION

- 1.1 Amended and Restated Facilities Agreement terms:** Unless otherwise provided (including, without limitation, in the rest of this clause) or unless the context otherwise permits or requires, all words and expressions defined in the Amended and Restated Facilities Agreement shall have the same respective meanings in this Agreement (for the avoidance of doubt, whether or not Closing shall have occurred).

- 1.2 Defined terms:** In this Agreement the following expressions shall have the following meanings:

"Agreed Form" in relation to any document, the form of that document initialled by or on behalf of the Agent and the Principal Borrower or if no such form has been agreed in such form as the Agent and the Principal Borrower may agree, acting reasonably;

"Amended and Restated Facilities Agreement" means the amended and restated facilities agreement in the form set out in the Appendix to this Agreement;

"Amended Articles" means the Articles of Association of the Parent after the Capital Restructure in the Agreed Form;

"A" Ordinary Shares" means "A" ordinary shares of £0.01 each in the capital of the Parent after completion of the Capital Restructure;

"A" Preference Shares" means "A" 12% cumulative redeemable preference shares due 2007 of £1 each in the capital of the Parent before the Capital Restructure;

"B" Ordinary Shares" means "B" ordinary shares of £0.01 each in the capital of the Parent after completion of the Capital Restructure;

"B Preference Shares" means "B" 12% cumulative redeemable preference shares due 2009 of £1 each in the capital of the Parent before the Capital Restructure;

"Capital Restructure" means the restructure of the capital of the Parent from the Existing Capital into the Restructured Capital;

"Closing" means completion of the settlement and/or variation of the Group's Indebtedness to the Participating Creditors in accordance with Clause 5 (*Amendment of Existing Facilities Agreement*) and Clause 3 (*Compromise*) and on the date that the Issuing Bank has given the written confirmation provided for under Clause 2.1(b) (*Closing*);

"Conditions Precedent" means receipt in form and substance satisfactory to the Party entitled to waive the condition in accordance with Clause 2.2 (*Waivers of Conditions*), of the documents and items referred to in Paragraphs 1 to 6 of the Second Schedule addressed, where relevant, to the Party entitled to waive the conditions;

"C" Ordinary Shares" means "C" Ordinary Shares of £0.01 each in the capital of the Parent after completion of the Capital Restructure;

"Co-ordinating Bank Letters" means the letter dated 21 August 2000 from Credit Suisse First Boston addressed to the Principal Borrower and headed "The Britton Group of Companies - Role of Co-Ordinating Bank" and the letter dated 21 August 2000 from Credit Suisse First Boston addressed to the Banks and Mezzanine Lenders and also headed "The Britton Group of Companies - Role of Co-Ordinating Bank";

"CVC Comfort Letter" means the letter dated 20 October 2000 from CVC Capital Partners to Credit Suisse First Boston;

"CVNL" means Capital Ventures Nominees Limited, details of which are set out in the First Schedule Part 4;

"Deeds of Cancellation" means the deeds of cancellation of the Warrants and the Institutional Warrants respectively each in the Agreed Form;

"Deeds of Release" means the deeds for redemption in the Agreed Form in respect of the release of the Vendor Loan Notes and the Subordinated Loan Notes respectively;

"Deferred Shares" means deferred shares of £1.00 each in the capital of the Parent after completion of the Capital Restructure;

"Existing Capital" means the capital of the Parent before completion of the Capital Restructure as set out in the Fourth Schedule Part 1;

"Existing Facilities Agreement" means a facilities agreement dated 20 April 1998 and made between (1) the Parent, (2) the Principal Borrower, (3) the Obligors (defined as the Borrowers), (4) the Arranger, (5) the Bank, (6) the Issuing Bank, (7) the Agent and (8) the Security Trustee as amended and restated on 4 July 1998 and as further amended and restated on 27 May 1999 and 26 October 2000;

"Existing Finance Documents" means the Existing Facilities Agreement, the Mezzanine Loan Agreement, the Third Supplemental Agreement, the Second Mezzanine Supplemental Agreement, the Intercreditor Deed, the Supplemental Intercreditor Deed, the Security Documents and the Co-ordinating Bank Letters;

"Fees Letter" means the letter to be provided by the Agent to the Principal Borrower setting out the fees payable to the Agent for itself (in whatever capacity it is acting) or for the Banks (as the case may be) and to be countersigned by the Principal Borrower;

"Institutional Warrants" means the warrants of the Parent constituted by instrument by way of Deed Poll executed on 20 April 1998 which are or were (as the case may be) held by the CVC Funds;

"Intercreditor Deed" means the intercreditor deed dated on or about the date of the Supplemental Agreement between, inter alios, Credit Suisse First Boston (as Agent, Security Trustee, Bank, Hedging Counterparty and Working Capital Bank), the Mezzanine Agent, the Mezzanine Lenders, the Parent, the Principal Borrower and the Obligors, regulating, among other things, the priority of security and payments between such persons as supplemented by the Supplemental Intercreditor Deed;

"Interest Rate Swap Agreement" means the interest rate swap rate facility provided by Credit Lyonnais to the Principal Borrower;

"Loan Note Security" means the guarantee and debenture to be issued by the Charging Companies in favour of the Loan Note Security Trustee in the Agreed Form;

"Loan Note Security Trustee" means Credit Suisse First Boston in its capacity as security trustee for the holders of the Subordinated Loan Notes and any successor security trustee;

"Majority Lenders" means (1) Banks and Mezzanine Lenders whose entire shareholding of "C" Ordinary Shares after Closing aggregate 66⅔% or more of the entire shareholding of "C" Ordinary Shares of all Banks and Mezzanine Lenders or (2) all of the Banks and Mezzanine Lenders except one. For the purposes of this definition, Connected parties will count as one in number;

"Manager's Agreements" means contracts of service of the Managers in the Agreed Form;

"Mezzanine Debt" means all present and future sums, liabilities or obligations from time to time due, owing or incurred (actually or contingently) by the Principal Borrower or any other Group Company to the Mezzanine Agent and/or any Mezzanine Lender including under or in connection with the Mezzanine Loan Agreement and/or the Security Documents in so far as it secures the Mezzanine Debt and any other documents or agreements entered into from time to time in connection with any of the foregoing and any amendments, supplements or additions thereto;

"Mezzanine Finance Party" has the meaning given to it in the Mezzanine Loan Agreement;

"Mezzanine Lenders" has the meaning given to it in the Existing Facilities Agreement;

"Mezzanine Loan Agreement" has the meaning given to it in the Existing Facilities Agreement;

"National Westminster Account" means the Principal Borrower's account with National Westminster Bank Plc (account number 36156647, sort code: 60-00-01, branch address: City of London Corporate and Commercial Banking, PO Box 12264, 1 Princes Street, London EC2R 8PB);

"Participating Creditors" means the Banks, the Mezzanine Lenders and CVC Funds;

"Relevant Percentage" means in relation to a Bank the proportion, expressed as a percentage, which that Bank's Commitment in respect of the Working Capital Facility forms of the Total Commitments in respect of the Working Capital Facility immediately prior to the date of this Agreement;

"Restructured Capital" means the capital of the Parent after completion of the Capital Restructure, as set out in the Fourth Schedule Part 2;

"Restructuring Documents" means this Agreement, the Amended and Restated Facilities Agreement, the Supplement to the Supplemental Debenture, the Supplement to Original Debenture, the Secured Loan Notes, the Loan Note Security, the Subordination Deed, the Amended Articles, the Shareholders Agreement, the Fees Letter, the Manager's Agreements, the Deeds of Cancellation and the Deeds of Release;

"Restructured Facilities" means the Acquisition Facility comprising the £15 million Tranche A facility, the £10 million Tranche B facility, the £3 million Tranche C facility referred to in Clause 2.1 (b) of the Amended and Restated Facilities Agreement and the £1.75 million Working Capital Facility referred to in Clause 2.1 (c) of the Amended and Restated Facilities Agreement;

"Restructured Senior Debt" means the Group's Indebtedness to the Banks under the Restructured Facilities after the compromise referred to in Clause 3.2 (*Banks' Compromise*);

"Secured Loan Notes" means £2 million secured subordinated loan notes of the Principal Borrower in the Agreed Form to be issued to CVC Funds (other than CVNL) on Closing;

"Security" means the security constituted by the Original Debenture and/or the Supplemental Debenture and such further or other security which may have been granted from time to time in favour of the Security Trustee (on behalf of any of the Beneficiaries), including any alterations or supplements to the security, novations of the security or replacements for the security;

"Senior Debt" means all sums, liabilities or obligations due, owing or incurred immediately prior to Closing (actually or contingently) by the Principal Borrower or any other Group Company to the Banks or any of them under or in connection with the Senior Finance Documents and/or the Hedging Agreements according to their terms before Closing;

"Shareholders Agreement" means the shareholders' agreement to be entered into between Britton Group (Holdings) Limited, Britton Group Limited, Pampascourt Limited, Dick Searle and others, the Investors (as defined therein), Citicorp Capital Investors Europe Limited and others and CVC Capital Partners Limited in the Agreed Form;

"Standby Letter of Credit" means a standby letter of credit issued by the Issuing Bank to National Westminster Bank PLC dated 1 October 2001 for £5,750,000 or, on expiry of the same prior to Closing, any letter of credit issued in substitution thereof;

"Subordinated Loan Notes" means the Subordinated Loan Notes as defined in the Existing Facilities Agreement;

"Subordination Deed" means the agreement to be entered into between the Security Trustee, the holder(s) of the Secured Loan Notes, the Parent, the Principal Borrower and the Obligors, regulating, amongst other things, the priority of security between and payments to the Banks and the holder(s) of the Secured Loan Notes in the Agreed Form;

"Supplement to the Original Debenture" means the supplemental deed to the Original Debenture in the Agreed Form;

"Supplement to the Supplemental Debenture" means the supplement to the Supplemental Debenture in the Agreed Form;

"Supplemental Deed Poll" has the meaning given to it in the Existing Facilities Agreement;

"Supplemental Intercreditor Deed" means the deed dated on or about the date of the Third Supplemental Agreement between, inter alia, the Agent, the Security Trustee, the Banks, the Hedging Counterparties, the Mezzanine Agent, the Mezzanine Lenders, the Parent, the Principal Borrower, the Obligors and certain of the CVC Funds and supplemental to the Intercreditor Deed;

"Third Supplemental Agreement" means the agreement dated 26 October 2000 relating to a Facilities Agreement dated 20 April 1998 as previously amended and restated on 4 July 1998 and as further amended and restated on 27 May 1999 and made between (1) the Parent, (2) the Principal Borrower, (3) the Obligors, (4) the Arranger, (5) the Banks, (6) the Issuing Bank, (7) the Agent, (8) the Security Trustee;

"Vendor Loan Notes" has the meaning given to it in the Existing Facilities Agreement;

"Vendors" has the meaning given to it in the Existing Facilities Agreement; and

"Warrants" means the warrants of the Parent constituted by instrument by way of Deed Poll executed on 20 April 1998 as amended by the Supplemental Deed Poll.

- 1.3 **Parties:** In the Agreement references to any Party shall, where relevant, be deemed to be references to or to include as appropriate, their respective lawful successor, assigns or transfers provided that the assignment and/or transfer provisions of the appropriate Existing Finance Documents have been complied with.
- 1.4 **Incorporation of interpretation provision:** Subject to Clause 1.3, Clause 1.2 (*Interpretation*) of the Amended and Restated Facilities Agreement shall apply to this Agreement (for avoidance of doubt, whether or not Closing shall have occurred) as if it were expressly set out in this Agreement (*mutatis mutandis*) with each reference in that clause to "this Agreement" or like references being deemed (unless the context otherwise requires) to be a reference to this Agreement.

PART 1: CONDITIONS PRECEDENT

2. CONDITIONS PRECEDENT

2.1 Conditions Precedent:

- (a) The Parties' obligations on Closing shall not arise unless and until the Party which may waive the Conditions Precedent in accordance with Clause 2.2 has confirmed in writing to the Principal Borrower and the other Parties which may waive the Conditions Precedent that all of the Conditions Precedent have been satisfied or waived by it;
- (b) Subject to Clause 2.1(a), Closing will occur on the last day of any Interest Period relating to the Loan, provided that the Issuing Bank has confirmed in writing to the Security Trustee, the Principal Borrower, and CVC Funds that the Standby Letter of Credit will be released on such day in accordance with Clause 3.1.

2.2 Waivers of Conditions:

- (a) The conditions set out in the Second Schedule, Paragraph 5 (*Trade/Other Facilities*), may be waived by the Agent; and
- (b) the conditions set out in the Second Schedule Paragraph 1 (*Capital Restructure*), Paragraph 2 (*Corporate Documents*), Paragraph 3 (*Loan Notes*), Paragraph 4 (*Secured Loan Notes*) and Paragraph 6 (*Miscellaneous*) may be waived with the consent of both the Security Trustee (in the case of Paragraph 1 only acting on the instruction of Majority Lenders) and CVC Funds.

2.3 Failure to satisfy: In the event that all of the Conditions Precedent have not been satisfied or, as the case may be, waived on or before 9 November 2001 or such other date as may be agreed between the Principal Borrower, CVC Funds, and the Security Trustee acting on the instructions of the Majority Lenders, the Security Trustee shall accordingly notify the Principal Borrower, CVC Funds, the Agent and the Mezzanine Agent to that effect and, unless otherwise agreed by the Principal Borrower, CVC Funds and the Security Trustee acting on the instructions of the Majority Lenders, this Agreement (with the exception of Clause 12 (*Security Trustee*), Clause 13 (*Fees and Expenses*) and Clause 19 (*Confidentiality*)) and such of the other Restructuring Documents as may then have been executed and delivered, shall cease to have any further force or effect.

PART 2: COMPROMISE

3. COMPROMISE

3.1 Working Capital Facility:

- (a) The Principal Borrower shall procure the agreement of National Westminster Bank Plc to release the Standby Letter of Credit on receipt of the sum of £2 million from the Issuing Bank and £2 million from CVC Funds (other than CVNL).
- (b) Immediately prior to Closing and subject to the agreement of National Westminster Bank Plc to the release of the Standby Letter of Credit in accordance with Clause 3.1(a):
 - (i) each Bank shall pay to the Agent for the Issuing Bank its Relevant Percentage of the sum of £2 million as if the Agent had notified the Bank under Clause 35 of the Existing Facilities Agreement; and
 - (ii) CVC Funds (other than CVNL) shall credit the sum of £2 million to the National Westminster Account.
- (c) The Issuing Bank shall forthwith on receipt of the sum referred to in Clause 3.1(b)(i) credit such monies received to the National Westminster Account in consideration of the termination of the Standby Letter of Credit.

3.2 Banks' Compromise: On Closing and in consideration of the issue and allotment by the Parent to each Bank or its respective nominee (as the case may be) of its entitlement to "C" Ordinary Shares as set out in the Third Schedule in each case credited as fully paid up to its nominal value and issued at a premium:

- (a) the total recourse of the Banks against any of the Parent and the Obligors in respect of the Senior Debt shall be limited to:
 - (i) the Loan and all Outstanding Contingent Liabilities in respect of the Restructured Facilities under the Amended and Restated Facilities Agreement; and

- (ii) any unpaid fees, costs and expenses payable by the Parent or any Obligor under the Existing Finance Documents or this Agreement and;
- (iii) any Indebtedness in respect of any Hedging Agreement (including without limitation Credit Lyonnais' Interest Rate Swap Agreement)

and the balance of the Senior Debt in excess of that amount shall be deemed to be discharged and released; and

- (b) all Remedied Defaults, Permitted Defaults and Waived Defaults (each as defined in the Third Supplemental Agreement) which have occurred prior to the Effective Date shall be irrevocably waived.

3.3 **Mezzanine Lenders Compromise:** On Closing, and in consideration of the issue and allotment by the Parent to each Mezzanine Lender or its respective nominee (as the case may be) to its entitlement of "C" Ordinary Shares as set out in the Third Schedule in each case credited as fully paid up to its nominal value and issued at a premium the Mezzanine Debt shall be deemed to be discharged and released and the Mezzanine Loan shall be cancelled (without prejudice to the rights of the Mezzanine Lender to any unpaid fees, costs and expenses payable by the Parent or any Obligors under the Existing Finance Documents or this Agreement) and the subscription rights of the Mezzanine Lenders pursuant to the Warrants shall immediately lapse.

3.4 **CVC Funds:** On Closing and in consideration of the issue by the Principal Borrower to CVC Funds (other than CVNL) of the Secured Loan Notes:

- (a) CVC Funds' rights against and obligations to the Agent, the Security Trustee, the Banks, the Parent, the Obligors and the Group in respect of the Working Capital Facilities under Clause 5 (*Provisions Relating to the CVC Funds*) of the Supplemental Intercreditor Deed shall be discharged and released;
- (b) CVC Funds shall be released and discharged from its obligations in the CVC Comfort Letter;
- (c) the subscription rights of the CVC Funds pursuant to the Institutional Warrants shall immediately lapse.

4. **INTERCREDITOR DEED AND RELEASE OF SECURITY**

On Closing:

- (a) the Obligors shall be irrevocably and unconditionally discharged and released from the Security for the Mezzanine Debt in favour of the Security Trustee in its capacity as Security Trustee for the Mezzanine Lenders;
- (b) the Intercreditor Deed and the Supplemental Intercreditor Deed shall cease to be of further force and effect (without prejudice to any then existing rights of the parties for default or non-performance thereunder).

PART 3: VARIATION

5. **AMENDMENT OF THE EXISTING FACILITIES AGREEMENT**

On Closing:

- (a) the Existing Facilities Agreement shall be amended and restated on the terms set out in the Amended and Restated Facilities Agreement which terms shall apply to the Restructured Facilities; and

- (b) the Third Supplemental Agreement shall be terminated (without prejudice to the rights of the Banks and the Agent for default or non-performance thereunder (other than under Clause 8.2 (*Cash Sweep*), Clause 8.3 (*Capex*), Clause 8.4 (*Information*) and Clause 8.5 (*EBITDA Covenants*)) and no Party shall have any further obligations under the Third Supplemental Agreement with the exception of Clause 10 (*Affirmation*) and Clause 11 (*Fees, Costs & Expenses*), which shall continue to apply.

6. CONSTRUCTION

- 6.1 **Confirmation:** Subject to Clause 5(a) (*Amendment of the Existing Facilities Agreement*) of this Agreement and except where inconsistent with the provisions of this Agreement, the terms of the Existing Facilities Agreement are confirmed and shall remain in full force and effect.
- 6.2 **No Prejudice:** Subject to Clause 3 (*Compromise*) nothing in this Agreement will abrogate, prejudice, diminish or otherwise adversely affect any rights, remedies, obligations or liabilities of the Banks, the Agent, Security Trustee, or Issuing Bank arising in respect of or pursuant to the Amended and Restated Facilities Agreement prior to Closing.
- 6.3 **Construction:** As from Closing references in the Existing Facilities Agreement, and each of the Senior Finance Documents to the "Facilities Agreement" shall be read and construed as references to the Amended and Restated Facilities Agreement.

7. AFFIRMATION

- 7.1 **Affirmation:** The Parent and each Obligor hereby confirms its knowledge and acceptance of the Amended and Restated Facilities Agreement with effect from Closing and confirms that, notwithstanding the amendments effected by this Agreement, each Security Document will remain in full force and effect and will continue to constitute legal, valid and binding obligations of the Parent or the relevant Obligor enforceable in accordance with its terms, each of the security interests created by the Security Documents will continue in full force and effect and the guarantees given by each Obligor in the Security Documents will continue in full force and effect.
- 7.2 **Binding nature:** The Parent, each Obligor and each Finance Party agree that, with effect from Closing, they shall be bound by the terms of the Amended and Restated Facilities Agreement.

PART 4: CLOSING

8. COMPLETION

On or immediately prior to Closing:

- (a) the Principal Borrower and the Parent shall deliver or procure to be delivered:
 - (i) the Supplement to the Supplemental Debenture and the Supplement to the Original Debenture executed by the Charging Companies, to the Security Trustee;
 - (ii) the Secured Loan Notes, executed by the Principal Borrower to CVC Funds (other than CVNL);
 - (iii) the Loan Note Security, executed by the Charging Companies to the Loan Note Security Trustee;

- (iv) the Subordination Deed, to the Security Trustee, the Loan Note Security Trustee and CVC Funds (other than CVNL), executed by the Parent and the Obligors;
- (v) share certificates for "C" Ordinary Shares to the Security Trustee, and share certificates for "A" Ordinary Shares to the Managers;
- (vi) evidence of the issue of shares by the Principal Borrower to the Parent in consideration of the Parent's agreement to issue shares as contemplated by this Agreement;
- (vii) the Shareholders Agreement, executed by the parties to it to the Security Trustee;
- (viii) the Fees Letter executed by the Principal Borrower to the Agent;
- (b) the Parent shall enter the names of the Banks and Mezzanine Lenders (or their respective nominees, as the case may be), and the Managers on the register of members of the Parent;
- (c) CVC Funds (other than CVNL) shall:
 - (i) procure that a bank transfer for the sum of £2 million is made to the National Westminster Account;
 - (ii) deliver to the Security Trustee the Subordination Deed and the Shareholders Agreement executed by CVC Funds; and
 - (iii) deliver to the Parent and the Security Trustee the Deed of Cancellation in respect of the Institutional Warrants;
- (d) the Banks and the Mezzanine Lenders shall, where relevant:
 - (i) procure that a bank transfer for their Relevant Percentage of the sum of £2 million is made to the Issuing Bank whereupon the Issuing Bank shall procure that the amount is transferred to the National Westminster Account;
 - (ii) procure the delivery to CVC Funds of the Shareholders Agreement executed by the Banks and the Mezzanine Lenders (or their respective nominees, as the case may be); and
 - (iii) in respect of the Mezzanine Lenders only, deliver to the Parent the Deed of Cancellation in respect of the Warrants;
- (e) the Parent shall procure that the Managers deliver to the Parent, the Agent and the Security Trustee the Shareholders Agreement and the Manager's Agreements executed by the Managers.

PART 5: REPRESENTATIONS, WARRANTIES, UNDERTAKINGS AND MISCELLANEOUS

9. REPRESENTATIONS AND WARRANTIES

- 9.1 **Group's Representations and Warranties:** The Parent (in respect of itself and all other Group Companies), the Principal Borrower (in respect of itself and all other Group Companies) and each of the Obligors other than the Principal Borrower (in respect of itself only) jointly and severally represent and warrant on the date of this Agreement and at Closing:

- (a) in favour of the Banks, that each of the representations and warranties contained in Clause 13.1 (*Representations and Warranties*) of the Amended and Restated Facilities Agreement (other than the representations and warranties contained in Clauses 13.1(h) insofar as it relates to a Potential Event of Default and insofar as it relates to any Remedied Default, Permitted Default or Waived Default (as each such term is defined in the Third Supplemental Agreement)), (j), (l)(i) and (l)(ii), (r), (t), (v), (z), (aa) and (bb) are true and correct as at the date of the Agreement (whether or not Closing shall have occurred by that time) and as at Closing by reference to the facts and circumstances at each of such dates;
- (b) in favour of all Parties, that the board resolutions of the Parent and each of the Obligors approving execution of this Agreement and each of the Restructuring Documents referred to in Paragraph 2.3 (*Authorising board resolutions*) of the Second Schedule (*Conditions Precedent*) to which they are a party were duly and properly passed after compliance with all appropriate formalities and remain in full force and effect;
- (c) in favour of all Parties, that the Parent and each of the Obligors is authorised to execute this Agreement and each of the Restructuring Documents to which they are party and the Parent and each of the Obligors is authorised to make the representations and warranties contained in this Agreement;
- (d) no order has been made or petition presented or resolution passed for the winding up of the Parent, the Principal Borrower, other Group Companies or any of the Obligors.

9.2 Parent's Representations and Warranties: The Parent represents and warrants to the Security Trustees, the Banks, the Mezzanine Lenders, and CVC Funds that:

- (a) at the date of this Agreement and at Closing, other than this Agreement, and the Warrants and the Institutional Warrants (each of which are to be cancelled pursuant to the Deeds of Cancellation), there are no options, rights of pre-emption which have not been waived, obligations to acquire, redeem, convert or encumber the equity share capital of the Parent and there are no other agreements outstanding which call for the issue of or accord to any person, the right to call for the issue of any shares in the capital of the Parent or the right to acquire any Encumbrance over the capital of the Parent and the Parent is not aware of any of the aforementioned and no person has or has attempted to exercise or enforce any of the aforementioned;
- (b) at the date of this Agreement the entire issued equity share capital of the Parent and the shareholders in respect of those shares are as set out in the Fourth Schedule Part 1;
- (c) immediately following Closing, the entire issued equity share capital of the Parent will be as set out in the Fourth Schedule Part 2, and the Shareholders after Closing will be as set out in the Fourth Schedule Part 2 and no other person will be able to claim any right in respect of the equity share capital of the Parent; and
- (d) the shares to be allotted under Clause 3.2 (*Banks' Compromise*), Clause 3.3 (*Mezzanine Lenders' Compromise*) shall:
 - (i) be allotted and issued as fully paid up; and
 - (ii) be issued free from and clear of any Encumbrance;
- (e) at Closing the Amended Articles of Association shall be in full force and effect without variation.

9.3 **The Principal Borrower:** The Principal Borrower represents and warrants that at Closing the Vendor Loan Notes and the Subordinated Loan Notes have been discharged and that there are no other loan notes outstanding (except for the Secured Loan Notes) which have been issued by the Principal Borrower.

9.4 **All parties:** Each Party represents to the other Parties on the date of this Agreement and at Closing in respect of itself that:

- (a) it has power, authority and legal right to enter into this Agreement and to incur and perform its obligations under this Agreement and has taken all necessary action to authorise the execution, delivery and performance of this Agreement in accordance with its terms;
- (b) the choice of the law of England and Wales to govern this Agreement is made for bona fide purposes; and
- (c) this Agreement constitutes its legal, valid and binding obligations enforceable in accordance with its terms (subject to the usual qualifications as may be expected to be contained in the legal opinions issued regarding the same).

10. TERMINATION

The Security Trustee may (acting on the instructions of the Majority Lenders) terminate this Agreement by notice in writing to the Principal Borrower and CVC Funds if prior to Closing:

- (a) any Event of Default or Potential Event of Default occurs and is not waived; or
- (b) there is any breach by any Party of this Agreement other than by any of the Banks or Mezzanine Lenders,

in which case all Senior Debt and Mezzanine Debt will remain undischarged and unsatisfied, no compromise of Senior Debt and Mezzanine Debt shall occur and (without prejudice to the rights of any Party against any other Party for non-default or non-performance hereunder no Party shall be under any further obligation under this Agreement (with the exception of Clause 12 (*Security Trustee*), Clause 13 (*Fees and Expenses*) and Clause 19 (*Confidentiality*)) and such of the other Restructuring Documents as may then have been executed and delivered shall cease to have any further force or effect.

11. CO-ORDINATING BANK LETTER

On Closing, the appointment of the Co-ordinating Bank under Co-ordinating Bank Letters shall be terminated without prejudice to Clause 3.1 of the letter to the Banks and Mezzanine Lenders and without prejudice to Clauses 2 and 3 of the letter to the Principal Borrower which shall continue in full force and effect in respect of acts prior to Closing

12. SECURITY TRUSTEE

12.1 **Appointment:** Each of the Banks, the Agent, the Mezzanine Lenders and the Mezzanine Agent appoint the Security Trustee to act as its agent to exercise such rights, powers and discretions as are specifically delegated to it by the terms of this Agreement together with all reasonably incidental rights, powers and discretions.

12.2 **Subordination Deed:** Each of the Banks authorise the Security Trustee to execute the Subordination Deed.

12.3 **Terms:** Subject to Clause 16.1 (*Waiver and Variation by Security Trustee*) of this Agreement, Clause 22 (*Agent and Security Trustee*) of the Amended and Restated

Facilities Agreement shall apply to the Security Trustee acting in its capacity as agent appointed under Clause 12.1 of this Agreement.

13. FEES, COSTS AND EXPENSES

The Principal Borrower will reimburse Credit Suisse First Boston in each of its relevant capacities, and CVC Funds, in respect of this Agreement on demand for all costs and expenses (including legal costs and out-of-pocket expenses) and all value added tax thereon reasonably incurred by such Parties in connection with the negotiation, preparation and execution of this Agreement and each of the Restructuring Documents and each of the documents and transactions contemplated in this Agreement or in any other Restructuring Document.

14. COUNTERPARTS

This Agreement may be executed in any number of counterparts and by the different parties to this Agreement on separate counterparts each of which when executed and delivered shall constitute an original but all the counterparts shall together constitute one and the same instrument.

15. NOTICE

15.1 Notices: Subject to the provisions of this Clause 15 any notices, demands, proceedings or other document to be sent to any Party to this Agreement under this Agreement shall be addressed to such Party at the address or facsimile number and marked for the attention of the person (if any) from time to time designated by that Party in writing to the relevant party for the purpose of this Agreement. The initial address and facsimile number and person(s) (if any) so designated by each Party are set out under its name in the end of this Agreement. The initial address and facsimile number and person(s) (if any) so designated by a Transferee are those set out at the end of the relevant Transfer Certificate.

15.2 Deeming provisions:

- (a) Any communication to any party in accordance with this Clause 15 shall be deemed to have been received by that party:
 - (i) if delivered by hand, at the time of actual delivery;
 - (ii) if transmitted by facsimile, at the time the facsimile transmission report (or other appropriate evidence) confirming that the facsimile transmission has been transmitted to the addressee is received by the sender;
 - (iii) if sent by pre-paid first class post, at noon on the second Business Day (in the case of an inland address) or the fifth Business Day (in the case of an overseas address) following the day of posting and shall be effective even if it is misdelivered.

In proving such service it shall be sufficient to prove that personal delivery was made, or that the envelope containing the communication was correctly addressed and posted or that a facsimile transmission report (or other appropriate evidence) was obtained that the facsimile had been transmitted to the addressee.

- (b) Any communication to any Finance Party or to any Mezzanine Finance Party shall be deemed to have been given only on actual receipt by such Finance Party or Mezzanine Finance Party (as the case may be) but in no circumstances shall such Finance Party or Mezzanine Finance Party (as the case may be) be liable for the accidental failure of another Finance Party or Mezzanine Finance Party (as the

case may be) to receive any communication from such Finance Party or Mezzanine Finance Party (as the case may be).

- 15.3 **Principal Borrower:** Each Obligor irrevocably appoints the Principal Borrower as its agent for all purposes of or connected with this Agreement. Each of the Finance Party and Mezzanine Finance party may rely upon any document signed by or on behalf of the Principal Borrower as if it had been signed by each and every other Borrower and/or Obligor. The Principal Borrower may give a good receipt for any sum payable to any Borrower and/or Obligor under this Agreement.

16. **WAIVERS AND VARIATION**

- 16.1 **Waiver and Variation by Security Trustee:** The Security Trustee may vary or waive any provision of this Agreement (or any document referred to herein) on behalf of each Finance Party and Mezzanine Finance Party and it shall not be liable for varying or waiving provisions except for Part 2 (*Compromise*), Part 3 (*Variation*) and Part 4 (*Closing*) and this Clause without the instructions of Majority Lenders, each Finance Party and Mezzanine Finance Party unless this Agreement expressly states otherwise.

16.2 **Waiver and Variation by Principal Borrower**

The Principal Borrower may vary or waive any provision of this Agreement (or any document referred to herein) on behalf of the Obligors except as otherwise expressly set out in this Agreement.

16.3 **Waiver and Variation in Writing**

A provision of or a right created under this Agreement (or any other document referred to herein) may not be waived or varied unless, and is only effective to the extent that it is, in writing and signed by the party bound by it.

17. **SEVERABILITY**

If any provision or provisions of this Agreement (or of any document referred to herein) is or at any time becomes illegal, invalid or unenforceable in any respect, the legality, validity and enforceability of the remaining provisions of this Agreement (or such document) shall not in any way be affected or impaired thereby.

18. **ENTIRE AGREEMENT AND VARIATION**

This Agreement (together with the Restructuring Documents and the other documents referred to herein and the documents referred to in the Restructuring Documents) constitutes the entire agreement between the parties in relation to the transactions referred to herein or therein and supersedes any previous agreement between the parties in relation to such transactions.

19. **CONFIDENTIALITY**

Each party will treat as confidential any information provided to it by any of the others which has not been published, or which is not already known to the receiving party, and will impose a similar duty of confidentiality on any person to whom it is permitted to transfer such information. The parties will maintain the utmost confidentiality regarding this Agreement at all times and the Parent, the Principal Borrower and the Obligors will not make announcement to the public or to any third party regarding the arrangements contemplated by this Agreement without the consent of the Security Trustee and CVC Capital Partners Limited on behalf of the CVC Funds save for any statement or disclosure which may be required by law or called for by the requirements of the Financial Services Authority and any such statement or disclosures shall be no more extensive than is usual

or necessary to meet the requirements imposed upon the party making such statement or disclosure.

20. GOVERNING LAW AND JURISDICTION

20.1 Governing law: This Agreement shall be governed by and construed in accordance with English law.

20.2 Jurisdiction: The parties to this Agreement agree to submit to the non-exclusive jurisdiction of the courts of England.

21. THIRD PARTIES

Except as otherwise expressly stated in this Agreement, the terms of this Agreement may be enforced only by a party to it and the operation of the Contracts (Rights of Third Parties) Act 1999 is excluded. Notwithstanding any provision of this Agreement, the Parties to this Agreement do not require the consent of any third party to rescind or vary this Agreement at any time.

IN WITNESS whereof this Agreement has been entered into the day and year first above written.

**FIRST SCHEDULE
Part 1 - The Obligors**

Name	Company Number
Britton Precision Limited	1614754
Britton Security Packaging Limited	339276
Britton Group Plastics Limited	2659844
Britton Gelpas Limited	2222534
Britton Decoflex Limited	323279
Britton Polyian Limited	654622
Britton Packbourne Limited	1681204
Britton Taco Limited	2233869
Merlin Group Holdings Limited	2888971
Britton Merlin Limited (formerly known as Merlin Flexible Packaging Limited)	815053

Part 2 - The Banks

Bank	Facility Commitments in £ as at the date of this Agreement		
	Tranche A	Tranche B	Working Capital Facility
Credit Suisse First Boston	11,489,839.52	5,757,771.06	2,631,753.41
Deutsche Bank AG, London	2,781,237.19	1,367,632.41	454,581.38
Credit Lyonnais	7,659,893.00	3,838,514.04	1,754,502.33
General Electric Capital Corporation	7,686,425.22	3,600,000.00	-
Merita Bank PLC	5,562,474.40	2,735,264.82	909,162.18
TOTAL	35,179,869.33	17,299,182.33	5,750,000.00

Part 3 - The Mezzanine Lenders

Lender	Facility Commitment in £
Credit Suisse First Boston	6,144,845.33
Credit Lyonnais	4,102,587.91
Metropolitan Life Insurance Company	7,825,641.26
TOTAL	18,073,074.50 (plus such other interest as may accrue on the Mezzanine Debt up to and including Closing)

Part 4 – The CVC Funds

Fund	Jurisdiction of Constitution	Notice Details
CVC European Equity Partners II L.P.	Delaware	c/o Maurant & Co. Limited Group 14 18 Grenville Street St. Helier Jersey Fax No: 01534 609333 Attn: Jacqueline Richomme
CVC European Equity Partners II (Jersey) L.P.	Jersey	c/o Maurant & Co. Limited Group 14 18 Grenville Street St. Helier Jersey Fax No: 01534 609333 Attn: Jacqueline Richomme
Citicorp Capital Investors Europe Limited	Delaware	C/o Citibank N.A. Global Private Equity Hudson House 8-10 Tavistock Street London WC2E 7PP Fax No: 020 7508 1481 Attn: Marilyn Wax
Capital Ventures Nominees Limited	England	Maurant & Co Capital (SPV) Limited 4 th Floor 35 New Bridge Street London EC4V 6BW Attn: Adrian Gower

A copy of every notice sent to the above parties shall also be sent to Robert Lucas/Justin Ward, Hudson House, 8-10 Tavistock Street, London WC2E 7PP (fax no. 020 7 420 4231).

**SECOND SCHEDULE
Conditions Precedent**

1. CAPITAL RESTRUCTURE

In relation to the Parent:

- (a) evidence of completion of the Capital Restructure including a certificate in the Agreed Form of a director of the Parent addressed to the Agent on behalf of the Finance Parties and CVC Funds in relation to the Capital Restructure being completed and the requisite resolutions of the classes of members of the Parent being duly and properly passed to give effect to the Capital Restructure and to adopt the Amended Articles and to confirm that such resolutions have not been varied or rescinded;
- (b) a certified copy of the minutes of the meetings of the classes of its members and all other consents, waivers and/or releases required giving effect to the Capital Restructure and to adopt the Amended Articles; and
- (c) a certified copy of the Amended Articles.

2. CORPORATE DOCUMENTS

2.1 Constitutional Documents

In relation to the Parent and each Obligor, a certificate of a director of the Principal Borrower addressed to the Agent on behalf of the Finance Parties and CVC Funds, certifying that:

- (a) (other than amendments to the articles of association of the Parent approved by special resolution passed on 8 December 2000 and as contemplated by paragraph 1 (*Capital Restructure*) above) there have been no amendments to the certificate of incorporation, the memorandum and articles of association or other constitutional documents of the Parent and each Obligor which were delivered to the Agent on the Completion Date, since that date;
- (b) such documents remain in full force and effect; and
- (c) there has been no change of name of any Obligor or the Parent that has not previously been notified in writing to the Agent.

2.2 Certificate of Authorisation

In relation to the Parent and each of the Obligors, a certificate of a director of the Principal Borrower addressed to the Agent on behalf of the Finance Parties and CVC Funds, to the effect that the requisite resolutions of the board of directors of the Parent and each of the Obligors, in the Agreed Form, has been duly and properly passed:

- (a) authorising its execution, delivery and performance of this Agreement and each of the Restructuring Documents to which it is a party (including express ratification of clause 7.2 of the Shareholders Agreement); and
- (b) authorising a named person or persons specified in such documents and whose specimen signatures appear thereon to execute (where appropriate, as a deed) this Agreement and each of the Restructuring Documents to which it is a party and to give any notices or certificates required in connection with such documents,

and confirming that such resolutions are still in effect and have not been varied or rescinded.

2.3 Authorising Board Resolutions

A certified copy of each of the resolutions of the board of directors of the Parent and each of the Obligors referred to in paragraph 2.2 above.

2.4 Register of Members

A certified copy of the register of members of the Parent and the register of warrant holders in respect of both the Warrants and the Institutional Warrants of the Parent prior to the Capital Restructure and immediately prior to Closing.

3. LOAN NOTES

- 3.1 A certified copy of the Deeds of Release executed by the Vendors and the Subordinated Loan Note Holders and evidence that the Vendors and the Subordinated Loan Note Holders have delivered to the Principal Borrower, the certificates for the relevant notes for cancellation (or an indemnity with respect to any lost certificate).

3.2 Register of Noteholders

A certified copy of the register of noteholders in respect of both the Vendor Loan Notes and the Subordinated Loan Notes of the Principal Borrower immediately prior to Closing.

4. SECURED LOAN NOTES

The Secured Loan Notes executed by the Principal Borrower.

5. TRADE/OTHER FACILITIES

5.1 Trade Facilities

Evidence that on Closing, the trade credit facilities to be available to the Group after Closing are no less than the level of trade credit facilities assumed to be available to the Group in the Business Plan and such additional evidence that the Security Trustee may in its absolute discretion require that the trade credit facilities will continue to be available for the period determined by the Security Trustee.

5.2 National Westminster PLC

Evidence that National Westminster Bank PLC has agreed to release the Standby Letter of Credit in accordance with Clause 3.1(a) (*Working Capital Facility*) and to make available after Closing a multi-option capital facility to the Principal Borrower pursuant to the terms of facility letter, as amended, for £1.75 million on terms acceptable to the Security Trustee.

5.3 Other facilities

Evidence that the Group has obtained finance or an indicative offer of finance on terms as to cost security or otherwise acceptable to the Security Trustee for not more than £3 million and sufficient for the Group's working capital requirements as set out in the Business Plan

6. MISCELLANEOUS

6.1 Directors' Borrowings Certificate

A certificate of a director of the Principal Borrower addressed to the Agent on behalf of the Finance Parties and the CVC Funds, certifying that:

- (a) the aggregate of the Borrowings of each Obligor (including the Facilities) do not or, as the case may be, would not if fully drawn, utilised or issued, exceed any borrowing limit contained in that Obligor's constitutional documents or any trust deed or other agreement or instrument to which that Obligor is a party; and
- (b) the amounts guaranteed by each of the Obligors under the Security Documents do not or, as the case may be, would not if fully called upon, exceed any limit contained in such Obligor's constitutional documents or any trust deed or other agreement or instrument to which it is a party.

6.2 Legal Opinion

From:

- (a) Maurant Du Feu et Jeune a legal opinion in respect of Jersey law in respect of CVC European Equity Partners II (Jersey) L.P; and
- (b) Reed Smith Shaw & McClay LLP two legal opinions in respect of Delaware law in respect of CVC European Equity Partners II, L.P. and Citicorp Capital Investors Europe Limited,

in each case, relating to such of the Restructuring Documents to which they are party;

- (c) In respect of Guernsey law in relation to Spread Trustee Company Limited; and
- (d) In respect of Delaware law in relation to Glenwood Venture Investments Inc.,

In each case, relating to such of the Restructuring Documents to which they are party and in relation to the Deed of Consent to the Conversion of the A and B Preference Shares, Restricted B Ordinary Shares and B Ordinary Shares in the Existing Capital.

6.3 Fees

The payment in full by the Parent and the Obligors of all fees, expenses and other costs due by the Parent and the Obligors under the Existing Finance Documents.

6.4 Board/Management

Evidence that all the persons satisfactory to and agreed with the Security Trustee are or have been validly appointed to the board of the Principal Borrower and that the identity of the Managers are satisfactory to and agreed with the Security Trustee.

6.5 Representations and Warranties

The representations and warranties referred to in Clause 9 (*Representations and Warranties*) of this Agreement are true and correct at Closing.

6.6 No Event of Default or Potential Event of Default

- (a) No Event of Default or Potential Event of Default except Remedied Defaults, Waived Defaults or Permitted Defaults under the Existing Facilities Agreement

which is Continuing has occurred before Closing, whether or not the Senior Agent shall have made any declaration under Clause 17 of the Existing Facilities Agreement;

- (b) No breach of this Agreement has occurred before Closing.

6.7 ACX

Evidence in form and substance satisfactory to the Agent that Britton Group Plastics Limited has completed the Sale (as defined in the letter dated 30 October 2001 from the Parent to Credit Suisse First Boston) which ensures the potential impact of the lease of the Bletchley property on the Banks' security package is minimised.

THIRD SCHEDULE

Shares Entitlement

Party	Percentage of Total Voting Rights in Share Capital	Percentage of Class	Number	Class
Managers	7%	100%	52,500	A Class
CVC Funds	10%	100%	75,000	B Class
Credit Suisse First Boston	28.0456%	33.7899%	210,343	C Class
Deutsche Bank AG, London	5.5340%	6.6675%	41,505	C Class
Credit Lyonnais	18.6971%	22.5266%	140,228	C Class
General Electric Capital Corporation	14.0219%	16.8938%	105,164	C Class
Merita Bank Plc	11.0681%	13.3350%	83,010	C Class
Metropolitan Life Insurance Company	5.6333%	6.7871%	42,250	C Class
Total	83%	100%	622,500	C Class

FOURTH SCHEDULE

Part 1 – Existing Capital

AUTHORISED AND ISSUED SHARE CAPITAL

SHARES	AUTHORISED	ISSUED
A Ordinary Shares	10,000	10,000
B Ordinary Shares	102,000	78,000
B Restricted Shares	1,500	1,500
A Preference Shares	30,600,000	30,516,487
B Preference Shares	6,600,000	6,597,675

MEMBERS

NAME	NO. OF 'A' ORDINARY	NO. OF 'B' ORDINARY	NO. OF 'B' RESTRICTED	NO. OF 'A' PREFERENCE	NO. OF 'B' PREFERENCE
Pampascourt	10,000				
Ron Singer/Glenwood		2,000	1,000	121,299	
Alex Watson/Spread Eagle		1,000	500	56,133	
CVC Funds		75,000		30,339,055	6,597,675

Loan Notes

Subordinated Loan Notes

Vendor Loan Notes

NOTEHOLDERS

Name	Number and Type of Note
Pampascourt Limited	SUBORDINATED LOAN NOTES
ACX	VENDOR LOAN NOTES

Part 2 - Restructured Capital

AUTHORISED AND ISSUED SHARE CAPITAL

SHARES	AUTHORISED	ISSUED
A Ordinary Shares	53,000	52,500
B Ordinary Share	99,000	75,000
C Ordinary Shares	625,000	622,500
Deferred Shares	37,200,045	37,114,208

MEMBERS

NAME	No. OF 'A' ORDINARY	No. OF 'B' ORDINARY	No. OF 'C' ORDINARY	No. OF DEFERRED
Richard Searle	16,500			
Barry Turner	12,000			
David Arden	12,000			
Neil James	12,000			
CVC Funds		75,000		36,936,730
NMC Group Limited				1
Deutsche Bank AG, London			41,505	
Credit Suisse First Boston Nominees Limited			210,343	
The Credit Lyonnais Nominees Limited			140,228	
GE Capital Corporation			105,164	
London Interstate Nominees Limited			83,010	
Metropolitan Life Insurance Company			42,250	
Pampascourt Limited				177,477
Total	52,500	75,000	622,500	37,114,208

SECURED LOAN NOTES

NAME	NUMBER AND TYPE OF NOTE
CVC Funds	Secured Loan Notes

Appendix

Amended and Restated Facilities Agreement

APPENDIX

BRITTON GROUP (HOLDINGS) LIMITED
(as Parent)

BRITTON GROUP LIMITED
(as Principal Borrower)

THE COMPANIES LISTED IN SCHEDULE VIII
(as Borrowers)

CREDIT SUISSE FIRST BOSTON
(as Arranger)

THE FINANCIAL INSTITUTIONS LISTED IN SCHEDULE XI
(as Banks)

CREDIT SUISSE FIRST BOSTON
(as Issuing Bank)

CREDIT SUISSE FIRST BOSTON
(as Agent)

- and -

CREDIT SUISSE FIRST BOSTON
(as Security Trustee)

FACILITIES AGREEMENT
DATED 20 APRIL 1998
IN RELATION TO AN ACQUISITION FACILITY AND A
WORKING CAPITAL FACILITY
AS AMENDED AND RESTATED ON 4 JULY 1998, AS
FURTHER AMENDED AND RESTATED ON 27 MAY 1999,
AS FURTHER AMENDED AND RESTATED ON 26TH OCTOBER 2000 AND
AS FURTHER AMENDED AND RESTATED ON *2 November* **2001**

Lovells

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THIS AGREEMENT is made the 20th day of April 1998 as amended by a Supplemental Agreement dated 4 July 1998, as further amended by a Second Supplemental Agreement dated 27 May 1999, as further amended by a Third Supplemental Agreement dated 26 October 2000 and as further amended by a Restructuring Agreement dated 2001.

BETWEEN:

- (1) **BRITTON GROUP (HOLDINGS) LIMITED** (formerly known as Bealaw (464) Limited) as Parent;
- (2) **BRITTON GROUP LIMITED** (formerly known as Bealaw (461) Limited) as Principal Borrower;
- (3) **THE COMPANIES LISTED IN SCHEDULE VIII** as Borrowers;
- (4) **CREDIT SUISSE FIRST BOSTON** as Arranger;
- (5) **THE FINANCIAL INSTITUTIONS LISTED IN SCHEDULE XI** as Banks;
- (6) **CREDIT SUISSE FIRST BOSTON** as Issuing Bank;
- (7) **CREDIT SUISSE FIRST BOSTON** as Agent; and
- (8) **CREDIT SUISSE FIRST BOSTON** as Security Trustee.

WHEREAS:

- (A) Subject to the terms and conditions of this Agreement and the Restructuring Agreement the Banks have agreed on Closing to compromise part of the Original Acquisition Facility which was in the maximum aggregate principal amount of £60,250,000 and to continue to make available to the Principal Borrower the Acquisition Facility in a maximum aggregate principal amount of £28,000,000 to be split into three tranches, Tranche A, Tranche B and Tranche C.
- (B) Subject to the terms and conditions of this Agreement certain of the Banks have agreed to continue to make available to the Borrowers the Working Capital Facility by way of the Issue of Obligations in a reduced maximum net aggregate principal amount of up to £1,750,000.

IT IS AGREED:

PART I

DEFINITIONS AND INTERPRETATION

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement terms defined in clause 16 (*Financial Covenants*) shall have the meanings set out in that clause and in addition the following words and expressions have the meanings respectively set out below:

"Accountants' Report" the report dated on or around the date of this Agreement prepared by Ernst & Young and addressed, inter alios, to the Agent on behalf of the Finance Parties in relation to the Targets Group;

"Accounting Policies" the accounting policies, being policies consistent with UK GAAP by reference to which the Business Plan and the Accountants' Report were prepared, being those referred to in the Accountants' Report;

"Accounting Reference Period" shall have the same meaning as "accounting reference period" in Part VII of the Act;

"Accounts" each of the audited and unaudited, consolidated and unconsolidated accounts of the Group or any division of the Group or any Group Company delivered to the Agent under clause 15.2 (*Accounts*);

"Accounts Date" 31 December in each year;

"Acquisition Advances" means the aggregate principal amount of the advances made available by the Banks to the Principal Borrower under Tranche A, Tranche B and Tranche C of the Acquisition Facility (as from time to time reduced by repayment or prepayment);

"Acquisition Agreements" the Original Sale and Purchase Agreement and the Merlin Sale and Purchase Agreement;

"Acquisition Facility" means the term loan facilities referred to in clause 2.1(b) (*Amount*), as the same may be reduced or cancelled from time to time in accordance with the provisions of this Agreement;

"Acquisition Loan" at any time, the aggregate amount of all Acquisition Advances outstanding at that time;

"Act" the Companies Act 1985;

"Acting in Concert" has the meaning given to it in the City Code on Takeovers and Mergers;

"Additional Borrower" any wholly owned Subsidiary of the Principal Borrower which becomes an Additional Borrower under clause 2.7 (*Additional Borrowers*);

"Additional Cost Rate" in relation to any sum outstanding under this Agreement denominated in Sterling during any period for which an interest rate is to be calculated in relation to such sum, the rate per annum determined in accordance with Schedule I (*Additional Cost Rate*);

"Advance" any Acquisition Advance and **"Advances"** shall be construed accordingly;

"Advance Date" in relation to an Advance the date on which that Advance was made or, as the context requires, is to be made;

"Affiliate" as to any person, any other person who, directly or indirectly, is in control of, is controlled by, or is under common control with, such person. A person shall be deemed to control another person for the purpose of determining whether the two persons are affiliates if the controlling person possesses, directly or indirectly, the power to direct or cause the direction of the management and the policies of the other person, whether through the ownership of voting securities, membership interests, by contract, or otherwise and **"Affiliates"** shall be construed accordingly;

"Agent" Credit Suisse First Boston in its capacity as agent for the Banks and any successor agent appointed under the terms of this Agreement;

"Agent-Related Persons" the Agent, the Security Trustee, the Banks, the Issuing Bank, the Arranger and any successor agent or security trustee or Issuing Bank arising under clause 25 (*Retirement of Agent, Security Trustee or Issuing Bank*) together with their respective Affiliates and the officers, directors, employees, agents and attorneys-in-fact of such persons and Affiliates;

"Agreed Projections" the information document containing, inter alia, financial projections and a business plan in respect of the Merlin Companies in the Agreed Terms supplied to the Agent for the Merlin Acquisition by the Principal Borrower;

"Agreed Terms" in relation to any document, the form of that document initialled by or on behalf of the Agent and the Principal Borrower or if no such form has been agreed in such form as the Agent and the Principal Borrower may agree, acting reasonably;

"Arranger" means Credit Suisse First Boston;

"Articles" the articles of association of the Parent adopted on or around the date of Closing in the Agreed Terms;

"Auditors" at any time the auditors of the Group, being Deloitte & Touche or any other firm of accountants approved by the Agent in writing (and the Agent shall approve the appointment of Arthur Andersen, Deloitte & Touche, KPMG or Ernst & Young (or their respective successor firms));

"Auditors' Letter" a letter, in the Agreed Terms, from the Auditors addressed to the Agent on behalf of the Finance Parties confirming the terms upon which the Auditors will provide at the relevant time all certificates and confirmations which the Agent is entitled to request from time to time from the Auditors under the terms of this Agreement and that the Finance Parties may place reliance on them;

"Available Amount" in respect of the Working Capital Facility, at any time the Working Capital Facility Limit less:

- (a) such amount as the Agent may determine to represent the maximum liability of the Banks in respect thereof (including the aggregate of the maximum face amount (excluding amounts in respect of interest) of all Obligations then outstanding and/or of any amount due to be reimbursed) acting in accordance with banking practice where such practice exists in relation to a particular liability or otherwise in good faith; and
- (b) any part of the Working Capital Facility not available for drawing under the terms of this Agreement.

"Available Commitment" in relation to a Bank and the Working Capital Facility that Bank's Relevant Percentage of the Available Amount of the Working Capital Facility at that time;

"Availability Period" the period beginning on the date of this Agreement and ending:

- (a) in respect of the Original Acquisition Advances, on the earlier of the Original Completion Date and 20 April 1998;
- (b) in respect of the Merlin Acquisition Advances, on the earlier of the Merlin Completion Date and 6 July 1998; and
- (c) in respect of the Working Capital Facility, 30 September 2008;

"Bank" before any transfer under clause 21.3 (*Assignment and Transfer*), the financial institutions listed in Schedule XI (*The Banks*) and, thereafter, such financial institutions and the Transferee(s) and, where the context permits or requires, the Issuing Bank and each Ancillaries Bank (and, in each case, each of their respective successors in title) but only for so long as it has any rights or obligations under the Senior Finance Documents and **"Banks"** shall be construed accordingly;

"Borrower" any of the Principal Borrower, the Companies listed in Schedule VIII (*The Borrowers*) and any Additional Borrower and **"Borrowers"** shall be construed accordingly;

"Borrowings" in relation to any Group Company, at any time, any Indebtedness incurred by that Group Company in respect of all or any of the following (but without double counting):

- (a) moneys borrowed;
- (b) any liability under any debenture, bond (not being performance bonds), note, loan stock, commercial paper or other security or under acceptance credit, bill discounting or note purchase facilities;
- (c) counter-indemnity obligations of such person in respect of letters of credit, guarantees or similar instruments issued by banks or financial institutions;
- (d) the capital element of instalments under conditional purchase agreements entered into primarily as a method of raising finance;
- (e) any liability in respect of moneys in consideration for the supply of goods and/or services to the extent to be paid by a Group Company more than six Months after the due date for the supply (but excluding, for the avoidance of doubt, trade credit from third parties to Group Companies on arm's-length commercial terms and credit from suppliers of capital equipment);
- (f) any capital element of hire purchase agreements and finance leases (as defined in SSAP 21);
- (g) any guarantee or other assurance against financial loss in respect of any of the Indebtedness specified in this definition; and
- (h) any liability in respect of any other transaction having substantially the same commercial effect as any of the foregoing, including liabilities which are not shown as borrowings on the balance sheet of such person by reason of being contingent, conditional or otherwise;

For the purposes of clause 16.3 (*Definitions*) only, amounts described in paragraph (e) of this definition shall be ignored completely and amounts due under paragraph (c) of this definition shall be ignored insofar as they relate to letters of credit supporting the purchase of goods in the ordinary course of trading;

"Britton Acquisition Advances" the principal amount of the advances made by the Banks to the Principal Borrower under Original Tranche A and Original Tranche B of the Original Acquisition Facility for the purposes of the Original Acquisition (as from time to time reduced by repayment or prepayment);

"Business" means each and any of the businesses and assets acquired by the Principal Borrower pursuant to the Acquisition Agreements and **"Businesses"** shall have the same meaning;

"Business Day" a day (other than a Saturday or Sunday) on which the relevant financial markets are open for dealings between banks in London and where payment is to be made hereunder in any foreign currency, a day (other than a Saturday or Sunday) on which the relevant financial markets are open for dealings between banks are also open for domestic and foreign exchange dealings in the principal financial centre of the country of such foreign currency;

"Business Plan" the business plan for the Group dated 8 June 2001 presented to the Banks as amended by the revision to such business plan dated 21 September 2001 and as further amended by the revision to such business plan dated 23 October 2001;

"Charging Company" at any time, each of the Companies listed in Schedule II (*the Charging Companies*) and any other Group Company or Companies which shall have executed a Security Document at that time;

"Closing" has the meaning given to it in the Restructuring Agreement;

"Cluster" means each of the film, security and conversion & print business "clusters" of the Group referred to in the Business Plan and **"Clusters"** shall be construed as any one or more of them;

"Commitment" in relation to a Bank and a Facility, the amounts set opposite its name in Schedule XI (*The Banks*) in relation to such Facility (or, in the case of a Transferee, the amount set out in the Schedule to the relevant Transfer Certificate as being transferred to that Transferee) as the same may be transferred (in whole or in part), reduced, varied or terminated in accordance with the terms of this Agreement;

"Connected" shall have the meaning given to it in Section 346 of the Companies Act 1985;

"Continuing" in the context of an Event of Default or a Potential Event of Default means:

- (a) that where the underlying circumstances which caused that Event of Default or Potential Event of Default are incapable of remedy, that Event of Default or Potential Event of Default is Continuing, unless and until it has been expressly waived in writing by the Agent and any conditions of such waiver have all been fulfilled to the satisfaction of the Agent; or
- (b) in any other case, that Event of Default or Potential Event of Default is Continuing unless and until either
 - (i) it has been expressly waived in writing by the Agent and any conditions of such waiver have all been fulfilled to the satisfaction of the Agent; or

- (ii) the underlying circumstances which caused that Event of Default or Potential Event of Default have been remedied, (so that, for example, in the case of the late delivery of a document which is subsequently satisfactorily delivered, or the withdrawal or settlement of a claim the existence or pursuance of which constituted an Event of Default, that Event of Default is not Continuing once the underlying circumstances no longer apply and the resulting position is what it would have been if such Event of Default had not occurred);

"Control" in the context of a person or persons achieving or having control over a company:

- (a) the person or persons Acting in Concert controlling, or being able to control, the composition of the board of directors of that company; or
- (b) a person or persons Acting in Concert in accordance with whose directions a majority of the members of the board of directors of that company are or become accustomed to act; or
- (c) the person or persons Acting in Concert ultimately or beneficially, holding (directly or indirectly) 50% or more of the issued equity share capital of that company;

"CVC Funds" means Citicorp Capital Investors Europe Limited (of New Castle Corporate Commons, One Penn's Way, Operations One Building, New Castle, Delaware, 192720 USA), Capital Ventures Nominees Limited (of 4th Floor, 35 New Bridge Street, London EC4V 6BW) CVC European Equity Partners II Limited (PO Box 87, 18 Grenville Street, St Helier, Jersey JE4 8PX) CVC European Equity Partners II (Jersey) LP (a company incorporated in Jersey) or any existing or future partnership, fund or investment entity advised or managed by CVC Capital Partners Limited (a company incorporated under the laws of England with registered number 1619666);

"Deed of Accession" a deed in the form set out in Schedule IX (*Form of Deed of Accession*);

"Dormant Group Companies" the companies listed in Schedule X (*Dormant Group Companies*) and **"Dormant Group Company"** shall be construed to mean any one of them;

"Drawdown Notice" a notice in one of the forms set out in Schedule III (*Forms of Drawdown Notice*) duly completed and signed by the relevant Borrower;

"EC Treaty" the Treaty establishing the European Community, as amended from time to time;

"Encumbrance" includes any mortgage, pledge, lien, hypothecation, charge, assignment or deposit by way of security or any other agreement or arrangement (whether conditional or not and whether relating to existing or to future assets), having the effect of providing a security or preferential treatment to a creditor (including set off, title retention, defeasance or reciprocal fee arrangements);

"Enforcement Date" the date on which the Security Trustee shall first enforce any part of any Security Document;

"Environment":

- (a) any land, including surface land and subsurface strata, sea bed or river bed under any water as defined below and any natural or man-made structures;
- (b) water, including coastal and inland waters, surface waters, ground waters and water in drains and sewers;
- (c) air, including air within buildings and other natural or man-made structures above or below ground;

"Environmental Laws" all or any applicable law (whether civil, criminal or administrative), common law, statute, statutory instrument, treaty, regulation, directive, by-law, circular, code, order, notice, demand, decree, injunction, resolution or judgment (in any such case, with which it is mandatory to comply) of any government, quasi-government, supranational, federal, state or local government, statutory or regulatory body or agency, or court in any jurisdiction with regard to or entailing liability because of the pollution or protection of the Environment or the harm or the protection of human health or the health of animals or plants, including laws relating to public and workers' health and safety, emissions, discharges, spillages or releases of chemicals or any other pollutants or contaminants, or industrial, radioactive, dangerous, toxic or hazardous substances or wastes (whether in solid or liquid form or in the form of a gas or vapour and including noise and genetically modified organisms) into the Environment, or otherwise relating to the manufacture, processing, use, treatment, storage, distribution, disposal, transport or handling of such substances or wastes;

"Environmental Permits" all or any permits, licences, consents, approvals, certificates, qualifications, specifications, registrations and other authorisations and the filing of all notifications, reports, improvement programmes and assessments required under any Environmental Laws for the operation of the business of any of the Group Companies or the occupation or use of any properties;

"Environmental Report" the report dated on or around the date of this Agreement prepared by RPS Consultants Limited, addressed, inter alios, to the Agent on behalf of the Finance Parties from time to time;

"Euro" the single currency introduced in the third stage of economic and monetary union pursuant to the EC Treaty;

"Event of Default" any of the events specified in clause 17.1 (*Demand on Events of Default*);

"Excess Cash Flow" means, in respect of any Accounting Reference Period of the Group, the amount of Consolidated Cash Flow less Consolidated Debt Service (each as defined in clause 16 (*Financial Covenants*)) but ignoring paragraph (g) of the definition of Consolidated Cash Flow) for such Accounting Reference Period;

"Exit" means the transfer (whether through a single transaction or a series of transactions) of 90% or more of the issued ordinary share capital of the Parent to a person or any other person:

- (i) who in relation to him is a connected person, as defined in section 839 of the Income and Corporation Taxes Act 1988; or
- (ii) with whom he is Acting in Concert,

other than a person who is a shareholder in the Parent at the date of Closing,

or the sale of all or substantially all of the assets and undertakings of the Parent;

"Facilities" the Acquisition Facility and the Working Capital Facility (and includes either one or more of them as the context may admit or require);

"Facility Office" in relation to a Bank or a Transferee, the office identified at the end of this Agreement or in the relevant Transfer Certificate, as the case may be, or any replacement facility office nominated in accordance with clause 27 (*Notices*);

"Fee Period" in respect of an Obligation, each period from and including the date of issue of that Obligation until the next Quarter Day during the term of that Obligation and each period from and including a Quarter Day falling after the issue (but prior to the expiry) of an obligation and ending on the earlier of the next Quarter Day and the expiry of that Obligation;

"Final Repayment Date"

- (a) in respect of Tranche A, 31 December 2007;
- (b) in respect of Tranche B, Tranche C and the Working Capital Facility, 31 December 2008;

"Finance Parties" the Arranger, the Banks, the Agent, the Issuing Bank, the Security Trustee and the Hedging Counterparties;

"First Drawdown Date" the date on which the first Utilisation of the Original Acquisition Facility occurred;

"Flotation" means either:

- (i) the admission of any of the Parent's shares to the Official List of the UK Listing Authority becoming effective (in accordance with paragraph 7.1 of the rules made by the UK Listing Authority pursuant to section 142 of the Financial Services Act 1986) and the admission of the Parent's shares to trading on the London Stock Exchange plc becoming effective (in accordance with paragraph 2.1 of the Admission and Disclosure Standards of the London Stock Exchange plc from time to time); or
- (ii) any equivalent admission to, or permission to deal on, any other recognised investment exchange (as defined in the Financial Services Act 1986) becoming unconditionally effective in relation to all or any of the issued equity share capital of the Parent;

"Flow of Funds" the flow of funds statement supplied under paragraph 9.7 of Schedule VI (*Conditions Precedent*);

"FRS" a Financial Reporting Standard issued by the Institute of Chartered Accountants;

"Group" at any time the Principal Borrower and its Subsidiaries at that time (but including the Targets Group before as well as after the Original Completion and the Merlin Companies before as well as after the Merlin Completion) and **"Group Company"** means any of them;

"Hedging Agreement" the interest rate management agreement or agreements entered into or to be entered into between the Hedging Counterparty and the Principal Borrower under clause 14.25 (*Hedging Agreements*) and, where the context permits or requires, any such agreement entered into subsequently;

"Hedging Counterparty" Credit Suisse First Boston or its Affiliate (including, for the avoidance of doubt, Credit Suisse Financial Products) or, with the prior approval of the Agent, any other Bank or its Affiliate (so long as such Bank remains a Bank under this Agreement) in its capacity as a counterparty under a Hedging Agreement;

"Indebtedness" means at any time any obligation for the payment or repayment of money, whether present or future, actual or contingent;

"Insurance Report" the report dated 12 March 1998 prepared by J & H Marsh & McLennan (UK) Limited and addressed to or with a reliance letter in favour of, inter alios, the Agent on behalf of the Finance Parties from time to time and each of the proposals report and the addendum (dated 9 April 1998) prepared by J & H Marsh & McLennan (UK) Limited together with the faxes dated 7 April 1998 and 8 April 1998 (from J & H Marsh & McLennan (UK) Limited to CVC Capital Partners Limited) with a reliance letter in favour of, inter alios, the Agent on behalf of the Finance Parties from time to time in relation to such proposals report, the addendum and such faxes;

"Interest Determination Date" in relation to any period for which an interest rate is to be determined under this Agreement, the day on which quotations would ordinarily be given by prime banks in the London Interbank Market for deposits in the currency in relation to which such rate is to be determined for delivery on the first day of that period (provided that if for any such period quotations would ordinarily be given on more than one date, the Interest Determination Date for that period shall be the last of those dates);

"Interest Payment Date" the last day of an Interest Period and in addition, in the case of an Interest Period of more than three Months, the date falling on the last day of each successive three Month period after the first day of such Interest Period;

"Interest Period" means a period by reference to which interest is calculated and payable on an Advance or an overdue sum in accordance with clause 5 (*Interest*);

"Investment Agreement" the investment agreement, in the Agreed Terms, relating to (among other things) subscriptions for shares of the Parent entered into between, inter alios, the Parent (1) and the Investors (2) as amended on 4 July 1998 and on 8 December 2000 and to be terminated on or about the date of Closing;

"Investors" all of the persons (other than the directors and other employees who subscribed for shares) who subscribed for equity share capital in the Parent on the Original Completion Date;

"Issue" with respect to any Obligation, to issue or extend the expiry of, or to renew or increase the amount of, such Obligation; and the terms **"Issued"**, **"Issuing"** and **"Issuance"** have corresponding meanings;

"Issue Date" the date on which an Obligation was Issued, or, as the context requires, is to be Issued under clause 4 (*Drawdown*);

"Issuing Bank" Credit Suisse First Boston and/or such alternative Bank as may have agreed in writing with the Principal Borrower (such agreement not to be unreasonably withheld or delayed) and the Agent to Issue any Obligation in accordance with the terms of this Agreement, where Credit Suisse First Boston is or will be unable or has determined not to Issue such Obligation or the whole of such Obligation and for the avoidance of doubt, the expression "Issuing Bank" shall include any one or more Banks as shall have issued any Obligation in accordance with the terms of this Agreement;

"Joint Ventures" all joint venture entities (not being Subsidiaries of the Principal Borrower), whether a company, unincorporated firm, undertaking, joint venture, association, partnership or other entity through which any material part of the business of

a Group Company or the Group Companies is conducted (and not merely an agreement for the short term sharing of assets or revenue) and **"Joint Venture"** shall be construed accordingly;

"Legal Due Diligence Report" the legal due diligence report prepared by Messrs Clifford Chance addressed to or with a reliance letter in favour of, inter alios, the Agent on behalf of the Finance Parties from time to time;

"Liability Proportion" means, in relation to a Bank and an Obligation at any time, each Bank's Relevant Percentage in respect of the Working Capital Facility as at close of business on the Business Day immediately before the issue date for the relevant Obligation;

"LIBOR" means, in relation to a particular period, the rate for deposits of the currency in question for a period equivalent to such period at or about 11 am on the Interest Determination Date as displayed on Telerate page 3750 (British Bankers' Association Interest Settlement Rates) (or such other page as may replace such page 3750 on such system or on any other system of the information vendor for the time being designated by the British Bankers' Association to calculate the BBA Interest Settlement Rate (as defined in the British Bankers' Association's Recommended Terms and Condition ("BBAIRS" terms) dated August 1985)), provided that if on such date no such rate is so displayed, LIBOR for such period shall be the rate per annum determined by the Agent at or about 11.00 a.m. (London time) on the relevant Interest Determination Date as being the interest rate quoted by the Reference Banks to prime banks (rounded upward to the nearest four decimal places) in the London Interbank market for deposits in the specified currency for delivery on the first day of such Interest Period for a period approximately equal to the duration of such Interest Period and in an amount comparable to the amount of the Advance or the overdue sum where "specified currency" means the currency in which that Advance or overdue sum is to be denominated during the Interest Period or default period;

"Loan" at any time the aggregate principal amount of all Advances then outstanding;

"Loan Note Security" means the guarantee and debenture in the Agreed Terms issued or to be issued by the Charging Companies in favour of the Loan Note Security Trustee on or about Closing;

"Loan Note Security Trustee" means Credit Suisse First Boston in its capacity as security trustee for the holders of the Subordinated Loan Notes and any successor security trustee;

"Majority Banks" at any time Banks:

- (a) whose share in the outstanding Utilisations and whose undrawn Commitments then aggregate 66⅔% or more of the aggregate of all the Utilisations and the undrawn Commitments of all the Banks;
- (b) if there is no Utilisation then outstanding, whose undrawn Commitments then aggregate 66⅔% or more of the Total Commitments; or
- (c) if there is no Utilisation then outstanding and the Total Commitments have been reduced to zero, whose Commitments aggregated 66⅔% or more of the Total Commitments immediately before the reduction;

"Managers" each of Richard Searle, Neil James, Barry Turner and David Arden;

"Managers' Agreements" each of the service contracts entered into on or about the date of Closing in the Agreed Terms between the Principal Borrower and the Managers;

"Margin" 2% per annum;

"Market Conventions" the prevailing practice in the London interbank market relating to facilities and payments of the nature contemplated in this Agreement, including the *method of interest rate fixing and the calculation of interest on deposits*, involving such factors as the day count basis, the meaning of Business Day and the settlement basis;

"Market Report" the market review report dated 13 March 1998 prepared by Arthur D Little Limited addressed to or with a reliance letter in favour of, *inter alios*, the Agent for and on behalf of the Finance Parties from time to time;

"Material Adverse Change" an event or circumstance which constitutes an adverse change in the assets, financial or trading position of any Group Company of such seriousness that (in the bona fide opinion of the Majority Banks) any Borrower would be unlikely to be able to fully and punctually perform all its payment obligations under the Senior Finance Documents or such that (in the bona fide opinion of the Majority Banks) the Principal Borrower would be unlikely to be able to comply with any one or more of the financial covenants contained in clause 16.1 (*Financial Covenants*);

"Material Adverse Result" an event or circumstance which (when taken alone or together with any previous event or circumstance) has, or could reasonably be expected in the bona fide opinion of the Majority Banks to have, a materially adverse effect, and not merely a transient or insubstantial effect, on the assets, business or financial condition or trading prospects of any Cluster or would be likely to adversely affect the ability of any Borrower to meet its payment obligations under the Senior Finance Documents or of the Principal Borrower to comply with the financial covenants contained in clause 16.1 (*Financial Covenants*);

"Merlin Accounts" the audited accounts of the Merlin Companies prepared by Arthur Andersen for each of the financial years ending 31 December 1995, 31 December 1996 and 31 December 1997 and the management accounts of the Merlin Companies for each of the years ending 31 December 1995, 1996, 1997 and the four months ended April 1998;

"Merlin Accountants' Reports" the reports dated on or around the date of the Supplemental Agreement prepared by Price Waterhouse and Ernst & Young and addressed, *inter alios*, to the Agent on behalf of the Finance Parties in relation to the Merlin Acquisition;

"Merlin Acquisition" the acquisition of the entire issued share capital of the Merlin Companies by the Principal Borrower on the terms of the Merlin Sale and Purchase Agreement;

"Merlin Acquisition Advances" the aggregate principal amount of the advances made by the Banks to the Principal Borrower under Original Tranche A and Original Tranche B of the Original Acquisition Facility for the purposes of, *inter alia*, the Merlin Acquisition (as from time to time reduced by repayment or prepayment);

"Merlin Acquisition Disclosure Letter" the disclosure letter, in the Agreed Terms, addressed or to be addressed by or on behalf of the Merlin Vendor to the Principal Borrower under the Merlin Sale and Purchase Agreement;

"Merlin Completion" completion of the Merlin Acquisition;

"Merlin Completion Date" the date of the Merlin Completion;

"Merlin Companies" Merlin Group Holdings Limited (Company No: 2888971) and Britton Merlin Limited (formerly known as Merlin Flexible Packaging Limited) (Company No: 00815053);

"Merlin Environmental Report" the report dated 5 June 1998 prepared by RPS Consultants Limited for the Merlin Acquisition, addressed, inter alios, to the Agent on behalf of the Finance Parties from time to time;

"Merlin Market Report" the market review report dated 19 June 1998 prepared by Arthur D Little Limited for the Merlin Acquisition addressed to or with a reliance letter in favour of, inter alios, the Agent for and on behalf of the Finance Parties from time to time;

"Merlin Pensions Letter" the letter prepared by Lane, Clark and Peacock in respect of the pension arrangements of the Merlin Companies;

"Merlin Property Conditions Report" the survey report and property repair assessment dated June 1998 prepared by Workman and Partners for the Merlin Acquisition addressed to or with a reliance letter in favour of, inter alios, the Agent for and on behalf of the Finance Parties from time to time;

"Merlin Property Report" the report on title prepared by Messrs Eversheds in respect of the Merlin Acquisition addressed to or with a reliance letter in favour of, inter alios, the Agent for and on behalf of the Finance Parties from time to time;

"Merlin Sale and Purchase Agreement" the sale and purchase agreement in the Agreed Terms in relation to the entire issued share capital of Merlin Group Holdings Limited between the Merlin Vendor and the Principal Borrower;

"Merlin Vendor" the institutions or persons listed as sellers in column 1 of schedule 1 of the Merlin Sale and Purchase Agreement;

"Month" a period starting on one day in a calendar Month and ending on the numerically corresponding day in the next calendar Month or, if that corresponding day is not a Business Day, ending on the next Business Day unless that falls in another calendar Month in which case it shall end on the preceding Business Day, except that if there is no corresponding day in the Month in which the period ends, that period shall end on the last Business Day in that Month;

"Net Disposal Proceeds" the proceeds of any disposal of assets of or shares in a Group Company in excess of £50,000 in respect of any single item less:

- (a) reasonable costs incurred to third parties at arm's length to the relevant Group Company as a result of such disposal; and
- (b) a reasonable provision for Tax arising as a result of such disposal;

but does not include the proceeds of disposals permitted by clause 14.4(b), (e), (f) or (g);

"Obligation" any guarantee, bond, indemnity, letter of credit, documentary or other credit or any instrument of surety or payment Issued or to be Issued by the Issuing Bank under the Working Capital Facility on the terms of this Agreement;

"Obligation Fee" means any fee payable in relation to an Obligation under clause 2.6(b)(v) (*Obligation Fees*);

"Obligation-Related Documents" each Obligation, any Drawdown Notice or other application for an Obligation and any other document relating to any Obligation;

"Obligors" the Principal Borrower, the Borrowers, and the Charging Companies;

"Original Accounts" the unconsolidated audited accounts of the Targets Group and each member of the Targets Group for the Accounting Reference Period ending on 31 December 1997 and the consolidated management accounts of the Targets Group for January 1998 and February 1998;

"Original Acquisition" the acquisition of the entire issued share capital of the Targets by the Principal Borrower on the terms of the Original Sale and Purchase Agreement;

"Original Acquisition Advances" means the Britton Acquisition Advances and the Merlin Acquisition Advances and "Original Acquisition Advance" means any of them;

"Original Acquisition Disclosure Letter" the disclosure letter, in the Agreed Terms, addressed or to be addressed by or on behalf of the Original Vendor to the Principal Borrower under the Original Sale and Purchase Agreement;

"Original Acquisition Facility" the loan facilities referred to in clause 2.1(a) (*Amount*);

"Original Business Plan" means the business plan for the Group (prior to the Merlin Acquisition) in the Agreed Terms;

"Original Completion" completion of the Original Acquisition;

"Original Completion Date" the date of Original Completion;

"Original Debenture" the guarantee and debenture dated on or about the date of this Agreement issued by the Charging Companies listed in Part I of Schedule II (*The Charging Companies*) in favour of the Security Trustee creating fixed and floating charges over the property and assets of that Charging Company described in it;

"Original Fees Letter" the letter or letters dated on or around 8 April 1998 from the Agent to the Principal Borrower and countersigned by the Principal Borrower setting out the fees payable by the Principal Borrower;

"Original Managers" each of Colin Smith, Peter Whittaker, Nigel Beaumont and Raymond Peters;

"Original Sale and Purchase Agreement" means the agreement in the Agreed Terms between the Principal Borrower and the Original Vendors in respect of the Acquisition, the Tax Indemnity Agreement and in each case any related documents;

"Original Tranche A" means the facilities referred to in clause 2.1(a) (*Amount*) made available to the Principal Borrower by way of sub-limit to the Original Acquisition Facility for the purposes set out in clause 2.2 (*Purpose*);

"Original Tranche B" means the facilities referred to in clause 2.1(a) (*Amount*) made available to the Principal Borrower by way of sub-limit to the Original Acquisition Facility for the purposes set out in clause 2.2 (*Purpose*);

"Original Vendor" means Britton Group Limited and N.M.C. Group Limited;

"Outstandings" means, at any time, the aggregate of all Advances, Obligations and Utilisations outstanding under the Facilities;

"Outstanding Contingent Liabilities" means:

- (a) the amount notified to the Agent by the Issuing Bank as representing its exposure in the relevant currency of 100% of their principal liability under all contingent liabilities incurred by those Banks in the course of making available Obligations under the Working Capital Facility including its Risk Exposure of outstanding utilisations of forward foreign exchange facilities at that time;

- (b) the amount which would be required to be paid by the relevant Borrower to close out any outstanding interest rate management agreements; and
- (c) those Banks' best estimate of other costs, fees, expenses and liabilities which are likely to be incurred if a claim were to be made in connection with any such contingent liability less the aggregate of all amounts (if any):
 - (i) held as cash cover for such liability; or
 - (ii) actually paid out by the Issuing Bank in respect thereof for which the Issuing Bank has been reimbursed by the Obligors;

"Parent" means Britton Group (Holdings) Limited (formerly known as Bealaw (464) Limited), a company incorporated in England and Wales registered with company number 3540803;

"Pensions Letter" the letter from Lane, Clark and Peacock dated 12 March 1998 addressed to or with a reliance letter in favour of, inter alios, the Agent for and on behalf of the Finance Parties from time to time;

"Permitted Borrowings" means (in respect of any Group Company) Borrowings:

- (a) pursuant to the Facilities and the Hedging Agreements;
- (b) pursuant to hire purchase agreements and finance leases (as defined in SSAP 21) complying with clause 14.7 (*Hire Purchase Restrictions*);
- (c) between Group Companies;
- (d) under trade credit incurred in the normal and proper course of business of a Group Company;
- (e) any Borrowings incurred by a Subsidiary acquired after the date of this Agreement if such Borrowings existed at the time of the acquisition of that Subsidiary provided that such Borrowings were not created in contemplation of the Group's acquisition of that Subsidiary and only if the principal amount outstanding under those Borrowings at the time of such acquisition is not thereafter increased and in any event such Borrowings are discharged in full within 90 days;
- (f) under the Subordinated Loan Notes;
- (g) covered by an Issued Obligation; and
- (h) under the Top Up Facility;

"Permitted Encumbrances" means:

- (a) Encumbrances granted with the consent of the Agent;
- (b) liens and rights of set off arising by operation of law in the normal course of business and retention of title clauses in suppliers' standard terms and conditions of business in respect of contracts entered into in the normal course of business;
- (c) Encumbrances comprised in the Security Documents or arising under any agreement in favour of any of the Banks (or any overseas bank) in connection

with credit balances held by that Bank (or overseas bank) which permit the netting off of such credit balances against debit balances, or in connection with any conditional purchase, hire purchase or finance lease arrangement which is a Permitted Borrowing;

- (d) liens arising as a result of unpaid taxes (but without prejudice to the Banks' ability to rely on any Event of Default brought about by such non-payment);
- (e) *Encumbrances comprised by hire purchase and finance leases (as defined in SSAP 21) complying with clause 14.7 (Hire Purchase Restrictions);*
- (f) any Encumbrance arising pursuant to an order of attachment, distraint, garnishee or injunction restraining disposal of assets or similar legal process arising in connection with court proceedings being actively contested by the relevant member of the Group in good faith if the Majority Banks (acting reasonably) are satisfied that such proceedings are likely to be decided in its favour provided that the exclusions of this paragraph (f) shall not prevent any Event of Default occurring by reason of the occurrence of the litigation or underlying events to which such Encumbrance relates;
- (g) any Encumbrance created in favour of a plaintiff or defendant in any action as security for costs or expenses where any member of the Group is prosecuting or defending such action in good faith if the Majority Banks (acting reasonably) are satisfied that such proceedings are likely to be decided in its favour or that it is otherwise in the best interests of the Group to pursue such litigation and such litigation does not expose the Group to a material liability which has not been provided for in the budget for the relevant period and provided that such litigation does not in any event constitute or bring about an Event of Default;
- (h) any Encumbrance over any assets acquired after the date of this Agreement if the Encumbrance over the asset existed at the time of its acquisition provided that such Encumbrance was not created in contemplation of such acquisition and only if the principal amount outstanding and secured thereby at the time of such acquisition is not thereafter increased and provided that in any event such Encumbrance is discharged completely within 90 days of such acquisition;
- (i) any Encumbrance over the business or any assets of a Subsidiary acquired after the date of this Agreement if such Encumbrance existed at the time of the acquisition of that Subsidiary provided that such Encumbrance was not created in contemplation of the Group's acquisition of that Subsidiary and only if the principal amount outstanding and secured thereby at the time of such acquisition is not thereafter increased and provided that in any event such Encumbrance is discharged completely within 90 days of such acquisition;
- (j) the Realisation Account or any escrow account into which disposal proceeds may be paid (to the extent that it could be viewed as a security interest); and
- (k) on and after Closing, the Top Up Security and the Loan Note Security;

"Potential Event of Default" means:

- (a) any event or the existence of any circumstances which, with the giving of notice, the lapse of time, any determination of materiality, the satisfaction of any applicable condition, or any combination of them would in the bona fide opinion of the Majority Banks be likely to constitute or bring about an Event of Default; or

- (b) that financial circumstances exist, such that (in the bona fide opinion of the Majority Banks) on the publication of each audited or monthly management accounts falling within the next six Month period by reference to which the financial covenants in clause 16.1 (*Financial Covenants*) are to be calculated, there would then be a breach of one or more of those financial covenants;

"Properties" means, at any time, all interests in freehold and leasehold property then owned by the Group and includes the properties listed in Parts 1 and 2 of Schedule 3 to the Original Sale and Purchase Agreement and Schedule 5 of the Merlin Sale and Purchase Agreement;

"Property Conditions Report" the Property Conditions Report dated March 1998 prepared by Workman and Partners for the Original Acquisition addressed to or with a reliance letter in favour of, inter alios, the Agent for and on behalf of the Finance Parties from time to time;

"Property Report" the reports on title prepared by Messrs Clifford Chance for the Original Acquisition addressed to or with a reliance letter in favour of, inter alios, the Agent for and on behalf of the Finance Parties from time to time;

"Principal Borrower" means Britton Group Limited (formerly known as Bealaw (461) Limited), a company incorporated in England and Wales registered with company number 3541144;

"Qualifying Bank"

- (a) means a bank as defined for the purposes of section 349 of the Income and Corporation Taxes Act 1988 which is within the charge to United Kingdom corporation tax as respects payments of interest received by it under this Agreement;
- (b) a bank or other financial institution which is resident in a country with which the United Kingdom has a double-taxation treaty under which that bank or financial institution is entitled to receive principal, interest and fees under this Agreement without withholding for or on account of United Kingdom Income Tax; or
- (c) a company resident in the United Kingdom for tax purposes, a partnership each member of which is a company resident in the United Kingdom for tax purposes or a company not so resident in the United Kingdom which carries on a trade in the United Kingdom through a branch or agency and which brings into account the payments in computing its chargeable profits (within the meaning given by section 11(2) Income and Corporation Taxes Act 1988) which is beneficially entitled to payments received by it under this Agreement;

"Quarter Day" means any of 31 March, 30 June, 30 September and 31 December in each calendar year;

"Realisation Account" means an interest bearing Sterling deposit account in the name of a Borrower opened in the books of such bank as the Agent may nominate entitled "Credit Suisse First Boston – Realisation Account re *Group Company*" into which Net Disposal Proceeds are to be paid under clause 8.4 (*Disposal Proceeds and Acquisition Agreement Claims*);

"Recoveries" means the net amounts (after deducting and retaining or paying to the Agent and the Security Trustee all proper costs, charges and expenses (including proper legal expenses incurred in connection with their recovery)) received by the Security Trustee under the Security Documents in respect of the Indebtedness and liabilities of the

Obligors to the Finance Parties and the Hedging Counterparty under the Senior Finance Documents after the Enforcement Date;

"Reference Banks" means the principal London office of Credit Suisse First Boston or such additional or alternative banks as the Agent and the Principal Borrower may from time to time agree;

"Relevant Percentage" means at any time in relation to a Bank and a Facility (including for the purposes of clause 22.5 (*Bank's indemnity*), clause 34 (*Equalisation Provisions*) and clause 2.6(b)(iv)(hh) (*Indemnity from Banks to Issuing Bank*)), the proportion, expressed as a percentage, which that Bank's Commitment forms of the Total Commitments in respect of that Facility at that time;

"Repayment Date" means in relation to the Acquisition Loan each date on which a scheduled repayment is due to be made in accordance with clause 7.1 (*Repayment of the Acquisition Advances*);

"Repayment Instalment" means each instalment for repayment of the Acquisition Loan referred to in clause 7.1 (*Repayment of the Acquisition Advances*);

"Restructuring Agreement" means the agreement dated 2 November 2001 and entered into between Britton Group (Holdings) Limited (as Parent), Britton Group Limited (as Principal Borrower), the Companies listed in the First Schedule Part 1 thereto (as Obligors), Credit Suisse First Boston (as Arranger and Co-ordinating Bank), the Financial Institutions listed in the First Schedule Part 2 thereto (as Banks), the Financial Institutions listed in the First Schedule Part 3 thereto (as Mezzanine Lenders), Credit Suisse First Boston (as Issuing Bank), Senior Agent, Mezzanine Agent and Security Trustee), the CVC Entities listed in the First Schedule Part 4 thereto (as CVC Funds);

"Restructuring Fees Letter" means the letter dated on or around the date of Closing from the Agent to the Principal Borrower and setting out the additional fees payable under this Agreement;

"Revised Projections" the information document containing, inter alia, financial projections and a business plan in respect of the Group in the Agreed Terms supplied to the Agent by the Principal Borrower and dated on or about 24 March 1999;

"Risk Exposure" means:

- (a) in relation to forward foreign exchange agreements:
 - (i) where such agreements mature in 364 days or less from the date of entry into the relevant contract, an amount equal to 10% of the Sterling value of the contract;
 - (ii) in the case of any other such contract, an amount equal to 20% of the Sterling value of the contract;
- (b) in respect of forward foreign exchange agreements entered into after any change in the Banks' general assessment of risk for such agreements (whether or not caused by the imposition of balance sheet weighting by the Bank of England), the Banks may substitute other figures under (i) and (ii) above provided that such figures are applicable to corporate customers generally;

"Second Supplemental Agreement" the supplemental agreement dated 27 May 1999 and made between Britton Group (Holdings) Limited (formerly known as Bealaw (464) Limited) (as Parent) (1), Britton Group Limited (formerly known as Bealaw (461) Limited) (as Principal Borrower) (2), the Companies listed in Schedule I thereto (together with the

Principal Borrower, as Obligors) (3), Credit Suisse First Boston (as Arranger) (4), Credit Suisse First Boston and Credit Lyonnais (as Co-Underwriters) (5), Credit Suisse First Boston (as Issuing Bank) (6), Credit Suisse First Boston (as Agent) (7) and Credit Suisse First Boston (as Security Trustee) (8);

"Security Documents" means the Original Debenture, the Supplemental Debenture, the Supplement to the Supplemental Debenture, the Supplement to the Original Debenture, the Subordination Deed and the Supplemental Assignment of Acquisition Claims and shall include any substituted or additional security entered into by any of the Obligors in favour of the Security Trustee;

"Security Trustee" means Credit Suisse First Boston in its capacity as security trustee for, among others, the Finance Parties and the Hedging Counterparty and any successor security trustee appointed under the terms of this Agreement;

"Senior Finance Documents" means the Supplemental Agreement, the Second Supplemental Agreement, the Third Supplemental Agreement, the Restructuring Agreement, this Agreement, agreements in connection with the issue of Obligations, the Security Documents, the Original Fees Letter, the Supplemental Fees Letter, the Restructuring Fees Letter, the Hedging Agreements, any Transfer Certificate, any Deed of Accession, and any other document designated as such by agreement between the Agent and the Principal Borrower;

"Shareholders' Agreement" means the agreement dated on or about the date of Closing and entered into between Britton Group (Holdings) Limited, Britton Group Limited, Richard Searle and others, Credit Suisse First Boston and others, Citicorp Capital Investors Europe Limited and others and CVC Capital Partners Limited in the Agreed Terms;

"Share Sale" means the obtaining of Control of the Parent or the Principal Borrower by any person or persons Acting in Concert who are not Banks;

"SSAP" means a Standard Statement of Accounting Practice issued by the Institute of Chartered Accountants;

"Sterling" or "£" means the lawful currency of the United Kingdom;

"Subordinated Loan Notes" means £2,000,000 secured subordinated loan notes of the Principal Borrower, in the Agreed Terms issued to the CVC Funds on or around Closing;

"Subordination Deed" means the subordination deed dated on or around the date of Closing and entered into between Credit Suisse First Boston (as Senior Agent), Credit Suisse First Boston (as Senior Security Agent), the Financial Institutions listed in the First Schedule thereto (as Banks), the CVC entities listed in the Third Schedule thereto (as Investors), Britton Group (Holdings) Limited (as Parent), Britton Group Limited (as Principal Borrower) and the Obligors named therein;

"Subsidiary" means:

- (a) a subsidiary as defined in Section 736 of the Act; and
- (b) for the purposes of clause 15 (*Information Covenants*) and clause 16 (*Financial Covenants*), a subsidiary undertaking as defined in Section 258 of the Act and **"wholly owned Subsidiary"** has the meaning given to it in Section 736(2) of the Act;

"Substituted Managers" means each of Keith Millican, Rod Watters, Peter Whittaker, Nigel Beaumont and Raymond Peters;

"Supplement to the Original Debenture" means the supplemental deed dated on or about the date of Closing and stated as being supplemental to the Original Debenture entered into between the companies listed in Schedule I thereto (as Charging Companies) and Credit Suisse First Boston (as Security Trustee);

"Supplement to the Supplemental Debenture" means the supplemental deed dated on or around the date of Closing and stated as being Supplemental to the Supplemental Debenture entered into by the companies listed in Schedule I thereto (as Charging Companies) and Credit Suisse First Boston (as Security Trustee);

"Supplemental Agreement" the supplemental agreement dated 4 July 1998 and made between Britton Group (Holdings) Limited (formerly known as Bealaw (464) Limited) (as Parent) (1), Britton Group Limited (formerly known as Bealaw (461) Limited) (as Principal Borrower) (2), the Companies listed in Schedule VIII thereto (as Borrowers) (3), Credit Suisse First Boston (as Arranger and Underwriter) (4), Credit Suisse First Boston (as Issuing Bank) (5), Credit Suisse First Boston (as Agent) (6) and Credit Suisse First Boston (as Security Trustee) (7);

"Supplemental Debenture" the guarantee and debenture issued by the Charging Companies listed in Part II of Schedule II (*The Charging Companies*) in favour of the Security Trustee in substantially the same terms as the Original Debenture creating fixed and floating charges over the property and assets of that Charging Company described in it;

"Supplemental Deed of Assignment of Acquisition Claims" the deed of assignment of acquisition claims dated on or about the date of the Supplemental Agreement and made between the Principal Borrower (1) and the Security Trustee (2);

"Supplemental Fees Letter" the letter dated with the same date as the Supplemental Debenture from the Agent to the Principal Borrower and setting out the additional fees payable pursuant to the Supplemental Agreement;

"Targets" Britton Group Plastics Limited, Britton Security Packaging Limited, Britton Precision Limited and Britton Gelplas Limited;

"Targets Group" means the Targets and the other companies listed in Part 3 of Schedule 1 to the Original Sale and Purchase Agreement;

"Taxes" means all present and future taxes, levies, imposts, duties, charges, fees, deductions and withholdings imposed or levied by any governmental, fiscal or other competent authority in the UK or any other jurisdiction from which any Obligor makes payment (and includes without limitation any penalty payable in connection with any failure by any Group Company to pay, or delay by any Group Company in paying, any of the same) and **"Tax"** and **"Taxation"** shall be construed accordingly;

"Tax Indemnity Agreement" the tax indemnity agreement in Agreed Terms to be entered into in connection with the Acquisition;

"Third Supplemental Agreement" the supplemental agreement dated on or around 12 October 2000 and made between Britton Group (Holdings) Limited (formerly known as Bealaw (464) Limited) (as Parent) (1), Britton Group Limited (formerly known as Bealaw (461) Limited) (as Principal Borrower) (2), the companies listed in the second schedule to that agreement (as Obligors) (3), Credit Suisse First Boston (as Arranger) (4), the financial institutions listed in the first schedule to that agreement (as Banks) (5), Credit Suisse First Boston (as Issuing Bank) (6), Credit Suisse First Boston (as Agent) (7) and Credit Suisse First Boston (as Security Trustee) (8);

"Top Up Facility" means the facility made available pursuant to the Top Up Facility Agreement;

"Top Up Facility Agreement" means each agreement in the Agreed Terms between a bank or other financial institution and a Group Company entered into from time to time with the prior written consent of the Agent, making available the Top Up Facility;

"Top Up Security" means security in the Agreed Terms granted from time to time with the prior written consent of the Agent, granted as security for the Top Up Facility;

"Total Commitments" means the aggregate for the time being of the Commitments under all Facilities being, at Closing, £29,750,000;

"Trading Period" means each Month by reference to which the Principal Borrower prepares the monthly management accounts to be delivered to the Agent under clause 15.2(b) (*Monthly Management Accounts*);

"Tranche A" means the facility referred to in clause 2.1(b) (*Amount*) made available to the Principal Borrower by way of sub-limit to the Acquisition Facility;

"Tranche B" means the facility referred to in clause 2.1(b) (*Amount*) made available to the Principal Borrower by way of sub-limit to the Acquisition Facility;

"Tranche C" means the facility referred to in clause 2.1(b) (*Amount*) made available to the Principal Borrower by way of sub-limit to the Acquisition Facility;

"Transaction Documents" means the Acquisition Agreements, the Subordinated Loan Notes, the Articles, the Shareholders' Agreement and the Investment Agreement;

"Transferee" means a bank or other financial institution to which a Bank seeks to transfer or has transferred all or part of its rights and obligations under this Agreement in accordance with clause 21.3 (*Assignment and Transfer*);

"Transfer Certificate" means a certificate substantially in the form set out in Schedule IV (*Transfer Certificate*) signed by a Transferee and a Bank;

"Undrawn Face Amount" means in relation to an outstanding Obligation, the maximum amount that may be or become payable to the beneficiary of that Obligation;

"United Kingdom" or "UK" means the United Kingdom of Great Britain and Northern Ireland;

"Utilisation" the issue of an Obligation or an Advance;

"Utilisation Date" in relation to a Utilisation, the date on which that Utilisation was made or, as the context requires, is to be made under clause 4 (*Drawdown*);

"Vendors" the Original Vendor and the Merlin Vendor, and **"Vendor"** shall mean any of them;

"Working Capital Facility" the committed Working Capital Facility referred to in clause 2.1(c) (*Amount*), as the same may be reduced or cancelled from time to time under the terms of this Agreement and;

"Working Capital Facility Limit" £1,750,000.

1.2 Interpretation

In this Agreement, except as otherwise expressly provided:

- (a) references in this Agreement to this Agreement or to any other document shall include references to this Agreement, its Recitals and its Schedules or to such other document as amended, varied, supplemented, replaced and/or restated in any manner from time to time;
- (b) subject to clause 21 (*Assignments and Transfers*), references to any party shall, where relevant, be deemed to be references to or to include, as appropriate, their respective lawful successors, assigns or transferees;
- (c) references to clauses, sub-clauses, paragraphs and Schedules shall be construed as references to clauses, sub-clauses and paragraphs of, and Schedules to, this Agreement;
- (d) references to any enactment shall be deemed to include references to such enactment as re-enacted, amended or extended and any subordinate legislation made under it;
- (e) references to a **"person"** shall include any individual, company, corporation, firm, partnership, joint venture association, organisation, institution, trust or agency, whether or not having a separate legal personality;
- (f) references to the **"assets"** of any person shall be construed as a reference to the whole or any part of its business, undertaking, property, shareholdings, assets and revenues (including any right to receive revenues and uncalled capital);
- (g) references to the one gender shall include all genders, and references to the singular shall include the plural and vice versa;
- (h) headings and sub-headings are inserted for convenience only and shall be ignored in construing this Agreement;
- (i) references to **"including"** and **"in particular"** shall not be construed restrictively but shall mean "including, without prejudice to the generality of the foregoing" and "in particular, but without prejudice to the generality of the foregoing" respectively;
- (j) references to **"law"** shall include any present or future common law, statute, statutory instrument, treaty, regulation, directive, order, decree, other legislative measure, code, circular, notice, demand, or injunction, including those with which it is customary for persons to whom it is directed to comply, even if compliance is not mandatory;
- (k) references to **"writing"** include telex and facsimile transmission legibly received, except in relation to any certificate, forecast, report, notice, resolution or other document which is expressly required by this Agreement to be signed, and **"written"** has a corresponding meaning;
- (l) any consent or approval required from the Agent, and/or any of the Banks, to any Borrower under this Agreement must be obtained in writing and shall be of no effect if it is not in writing; and
- (m) an Obligation is **"repaid"** or **"prepaid"** for the purposes of this Agreement by:-
 - (i) providing the Issuing Bank (for itself or each of the Banks pro rata in accordance with their Liability Proportions in respect of the relevant Obligation) with cash cover in the currency in which the relevant Obligation is denominated;

- (ii) reducing (in accordance with the terms hereof) the amount that may be demanded under such Obligation (or by such amount automatically reducing in accordance with its terms); or
- (iii) cancelling such Obligation by returning the original to the Issuing Bank together with written confirmation (in form and substance satisfactory to the Issuing Bank) from the relevant beneficiary that the Issuing Bank and the Banks have no further liability thereunder or in respect thereof.

PART II

THE FACILITIES AND ADDITIONAL BORROWERS

2. THE FACILITIES

2.1 Amount

In accordance with and subject to the provisions of this Agreement and in reliance on the representations and warranties contained in clause 13 (*Representations and Warranties*):

- (a) the Banks made available the Original Acquisition Facility to the Principal Borrower as follows:
 - (i) on the Original Completion Date in the maximum aggregate amount of £45,000,000 by way of two advances:
 - (aa) an Original Tranche A Advance of £31,500,000; and
 - (bb) an Original Tranche B Advance of £13,500,000;
 - (ii) on the Merlin Completion Date in the maximum aggregate amount of £15,250,000 by way of two advances:
 - (aa) an Original Tranche A Advance of £10,675,000; and
 - (bb) an Original Tranche B Advance of £4,575,000;
- (b) on Closing the Banks have agreed to compromise part of the Original Acquisition Facility and to continue to make available the Acquisition Facility in the maximum aggregate amount of £28,000,000 by way of three advances:
 - (1) a Tranche A Advance of £15,000,000;
 - (2) a Tranche B Advance of £10,000,000; and
 - (3) a Tranche C Advance of £3,000,000; and
- (c) the Banks have agreed to continue to make available a reduced Working Capital Facility by way of the Issue of Obligations to the Borrowers in a maximum aggregate principal amount not exceeding at any time the then applicable Working Capital Facility Limit.

2.2 Purpose

- (a) The Britton Acquisition Advances were used solely in satisfaction of the consideration payable to the Original Vendors under the Original Sale and Purchase Agreement together with the financing or refinancing of costs incurred in connection with the Original Acquisition (subject to a limit on such costs of a maximum aggregate amount of £3,500,000) and were applied by the Principal Borrower as set out in the Flow of Funds Statement.
- (b) The Merlin Acquisition Advances were used solely in satisfaction of the consideration payable to the Merlin Vendors under the Merlin Sale and Purchase Agreement together with the financing of costs incurred in connection with the Merlin Acquisition (subject to a limit on such costs of a maximum aggregate amount of £1,000,000) and the repayment of the debts of the Merlin Companies.

- (c) The Working Capital Facility shall be used by the Borrowers for the working capital purposes of the Group (and not, for the avoidance of doubt, in or towards the funding or refinancing of acquisitions of the share capital or business of any person, unless the Majority Banks so agree, and not for financing prepayments of Acquisition Advances).
- (d) No part of the Facilities may be used for any purpose which would cause the execution of any of the Senior Finance Documents by any Obligor or the performance by any Obligor of its obligations under any Senior Finance Document to constitute, or would otherwise result in the provision of, unlawful financial assistance for the purposes of Part V, Chapter VI of the Companies Act 1985 or any other applicable legislation, or for any other unlawful purpose.
- (e) Without prejudice to the obligations of the Borrowers to apply amounts borrowed in accordance with this clause 2.2, none of the Finance Parties shall be under any duty to check that the Borrowers have done so.

2.3 Cash Advances

Subject to the provisions of this Agreement, each Bank agrees on each date on which an Advance is to be made to make available through its Facility Office its Relevant Percentage of the Advance up to a maximum aggregate principal amount equal to its relevant Commitment.

2.4 Finance Parties' liability several

The obligations of each Finance Party under the Senior Finance Documents are several and no Finance Party shall be responsible for the obligations of any other Finance Party under the Senior Finance Documents. Failure of a Finance Party to perform those obligations shall not relieve any other Finance Party or any of the Obligors from any of its or their respective obligations under the Senior Finance Documents except that the Banks shall be relieved of their obligations to make the Facilities available if the purposes for which the Original Acquisition Advances were drawn cannot properly be achieved.

2.5 Finance Parties' rights several

The rights of each Finance Party under the Senior Finance Documents are several. The amount from time to time owing by any Obligor to any party under a Senior Finance Document shall be an independent debt separate from the amount owing to any other party. Each Finance Party shall have a separate cause of action against the Obligors under each Senior Finance Document but only in respect of such amounts of principal or interest as have become payable to it, after the earlier of (a) the Final Repayment Date or (b) the first time that the Agent makes a declaration under clause 17.1(ii) (*Demand on Events of Default*). It shall not be necessary for any other Finance Party to be joined as an additional party in any proceedings to this end, although if more than one Finance Party brings proceedings such proceedings shall be consolidated.

2.6 Working Capital Facility

- (a) **General:** No utilisation of the Working Capital Facility shall take place until Closing;
- (b) **Obligations:**
 - (i) **General:** Subject to the terms hereof, the Issuing Bank, will, on the date of issue for each relevant Obligation specified in a Drawdown Notice, deliver such Obligation in accordance with the issue instructions specified in such Drawdown Notice. Each Obligation Issued hereunder shall be executed by the Issuing Bank, and each Bank shall thereupon assume a

several obligation to counter-indemnify the Issuing Bank in respect of such Obligation, in its Liability Proportion.

(ii) **Drawdown:** The provisions of clause 4.2 (*Issue of Obligations*) shall apply to the Issue of Obligations.

(iii) **Term:** Notwithstanding the other provisions of this Agreement, unless otherwise specifically agreed in writing by the Banks, no Obligation shall expire beyond 31 December 2008.

(iv) **Demands under Obligations:**

(aa) Each Borrower shall indemnify and keep each Finance Party indemnified on demand from and against all liabilities, losses, damages, claims, costs, demands and actions which that Finance Party may suffer or incur (other than as a result of the fraud or wilful default of such Finance Party) in connection with any Obligation or any payment made thereunder in accordance with this Agreement or any performance of obligations by the Finance Parties under or in respect thereof in accordance with this Agreement.

(bb) **Notifications of claims:**

If the beneficiary of an Obligation makes a claim under that Obligation in accordance with its terms, the Issuing Bank shall promptly (and in any event within three Business Days) notify the relevant Borrower and the Agent specifying:

- (1) the final date on or before which payment is to be made to the beneficiary (the "**Payment Date**");
- (2) the currency and aggregate amount of the claim (the "**Claimed Amount**"); and
- (3) each Bank's Liability Proportion in respect of the Claimed Amount, which represents the sum to be paid by way of counter-indemnity to the Issuing Bank.

(cc) **Payment by the Borrower:**

The relevant Borrower shall pay the Claimed Amount to the Agent for distribution amongst the Banks in their respective Liability Proportions of the Claimed Amount within three Business Days after the notification under paragraph (bb) above.

(dd) **Payment against documents, etc:**

Each Borrower unconditionally and irrevocably:

- (1) authorises and directs the Issuing Bank to pay any demand under and in accordance with any Obligation (in accordance with its usual banking practice) without requiring proof of the relevant Borrower's agreement that the amounts so demanded or paid are or were due and notwithstanding that any Borrower may dispute the validity of any such request, demand or payment;

- (2) confirms that the Issuing Bank deals in documents only and shall not be concerned with the legality of the claim or any other underlying transaction or any set off, counterclaim or defence as between the relevant Borrower and the relevant beneficiary; and
- (3) agrees that (in respect of letters of credit, subject always to the compliance by the Issuing Bank with its obligations under the Uniform Customs and Practice for Documentary Credits (ICC Publication No. 500, 1993 Revision) to the extent not inconsistent with the express terms of this Agreement or any Obligation issued hereunder) the Issuing Bank need not have regard to the sufficiency, accuracy or genuineness of any such demand, or any certificate or statement in connection therewith, which appears on its face to be in order or any incapacity of or limitation upon the powers of any person signing or issuing such demand, certificate or statement which appears on its face to be in order and agrees that no Finance Party shall be obliged to enquire as to any such matters and may assume that any such demand, certificate or statement which appears on its face to be in order is correct and properly made.

(ee) **Preservation of rights:**

The obligations of the Borrowers under this clause shall not be impaired by any waiver or time granted to or by any Finance Party, any release or dealings with any rights or security of any Finance Party (including, without limitation under the Senior Finance Documents), any invalidity or unenforceability of any Obligation or any obligation of any Obligor, or any other circumstances (other than an express release in writing) which might impair such Obligations or obligations.

(ff) **Non-competition; no subrogation:**

- (1) No Borrower shall, by virtue of any payment made by it pursuant to this clause or by virtue of any realisation of security made in respect of its obligations under this clause, claim in competition with any Finance Party or have otherwise any right of subrogation, contribution or indemnity against any member of the Group, in each case, so long as any amount is or is capable of becoming outstanding under the Senior Finance Documents or any Commitment is in force.
- (2) As soon as no amount is or is capable of becoming outstanding under the Senior Finance Documents and no Commitment is in force, where any liability owed by an Obligor to a Finance Party has been wholly or partially paid to that Finance Party by another Obligor or Obligors (the "Paying Obligor"), the Paying Obligor shall to that extent be subrogated to that liability so paid. On being so subrogated, the Paying Obligor will, at its request and expense, be entitled to an assignment of the rights to which it is subrogated from such Finance Party.

(gg) **Miscellaneous:**

- (1) This clause is a continuing indemnity, extends to the ultimate balance of any Borrower's obligations and liabilities under this clause and shall continue in force notwithstanding any intermediate payment in whole or in part of those obligations or liabilities or other settlement of account, Event of Default or any other matter or thing whatsoever.
- (2) Each Borrower's obligations under this clause are in addition to and are not in any way prejudiced by any collateral or other security now or subsequently held by any Finance Party or any lien to which any Finance Party may be entitled.
- (3) No invalidity or unenforceability of all or any part of this clause shall affect any rights of indemnity or otherwise which any Finance Party would or may have in the absence of or in addition to this clause.
- (4) Each Borrower agrees and acknowledges that:
 - (aa) to the extent that any Bank makes any payment under this clause, that Bank will automatically and immediately be subrogated to any rights the relevant beneficiary may have against the relevant Borrower or its assets in respect of the amount so paid;
 - (bb) its obligations under this clause shall not be affected by any act, omission, matter or thing which but for this provision might operate to release or otherwise exonerate it from such obligations in whole or in part, including without limitation and whether or not known to that Borrower or Bank (as the case may be) any taking, variation, compromise, renewal or release of, or refusal or neglect to perfect or enforce any rights, remedies or securities available to the Agent, the Security Trustee, any Bank or any other person and any variation or extension of or increase in liabilities under the Obligations which has been agreed by any Borrower and the Issuing Bank so that references in this Agreement to the Obligations shall include each such variation, extension and increase;
 - (cc) its obligations under this clause shall be in addition to and shall not be in any way prejudiced by any collateral or other security now or hereafter held by the Security Trustee or any Bank as security or any lien to which any Bank may be entitled;

- (dd) this indemnity shall not be affected in any way by any time or indulgence granted to any Borrower or any other Group Company or by any variation, compromise or release of any of their obligations to the Agent, the Issuing Bank or any other Bank;
- (ee) a certificate in writing signed by the Issuing Bank and certifying the total amount due to the Issuing Bank under this clause shall be conclusive evidence of the matters so certified in the absence of manifest error.
- (hh) **Indemnity from Banks to Issuing Bank:**
 - (1) Subject to clause 2.6(iv)(hh)(2), each Bank hereby irrevocably and unconditionally guarantees to and indemnifies on the terms set out in Schedule VII (*Interbank Guarantee*) the Issuing Bank severally up to the amount of its Relevant Percentage and on demand by the Issuing Bank, the due and punctual performance by any relevant Borrower of all its obligations in respect of each Obligation Issued by the Issuing Bank;
 - (2) Each Bank hereby irrevocably and unconditionally (if it is not permitted by its constitutional documents or any applicable law to grant guarantees) agrees that, upon any failure of a relevant Borrower to make timely payment of any amount due in respect of an Obligation, such Bank shall take (and upon the occurrence of an Event of Default specified in clauses 17.1(d),(e), (f), (g), (h) or (i) (*Demands on Events of Default*) (or any event occurs which under the applicable law of any relevant jurisdiction has an analogous, similar or equivalent effect to any such events) shall be deemed to have taken without any further action, as of the Issue Date of each outstanding Obligation), an undivided participating interest from the Issuing Bank in each Obligation outstanding at such time in a proportion equal to such Bank's Relevant Percentage. Each Bank shall hold the Issuing Bank harmless and indemnify the Issuing Bank for such Bank's proportionate share of any drawing under any Obligation in which it has taken an undivided participating interest under this clause 2.6(iv)(hh);
 - (3) The provisions set out in Schedule VII (*Interbank Guarantee*) shall apply to the guarantees of each of the Banks contained in this paragraph (hh) so that such guarantees shall be upon the terms set out in this paragraph (hh) as supplemented by the terms set out in Schedule VII (*Interbank Guarantee*).
 - (4) The provisions of clauses 10.1 (*Payments*) and 31 (*Set-Off*) shall apply, mutatis mutandis, in relation

to payments to be made by each Bank to the Issuing Bank pursuant to this paragraph (hh).

(ii) **Defaults by Banks under the Indemnity:**

If any Bank (a "**Defaulting Bank**") fails to make payment on the due date therefor of any amount due from it for the account of the Issuing Bank pursuant to paragraph (hh) (*Indemnity from Banks to Issuing Bank*) (the balance thereof for the time being unpaid being referred to in this paragraph (ii) as an "**overdue amount**") then until the Issuing Bank has received payment of the overdue amount in full (and without prejudice to any other rights or remedies of the Issuing Bank in respect of such failure):

- (1) the Issuing Bank shall be entitled to receive any Obligation Fee which such Defaulting Bank would otherwise have been entitled to receive; and
- (2) the overdue amount shall bear interest at the rate of one per cent (1%) per annum over one month LIBOR for the time being and any such interest which accrues shall be compounded with monthly rests.

(jj) **Subrogation and Obligations:**

Each Obligor hereby agrees and acknowledges that, to the extent any Bank makes a payment to the Issuing Bank pursuant to paragraph (hh) (*Indemnity from Banks to Issuing Bank*), that Bank will thereupon be subrogated to the rights the Issuing Bank may then have against any Obligor in respect of the amount so paid by that Bank to the Issuing Bank, and, to the extent that any Borrower has not paid any amount due to the Issuing Bank pursuant to paragraph (aa) (*Indemnity from Borrower*) or (cc) (*Payment by the Borrower*), the Principal Borrower will indemnify such Bank in respect of the amount so paid by that Bank. The Principal Borrower shall also indemnify that Bank against all reasonable costs and expenses incurred by that Bank in recovering or attempting to recover any amount pursuant to its rights of subrogation referred to above.

(kk) **Issuing Bank's Position:**

Notwithstanding that the Issuing Bank acts as principal and not agent in issuing and agreeing to issue any Obligation, to the extent not inconsistent therewith, the provisions of clause 22 (*Agent and Security Trustee*) excluding or restricting liability and responsibility shall apply, mutatis mutandis, for the benefit of the Issuing Bank in its relations with the Banks and each Borrower.

(v) **Obligation Fees:**

- (aa) The relevant Borrower shall pay, in arrears to the Agent for distribution among the Banks (including, for this purpose, the Issuing Bank as a Bank) (in accordance with their respective Liability Proportions in respect of the relevant Obligation) on each Quarter Day a fee in respect of each Obligation under the Working Capital Facility for the relevant Fee Period.

- (bb) The Obligation Fee for a Fee Period shall be payable in Sterling on the Undrawn Face Amount from day to day during that Fee Period (and assuming no extension or cancellation of the Obligation will be made except to the extent that the Banks are satisfied that such an extension or cancellation of the Obligation will be made) at a rate per annum equal to the prevailing Margin on the amount of such Obligation.
- (cc) The relevant Borrower shall pay to the Issuing Bank (for its own account), in relation to each Obligation, a fronting fee in Sterling of 0.125 per cent per annum calculated on the maximum amount (expressed in that currency) of the liability from day to day of the Issuing Bank thereunder. Such fee shall be reduced by a proportion equal to the Liability Proportion of the entity which is the Issuing Bank in its capacity as a Bank. Such fee shall be payable on the date of Issue of such Obligation and thereafter on each Quarter Day and payable for the Fee Period beginning on that date the payment is due.
- (dd) Each fee in relation to an Obligation shall be calculated on the basis of a year of 365 days for the actual number of days in the Fee Period.
- (ee) Each Obligation shall be made available on the Issuing Bank's standard conditions (or such other conditions as may be agreed with the Principal Borrower).
- (vi) **Change of Issuing Bank:** The Agent, with the prior approval of the Principal Borrower and the Majority Banks, may designate any Bank, subject to the prior approval of that Bank, as a replacement or additional Issuing Bank but not with respect to Obligations already issued.
- (c) **Bonds, Trade Guarantees and Indemnities:** No bond, guarantee or indemnity shall be made available unless the terms and counterparty of that bond, trade guarantee or indemnity are reasonably acceptable to the Issuing Bank and the Issuing Bank is satisfied that the underlying contract is in the ordinary course of business of the relevant Business and that it will be possible for its liability to be satisfactorily determined on or prior to 31 December 2008.

2.7 Additional Borrowers

- (a) **Designation:** The Principal Borrower may, with the prior written consent of the Agent, at any time during the term of this Agreement designate another wholly owned Subsidiary of the Parent (but not itself) as an Additional Borrower under the Working Capital Facility, by giving not less than 30 days' written notice to the Agent.
- (b) **Effective date:**
 - (i) A Subsidiary wishing to become an Additional Borrower shall deliver to the Agent:
 - (aa) a Deed of Accession executed by it;
 - (bb) the documents specified in clause 3 of the Deed of Accession, in form and substance satisfactory to the Agent;

- (cc) such other information relating to that Subsidiary as the Agent may require; and
 - (dd) a guarantee executed by the Charging Companies in the form required by the Agent whereby such Charging Companies guarantee the Additional Borrowers obligation to the Finance Parties under the Senior Finance Documents.
- (ii) A designated Subsidiary shall become an Additional Borrower when the relevant Deed of Accession has been executed by the Agent, such Subsidiary, the Parent and the Principal Borrower and the Agent has notified the Principal Borrower that it has received the other items referred to in sub-clause (i) above.
- (c) **Principal Borrower as agent:** each Obligor irrevocably appoints the Principal Borrower as its agent for all purposes of or connected with the Senior Finance Documents. The Finance Parties may rely on any document signed by or on behalf of the Principal Borrower as if it had been signed by such other Obligor.
- (d) **Future Obligors and good receipt:** each Obligor which is not party to this Agreement on the date of this Agreement will appoint the Principal Borrower as its agent by executing a Deed of Accession and, where required to effect such appointment under any applicable law, a power of attorney in favour of the Principal Borrower or by such other means as the Agent may agree. The Principal Borrower may give a good receipt for any sum payable to each and every other Borrower hereunder.
- (e) **Principal Borrower's agreement to bind all other Obligors:** for the avoidance of doubt, any amendment to or variation, supplement, replacement or reinstatement of any of the Senior Finance Documents (however fundamental and notwithstanding that it may increase the liabilities of any Obligor) agreed to by the Principal Borrower shall bind every other Obligor without further authority from such Obligor.

3. **CONDITIONS PRECEDENT**

- 3.1 **Original Acquisition Conditions Precedent:** The Agent confirmed to the Principal Borrower that it received (or waived its right to receive) in form and substance satisfactory to it all of the items referred to in Schedule VI (*Conditions Precedent*) prior to any Advance being made under the Britton Acquisition Facility.
- 3.2 **Merlin Acquisition Conditions Precedent:** The amendments to this Agreement which were introduced by the Supplemental Agreement came into effect on the satisfaction (or waiver) of further conditions precedent referred to in Schedule II of the Supplemental Agreement.

PART III

DRAWDOWN, INTEREST PERIODS AND INTEREST

4. DRAWDOWN

4.1 Drawdown under the Original Acquisition Facilities

- (a) **Britton Acquisition Advances:** The Britton Acquisition Advances were drawn down in full on 20 April 1998 in accordance with the terms of this Agreement and prior to its amendment by the Supplemental Agreement;
- (b) **Merlin Acquisition Advance:** The Merlin Acquisition Advances were drawn down in full on or around 4 July 1998 in accordance with the terms of this Agreement and prior to its amendment by the Second Supplemental Agreement.

4.2 Issue of Obligations

Subject to the provisions of this Agreement, the Issuing Bank will issue the Obligation specified in the relevant Drawdown Notice if:

- (a) **Drawdown Notice:** the Issuing Bank has received the Drawdown Notice for an Obligation in the form set out in Part 2 of Schedule III (*Forms of Drawdown Notice*) signed on behalf of the relevant Borrower not later than 10.00 a.m. (London time) (or such later time as the Agent or Issuing Bank may agree) three Business Days prior to the proposed Issue Date:
 - (i) the proposed Issue Date is a Business Day before 31 December 2008;
 - (ii) the expiry date falls on or before 31 December 2008;
 - (iii) the face value of the Obligation requested does not exceed the Available Amount;
 - (iv) no order, judgment or decree of any governmental authority or arbitrator shall have been issued which by its terms purports to enjoin or restrain the Issuing Bank from issuing such Obligation, nor shall any requirement of law applicable to the Issuing Bank or any request or directive (whether or not having the force of law) from any governmental authority with jurisdiction over the Issuing Bank prohibit, or request that the Issuing Bank refrain from, the issuance of such Obligations generally or such Obligation in particular or shall impose upon the Issuing Bank with respect to such Obligation any restriction, reserve or capital requirement (for which the Issuing Bank is not otherwise compensated hereunder and which is not in effect on the date of this Agreement), or shall impose upon the Issuing Bank any unreimbursed loss, cost or expense which was not applicable on the date of this Agreement and which the Issuing Bank in good faith deems material to it;
 - (v) after such Issue, there will be no more than two Obligations outstanding;
 - (vi) the Issuing Bank and the Agent (if different) acting reasonably have approved the relevant beneficiary; and
 - (vii) the Obligation is denominated in Sterling;
- (b) **Additional conditions satisfied:** all the additional conditions set out in clause 4.3 (*Additional Conditions*) are satisfied.

4.3 Additional conditions

The additional conditions referred to in this clause 4 are:

- (a) **Conditions precedent satisfied:** all the conditions precedent set out in Schedule VI (*Conditions Precedent*) have been met or expressly waived by the Agent;
- (b) **Representations, etc., true:** the representations and warranties referred to in clause 13.2 (*Repetition*), as the case may be, can validly be given on the proposed date of the Utilisation or have been expressly waived by the Agent;
- (c) **No Event of Default:** no Event of Default or Potential Event of Default which is Continuing has occurred before the Utilisation (save for any Remedied Default, Permitted Default or Waived Default (each as defined in the Third Supplemental Agreement)), whether or not the Agent shall have made any declaration under clause 17 (*Termination in Case of Default*);
- (d) **No market disruption:** none of the events described in clause 5.4 (*Alternative Interest Rates*) has occurred and is Continuing; and
- (e) **Other information:** before the Utilisation the Agent has received in form and substance satisfactory to it such information and/or documentation as it may reasonably have requested, in accordance with its rights under this Agreement, provided that such request has been made in sufficient time before the proposed date on which Utilisation is to be made as to give the relevant Borrower a reasonable time to provide such information and/or documentation and that nothing in this clause 4.3(e) shall give the Agent the right to approve the form and substance of any information or documentation unless the Agent otherwise has such approval right under this Agreement.

4.4 Drawdown Notice irrevocable

A Drawdown Notice given by any Borrower shall be irrevocable, and that Borrower shall be bound, to the extent that the other provisions of this Agreement permit, to draw down in accordance with such Drawdown Notice.

4.5 Agent's notification

On receipt of each Drawdown Notice in respect of an Advance the Agent shall promptly notify each Bank of the proposed Advance. If the Commitment of any Bank under the relevant Facility has been reduced to zero under any of the provisions of this Agreement after receipt of the Drawdown Notice, the amount of the Advance shall be reduced accordingly.

5. INTEREST PERIODS, INTEREST AND SPLITTING OF ADVANCES

5.1 Interest Periods

The relevant Borrower shall select the duration of each Interest Period for the Acquisition Advances by notice to the Agent not later than 10.00 a.m. on the Business Day immediately preceding the Interest Determination Date, provided that:

- (a) unless otherwise agreed by the Agent or provided in this clause 5.1, Interest Periods of Advances shall be of a duration of one, two or three Months;
- (b) subject to clause 5.1(c), if the relevant Borrower fails to give due notice of its selection of an Interest Period by the time specified above, the duration of such Interest Period shall be one Month; and

- (c) any Interest Period for an Acquisition Advance that would otherwise end during the Month before or at any time after a Repayment Date of that Advance shall end on that Repayment Date;

Notwithstanding the above, the Agent may at its option require the Borrowers to select Interest Periods to coincide with payment dates under the Hedging Agreements.

5.2 Normal Interest Rate

Subject as provided in clauses 5.3 and 5.4, the rate of interest applicable to an Advance for a particular Interest Period shall be the rate per annum, as determined by the Agent, equal to the sum of (a) LIBOR, (b) the Margin and (c) the Additional Cost Rate in respect of Advances denominated in Sterling.

5.3 Default interest rate

- (a) If any Borrower fails to pay any amount of principal, interest or any other sum (each referred to in this clause 5.3 and in clause 28.2 (*Miscellaneous Indemnities*) as an "overdue sum") when it is due under this Agreement, then that Borrower shall pay interest on such overdue sum for the period from the due date to the date of actual payment, both before and after judgment.
- (b) Such interest shall be calculated and payable by reference to successive Interest Periods and/or Fee Periods which may be of variable durations. The first Interest Period and/or Fee Period shall begin on the due date and all subsequent Interest Periods and/or Fee Periods shall begin on the last day of the previous one. Each such Interest Period and/or Fee Period shall be of such duration as the Agent may at its absolute discretion select.
- (c) The rate of interest applicable for each such Interest Period and/or Fee Period shall be the rate per annum (as determined by the Agent) equal to the sum of (a) 1% and (b) the interest rate determined in accordance with clause 5.2 (*Normal Interest Rate*).
- (d) Any interest payable under this clause 5.3 which is not paid when due shall be deemed an overdue sum and shall itself bear interest accordingly.

5.4 Alternative interest rates

If on the first day of any Interest Period in relation to an Advance or an overdue sum:

- (a) the Agent determines at 11.00 a.m. on the Interest Determination Date that it is unable to obtain quotations for LIBOR from any of the Reference Banks in respect of the relevant Advance or overdue sum; or
- (b) before its close of business on such day, the Agent has been notified by a Bank or group of Banks to which 35% or more of the relevant Advance or overdue sum is (or, if the relevant Advance were made, would then be) owed that LIBOR calculated in accordance with its definition in this Agreement does not accurately reflect the cost to them of funding their participation; or
- (c) the Agent determines that, by reason of circumstances affecting the London inter-bank market, adequate and fair means do not or will not exist for determining the rate of interest applicable to the Interest Period,

then:

- (i) the Agent shall promptly notify the Principal Borrower and the Banks accordingly;

- (ii) the Agent (on behalf of and after consultation with the Banks) shall, within three Business Days of such notice, negotiate with the Principal Borrower with a view to agreeing a substitute basis on which the relevant part of the Facilities may be maintained;
- (iii) any substitute basis agreed in writing by the Agent (on behalf of and with the consent of all the Banks) and the Principal Borrower within 30 days of such notice shall take effect in accordance with its terms and interest shall be calculated as if the substitute basis had come into effect from the beginning of the relevant Interest Period;
- (iv) in default of agreement within 30 days, each Bank's share of the Advance (if any) shall during that Interest Period bear interest at the annual rate equal to the cost to that Bank (as certified by it to the Principal Borrower within 10 days of the end of that 30 day period and expressed as a percentage rate per year) of funding its share during that Interest Period by whatever means that Bank reasonably determines to be most appropriate plus the prevailing Margin and the Additional Cost Rate and if clause 5.3 (*Default Interest Rate*) applies, a further 1%.

5.5 Payment of interest on Advances

- (a) **Tranche A:** on each Interest Payment Date the relevant Borrower shall pay the accrued interest on each Advance under Tranche A at the rate applicable for that Interest Period;
- (b) **Tranche B:** on each Interest Payment Date the accrued interest on each Advance under Tranche B shall be capitalised and shall itself accrue interest at the applicable rate and on the Repayment Date for Tranche B the relevant Borrower shall pay the accrued interest and all interest accrued on such accrued interest on the Advances under Tranche B; and
- (c) **Tranche C:** subject always to clause 5.3 (*Default interest rate*), no interest shall accrue or be payable on the Advance under Tranche C.

PART IV

CANCELLATION AND PAYMENT PROVISIONS

6. CANCELLATION AND REDUCTION OF FACILITIES

6.1 Voluntary cancellation

The Principal Borrower may cancel all or any part of an Available Amount provided that:

- (a) it shall have given notice of the date and the amount of cancellation, such notice being of not less than five days; and
- (b) the Agent (acting on the instructions of the Majority Banks acting reasonably having regard to the working capital requirements of the Group) is satisfied that the Group does not require the availability of the Facility to be cancelled (or the part cancelled); and
- (c) in the case of cancellation of part of the Available Amount, the amount cancelled shall be £50,000, or if higher an integral multiple of £50,000.

6.2 Effect of cancellation notice

If the Principal Borrower delivers a notice of cancellation then:

- (a) that notice of cancellation shall be irrevocable;
- (b) the relevant part of the Facilities shall be cancelled in accordance with that notice;
- (c) the Banks' Commitments in respect of the Facilities shall be reduced accordingly; and
- (d) (in the case of Acquisition Facilities) the Repayment Instalments shall be reduced pro rata across Tranche A, Tranche B and Tranche C in pro rata reduction of all repayment instalments.

6.3 Mandatory cancellation

Any parts of any of the Original Acquisition Facility which remained undrawn at the end of the applicable Availability Period were automatically and immediately cancelled, the Banks' Commitments in respect of the relevant Original Acquisition Facility were reduced pro rata accordingly and the Repayment Instalments relevant to both Original Tranche A and Original Tranche B were reduced pro rata by the amount cancelled.

7. REPAYMENT

7.1 Repayment of the Acquisition Advances

Except as otherwise provided in this Agreement, the Principal Borrower shall repay the Acquisition Loan made available to it in full in the Repayment Instalments and on the Repayment Dates set out below:

Repayment Dates	Repayment Instalments		
	Tranche A	Tranche B	Tranche C
30 June 2002	875,000	-	-
31 December 2002	875,000	-	-
30 June 2003	1,125,000	-	-
31 December 2003	1,125,000	-	-
30 June 2004	1,125,000	-	-
31 December 2004	1,125,000	-	-
30 June 2005	1,375,000	-	-
31 December 2005	1,375,000	-	-
30 June 2006	1,375,000	-	-
31 December 2006	1,375,000	-	-
30 June 2007	1,675,000	-	-
31 December 2007	1,575,000	-	-
31 December 2008	-	10,000,000	3,000,000

7.2 Business Day convention

If any Repayment Date is not a Business Day, the relevant repayment shall be made on the preceding Business Day.

7.3 No redrawing

No part of the Loan which is repaid or prepaid may be redrawn.

7.4 Repayment of Utilisations

The relevant Borrower shall repay all Outstandings or, in the case of Outstanding Contingent Liabilities, provide full cash cover on 31 December 2008. Any cash provided to cover any Outstanding Contingent Liabilities which cease to exist shall be paid back to the Group Company which provided such cash cover unless any amount is due and payable from that Group Company to any Finance Party under this Agreement at the relevant time (in which case such amounts shall be netted off).

7.5 Repayment of Obligations

The relevant Borrower shall repay Outstandings (or provide cash cover for any Outstanding Contingent Liabilities) under any Obligation on the applicable Expiry Date.

8. PREPAYMENT

8.1 Voluntary prepayment

The Principal Borrower may prepay the whole or any part of the Loan on the last day of any Interest Period relating to it (or at any other time on payment of the appropriate breakage costs under clause 28.2 (*Miscellaneous Indemnities*)) if:

- (a) it has given to the Agent not less than five Business Days' prior written notice of the date and the amount of the prepayment;
- (b) in the case of prepayment of part (but not the whole) of the Acquisition Loan the amount prepaid shall be a minimum of £50,000 respectively or, if higher, an integral multiple of £50,000; and
- (c) such prepayment is made together with accrued interest on the amount prepaid and any other sums then due and payable to the Banks under this Agreement calculated up to the date of prepayment.

8.2 Flotation or share sale

Immediately upon a Flotation, Exit or Share Sale (provided that in the case of a Share Sale and an Exit effected by a sale by the Banks as shareholders, such Share Sale or Exit is on arms length terms and for fair value or on such terms and at such value agreed by the holders of all of the ordinary shares in the Parent), the Facilities shall be cancelled and all Commitments reduced to zero, and the Principal Borrower shall promptly prepay the Loan, together with all other amounts payable by any Borrower under this Agreement and the other Senior Finance Documents and shall procure the cancellation of all Obligations and/or provide full cash cover for all Outstanding Contingent Liabilities notified to the Principal Borrower by the Agent.

8.3 Cash Sweep

Within seven days of the date of the publication of its consolidated audited accounts for the relevant Accounting Reference Period, the Principal Borrower shall apply by way of prepayment in accordance with clause 8.5 (*Application of Prepayments*) such amount of the Excess Cash Flow for such period as may be agreed between the Agent and the Principal Borrower to be surplus to the Group's cash flow requirements for the forthcoming Accounting Reference Period by reference to, amongst other things, the Budget.

8.4 Disposal Proceeds and Acquisition Agreements Claims

- (a) The Principal Borrower shall deposit or procure the deposit into the Realisation Account of an amount equal to each amount received or recovered by any Group Company of:
 - (i) any Net Disposal Proceeds; and
 - (ii) any funds in relation to a claim for breach of warranty or other claim (excluding working capital adjustments) recovered from the Vendors under the Original Sale and Purchase Agreement or the Merlin Sale and Purchase Agreement or any insurance policy proceeds recovered in respect of the assets (and not being in respect of business interruption or loss of earnings) of any Group Company to the extent in either case that these exceed £100,000 in any one year.
- (b) Whilst an amount equal to the amounts referred to in clause 8.4(a)(ii) shall be paid into the Realisation Account in all circumstances, clause 8.5 (*Application of Prepayments*) shall not apply to such amounts if no Event of Default has occurred which is Continuing and the Principal Borrower certifies to the Agent that any such amount can and is to be applied within twelve Months of the date of such certificate in:
 - (i) the purchase of a like asset;

- (ii) the reinstatement or repair of an asset; or
- (iii) the payment of a liability,

in relation to which the relevant recovery arose, the purchase, reinstatement, repair or payment of which would put that Group Company into substantially the position it would have been in had the circumstances not occurred which gave rise to such recovery.

In which event the proceeds (or any necessary part of them) shall be released from the Realisation Account as and when they are to be applied provided that this is within the twelve Month period referred to in this clause and no Event of Default shall have occurred which is Continuing.

- (c) Whilst an amount equal to the Net Disposal Proceeds shall be paid into the Realisation Account in all circumstances clause 8.5 (*Application of Prepayments*) shall not apply to any Net Disposal Proceeds arising from disposals of assets (unless they are (i) disposals forming part of a sale of a business as a going concern or (ii) disposals of shares in a Subsidiary of the Principal Borrower in which case clause 8.5 (*Application of Prepayments*) shall apply without the reinvestment permission contained in this paragraph (c)) where the Principal Borrower intends that such Net Disposal Proceeds shall be applied toward the purchase of assets in replacement for those to be disposed of to the extent such acquisition is otherwise permitted under this Agreement if:

- (i) the Principal Borrower certifies prior to the making of the disposal, on requesting consent for the disposal (if required), to the Agent and Security Trustee that:
 - (aa) it intends to apply or commit such Net Disposal Proceeds in this way within twelve Months of the date of the relevant disposal;
 - (bb) the replacement assets will not be subject to any Encumbrance (other than under the Security Documents);
 - (cc) the replacement assets are to be acquired on ordinary arms-length commercial terms for a fair market value; and
 - (dd) the replacement assets will constitute assets of the same general nature as those to be disposed of;
- (ii) the Principal Borrower provides such details of the proposed disposal and reinvestment as the Agent may reasonably require; and
- (iii) no Event of Default or Potential Event of Default shall have occurred which is Continuing;

in which event the proceeds (or the necessary part of them) shall be released from the Realisation Account as and when such costs are incurred provided this is within the twelve Month period referred to in clause 8.4(c)(i) and no Event of Default or Potential Event of Default shall have occurred which is Continuing.

If the monies (or any part of them) have not been applied in the manner and within the twelve Month period described in any certificate referred to in clauses 8.4(b) or (c) such monies shall be applied in the manner described in clause 8.5 (*Application of Prepayments*).

8.5 Application of prepayments

Unless otherwise stated in this Agreement or the Majority Banks and the Principal Borrower otherwise determine:

- (a) all prepayments shall be applied first in or towards the Repayment Instalments of the outstanding Advances under Tranche A in inverse order of maturity;
- (b) thereafter, all prepayments shall be applied in or towards payment of interest accrued on the outstanding Advances under Tranche B;
- (c) thereafter, all prepayments shall be applied in or towards the repayment of the outstanding Advances under Tranche B;
- (d) thereafter, all prepayments shall be applied in the provision of full cash cover for Outstanding Contingent Liabilities;
- (e) thereafter, all prepayments shall be applied in or towards the outstanding Advances under Tranche C; and
- (f) each Borrower shall use its best endeavours to cause all necessary statutory and other requirements to be complied with to ensure that the application of the prepayments (as envisaged in this clause 8.5) is lawful. If nonetheless it cannot be made lawful, prepayments shall be applied in permanent reduction of the Facilities as the Majority Banks may specify.

8.6 Effect of notice

Any notice of prepayment given by any Borrower shall be irrevocable and such Borrower shall be bound, to the extent that the other provisions of this Agreement permit, to prepay in accordance with that notice.

8.7 Provisions exclusive

No Borrower may repay or prepay all or any part of the Loan except as provided in this Agreement.

8.8 Majority Banks waiver

Notwithstanding clause 23.2 (*Unanimous Consent*) the Majority Banks may waive the Principal Borrower's obligations to prepay the Loan under clause 8.4 (*Disposal Proceeds and Acquisition Agreement Claims*) on behalf of all of the Banks.

9. PAYMENT PROVISIONS

9.1 Banks

Subject to the provisions of this Agreement, each Bank shall make available its Relevant Percentage of each Advance to the Agent to such account as the Agent may have specified for this purpose by noon on the Advance Date in immediately available funds, and the Agent shall distribute the amounts received in accordance with the applicable Drawdown Notice.

9.2 Borrower

On each date a payment is due from a Borrower under this Agreement such Borrower shall make such payment to the Agent by 10.00 a.m. and in immediately available funds to such account as the Agent may have specified for this purpose and the Agent shall distribute the amount so received to the Banks entitled to it.

9.3 Refunding of payment

- (a) Unless the Agent has been notified by any party to this Agreement before the date on which any payment is due under it from such party (referred to in this clause 9.3 as the **"paying party"**) for the account of any other party (referred to in this clause 9.3 as the **"receiving party"**) that the paying party does not intend to make such payment, the Agent may (but shall not be obliged to) assume that such payment has been made when so due and, in reliance upon such assumption, may make a corresponding amount available to the receiving party.
- (b) If and to the extent that the paying party has not made such payment to the Agent, the Agent shall be entitled to recover from the receiving party (without prejudice to the receiving party's rights against the paying party) or from the paying party:
 - (i) the amount of such payment; and
 - (ii) interest on it at the rate determined by the Agent to be its cost of making available the relevant amount from the date on which such amount was so made available by the Agent to the date of its recovery by the Agent.

9.4 Change of currency

- (a) If:
 - (i) a single currency or currency unit becomes the lawful currency of two or more countries; or
 - (ii) any change occurs in a currency or currency unit of any country; or
 - (iii) more than one currency or currency unit are at the same time recognised by the central bank of any country as the lawful currency of that country, then:
 - (aa) any reference in the Senior Finance Documents to, and any obligations arising under the Senior Finance Documents in, the currency of that country shall be translated into, or paid in, the currency or currency unit of that country designated by the Agent acting reasonably and after consultation with the Principal Borrower; and
 - (bb) any translation from one currency or currency unit to another shall be at the official rate of exchange recognised by the central bank for the conversion of that currency or currency unit into the other, rounded up or down by the Agent acting reasonably and after consultation with the Principal Borrower.

So far as possible, any designation by the Agent after consultation with the Principal Borrower shall be to put the parties in the same position as if the relevant event had not occurred.

- (b) If a change in any currency of a country occurs, this Agreement will be amended to the extent the Agent acting in good faith (after consultation with the Principal Borrower) specifies to be necessary to reflect the change in currency and to put the parties in the same position, so far as possible, that they would have been in if no change in currency had occurred.

9.5 Currency of payment: Unless otherwise provided in this Agreement:

- (a) each repayment or prepayment of, or payment of interest on, or participation by the Banks in, a Utilisation shall be made in the currency in which the Utilisation is denominated;
- (b) any payment of costs and expenses shall be paid in the currency in which they were incurred;
- (c) all fees and/or commission payable under clause 18 (*Fees*) shall be paid in Sterling; and
- (d) any other amount expressed in any Senior Finance Document to be payable in a currency shall be paid in that currency.

PART V

10. NO DEDUCTIONS

10.1 Payments

- (a) Each payment to be made by any Obligor to any Finance Party shall be made free and clear of and without any withholding, deduction or set-off whatsoever, including for or on account of Taxes, unless that Obligor is required by law to make such a payment subject to deduction.
- (b) If an Obligor (or the Agent on its behalf) is required by law to make such a deduction or withholding from such a payment, the relevant sum payable by that Obligor shall be increased to the extent necessary to ensure that, after the making of such deduction or withholding, the payee receives and retains (free from any liability in respect of any such deduction or withholding) a net sum equal to the sum which it would have received and so retained had no such deduction or withholding been made or required to be made.

10.2 Withholdings

Each Obligor shall:

- (a) pay the full amount of any deduction or withholding, which it is required to make by law, to the relevant authority within the payment period set by the relevant law; and
- (b) promptly after any such payment, deliver to the Agent on behalf of the relevant Finance Party, an original (or certified copy) official receipt issued by the relevant authority in respect of the amount withheld or deducted or, if the relevant authority does not issue such official receipts, such other evidence of payment of the amount withheld or deducted as is reasonably acceptable to the Agent.

10.3 Indemnity

Without prejudice to the provisions of clause 10.1 (*Payments*), if:

- (a) any Finance Party, or the Agent on behalf of such Finance Party, is required by law to make any payment on account of Taxes (other than Taxes on its overall net income) on or in relation to any sum received or receivable by such Finance Party or the Agent on such Finance Party's behalf; or
- (b) any liability in respect of any such payment is imposed, levied or assessed against such Finance Party or the Agent on such Finance Party's behalf

the relevant Obligor shall, on demand by the Agent, indemnify such Finance Party against such payment or liability together with any interest, penalties and expenses payable or incurred in connection with it.

10.4 Qualifying Banks

If a Finance Party ceases to be a Qualifying Bank (except as a result of the introduction of, change in, or change in the interpretation, administration or application of, any law or regulation or any practice or concession of the UK Inland Revenue occurring after the date of this Agreement) then no Obligor shall be liable to pay any amount under clauses 10.1 (*Payments*) or 10.3 (*Indemnity*) in excess of the amount which it would have been obliged to pay if that Finance Party had remained a Qualifying Bank.

10.5 Tax credits

- (a) If a Finance Party receives the benefit of a Tax credit or an allowance resulting from a payment which includes an additional amount paid by an Obligor under clause 10.1 (*Payments*) or clause 10.3 (*Indemnity*), it shall (to the extent that it can do so without prejudice to the retention of such credit or allowance and to the extent that it is lawful and not contrary to any official directive for it to do so) pay to the relevant Obligor such part of that benefit as is, in the opinion of that Finance Party, attributable to the withholding or deduction giving rise to payment of that additional amount, provided that such Finance Party shall:
 - (i) be the sole judge of the amount of any such benefit to be so paid to the relevant Obligor and of the date on which it is received;
 - (ii) have an absolute discretion as to the order and manner in which it employs or claims tax credits and allowances available to it or otherwise arranges its tax affairs; and
 - (iii) not be obliged to disclose to any Obligor or any other person any information regarding its tax affairs or tax computations.
- (b) Any payment by a Finance Party under this clause 10.5 (*Tax Credits*) shall be conclusive evidence of the amounts due to the Obligors under this clause.

11. INCREASED COSTS

11.1 Increased costs

Subject to clause 11.3 (*Margin and Fees*), if after the date of this Agreement due to the introduction of, or any change in, any law or in its interpretation, application or administration or compliance with any request from or requirement of any central bank or other fiscal, monetary or other authority (whether or not having the force of law but if not having the force of law being a request of a nature with which banks generally (operating in the London market) are accustomed or expected to comply):

- (a) a Finance Party (or its holding company) incurs a cost (including the cost of complying with any reserve, special deposit, liquidity, cash or other requirement) as a result of its having entered into and/or performing its obligations under this Agreement and/or its having outstanding to it the Loan, the Outstanding Contingent Liabilities or unpaid sums under it; or
- (b) there is any increase in the cost to a Finance Party (or its holding company) of funding or maintaining all or any of the Advances or the Outstanding Contingent Liabilities or Commitments made or to be made by it under this Agreement; or
- (c) a Finance Party (or its holding company) becomes liable to make any payment on account of Tax (not being a Tax imposed on its overall net income) on or calculated by reference to the amount of the Advances and/or the Outstanding Contingent Liabilities made or to be made by it and/or any sum received or receivable by it under this Agreement,

then the relevant Borrower or Principal Borrower shall, to the extent that they have not already indemnified the relevant Finance Party in respect of it under clause 10 (*No Deductions*), from time to time on demand by the Agent, pay to the Agent for the account of that Finance Party amounts equal to such cost, increased cost or liability (or such proportion of such cost as is attributable to its funding or keeping available the Advances or the Facilities).

11.2 Exceptions

Notwithstanding clause 11.1 (*Increased Costs*), no Finance Party shall be entitled to make any claim in respect of:

- (a) any cost, increased cost or liability as is referred to in clause 11.3 (*Margin and Fees*) to the extent that the same is compensated for by the Additional Cost Rate;
- (b) any reduction in its rate of return on capital except as mentioned in clause 11.3 (*Margin and Fees*); or
- (c) any cost, increased cost or liability to the extent that it is compensated for by clauses 10.1 (*Payments*) or 10.3 (*Indemnity*).

11.3 Margin and fees

The fees and other sums payable to the Banks under this Agreement have been agreed by each Bank having regard to the capital adequacy rules to which each Bank is subject at the date of this Agreement, and to any changes as may be made for the purpose of implementing in the jurisdiction to which such Bank is subject to EC Directives 89/229/EEC (as amended by Council Directive 92/16/EEC) or 89/647 EEC or any of the terms, proposals or recommendations of the Basle Paper (being the paper titled "International Convergence of Capital Measurement and Capital Standards" dated July 1988 prepared by the Basle Committee on Banking Regulations and Supervisory Practices), and upon the assumption that, except for any such changes, there will be no change in, or addition to, such capital adequacy rules during the term of this Agreement. If, during the term of this Agreement, it becomes apparent to a Bank that there has been or that there will be a change, or, as the case may be, a further change, in the capital adequacy rules to which it is subject and such Bank determines from time to time that the consequence of such change has been, or may (depending upon the manner in which the Facilities are to be utilised) be, to reduce its rate of return on capital for all or any part of the remaining term of this Agreement, then:

- (a) such Bank shall notify the Principal Borrower through the Agent;
- (b) such Bank and the Principal Borrower shall negotiate in good faith with a view to agreeing an increase in the Margin, and/or any fees payable to such Bank under clause 18 (*Fees*);
- (c) if such increase in the Margin and/or such other fees is agreed, the increased rate shall become payable with effect from the date that such change is effected;
- (d) if within a period of 30 days after notification under clause 11.3(a), no such increase in the Margin and/or fees has been agreed, such Bank may, by notice in writing to the Principal Borrower, certify:
 - (i) the margin and/or the fee which shall be payable by the Borrowers to such Bank under clause 18 (*Fees*) (which will be of an amount certified by that Bank as the minimum amount necessary to maintain the value of its margin and the fees as if such change had not occurred); and
 - (ii) the date upon which such margin and/or the fee shall take effect;
- (e) if the Principal Borrower notifies such Bank that it does not accept such increase in the Margin and/or fees, such Bank may within a further period of thirty Business Days after such notification, cancel its Commitment by notice in writing to the Principal Borrower (through the Agent). Such Bank shall then cease to be obliged to make Advances, all Advances funded by it and all other sums due to it under

this Agreement shall be repaid or paid forthwith and its Commitment shall be reduced to zero.

12. CHANGE IN LAW OR REGULATIONS

12.1 Change in law or regulations

If, as the result of the enactment or making of or any change (after the date of this Agreement) in any applicable law, or in the interpretation administration or application of those things by any authority charged with its administration, or compliance with any requests (whether or not having the force of law, but if not having the force of law, being requests with which banks generally (operating in the London market) are accustomed to comply) of any central bank or other comparable authority, any Bank shall be of the opinion that it has or will become unlawful (or contrary to any such directive or request) for it to maintain or give effect to its obligations as set out in this Agreement, then such Bank shall so inform the Principal Borrower through the Agent.

12.2 Notice to repay

If no agreement to the contrary is reached before the expiry of any grace period allowed by such enactment, change or request, the affected Bank's or Banks' Commitments under this Agreement shall be reduced to zero, and the Agent shall (if permitted by the Majority Banks) give notice to the Principal Borrower requiring that the relevant Borrower repay to such Bank on the next Interest Payment Date or such earlier date (if any) as that Bank shall certify to be necessary to comply with the relevant law all of that Bank's participation in the Facilities together with accrued interest to the date of actual payment, and all other sums due to such Bank (including any additional amount payable under clause 28.2 (*Miscellaneous Indemnities*)). Any prepayment made under this clause 12.2 shall reduce rateably the relevant Borrower's remaining repayment obligations under clause 7 (*Repayment*).

12.3 Mitigation

If:

- (a) circumstances arise in respect of any Bank which would, or would upon the giving of notice, result in the Borrowers being obliged to pay to that Bank:
 - (i) additional amounts in accordance with clause 5.4 (*Alternative Interest Rates*), clause 10.1 (*Payments*), clause 11.3 (*Margin and Fees*) or any amount under clauses 10.3 (*Indemnity*) or 11.1 (*Increased Costs*); or
 - (ii) that Bank's participation in accordance with clause 12.2 (*Notice to Repay*); or
- (b) a Bank ceases to be a Qualifying Bank,

then that Bank shall, as soon as practicable following a request to do so by the Principal Borrower, enter into negotiations in good faith with the Agent and the Principal Borrower for a period not exceeding thirty days (or such lesser period as may be required by applicable law) with a view to mitigating or removing such circumstances by means of the transfer of its rights and obligations under this Agreement to another Facility Office or another bank. No Bank shall be under any obligation to transfer if such Bank considers, in its absolute discretion, it would be likely to have an adverse effect on its business, operations or financial condition or the management of its Tax affairs. The provisions of this clause 12.3 shall be without prejudice to the Borrowers' obligations under clauses 5.4 (*Alternative Interest Rates*), 10.1 (*No Deductions*), 10.3 (*Indemnity*), 11.3 (*Margin and Fees*) and 12.2 (*Notice to Repay*).

12.4 Prepayment and Compulsory Transfer

- (a) **Prepayment:** If the circumstances set out in clauses 5.4 (*Alternative Interest Rates*), 10 (*No Deductions*), 11 (*Increased Costs*), or 12.2 (*Notice to Repay*) arise, subject to having obtained the prior consent of the Majority Banks and having given not less than thirty days' notice to the relevant Bank, the Principal Borrower shall be entitled for so long as such circumstances continue to prepay to the Agent for the benefit of the relevant Bank, the whole (but not part only) of the aggregate principal amount owing or which may become owing to such Bank (including amounts which may become owing by each Bank by virtue of that Bank having complied with its counter-indemnity obligations in clause 2.6(b)(iv)(hh) (*Indemnity from Banks to Issuing Bank*), and/or clause 2.7(e)(iii)) under this Agreement together with all interest, fees, costs and other amounts accrued in respect of it. When the Principal Borrower makes any payment under this clause 12.4 the Agent shall not release the full amount of such repayment to the relevant Bank (to the extent that it is in respect of amounts which may become owing by each Bank by virtue of that Bank having complied with its counter-indemnity obligations in clause 2.6(b)(iv)(hh) (*Indemnity from Banks to Issuing Bank*)) but shall place the money on suspense account and such money may to the full extent of any such contingent obligations be used as collateral for the liabilities of the Borrowers to the Issuing Bank.
- (b) **Compulsory Transfer:** If:
- (i) a Bank ceases to be a Qualifying Bank; and
 - (ii) the Principal Borrower gives written notice to the Agent that it would like such Bank to transfer all of its rights under the Senior Finance Documents; and
 - (iii) one or more Banks, or a replacement bank (a "**Willing Transferee**") is willing to accept such a transfer and comply with clause 21 (*Assignments and Transfers*) in respect of such transfer,

then, subject only to the consent of the Agent and the Issuing Bank, the affected Bank shall be obliged to transfer all of its rights and obligations under the Senior Finance Documents (being a rateable part of its Commitment and its participation in outstanding Utilisations) as one or more Willing Transferees will accept.

PART VI

13. REPRESENTATIONS AND WARRANTIES

13.1 Representations and warranties

The Parent, the Principal Borrower and each other Borrower acknowledge that each of the Finance Parties has or will have entered into this Agreement and participated in the Facilities in full reliance on representations and warranties by the Borrowers in the following terms, and the Parent (in respect of itself and all other Group Companies), the Principal Borrower (in respect of itself and all other Group Companies) and each other Borrower (in respect of itself only) represent and warrant to each of them that:

- (a) **Status:** the Parent and each Group Company is a limited company duly incorporated, validly existing and registered under the Act and has the power and all necessary governmental and other consents, approvals, licences and authorities under any applicable jurisdiction to own its assets and carry on its business;
- (b) **Powers:** each relevant Group Company and the Parent is empowered to enter into, exercise its rights and perform and comply with its obligations contained in the Senior Finance Documents and the Transaction Documents, and no limits on the powers of any such Group Company or the Parent will be exceeded as a result of the borrowings, grant of security and giving of guarantees or the taking of any other action contemplated by any Senior Finance Document or any Transaction Document;
- (c) **Due authorisation:**
 - (i) all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents) in order to enable each relevant Group Company and the Parent lawfully to enter into, exercise its rights and perform and comply with its obligations contained in any Senior Finance Document or any Transaction Document to which it is a party, and to ensure that those obligations are legally binding and enforceable (subject to all necessary registrations of the Security Documents), have been taken, fulfilled and done; and
 - (ii) the requisite resolutions of each relevant Group Company's and the Parent's board of directors have been duly and properly passed at a duly convened and constituted meeting at which all statutory and other relevant formalities were observed to authorise its execution and performance of the Senior Finance Documents and the Transaction Documents to which it is a party and such resolutions are in full force and effect and have not been varied or rescinded;
- (d) **Obligations binding:** in respect of the Obligors incorporated in England and Wales, each Senior Finance Document and the borrowings, the grant of security and the giving of guarantees contemplated by this Agreement constitute the legal, valid and binding obligations of each such Obligor (subject to all necessary registrations of the Security Documents) enforceable in accordance with its terms, except as such enforceability may be limited by:
 - (i) bankruptcy, insolvency or other laws of general application affecting the enforcement of creditors' rights;
 - (ii) application of equitable principles; and

- (iii) the non-availability of the equitable remedies of specific performance or injunctive relief;
- (e) **Non-contravention:** neither the execution or delivery of any Senior Finance Document or any Transaction Document, nor any borrowing under the Facilities by any Borrower, nor the grant of any security or the giving of any guarantees by any Borrower or any other Group Company, nor the carrying out of any transaction or the exercise of any rights or the performance of any obligations contemplated by any Senior Finance Document or Transaction Document by any Group Company or the Parent will result in:
 - (i) any violation of any law to which such persons are subject; or
 - (ii) any breach of any of the memorandum and articles of association or other constitutional documents of any Group Company or the Parent; or
 - (iii) any breach of any deed, agreement or obligation of any such persons made with or owed to any other person where any such breach would be reasonably likely to have a Material Adverse Effect on the relevant Group Company or the Parent or on the position of the Finance Parties; or
 - (iv) any breach of any limits on any powers of any Group Company or the Parent;
- (f) **Encumbrances:**
 - (i) there are no Encumbrances affecting any of its assets or the assets of any Group Company except Permitted Encumbrances; and
 - (ii) neither the execution of any Security Document or any Transaction Document by any Group Company nor the performance by or exercise of any rights of any Group Company under the terms of any such document will result in the existence of, or oblige any Group Company to create, any Encumbrance in favour of any person (other than the Banks) over the whole or any part of the undertaking or assets (present or future) of such Group Company;
- (g) **Invoice discounting:** to the knowledge of the Parent and the Principal Borrower the receivables of the Targets Group or the Merlin Companies have not been sold, factored or charged to any third party other than where such sale, factor or charge constitutes a Permitted Encumbrance;
- (h) **No default:** no Event of Default or Potential Event of Default has occurred which is Continuing;
- (i) **No litigation:** (save as disclosed in the Original Acquisition Disclosure Letter and to the knowledge of the Principal Borrower) no Group Company is involved in or engaged in any litigation, arbitration or other legal proceedings of a litigious nature (whether as plaintiff or defendant and whether civil, criminal or administrative) (but excluding frivolous and vexatious claims) which are reasonably likely to be adversely determined and which, if adversely determined, would be likely to result in a liability (including costs) (to the extent that any such claim is not covered by valid insurance) to it of more than £250,000 or would be likely to result in a diminution in the value of its assets of more than £250,000 nor, as far as the Principal Borrower is aware, are there any circumstances likely to give rise to any such litigation, arbitration or proceedings. Where this representation and warranty was given on or before the Merlin Completion Date, the Principal Borrower also warranted that to the best of its knowledge, information and belief (after making

due enquiries) the Merlin Vendor was not involved or likely to be involved in any such proceedings in relation to the Merlin Companies and/or any of their Subsidiaries;

- (j) **No other material liabilities:** (other than as may result from the entry into the Original Sale and Purchase Agreement and the Investment Agreement and the documents ancillary thereto) before the date of this Agreement, neither the Parent nor the Principal Borrower has undertaken any trading or incurred any liabilities of any nature whatsoever whether actual or contingent except for liability for professional fees;
- (k) **Share capital interests:** neither the Parent, the Principal Borrower nor any Borrower has any interest in the share capital of any other body corporate, other than a Subsidiary and all Subsidiaries are wholly owned;

(l) **Plans and reports:**

- (i) the Original Business Plan, the Environmental Report, the Market Report, the Property Conditions Report and the Accountants' Report were prepared after due consideration and, in particular:
 - (aa) (in relation to the Original Business Plan and the Accountants' Report only) to the knowledge of the Original Managers all statements of fact relating to the Businesses contained in those documents were true and accurate in all material respects at the date when such documents were issued and no events occurred since the date of them and before or on 20 April 1998 which made any such statements of fact untrue or inaccurate or misleading in any material respect;
 - (bb) all statements of opinion, intention and expectation expressed by the Principal Borrower in those documents were honestly made after careful consideration;
 - (cc) (in relation to the Original Business Plan, the Accountants' Report and the Market Report only) none of the Original Managers disagrees with any other material statements of opinion, intention and expectation expressed in them;
 - (dd) the assumptions upon which the forecasts and projections contained in the Original Business Plan were based were to the best of the knowledge, information and belief of the Original Managers (after making proper enquiry and after due consideration) reasonable and achievable and remain reasonable and achievable;
 - (ee) the Original Managers are not aware of any facts or matters not stated in those documents the omission or failure to take into account of which makes any factual statements contained in them misleading or unlikely to be fulfilled in each case in any material respect;
- (ii) the Agreed Projections, the Revised Projections, the Merlin Environmental Report, the Merlin Market Report, the Merlin Property Conditions Report and the Merlin Accountants' Report were prepared after due consideration and, in particular:

- (aa) (in relation to the Agreed Projections, the Revised Projections and the Merlin Accountants' Report only) to the knowledge of the Principal Borrower all statements of fact relating to the Businesses contained in those documents were true and accurate in all material respects at the date when such documents were issued and no events occurred since the date of them and before or on 4 July 1998 which made any such statements of fact untrue or inaccurate or misleading in any material respect;
 - (bb) all statements of opinion, intention and expectation expressed by the Principal Borrower in those documents were honestly made after careful consideration;
 - (cc) (in relation to the Agreed Projections, the Revised Projections, the Merlin Accountants' Report and the Merlin Market Report only) the Principal Borrower did not at the time they were provided to the Agent disagree with any other material statements of opinion, intention and expectation expressed in them;
 - (dd) the assumptions upon which the forecasts and projections contained in the Agreed Projections and the Revised Projections were based were to the best of the knowledge, information and belief of the Principal Borrower (after making proper enquiry and after due consideration) reasonable and achievable;
 - (ee) the Principal Borrower is not aware of any facts or matters not stated in those documents the omission or failure to take into account of which makes any factual statements contained in them misleading or unlikely to be fulfilled in each case in any material respect;
- (iii) the Business Plan has been prepared after due consideration and, in particular:
- (1) all statements of fact relating to the Businesses contained in that document were true and accurate in all material respects at the date when such documents were issued and no events have occurred since the date of them which make any such statements of fact untrue or inaccurate or misleading in any material respect;
 - (2) all statements of opinion, intention and expectation expressed by the Principal Borrower in those documents were honestly made after careful consideration;
 - (3) the Principal Borrower does not disagree with any other material statements of opinion, intention and expectation expressed in them;
 - (4) the assumptions upon which the forecasts and projections are based were and are to the best of the knowledge, information and belief of the Principal Borrower (after making proper enquiry and after due consideration) reasonable and achievable and remain reasonable and achievable;
 - (5) the Principal Borrower is not aware of any facts or matters not stated in those documents the omission or failure to take into account of which makes any factual statements contained in them

misleading or unlikely to be fulfilled in each case in any material respect;

- (m) **Validity of contracts and licences:** to the knowledge of the Principal Borrower all contracts, licences, consents and authorisations (including licences of the appropriate governmental and other authorities in the jurisdictions in which the Group Companies carry on business or are incorporated) necessary for the carrying on of any of the businesses of the Group substantially as the same are currently carried on and which if lost would have a Material Adverse Result have been obtained and all such contracts, licences, consents and authorisations are in full force and effect and the Principal Borrower is not aware that they are likely to be revoked or amended or unavailable to the Group in whole or in part (whether in the ordinary course of events, by virtue of completion of the Transaction Documents or for any other reason);
- (n) **Share capital:** there are no agreements in force which call for the present or future issue or allotment of, or grant to any person of the right (whether conditional or otherwise) to call for the issue or allotment of, any share or loan capital of any of the Group Companies or the Parent (including any option or right of pre-emption or conversion);
- (o) **Product Liability:** so far as the Principal Borrower is aware, there are no circumstances which would or are likely to give rise to any material claim by a third party in respect of product liability in respect of any of the businesses of the Group for which any Group Company will be responsible;
- (p) **Audited accounts:** (where these representations and warranties are repeated) the most recent Accounts, including the notes to them, of the Group and each Group Company delivered to the Agent under clause 15.2(a) (*Audited Accounts*) or clause 15.2(b) (*Monthly Management Accounts*) give a true and fair view of the state of affairs (or, in the case of Monthly Management Accounts, present with reasonable accuracy the financial position) of the Group Company or, as the case may be, the Group as at the date to which they were made up. In particular, the Accounts either make adequate provision for or, as appropriate, disclose all other material liabilities, whether actual, contingent or disputed (including financial lease commitments, pension liabilities and liabilities to Taxation) of the relevant Group Company or, as the case may be, the Group and all material capital commitments of the relevant Group Company or, as the case may be, the Group as at such date in each case in accordance with, and if and to the extent required by, generally accepted accounting principles in the United Kingdom consistently applied, and comply with the Accounting Policies;
- (q) **Non-disclosure:** neither the Parent nor the Principal Borrower has knowingly failed to disclose to the Agent any facts or circumstances which are within its knowledge and which would materially and adversely affect:
 - (i) any Borrower's ability to pay or repay any Indebtedness under this Agreement or any Obligor's ability to comply with the terms of any of the Senior Finance Documents; or
 - (ii) the validity or enforceability of any of the Senior Finance Documents or the Transaction Documents;
- (r) **Sale and Purchase Agreements:** the Principal Borrower is not aware of any fact or matter which would render any of the representations and warranties given by the Vendors in the Acquisition Agreements (except as disclosed in the Original Acquisition Disclosure Letter or the Merlin Acquisition Disclosure Letter) untrue or inaccurate in any material respect;

- (s) **Intellectual property rights:** so far as the Principal Borrower is aware each Group Company is entitled to use all the intellectual property rights as are used at the date of this Agreement and Closing (where this representation is repeated) in each of the businesses of the Group the loss of the right to use which would have a Material Adverse Result and to the best of the Principal Borrower's knowledge, information and belief there is no challenge or objection by any third party to the use by any Group Company of any such intellectual property rights, or infringement of them by any third party which in either case, could be reasonably construed as material;
- (t) **Properties:** so far as the Principal Borrower is aware, all information in relation to the Properties provided by the Borrowers to Messrs Clifford Chance and Messrs Eversheds for the purpose of the Property Report and the Merlin Property Report respectively was and remains true and accurate in all material respects;
- (u) **Minority interests:** except in respect of interests:
 - (i) held by the Finance Parties under the Security Documents;
 - (ii) in the shares in the Parent; or
 - (iii) held by other Group Companies,no person has any interest in the issued share capital of any Group Company (including an interest derived through an option over or other agreement in relation to such shares);
- (v) **Transaction Documents:** those of the Transaction Documents supplied under clause 3 (*Conditions Precedent*) and under clause 3 of Schedule II (*Conditions Precedent*) of the Supplemental Agreement contain all the material terms of the Original Acquisition and the Merlin Acquisition respectively;
- (w) **Group structure:** the structure of the Group (including, for this purpose, the Parent) is as set out in Schedule V (*Group Structure*);
- (x) **Tax liabilities:** so far as the Principal Borrower is aware and save as detailed in the Original Completion accounts provided under the Original Sale and Purchase Agreement, covered by the Tax Indemnity Agreement or detailed in the Merlin Completion accounts provided under the Merlin Sale and Purchase Agreement, no claims are being or are likely to be assessed against any Group Company with respect to Taxes which are not provided for in its last audited accounts, which are likely to be determined against it and which, if so adversely determined, would have (either individually or collectively) a Material Adverse Result.
- (y) **Environmental Compliance:** save as disclosed in the Environmental Report and the Merlin Environmental Report:
 - (i) so far as the Principal Borrower is aware, the Group has duly and punctually performed and observed all material covenants, conditions, restrictions, agreements, statutory requirements, planning consents, bye-laws, orders and regulations affecting the Properties which if not complied with would have a Material Adverse Result and no notice from the relevant authorities of any breach of any such matter has been received and so far as the Principal Borrower is aware there are no grounds for any such notice being issued;
 - (ii) so far as the Principal Borrower is aware, the Group has no actual or potential material liability relating to the Environment in relation to waste or other substances used, kept or disposed of at on or in the Properties

and/or the surrounding Environment or in connection with the activities of the Group on the Properties (or any other property which is or was at any time occupied by any Group Company or on which any Group Company has conducted any activity) or in connection with the acts or omissions of any predecessor in title to any of the Properties or in connection with any such activities on freehold and leasehold properties formerly owned, used or occupied by the Group;

(iii) the Group has obtained and complied with:

(aa) all Environmental Permits required in order for each Group Company to carry on its business in all material respects as it is being conducted and is, and has at all times been, in substantial compliance with such Environmental Permits where the degree of such non-compliance would be likely to cause the Environmental Permit to be revoked;

(bb) all other applicable Environmental Laws,

in any such case, where failure to comply with which would have a Material Adverse Result.

(z) **Title to assets:** all shares expressed to be acquired by the Principal Borrower under the Acquisition Agreements were immediately following Merlin Completion legally and beneficially owned by the Principal Borrower and each of the Targets has title to, or is otherwise entitled to use, those assets which are necessary for it to run its business substantially as it was run prior to Completion;

(aa) **Pensions:** so far as the Principal Borrower is aware and save as disclosed in the Pensions Letter or the Merlin Pensions Letter, the Group is on the Merlin Completion Date in compliance with all material statutory or auditory requirements and agreements with respect to each and any pension scheme operated by any Group Company; and

(bb) **Original Accounts:** so far as each of the Parent, the Principal Borrower and the Original Managers are aware, the Original Accounts and the Merlin Accounts are not materially inaccurate in any way.

13.2 Repetition

(a) **Original Completion**

(i) on the date of this Agreement; and

(ii) on the Original Completion Date (which was also the date of drawdown of the Britton Acquisition Advances);

there shall be deemed to be repeated a representation and warranty by the Parent and the Borrowers that, as at that date, each of the representations and warranties contained in clause 13.1 (*Representations and Warranties*) (other than the representations and warranties contained in clauses 13.1(h) (insofar as it relates to a Potential Event of Default), (j), (l), (r), (t), (v), (z) and (bb)) are true by reference to the then existing circumstances;

(b) **Merlin Completion**

On the Merlin Completion Date the Principal Borrower represented and warranted that each of the representations and warranties contained in sub-clauses 13.1(i),

(l)(ii), (m), (n), (o), (r), (s), (t), (u), (v), (w), (z) and (bb) were true by reference to the facts and circumstances existing at that date but, for the purposes of this sub-clause only, any references in such sub-clauses to the Group and the Group Companies were deemed to be references to the Merlin Companies only, any references in such sub-clauses to the Acquisition Agreements were deemed to be reference to the Merlin Sale and Purchase Agreement only, any references in such sub-clauses to the Original Acquisition Disclosure Letter were deemed to be references to the Merlin Acquisition Disclosure Letter only and any references in such sub-clauses to the Targets were deemed to be references to the Merlin Group Companies only and the words "of the Parent" in sub-clause (u) shall not apply.

(c) Closing of Restructuring

On Closing there shall be deemed to be a repeated representation and warranty by each of the Borrowers that, as at that date, each of the representations and warranties contained in clause 13.1 (*Representations and Warranties*) (other than the representations and warranties contained in clause 13.1 (h) (insofar as it relates to a Potential Event of Default and insofar as it relates to a Remedied Default, Permitted Default or Waived Default (each as defined in the Third Supplemental Agreement)), (j), (l)(i), (l)(ii), (r), (t), (v), (z), (aa) and (bb)) are true by reference to the facts and circumstances existing at such date.

(d) Utilisations

- (i) on each date on which a Working Capital Utilisation is requested or made;
- (ii) on each date on which a Deed of Accession is entered into;
- (ii) on the Merlin Completion Date (which was also the date of drawdown of the Merlin Acquisition Advances); and
- (iii) on each Interest Payment Date,

there shall be deemed to be repeated a representation and warranty by each of the Borrowers that, as at that date, each of the representations and warranties contained in clause 13.1 (*Representations and Warranties*) (other than the representations and warranties contained in clauses 13.1(h) (insofar as it relates to a Potential Event of Default), (i), (j), (k), (l), (m), (n), (o), (q), (r), (s), (t), (u), (v), (w), (x), (y), (z) (aa) and (bb) (and, on the Merlin Completion Date only, (p)) are true by reference to the facts and circumstances existing at such date.

13.3 Borrower acknowledgement

Each Borrower and the Parent acknowledges that the Finance Parties are relying on the representations and warranties and not on any other information contradictory to them or varying them of which the Agent or the Finance Parties or any of them or their respective agents or advisers may have actual or constructive knowledge.

14. GENERAL COVENANTS

For so long as any liability remains outstanding or any facility is capable of being utilised under the Senior Finance Documents, each Borrower shall and each of the Principal Borrower and the Parent shall procure that each Group Company shall, except with the Agent's prior consent:

14.1 Ranking of liabilities

Ensure that its liabilities (whether actual or contingent) under the Senior Finance Documents shall at all times constitute its direct and unconditional obligations and will rank in priority to all of its present and future Indebtedness issued, created, assumed or guaranteed (except for such Indebtedness as is only entitled to priority by operation of law or by reason of a Permitted Encumbrance);

14.2 Restriction on encumbrances

Not create or agree to create or permit to arise or subsist any Encumbrance on its present or future assets or any part of them except Permitted Encumbrances and, not except to the extent that following such sale and leaseback, the provisions of clause 14.7 (*Hire Purchase Restrictions*) would not be breached, sell or otherwise dispose of any of its assets to persons other than Group Companies on terms which would result in such assets being leased to or re-acquired by a Group Company. For the avoidance of doubt, no Encumbrance on any asset of either of the Parent or the Principal Borrower shall be a Permitted Encumbrance;

14.3 Restriction on Borrowings

Not incur or permit to subsist Borrowings other than Permitted Borrowings;

14.4 Restrictions on disposals

Not sell, transfer, lend, lease, license or otherwise dispose (each a "**disposal**") of, by one or more transactions and whether related or not, the whole or any part of its undertaking, business or assets except that this clause 14.4 shall not apply to:

- (a) disposals in the ordinary course of business on arms length terms; or
- (b) disposals to any Charging Company; or
- (c) where no Event of Default or Potential Event of Default has occurred which is Continuing, disposals of assets which are obsolete or redundant and which, in each case, are disposed of for fair market value; or
- (d) where no Event of Default or Potential Event of Default has occurred which is Continuing, disposals of assets which are not required in connection with the carrying on by the Group of its business as it is then being conducted on arm's length terms and for full consideration and where the disposal proceeds (net of a reasonable provision for tax and reasonable disposal costs), when aggregated with the proceeds of all other such disposals by Group Companies in that Accounting Reference Period, do not exceed £250,000; or
- (e) disposals of Net Disposal Proceeds if and insofar as permitted by clause 8.4 (*Disposal Proceeds and Acquisition Agreement Claims*); or
- (f) disposals of cash for purposes not otherwise prohibited by this Agreement; or
- (g) loans permitted by clause 14.6 (*Factoring and loans*).

Nothing in this clause 14.4 shall enable any Group Company to dispose of assets falling within the categories specified in clauses 14.4(a) to (f) which are subject to a fixed charge without consent from the Security Trustee. The Security Trustee shall, however, release any asset from any security over such asset constituted by the Security Documents if its disposal is permitted under clause 14.4(a) to (f) without reference to the Banks, unless it is actually aware of the occurrence of an Event of Default or a Potential Event of Default;

14.5 Net disposal proceeds

Deposit all Net Disposal Proceeds in to the Realisation Account and, provided that it is lawful to do so, transfer the necessary amounts to the Principal Borrower and apply them as provided in clause 8 (*Prepayment*);

14.6 Factoring and loans

- (a) Not enter into or permit to subsist any arrangement to sell or dispose of (or under which any person other than the Security Trustee shall otherwise acquire or gain the right to acquire) any right, title or interest in any of the debts, inventory (other than by way of sale in the ordinary course of business to bona fide customers) or contracts of that Group Company, whether on a factoring basis or otherwise, and other than pursuant to the Top Up Facility;
- (b) Not make any loans or grant any credit (other than normal trade credit), or give any financial guarantee, bond or indemnity or otherwise assume any liability or give any assurance against financial loss in respect of any other person other than:
 - (i) under the Security Documents or where the same would constitute a Permitted Borrowing; and
 - (ii) to or in respect of any Charging Company;
 - (iii) loans to employees of the Group not exceeding an aggregate maximum amount of £300,000 at any one time;

14.7 Hire purchase restrictions

- (a) Not enter into any finance leasing agreements (within the meaning of SSAP 21) other than pursuant to the Top Up Facility;
- (b) Not enter into any hire purchase agreements (within the meaning of SSAP 21) save that any Group Company may enter into such agreements in the ordinary course of its business in respect of motor vehicles and office equipment;

14.8 Acquisitions

Without prejudice to clause 14.9 (*Capital Assets*), not acquire any business (or substantial part of a business) or shares (except that the Obligors may, subject to the other terms of this Agreement, recapitalise any of their Subsidiaries);

14.9 Capital Assets

Not acquire any capital assets of a value or aggregate value (and for this purpose, aggregating with the value of the asset purchased the amount of any liability assumed with or Encumbrance secured on it), or otherwise incur any capital expenditure in any Accounting Reference Period, which, (1) when aggregated with the value of all other capital assets acquired and other capital expenditure incurred by Group Companies in that period exceeds the relevant budgeted amount specified in the annual Budget approved by and delivered to the Agent pursuant to clause 15.1 (*Budget*) or (2) in respect of any single item exceeds £450,000 without the prior written consent of the Agent (such consent not to be unreasonably withheld where such expenditure is consistent with the forecast capital expenditure for that period as specified and agreed to in the Budget delivered to the Agent pursuant to clause 15.1 (*Budget*)), provided that the right to spend or commit the Group or any Group Company to capital expenditure under this clause 14.9 shall be suspended for so long as an Event of Default or Potential Event of Default has occurred which is Continuing or would occur as a result of such capital expenditure;

Provided that, of the amount of any such permitted capital expenditure not utilised in any period, up to fifty per cent of such amount may be carried forward for one period only and added to the capital expenditure limit for the next such period and any amount so carried forward shall be treated as utilised first by the Group in that period;

14.10 Nature of business

- (a) Not make any material change to the nature of the Business or discontinue any material part of the Group's Business as a whole other than as contemplated in the Business Plan;
- (b) In the case of the Principal Borrower, not engage in business other than acting as a holding company;

14.11 Subordinated investment

- (a) Not redeem or purchase any of the shares in the Parent or the Principal Borrower or otherwise reduce the share capital of the Parent or the Principal Borrower;
- (b) Not declare or pay any dividends or make any other distributions of capital or income to any of the members of the Parent or the Principal Borrower and not repay or pay any fees or other amounts in respect of any of shares in each of the Parent or the Principal Borrower except non-executive directors' fees in a maximum amount of £25,000 per annum for each non-executive director;
- (c) not issue any further shares in the Parent or the Principal Borrower other than on terms that any dividends or other distributions on such shares will become payable only after the Facilities have been fully repaid in full and cancelled; and
- (d) not redeem, purchase or make any payments in respect of the Secured Loan Notes except and to the extent permitted by the Subordination Deed;

14.12 Insurance

- (a) Maintain with the Security Trustee's interest noted on each policy or, if the Security Trustee so requests, in the joint names of the Security Trustee and the relevant Group Company, such policies of insurance in relation to its business and assets as would maintain the insurances as set out in the letter of appropriateness from J & H Marsh & McLennan (UK) Limited produced to the Agent under Schedule VI (*Conditions Precedent*) and (in respect of that Group Company's assets and/or liabilities which would not be covered by the insurances set out in such letter) as a reasonably prudent person carrying on a similar business to that Group Company might reasonably be expected to maintain over such assets and/or in respect of such liabilities (including policies to cover public, product and third party liability); and
- (b) Maintain with the Security Trustee's interest noted on each policy or, if the Security Trustee so requests, in the joint names of the Security Trustee and the relevant Merlin Company, such policies of insurance in relation to its business and assets as would maintain the insurances as set out in the letter of appropriateness from J & H Marsh & McLennan (UK) Limited produced to the Agent under Schedule II (*Conditions Precedent*) of the Supplemental Agreement and (in respect of that Merlin Company's assets and/or liabilities which would not be covered by the insurances set out in such letter) as a reasonably prudent person carrying on a similar business to that Merlin Company might reasonably be expected to maintain over such assets and/or in respect of such liabilities (including policies to cover public, product and third party liability); and

- (c) from time to time upon request supply the Agent with copies of all such insurance policies or certificates of insurance or such other evidence of the existence of such policies as may be acceptable to the Agent;

14.13 New Subsidiaries and joint ventures

- (a) Not incorporate any new Subsidiary without the prior written consent of the Agent; and
- (b) Not subscribe in any company intended to be a Joint Venture or merge or consolidate with any other person or transfer any assets to or enter into or incur or permit to exist any liability in connection with any partnership or Joint Venture, or enter into any partnership, Joint Venture or franchise agreement.

14.14 New UK Subsidiaries

If required by the Agent, the Principal Borrower shall procure that any Group Company which either commences to trade, or is incorporated or acquired after the Original Completion Date and which has assets in or trades in or which is incorporated in any part of the United Kingdom ("**new UK Subsidiary**") shall within fifteen days of being so incorporated or acquired or acquiring such assets or so commencing to trade (whichever shall first occur) join in so far as it is lawfully able to do so in a supplemental deed in a form approved by the Agent whereby the new UK Subsidiary shall thenceforth execute a guarantee in favour of the Security Trustee (as trustee for the Finance Parties) to the intent (inter alia) that it should (jointly and severally with any other guarantor) guarantee all money and liabilities at any time due owing or incurred by the Borrowers to the Finance Parties and that the new UK Subsidiary should charge to the Security Trustee all its undertaking property and assets under a debenture in form and substance satisfactory to the Agent, and the Principal Borrower hereby agrees to notify the Agent forthwith of the existence of any new UK Subsidiary.

14.15 New overseas Subsidiaries

If required by the Agent, the Principal Borrower shall procure (to the extent that it is or can be made lawful for the relevant Subsidiary to do so) that any Subsidiary of the Principal Borrower incorporated overseas which either commences to trade or is incorporated or acquired after the Original Completion Date shall as soon as is possible execute a guarantee and shall grant security over all or such of its assets as the Agent shall require and in such form as the Agent shall reasonably require to secure all sums due owing or incurred under the Senior Finance Documents and shall procure that as soon as is reasonably possible any necessary consents are obtained and other necessary action taken to ensure that such guarantee and security shall be valid, binding and enforceable, and the Principal Borrower hereby agrees to notify the Agent forthwith of the existence of any new overseas Subsidiary.

14.16 Actions against Vendors

Comply with its obligations contained in the Transaction Documents and diligently enforce the obligations on the part of the other parties to them if so required by the Majority Banks and not:

- (a) vary the material terms of any Transaction Document (save in the Group's favour); or
- (b) knowingly waive or estop itself from enforcing any of the material obligations of the other parties to such documents,

provided that this clause 14.16 shall not apply to:

- (a) potential causes of action arising out of the Original Sale and Purchase Agreement to the extent that the likely aggregate monetary value of such claim or claims does not exceed £500,000; or
- (b) potential causes of action arising out of the Merlin Sale and Purchase Agreement to the extent that the likely aggregate monetary value of such claim or claims does not exceed £150,000,

and, in each case, providing no Event of Default has occurred and is Continuing and the Principal Borrower is reasonably of the opinion that it is not in the Group's commercial interests to pursue any such claim;

14.17 Condition precedent documents

Not vary or waive, and procure that no amendment (including the termination of any such agreement) shall be made to the terms of the Articles, the constitutional documents of any of the Group Companies, the Managers' Agreements, the Top Up Facility Agreement, the Top Up Security, any documents entered into or issued in connection with the Subordinated Loan Notes, the Loan Note Security or any of the other documentation listed in the Second Schedule to the Restructuring Agreement or referred to in the Restructuring Agreement delivered to the Agent, without the prior written consent of the Agent;

14.18 Delivery of deeds

To the extent that it is reasonably able, promptly deliver to the Agent or procure the delivery to the Agent of all necessary deeds, documents and certificates (duly executed) to perfect and protect the Security Documents to which it is a party as requested by the Agent;

14.19 Registrations

To the extent that it is reasonably able, promptly effect all necessary registrations and notices to perfect and protect the Security Documents to which it is a party and shall meet all proper costs in connection with them;

14.20 Consents and filings

Ensure that there shall be:

- (a) obtained, complied with and promptly renewed and maintained all consents, licences, approvals and authorisations of;
- (b) made all filings, recordings, registrations (including, in particular, a proper registration in respect of the Original Acquisition pursuant to the Restrictive Trade Practices Act 1976 within 3 Months of Original Completion and in respect of the Merlin Acquisition pursuant to the Restrictive Trade Practices Act 1976 within 3 Months of Merlin Completion) or enrolments with; and
- (c) paid any stamp, registration or similar tax to be paid to,

any governmental authorities or agencies or courts (if any) required under any applicable law or regulation to enable any Group Company to perform its obligations under any Senior Finance Document or Transaction Document to which it is a party or to ensure the legality, validity and enforceability of any such Senior Finance Document or Transaction Document;

14.21 Maintenance of licences

Take all necessary action to protect and maintain (and take no action which could foreseeably imperil the continuation of) the licences and statutory authorisations, intellectual property, trade names, franchises and contracts (referred to in this clause 14.21 as the "**Authorisations**") which in each case are material and necessary for the conduct of each of the Businesses substantially as they are presently conducted and to enable such Businesses to be carried on substantially as at present and shall procure that all material conditions attaching to such Authorisations are at all times complied with;

14.22 Maintenance of accounts

As from the Original Completion Date maintain all of its current and deposit bank accounts with National Westminster Bank PLC or such other banks as have been approved by the Agent and not open or transmit any payments through any other accounts;

14.23 Access

Upon reasonable notice being given to the Principal Borrower by the Agent (except in the case of emergency), permit any one or more representatives of the Agent or its advisers to have access to the property, assets, books and records of any Group Companies (including the Principal Borrower and Parent) and to inspect the same;

14.24 Announcements

Not make, nor permit any of its officers or employees to make, any press release or other form of media communication referring to the name of any Finance Party without such press release or communication having been previously agreed with such Finance Party as to its form and content;

14.25 Hedging Agreements

- (a) Within 90 days of the date of Closing agree a hedging strategy with the Agent and (if required by the terms of such hedging strategy) enter into one or more Hedging Agreements based on such strategy which comply with clause 30 (*Hedging*) and which are in respect of an amount and for a period satisfactory to the Agent;
- (b) Not enter into other hedging or currency management arrangements, options or other derivative transactions without the prior consent of the Agent other than;
 - (i) the Hedging Agreements; or
 - (ii) agreements entered into for the hedging of actual interest rate or foreign currency exposure arising in the ordinary course of business of any member of the Group where such business is conducted in accordance with this Agreement;
- (c) Hedging Agreements which constitute interest rate swaps shall be entered into only with Banks. Hedging Agreements which constitute caps may be entered into with any bank approved by the Agent (whose consent may only be withheld on the basis of the proposed bank having a Standard & Poor's credit rating of less than AA) provided that the Arranger shall have had an opportunity to provide a quote to the Parent in respect of such transaction;

14.26 Environmental matters

Not at any time be in breach of or have any liability under any Environmental Laws or fail to comply with, obtain or maintain any Environmental Permits, where such breach or failure could result in any Material Adverse Result;

14.27 Material transactions

Not enter into any material transaction or arrangement with any person other than on arm's length terms;

14.28 Compliance with laws

Comply in all respects with all laws and regulations binding upon it in connection with the carrying on of its business, non-compliance with which would have a Material Adverse Result;

14.29 Taxes

Pay all material Taxes due and payable by it in such manner as to avoid any risk of any material fines or penalties being imposed by the relevant authority;

14.30 Further Assurance

At its own cost create, execute and perfect in such form as the Agent may require such documents as may be necessary or desirable to perfect and register the security contemplated or constituted by the Security Documents (in each case on terms no more onerous than the terms of the relevant Security Document save where this is necessary for the efficacy of the relevant security);

14.31 Inter-Company loans

Subject to clause 14.35, procure that all loans between Group Companies are at all times repayable on demand;

14.32 Pension Schemes

Deliver to the Agent at such time as those reports are prepared (whether in order to comply with then current statutory or auditing requirements or not), actuarial reports in relation to the pension schemes for the time being operated by members of the Group (including the Parent) and will ensure that such pension schemes are funded based on reasonable actuarial assumptions as agreed with trustees of such schemes;

14.33 Dormant Group Companies

Not carry on any trade or business through, nor transfer any assets into, any of the Group Companies which are Dormant Group Companies, nor allow any such Dormant Group Companies to incur any liabilities (other than statutory liabilities) without the consent of the Agent, which consent shall be given if such company enters into a guarantee and debenture in form and substance satisfactory to the Agent;

14.34 High Yield Bond

Not issue any senior notes, senior subordinated notes or high yield bonds;

14.35 Ring-fencing

(a) ensure that no funds are paid by a Group Company to the Parent whether by way of loan, dividend, distribution, payment for redemption of shares, payment for goods or services, or otherwise;

(b) in the case of the Parent not demand or receive any funds the payment of which by a Group Company would be in breach of clause 14.35(a);

The undertakings contained in clauses 14.1, 14.2, 14.3, 14.6, 14.7, 14.10, 14.11, 14.16, 14.17, 14.20, 14.23, 14.24, 14.34 and 14.35 shall (where applicable) be given by and

shall apply equally to the Parent itself for itself (and not, for the avoidance of doubt any Subsidiary which is not a Group Company). In addition, the Parent shall not and shall procure that no Subsidiary other than a Group Company shall:

- (i) compete with the business of any Group Company; or
- (ii) divert any employee resources of the Group to the detriment of any Group Company.

15. INFORMATION COVENANTS

For so long as any liability remains outstanding or any facility is capable of being utilised under the Senior Finance Documents, each Borrower shall and each of the Parent and the Principal Borrower shall procure that each other Group Company shall, except with the Agent's prior consent:

15.1 Budget and Business Plan

- (a) Submit to the Agent, not later than 15 days before the beginning of each Accounting Reference Period of the Principal Borrower, to the Agent two copies of an itemised consolidated budget in a format previously discussed with the Agent for the forthcoming Accounting Reference Period for the Group which shall require the approval of the Agent (acting on the instructions of the Majority Banks) (including approval of the forecast capital expenditure for the forthcoming Accounting Reference Period) , containing (in such detail as is in the opinion of the Agent necessary):
 - (i) the aggregate amount of capital expenditure specifying individual items of capital expenditure in excess of £100,000 intended to be incurred by the Group during such Accounting Reference Period, and the anticipated timing of such capital expenditure;
 - (ii) sufficient information to enable the Agent to be able to calculate the ratios specified in clause 16.1 (*Financial Covenants*);
 - (iii) trading, revenue and cash flow forecasts and a balance sheet for such Accounting Reference Period prepared on a month by month basis;
 - (iv) details of proposed acquisitions and disposals by the Group during such Accounting Reference Period specifying separately individual disposals and acquisitions where the forecast consideration exceeds £150,000;
 - (v) details of the Group's anticipated requirements for the various facilities available under the Working Capital Facility including for bonds, guarantees, indemnities and forward foreign exchange contracts, such details to include references to the likely ongoing available headroom in the Working Capital Facility during such period and to the minimum likely amount of headroom in the Working Capital Facility during such period;
 - (vi) details of the polymer price assumptions made by the Group concerning such Accounting Reference Period; and
 - (vii) details of the exchange rate assumptions made by the Group concerning such Accounting Reference Period,

such budget to have been approved by the board of directors of the Parent and to include consolidated statements and statements for each Group Company which is trading, in each case for each month, of forecast profit and loss, revenue and

cash flow and a balance sheet, to include a commentary on the above and to be in such form and to contain such other information as is in the reasonable opinion of the Agent necessary and, in any event, to detail material differences from the Business Plan;

- (b) Submit to the Agent no later than 45 days after the end of the first half of each Accounting Reference Period a reforecast to the budget delivered for that Accounting Reference Period and the Agent's consent shall be required to any changes to the same extent that it would have been required in relation to any annual budget;

15.2 Accounts

Deliver to the Agent in sufficient numbers for distribution to the Finance Parties copies of:

- (a) **Audited accounts:** the audited consolidated profit and loss account and balance sheet and cash flow statement of the Principal Borrower for each Accounting Reference Period ending after the date of this Agreement as soon as they have been approved by the board of directors of the Principal Borrower (but in any event not later than 120 days from the end of such Accounting Reference Period (and related certified Auditor's reports)) and audited profit and loss accounts, balance sheets and cash flow statements for each of the Group Companies individually not later than 120 days from the end of such Accounting Reference Period. The Principal Borrower shall procure that there shall simultaneously with the Audited Accounts be delivered:
 - (i) a report from the Auditors confirming that the financial covenants set out in clause 16 (*Financial Covenants*) have been complied with in respect of the relevant Accounting Reference Period and confirming the amount of Excess Cash Flow and evidence satisfactory to the Agent showing how such calculation was made; and
 - (ii) a reconciliation by the Auditors between the cumulative consolidated management accounts and the consolidated audited accounts of the Principal Borrower for that period; and
 - (iii) any letter addressed by the Auditors to the directors of a Group Company in relation to its accounts;
- (b) **Monthly Management Accounts:** copies of management accounts for each month and cumulative management accounts of the Group, for each month from the beginning of each Accounting Reference Period. Each such set of accounts shall include, among other things:
 - (i) a consolidated profit and loss account and balance sheet for the Group and each Group Company (other than Dormant Group Companies) and individual profit and loss accounts for each of the Group Companies;
 - (ii) a consolidated statement of assets (of a value of £100,000 or more) disposed of and acquired and of capital expenditure on individual items which account for ten per cent or more of the budgeted capital expenditure approved by the Agent for the relevant Accounting Reference Period;
 - (iii) a consolidated cash flow statement incorporating details of revenues;
 - (iv) a reference to any material matter occurring in or relating to the month in question including a statement of any releases from individual provisions equal to or in excess of £75,000 and material variations from the appropriate budget for that month;

- (v) a comparison of current trading and actual performance as indicated by the profit and loss accounts, balance sheets and statements referred to in sub-clauses (i), (ii) and (iii) above against the performance for that period:
 - (aa) indicated by the monthly management accounts for the same period in the previous Accounting Reference Period; and
 - (bb) forecast by the relevant budget;
- (vi) an up-to-date summary of customer orders placed in excess of £500,000;
- (vii) a commentary on the status of the trading position and prospects of the Group;
- (viii) a summary of material customers gained or lost for the relevant period; and

such accounts to have been approved by the board of directors of the Principal Borrower and submitted to the Agent within 30 days from the end of each Month; and

- (c) **Monthly Cash Flow Forecast:** within 9 days of the end of each Month, a forecast (in the form previously agreed between the Agent and the Principal Borrower) signed and/or sent by an executive director of the Principal Borrower and containing a spreadsheet setting out the forecast cash flow position of the Group for the then following twelve week period and a written summary identifying points to note in the forecast;
- (d) **Quarterly Information:** within 30 days of the relevant Quarter Day submit to the Agent a statement setting out the actual financial ratios specified in clause 16.1 (*Financial Covenants*) for the preceding quarter, copies of the data used in the calculation of such ratios (where such information has not already been provided to the Agent) and such other information as may be necessary to enable the Agent to calculate such ratios;
- (e) **Other information:** any other information concerning the business or financial condition of any Group Company, Business or the Group as a whole which the Agent may reasonably require from time to time.

15.3 Trade information

Subject to any restrictions imposed by a duty of confidentiality or by reason of unusual commercial sensitivity, supply copies of all reports and other works commissioned by the Group concerning the trade of any of the Group Companies and in particular its comparative market shares and such other trade information as is available to the Group that the Agent may reasonably require from time to time;

15.4 Consistent application

Ensure that all accounts and other financial information submitted to the Agent have been prepared using accounting bases, policies, practices and procedures consistent with the Accounting Policies and in accordance with generally accepted United Kingdom accounting principles consistently applied, except in any case as approved by the Auditors in which event the Principal Borrower shall notify such modifications to the Agent, and in such circumstances the Agent (in consultation with the Principal Borrower and the Auditors) may require the Auditors to calculate and confirm to the Agent such changes to the financial covenants contained in this Agreement as shall reflect such modifications, and if following such request the Auditors fail to give such confirmation the

Agent may itself calculate such changes as it considers may be required to reflect the charges notified to it;

15.5 Accounting reference period

Ensure that no Group Company alters its Accounting Reference Period so as to end other than on the Accounts Date without the prior approval of the Agent and in giving any such approval the Agent may require the Auditors to calculate and certify to the Agent such change in the financial covenants contained in clause 16 (*Financial Covenants*) as will reflect the change notified to it, and procure that the Accounting Reference Date of each Group Company shall be the same, and if following such request the Auditors fail to give such confirmation the Agent may itself calculate such charges as it considers may be required to reflect the charges notified to it;

15.6 Maintain auditors

Not appoint an auditor who is not an Auditor and provided that the Principal Borrower shall use all reasonable endeavours to procure that any replacement auditors, prior to their appointment, have provided a letter addressed to the Agent on behalf of the Finance Parties in substantially the same terms as the Auditors Letter;

15.7 Auditor's certificate

- (a) If so requested by the Agent require the Auditors for the time being or permit any internationally recognised firm of accountants appointed by the Agent (at the expense of the Principal Borrower):
 - (i) to verify to the Agent's satisfaction any financial information required by this Agreement to be provided to the Agent (including each budget to be delivered pursuant to clause 15.1 (*Budget*));
 - (ii) to verify any figures required to calculate any of the financial covenants contained in clause 16 (*Financial Covenants*) or the definition of "Margin"; or
 - (iii) to hold preliminary discussions with the Principal Borrower in order to ascertain the manner in which the Principal Borrower and other Group Companies are collecting and preparing the information to be supplied under this clause 16 and to ascertain the accuracy and reliability of such information and to report their findings to the Agent; and
- (b) To the extent available to it or under its control, promptly upon request disclose to any advisers to the Agent or procure the disclosure of all necessary information, documents, records and statements to enable them or any of them to undertake and complete the matters set out in 15.7(a) above; and
- (c) Use all reasonable endeavours to ensure that all such information will be, to the best of the relevant Group Company's and Principal Borrower's knowledge, information and belief, complete and accurate in all material respects and not omit any material facts;

15.8 Litigation

Advise the Agent immediately of the details of any litigation, arbitration or administrative proceeding (to the best of its knowledge and belief) pending or threatened against any Group Company (other than frivolous or vexatious claims) which could, if adversely determined, result in an uninsured liability to the Group (including costs) or a diminution in the assets of the Group in excess of £250,000 save to the extent such liability or diminution is covered by insurance;

15.9 Changes in markets

Discuss with the Agent any changes or proposed or possible changes in the markets in which the Businesses operates which may have a material effect on the Business;

15.10 Event of Default

- (a) notify the Agent of any event which is an Event of Default or Potential Event of Default immediately upon becoming aware of such occurrence; and
- (b) if so requested by the Agent at any time, promptly supply to the Agent a certificate signed by a director, certifying that so far as he is aware, after reasonable enquiry, no Event of Default or Potential Event of Default has occurred and is Continuing or, if it is, specifying it and the steps, if any, being taken to remedy it;

15.11 Pensions

Deliver to the Agent, at such time as those reports are prepared in order to comply with the then current statutory or auditing requirements, actuarial reports in relation to the pension schemes (if produced) for the time being operated by Group Companies or the Parent;

15.12 Notices

Deliver to the Agent copies of all documents despatched to its shareholders (or any class of them) or its creditors (or any class of them) pursuant to any legal requirement to despatch such documents at the same time as they are despatched;

15.13 Offers and expressions of interest

Promptly inform the Agent and provide full details of all offers or expressions of interest for all or any material or substantial part of the Group (including the Parent), any material or substantial assets or interests of the Group or any of the Businesses;

16. FINANCIAL COVENANTS

16.1 Financial Covenants

For so long as any liability remains outstanding or any Facility is capable of being used under the Senior Finance Documents, the Principal Borrower shall procure that:

- (a) **Consolidated EBITDA** during each of the twelve month periods ending on the date set out below shall not be less than the amount set opposite such period;

Period	Amount (in £)
31 December 2001	5,500,000
31 March 2002	5,750,000
30 June 2002	6,000,000
30 September 2002	6,250,000
31 December 2002	6,500,000
31 December 2003	7,200,000
31 December 2004	7,200,000
31 December 2005	7,200,000
31 December 2006	7,200,000
31 December 2007	7,200,000

- (b) **Consolidated Cashflow to Consolidated Debt Service Ratio:** the ratio of Consolidated Cashflow to Consolidated Debt Service shall not be less than 1.00:1

in respect of the twelve month period ending on 31 December 2002 and, thereafter, on a rolling twelve month basis for each period ending 31 March, 30 June, 30 September and 31 December in each year;

- (c) **Total Net Debt to Consolidated EBITDA Ratio:** the ratio of Total Net Debt of the Group as at the end of each of the rolling twelve month periods ending on the dates set out below to Consolidated EBITDA of the Group for that period shall not exceed the ratios set out below:

Period	Ratio
31 December 2001	5.41:1
31 March 2002	5.28:1
30 June 2002	4.98:1
30 September 2002	4.72:1
31 December 2002	4.35:1
31 December 2003	3.60:1
31 December 2004	3.22:1
31 December 2005	2.82:1
31 December 2006	2.41:1
31 December 2007	1.98:1

16.2 Testing of Covenants

- (a) The covenant contained in clause 16.1(a) (*Consolidated EBITDA*) shall be tested quarterly, first by reference to the management accounts for each such period and secondly, where applicable, by reference to the relevant audited accounts of the Group.
- (b) The covenant contained in clause 16.1(b) (*Consolidated Cashflow to Consolidated Debt Service Ratio*) shall be tested first on 31 December 2002 and thereafter quarterly by reference to the management accounts for each such period and secondly, where applicable, by reference to the relevant audited accounts of the Group.
- (c) The covenant contained in clause 16.1(c) (*Total Net Debt to Consolidated EBITDA Ratio*) shall be tested quarterly calculated by reference to EBITDA for the previous twelve months as at the last Quarter Date and by reference to actual Total Net Debt at any time and be tested by reference to any losses or profits demonstrated firstly by the management accounts and secondly, where applicable, by the relevant audited accounts of the Group.

16.3 Definitions

In this clause 16 and elsewhere in this Agreement the following terms shall have the meanings set out below:

"Consolidated Cash Flow" in respect of any period, Consolidated EBITDA for that period:

- (a) less any increase in Working Capital (or plus any decrease in Working Capital) but in the case of the Working Capital of any business acquired as a going concern during such period, in relation to that period the change shall be calculated as between the date on which such acquisition was completed and the end of such period;
- (b) less capital expenditure (net of any part thereof financed by any finance leases or the investment of Net Disposal Proceeds) spent during such period;

- (c) deducting payments made during such period which represent the capital element of all lease, credit sale or conditional sale agreements or hire purchase agreements to the extent not deducted under paragraph (b);
- (d) less Tax paid during the period (excluding amounts recoverable by the Group under the Original Sale and Purchase Agreement);
- (e) less cash outflows plus cash inflows arising from extraordinary and exceptional items but not including the amount of consideration paid in respect of, or any amounts refinanced or repaid, or costs incurred in connection with, the Merlin Acquisition;
- (f) less voluntary prepayments during the period;
- (g) adding the amount of any increase in the Principal Borrower's share capital or subordinated debt (subordinated to the Facilities to at least the same extent as the Subordinated Loan Notes);

"Consolidated Total Net Cash Interest Payable" in respect of any period, the aggregate on a consolidated basis of:

- (a) *Senior Interest payable (on an accruals basis) by the Group during the period;*
 - (b) the gross amount of interest (excluding interest which has been or by its terms must be capitalised) on any other Borrowings payable (on an accruals basis) by the Group during that period;
 - (c) the commission fees, discount and other charges (but not including fees paid to the Agent, Arranger, the Banks or Security Trustee (pursuant to clause 18.1 (*Underwriting and arrangement fees*) and clause 18.3 (*Agency fee*))) incurred by the Group during that period in respect of Borrowings (including the part of any payment under any hire purchase, conditional sale or similar arrangement (excluding for the avoidance of doubt, operating leases) which represents a finance charge payable during the period (on an accruals basis)); and
 - (d) deducting other interest income received of whatever nature;
- and further adjusted:
- (i) by deducting any such interest or consideration payable by one Group Company to another Group Company (to the extent not already netted out on consolidation); and
 - (ii) adding or deducting net amounts paid or received by the Group under the Hedging Agreements.

"Consolidated EBITDA" in respect of any period, the consolidated earnings of the Principal Borrower for that period:

- (a) before any provision on account of taxation payable by the Group (excluding irrecoverable sales taxes);
- (b) before deducting interest payable of whatever nature, commissions, fees, discounts and other charges incurred by the Group relating to Borrowings;
- (c) before deducting costs related to Hedging Agreements incurred in the period;
- (d) before deducting the amortisation of any costs of the Original Acquisition or the Merlin Acquisition;

- (e) excluding interest of whatever nature received by a Group Company;
- (f) excluding items treated as extraordinary or exceptional income or charges under the Accounting Policies;
- (g) excluding any debits to the profit and loss account arising as a result of amortisation of goodwill and/or know-how or other intangible assets, (in connection with the Original Acquisition or the Merlin Acquisition) accelerated depreciation on fixed assets (in connection with the Original Acquisition or the Merlin Acquisition), depreciation on fixed assets and the amortisation or the writing off of transaction costs (in connection with the Original Acquisition or the Merlin Acquisition);
- (h) excluding any profit arising out of release of provisions for liabilities and charges and excluding any profit and loss account effect of any fair value adjustment made by reason of the Original Acquisition or the Merlin Acquisition;
- (i) excluding any share of the profits attributable to minority interests of any Group Company in a company which is not a Group Company, except for dividends actually received in cash by any Group Company;

"Current Assets" the sum of inventory, trade receivables and other receivables including sundry debtors (falling due within 12 months) but excluding cash at bank and on hand, marketable securities and other similar assets and excluding amounts in respect of Taxes (other than irrevocable sales taxes);

"Current Liabilities" the sum of all liabilities falling due within 12 months (including trade creditors, accruals and provisions charged to the profit and loss account and prepayments but excluding consolidated aggregate Borrowings of the Group falling due within such period and any interest accruing on such Borrowing during such period and excluding amounts in respect of Taxes (other than irrevocable sales taxes);

"Consolidated Debt Service" in respect of any relevant period, the aggregate of:

- (a) Consolidated Total Net Cash Interest Payable for such period;
- (b) scheduled repayments of the Acquisition Advances to be made in such period under clause 7.1 (*Repayment of the Acquisition Advances*) as adjusted by the effect of all prepayments previously made;
- (c) any other repayments of Borrowings scheduled to be made (or actually made) in that period (other than in respect of the Working Capital Facility or the Ancillary Facilities);

but excluding amounts prepaid under clause 8.3 (*Cash Sweep*);

"Senior Interest" in respect of any period, the aggregate of interest, issuance and/or guarantee fees and commitment or non-utilisation fees relating to the Facilities accruing during such period, and payable by the Group during that period;

"Total Net Debt" the aggregate of the consolidated indebtedness in respect of Borrowings shown in the latest consolidated balance sheet of the Principal Borrower but adjusted, if required by the Agent, to reflect the actual position on any date on which the covenant is actually tested:

- (a) less the aggregate principal amount of the Subordinated Loan Notes;
- (b) less any net cash balances available to any of the Banks by way of security;

"Working Capital" on any date:

- (a) Current Assets of the Group; less
- (b) Current Liabilities of the Group;

16.4 Hedging Exposure

For the purposes of this Agreement, the amount of Indebtedness under any interest rate or currency swap, floor, collar or other derivative transaction shall be calculated by reference to the net amount repayable under any such agreement if closed out or terminated at that time (but ignoring any net amount receivable by that Group Company);

16.5 Annual Review

If requested by the Agent, upon the delivery of each budget to the Agent pursuant to clause 15.1 (*Budget*), the Agent and the Principal Borrower shall meet to discuss that document and the outlook, prospects, opportunities and threats to the business and assets of the Group.

17. TERMINATION IN CASE OF DEFAULT

17.1 Demand on Events of Default

Upon the occurrence of any of the following events:

- (a) **Failure to pay:** failure by any Obligor to pay in full any sum of principal, commission or interest due under, and in the manner required by, this Agreement or any other Senior Finance Document on the due date (or within 2 Business Days of such date where the Obligor demonstrates to the satisfaction of the Agent that the failure to pay arises due solely to an error in the transmission of funds which was not the fault of the Obligor, the Parent or any other Group Company) or within 10 days of due date therefor in the case of any other sum (other than principal, commission or interest); or
- (b) **Incorrect representation:** any representation, warranty or statement made by or in relation to the Parent or any Group Company in any Senior Finance Document or in any document furnished under or in connection with such documents being incorrect in any material respect as at the date on which it is made or deemed to be repeated unless the underlying circumstances are remedied (if capable of remedy) within 14 days of the Agent so requesting; or
- (c) **Breach of agreement:** failure by any Obligor to comply duly and punctually, or to procure that the Parent or any Group Company so complies, with any other provision of any Senior Finance Document and (with the exception of the covenants contained in clause 16 (*Financial Covenants*)) such default is not remedied (if capable of remedy) within 14 days after notice from the Agent of such breach; or
- (d) **Failure to discharge Indebtedness:**
 - (i) failure by any Group Company to discharge on its due date (but only on the expiry of any applicable grace period), any Indebtedness in excess of an aggregate amount outstanding at any one time of £250,000 unless:
 - (aa) the Indebtedness is being disputed in good faith by the relevant Group Company with a reasonable prospect of success; or

- (bb) payment is being made in accordance with the relevant Group Company's normal trade practice with the creditor concerned; or
 - (ii) any Borrowings are declared or are capable of being declared due and payable before their stated maturity by reason of an event of default (whatever called) or a breach thereof; or
 - (iii) any Borrowings repayable on demand are not repaid within 3 days of lawful demand being made;
- (e) **Suspension and expropriation:**
- (i) the suspension or the threatened suspension of all or a substantial part of any Group Company's operations (except where such company is a Dormant Group Company or where it transfers all of its assets to a Charging Company); or
 - (ii) the expropriation of all or a substantial part of any Group Company's assets by any governmental or other competent authority (except where such company is a Dormant Group Company); or
- (f) **Insolvency:**
- (i) **Winding up:**
 - (aa) a meeting is convened; or
 - (bb) a petition is presented (unless it is demonstrated to the satisfaction of the Agent that the petition is frivolous or vexatious); or
 - (cc) an order is made; or
 - (dd) an effective resolution is passedfor the winding-up of the Parent or any Group Company (except for the purposes of a reconstruction or amalgamation whilst solvent on terms previously approved in writing by the Agent); or
 - (ii) **Administration:** a petition is presented for the appointment of an administrator in relation to the Parent or any Group Company; or
 - (iii) **Request by Directors or Members:** the directors or a member of the Parent or a Group Company request the appointment of a liquidator, receiver, receiver and manager, administrative receiver, administrator or similar official; or
- (g) **Distress etc:** a distress, execution or other legal process is levied against any of the assets of the Parent or any Group Company and is not discharged or paid out within 7 days; or
- (h) **Enforcement proceedings:**
- (i) an encumbrancer takes possession; or
 - (ii) a receiver, receiver and manager, administrative receiver, administrator or similar official is appointed

of the whole or any part of the assets or undertaking of the Parent or any Group Company other than a wholly insignificant part of such assets; or

(i) **Ceasing payment of debts:** any Group Company or the Parent:

- (i) ceases or suspends generally payment of its debts (or announces an intention to do so) or is unable to pay its debts or is deemed unable to pay its debts within the meaning of Section 123(1)(b), (c) or (e) or Section 123(2) of the Insolvency Act 1986; or
- (ii) commences negotiations with its creditors with a view to the general readjustment or rescheduling of all or any class of its Indebtedness; or
- (iii) makes a proposal for a voluntary arrangement under Part I of the Insolvency Act 1986; or
- (iv) enters into any composition or other arrangement for the benefit of its creditors generally or any class of creditors; or
- (v) is the subject of any voluntary or involuntary proceedings under any law, regulation or procedure relating to reconstruction or readjustment of its debts; or
- (vi) has a moratorium declared in respect of all or any class of its Indebtedness; or

(j) **Unlawful performance:**

- (i) it becomes unlawful for the Parent or any Group Company to perform any of its obligations (other than an obligation which could not fairly be regarded as significant) under any Senior Finance Document to which it is a party; or
- (ii) any Senior Finance Document or Transaction Document is not or ceases to be legal, valid and binding on the Parent or any Group Company which is a party to it except so far as relates to the Subordinated Loan Notes; or
- (iii) any Group Company shall at any time seek to determine its liability under any guarantee securing the amounts from time to time due under any Senior Finance Document (including further amounts which may be drawn down under it); or

(k) **Material Adverse Change:**

- (i) there occurs a Material Adverse Change; or
- (ii) litigation is brought against a Group Company which is likely to succeed and which if successful would result in a Material Adverse Change; or

(l) **Other documents:** any Obligor fails to comply with any of the provisions of or its obligations in the Subordination Deed; or

(m) **Ownership of the Parent:**

- (i) any person, or group of persons (other than the Banks) Acting in Concert, acquires Control of the Parent; or
- (ii) any Group Company ceases to be a wholly-owned Subsidiary of the Parent; or

- (n) **Managers:** any of the Managers ceases to be a full time employee or consultant and director of the Group, dies or becomes unable to perform his functions in such capacity or otherwise ceases to be fully involved in the day-to-day running of the Group unless in any such case, a replacement or replacements approved by the Agent (such approval not to be unreasonably withheld or delayed) has accepted office within 180 days; or
- (o) **Analogous events:** any event occurs which, under the applicable law of any relevant jurisdiction, has an analogous or equivalent effect to any of the events mentioned in this clause 17.1,

then and in any such event and at any time afterwards whilst it is Continuing, the Agent may, in its sole discretion, and at the instruction of the Majority Banks shall, by notice in writing to the Principal Borrower:

- (i) cancel any unborrowed amount of the Facilities, after which the Commitments of each Bank in respect of the Facilities shall be reduced to zero, and/or
- (ii) declare the outstanding Advances and all Outstanding Contingent Liabilities and all amounts due, owing or incurred under the Working Capital Facility to be immediately due and payable together with all interest, fees and other amounts payable under this Agreement in respect of such Advances (including without limitation any amount payable under clause 28.2 (*Miscellaneous Indemnities*)) and, upon such declaration, such sums shall become immediately due without demand or other notice of any kind, all of which are expressly waived by each Borrower; and/or
- (iii) demand full cash cover for all Outstanding Contingent Liabilities.

17.2 Notice of Default

The Agent shall, if so requested by the Majority Banks, as an alternative to making any declaration referred to in clause 17.1 (*Demand on Events of Default*), give notice of the occurrence of an Event of Default to the Principal Borrower and declare that:

- (a) the Loan and all Outstanding Contingent Liabilities together with all interest, fees and other amounts payable under this Agreement shall then at all times be due and payable on demand and the Agent may select the duration of each Interest Period which begins after such declaration; and
- (b) the continuing availability of the Facilities shall be at the discretion of the Majority Banks.

17.3 Obligations after Default

Forthwith upon the Agent serving any declaration of default under either clause 17.1 or 17.2, each Borrower shall in respect of each Obligation:

- (a) use its reasonable endeavours to procure the release of the Issuing Bank from such Obligation; and
- (b) without prejudice to (a) above, pay to the credit of such account as the Issuing Bank shall stipulate, an amount equal to the maximum actual or contingent liability in respect of such Obligation and charge the same to the Issuing Bank in such manner and on such terms as the Issuing Bank may stipulate.

PART VII

FEES, EXPENSES AND STAMP DUTIES

18. FEES

18.1 Underwriting and arrangement fees

The Principal Borrower shall pay to the Agent for the Banks a restructuring fee (if any) in the amount, the manner and times set out in the Restructuring Fees Letter.

18.2 Non-utilisation fee

The Principal Borrower shall, for the period beginning on the date of this Agreement and ending on the last day of the Availability Period in respect of the Working Capital Facility, pay to the Agent for each Bank (pro rata to their respective Commitments under the Working Capital Facility) on the last day of each period of three Months after the date of this Agreement and on the last day of such Availability Period a non-utilisation fee in Sterling calculated at the percentage rate equal to 1% per annum on the aggregate of the daily Available Amount from time to time, calculated on a daily basis and a year of 365 days.

18.3 Agency fee

The Principal Borrower shall pay to the Agent (for its own account) an agency fee in the amount, the manner and the times set out in the Restructuring Fees Letter.

19. EXPENSES

The Principal Borrower shall reimburse the Agent, the Security Trustee and each Finance Party on demand (on a full indemnity basis and whether or not any of the Facilities are drawn down or utilised) for all reasonable present and future costs, fees and expenses in any relevant jurisdiction (including, without limitation, legal fees, valuation, accountancy and consultancy fees and communication and out-of-pocket expenses) and any value added or similar tax upon such costs and expenses, incurred by:

- (a) the Agent, the Security Trustee and the Banks in connection with the negotiation, preparation, execution and completion of the Senior Finance Documents or any of the documents referred to in those Senior Finance Documents or the transactions contemplated by them and/or their subsequent amendment or administration (otherwise than in connection with any assignment or novation);
- (b) such Finance Party in connection with the enforcement or (after an Event of Default which is Continuing) preservation of any of their respective rights under any of the Senior Finance Documents or any of the documents referred to in such Senior Finance Documents in any jurisdiction.

20. STAMP DUTY

The Principal Borrower shall pay all present and future stamp, registration and similar taxes or charges which may be payable or determined to be payable in any jurisdiction in connection with the execution, delivery, performance or enforcement of any of the Senior Finance Documents (otherwise than in connection with any assignment or novation) or any judgment given in connection with them and shall indemnify each of the Finance Parties against any and all liabilities, including penalties, with respect to or resulting from its delay or omission to pay any such stamp, registration and similar taxes or charges.

PART VIII

ASSIGNMENTS AND TRANSFERS

21. ASSIGNMENTS AND TRANSFERS

21.1 Obligors

No Obligor may assign or transfer any of its rights or obligations under any Senior Finance Document.

21.2 Banks

Any Bank may (with the consent of the Issuing Bank and with the prior written consent of the Principal Borrower (not to be unreasonably withheld or delayed and such consent shall be deemed to have been given if the Agent has not received a written objection from the Principal Borrower within 15 Business Days of the Agent or relevant Bank notifying the Principal Borrower of a proposed transfer)) transfer in accordance with clause 21.4 (*Transfer Certificate*) all or any part of its rights, benefits and obligations under the Senior Finance Documents to any person or persons but in each case:

- (a) only to another Qualifying Bank (a "**Transferee**"); and
- (b) in a minimum amount of £2,500,000 or if greater in multiples of £500,000 (or, if less, the entire amount of such Bank's Commitment) but so that where a Bank transfers part of its Commitments it shall retain Commitments of at least £2,500,000.

In addition, a Bank may not assign or transfer any of its rights, benefits or obligations hereunder if the Obligors would immediately following such assignment or transfer incur a cost or increased costs or withholding in relation to its obligations hereunder which it would not have incurred but for such transfer.

21.3 Assignment and transfer

If a Bank assigns all or any of its rights and benefits under the Senior Finance Documents in accordance with clause 21.2 (*Banks*), then, subject to the assignee delivering to the Agent a duly executed undertaking in writing to the Agent, the Principal Borrower and the other Finance Parties irrevocably undertaking that it shall be under the same obligations towards each of them as if it had been an original party to this Agreement as a Bank:

- (a) the assignee shall be substituted for the assignor for all purposes and shall have the same rights against the Borrowers as it would have had if it had been an original party to this Agreement as a Bank with the rights so assigned to it;
- (b) the other parties shall execute such documents as are reasonably necessary to release the assignor from its obligations under this Agreement to the extent of the assignment and join the assignee as a party to this Agreement.

21.4 Transfer Certificate

Any permitted transfer of the rights, benefits and obligations under the Senior Finance Documents of a Bank (a "**Transferor**") may be made in whole or in part and shall be effected by the delivery to the Agent of a Transfer Certificate duly completed and signed by the Transferor and the Transferee.

21.5 Effective date

Each of the parties to this Agreement agrees that following receipt by the Agent of a completed and signed Transfer Certificate and with effect from the date of receipt by the Agent or, if later, the date specified in such certificate:

- (a) to the extent that the Transferor elects in such Transfer Certificate to transfer its rights and obligations under the Senior Finance Documents, the Borrowers on the one part and the Transferor on the other part shall each be released from further obligations to the other and their respective rights against each other (except for rights accrued before the date on which such Transfer Certificate takes effect) shall be cancelled;
- (b) the Borrowers on the one part and the Transferee on the other part shall assume obligations towards each other and acquire rights against each other which differ from the rights and obligations so discharged only insofar as the Borrowers and the Transferee have assumed and/or acquired the same in place of the Borrowers and the Transferor; and
- (c) the Agent, the Transferee and the other Finance Parties shall acquire the same rights and assume the same obligations between themselves as they would have acquired and assumed had such Transferee been an original party to this Agreement as a Bank with the rights and/or obligations acquired and/or assumed by it as a result of such transfer (and, to that extent, the Agent, the Transferor and the other Finance Parties shall each be released from further obligations to each other under the Senior Finance Documents).

21.6 Agent's notification

The Agent shall promptly notify the Principal Borrower and the Security Trustee of the receipt of a Transfer Certificate and shall deliver a copy of such Transfer Certificate to the Principal Borrower.

21.7 Authorisation

Each of the parties irrevocably authorises the Banks to transfer their rights and obligations and the Banks to deliver, and the Agent to receive, Transfer Certificates in accordance with this clause 21.

21.8 Further assurance

The Principal Borrower agrees to enter into and to procure that the other Obligors shall enter into such additional documentation (if any) as may be required by the Agent or the Security Trustee to effect any assignment or transfer in accordance with this clause 21.

21.9 Sub-participations, etc

Nothing in this Agreement restricts the ability of a Bank to sub-participate an obligation if that Bank remains liable under this Agreement for that obligation.

21.10 Transferee acknowledgement

Each Transferee, by its execution of a Transfer Certificate, acknowledges that none of the other Finance Parties is responsible to it for:

- (a) the accuracy and/or completeness of any information supplied to the Transferee in connection with the Senior Finance Documents, the matters referred to in the Senior Finance Documents or the Group or the Parent;

- (b) the financial condition, creditworthiness, condition, affairs, status and nature of any of the Parent or the Group Companies or the observance by any of the Obligor of any provisions of the Senior Finance Documents or of any of its obligations under this Agreement or any of the Senior Finance Documents; or
- (c) the legality, validity, effectiveness, adequacy or enforceability of the Senior Finance Documents or any document relating to this Agreement or the Senior Finance Documents.

21.11 No obligation

The Transferor shall not be obliged by any Senior Finance Document to:

- (a) accept a re-transfer from the Transferee of any of the rights and/or obligations assigned or transferred under this clause 21; or
- (b) indemnify the Transferee for any losses arising by reason of any Obligor's failure to perform its obligations under the Senior Finance Documents or otherwise.

21.12 Information

Each of the Parent and the Principal Borrower agrees that the Finance Parties may at any time disclose such information relating to the Principal Borrower and the other Group Companies as shall come into their possession, whether or not in relation to the Facilities:

- (a) to any prospective assignee, Transferee or sub-participant;
- (b) to their respective advisers, professional or otherwise;
- (c) to the other Finance Parties;
- (d) if required to do so by an order of a court in any jurisdiction;
- (e) under any law or regulation or to any applicable regulatory authority (including the Bank of England) in any jurisdiction; and
- (f) where such information shall have already entered the public domain,

and in the case of sub-paragraphs (a) and (b) above, subject to requiring and receiving written confirmation from the recipient of the information that it will treat in confidence any confidential information so disclosed to it and not use it for any purpose other than in determining whether or not to accept a transfer of any participation in the Facilities.

21.13 Fee

On the date that a transfer becomes effective the Transferee shall pay to the Agent a fee of £1,000 for its own account.

PART IX

AGENCY AND INTER-BANK PROVISIONS

22. AGENT AND SECURITY TRUSTEE

22.1 Appointment

(a) **Appointment:** Each Bank appoints:

- (i) the Agent to act as its agent in connection with this Agreement; and
- (ii) the Security Trustee to act as its agent and trustee in relation to the Security Documents,

and authorises each of the Agent and the Security Trustee:

- (aa) to execute on its behalf those Senior Finance Documents or any document or certificate relating thereto expressed by this Agreement to be executed by the Agent or Security Trustee on behalf of the Finance Parties; and
 - (bb) to exercise such rights, powers and discretions as are specifically delegated to them by the terms of the Senior Finance Documents together with all reasonably incidental rights, powers and discretions. The Obligor shall be entitled to assume that the Agent and the Security Trustee represent the Banks, the Reference Banks or the Majority Banks (as the case may be), and that all consents and notices given by the Agent or the Security Trustee on their behalf are validly given.
- (b) **Chinese Wall:** In acting as Agent or Security Trustee for the Banks, the Agent's or, as the case may be, the Security Trustee's agency division (or such other division as may undertake such task) shall be treated as a separate entity from any other of its divisions or departments and, despite the provisions of this clause 22, if the Agent or Security Trustee acts for or transacts business with any Obligor in any capacity in relation to any other matter (including as a Bank under this Agreement), any information given by any Obligor to the Agent or Security Trustee in such other capacity may be treated as confidential by the Agent.
- (c) **Role of Issuing Bank:** The Issuing Bank shall act on behalf of the Banks with respect to any Obligations Issued by it and the documents associated therewith until such time and except for so long as the Agent may agree at the request of the Majority Banks to act for such Issuing Bank with respect thereto.

22.2 Powers

Each of the Agent and the Security Trustee may:

- (a) assume that:
- (i) any representation made by the Obligor in or in connection with the Senior Finance Documents is true;
 - (ii) no Event of Default or Potential Event of Default has occurred; and
 - (iii) no Obligor is in breach of or default under its obligations under any Senior Finance Document,

unless the Agent or, as the case may be, the Security Trustee has in its capacity as agent (or where relevant, as agent and trustee) for the Banks actually received written notice to the contrary from any other party to this Agreement;

- (b) assume that each Transferee's Facility Office is that identified in the Transfer Certificate under which it became a party to this Agreement until it has received from such Transferee a notice designating some other office of such Transferee as its Facility Office, and may act upon any such notice until the same is superseded by a further such notice;
- (c) engage and pay for the advice or services of any lawyers, accountants or other advisers whose advice or services may seem necessary, expedient or desirable to it and may rely upon any advice so obtained;
- (d) rely as to matters of fact which might reasonably be expected to be within the knowledge of an Obligor upon a certificate or statement signed by or on behalf of that Obligor;
- (e) rely upon any communication or document believed by it to be genuine and correct and to have been communicated or signed by the person by whom it purports to be communicated or signed;
- (f) refrain from exercising any right, power or discretion vested in it under any Senior Finance Document unless and until instructed by the Majority Banks or all the Banks as the case may be whether or not such right, power or discretion is to be exercised and, if it is to be exercised, the manner in which it should be exercised, and it shall not be liable for acting or refraining from acting in accordance with or in the absence of instructions from the Majority Banks or all the Banks as the case may be;
- (g) refrain from taking any step to protect or enforce the rights of any Bank under any Senior Finance Document and from beginning any legal action or proceeding arising out of or in connection with any Senior Finance Document until it has been indemnified and/or secured as it may require (whether by way of payment in advance or otherwise) against all costs, claims, expenses (including legal fees) and liabilities which it will or may expend or incur in complying with such instructions;
- (h) refrain from doing anything which would or might in its opinion be contrary to any applicable law or any requirements (whether or not having the force of law) of any governmental, judicial or regulatory body or otherwise render it liable to any person, and it may do anything which is in its opinion necessary to comply with any such applicable law or requirement;
- (i) do any act or thing in the exercise of any of its powers and duties under the Senior Finance Documents which may lawfully be done and which in its absolute discretion it deems advisable for the protection and benefit of the Finance Parties collectively including the investment of monies in any investments authorised by any applicable law;
- (j) perform any of its duties, obligations and responsibilities under the Senior Finance Documents by or through its personnel or agents; and
- (k) carry on any banking or other business with the Parent or any Group Company and its Affiliates without liability to account as though it were not the Agent or the Security Trustee and without notice to or consent of the Banks and shall be under no obligation to provide any information regarding of the Parent or any Group Company or its Affiliates which it receives as a result of such activities to any

other Finance Party. With respect to its participation in the Facilities, the Agent and the Security Trustee shall have the same rights and powers under this Agreement as any other Bank and may exercise the same as though it were not the Agent, or the Security Trustee;

- (l) deposit any instruments, documents or deeds delivered to it with any Bank or professional custodian or with any Finance Party's legal advisers and shall not be liable for any loss thereby incurred in the absence of any gross negligence or wilful default by it;
- (m) procure that any investment or any part of the property charged or assigned under the Security Documents or the proceeds thereof is held and/or registered in the name of its nominee;
- (n) delegate from time to time by power of attorney or otherwise to any person it thinks fit any of its rights, trusts, powers, authorities or discretions vested in it by any Senior Finance Document which, in each case, relate to purely administrative acts only and on any terms and subject to any conditions or regulations as it thinks fit.

22.3 Duties

Each of the Agent and the Security Trustee shall:

- (a) except as regards purely administrative acts, consult whenever reasonably practicable with the Banks before doing or refraining from doing any act or thing in the exercise of its powers as agent and/or trustee;
- (b) promptly upon receipt inform each Bank of the contents of any notice or document or other information received by it in its capacity as Agent under this Agreement from the Principal Borrower or as Security Trustee under the Security Documents from any Obligor;
- (c) promptly notify each Bank of the occurrence of any Potential Event of Default or Event of Default or any material breach by any Obligor in the due performance of its obligations under this Agreement or any Security Document which is either a default in the payment of principal or interest of which the Agent or, as the case may be, the Security Trustee (in its capacity as such) has received notice from any other party to this Agreement;
- (d) subject to the provisions of this clause 22 and except as stipulated in clause 23 (*Amendments and Decisions*), act in accordance with any instructions given to it by the Majority Banks;
- (e) if so instructed by the Majority Banks except in circumstances set out in clause 26.1 (*Enforcement*), refrain from exercising any right, power or discretion vested in it under the Senior Finance Documents; and
- (f) refrain from beginning any legal action or proceedings in connection with the Senior Finance Documents on behalf of any Bank until such Bank has given its written consent to the proposed action.

This clause relates to every consent to be given, decision to be taken, discretions to be exercised, or determination to be made which is expressed to be made or taken by the Agent or the Security Trustee, except where the words "**at the request of any Bank**" or similar, are used, or where the consent, decision or discretion to be made or exercised would fall within the scope of clause 23.2 (*Unanimous Consent*) in which case the Agent or the Security Trustee shall act accordingly. Any requirement that such consent, decision or determination must be reasonable or that the Agent, or the Security Trustee,

is to "**act reasonably**" is to be construed as an obligation on the Banks granting such consent or making such a decision or determination and not as an individual obligation binding on the Agent in that capacity.

22.4 Exoneration

Despite anything to the contrary expressed or implied in this Agreement, none of the Agent, the Arranger, the Security Trustee, the Banks or Issuing Bank shall:

- (a) be bound to enquire as to:
 - (i) whether or not any representation or warranty made by any Obligor under or in connection with any Senior Finance Document is true;
 - (ii) the occurrence or otherwise of any Event of Default or Potential Event of Default;
 - (iii) the performance by any Obligor of its obligations under any Senior Finance Document;
 - (iv) any breach or default by any Obligor of or under its obligations under any Senior Finance Document;
- (b) be bound to account to any Finance Party for any fee or other sum or the profit element of any sum received by it for its own account;
- (c) be bound to disclose to any other person any information relating to the Parent or any Group Company if such disclosure would or might in its opinion constitute a breach of any law or regulation or be otherwise actionable at the suit of any person;
- (d) be under any fiduciary or other duty towards any Finance Party or under any obligations (including any liability to hold any money paid to it on trust or be liable to account for interest on such money) other than those expressly provided for in clause 26.2 (*Recoveries to be held on trust*) of this Agreement;
- (e) be liable or responsible (in the absence of its own gross negligence or wilful default):
 - (i) for any failure, omission, or defect in the due execution, delivery, validity, legality, adequacy, performance, enforceability, or admissibility in evidence of any Senior Finance Document or any communication, report or other document delivered under any Senior Finance Document; or
 - (ii) in respect of its exercise or failure to exercise any of its powers and duties under any Senior Finance Document; or
 - (iii) for the collectability of any sums payable under any Senior Finance Documents; or
 - (iv) for any recital, statement, representation or warranty made by the Parent or any Group Company or its Affiliate, or any officer thereof, contained in any Senior Finance Document, or in any certificate, report, statement or other document referred to or provided for in, or received by it under or in connection with any Senior Finance Document;
 - (v) for the supervision of any person to whom it has delegated any trusts, powers, authorities or discretions vested in it or (in the absence of gross negligence or wilful default by the Security Trustee or Agent as the case

may be) be in any way liable for any loss incurred through the misconduct or default of such delegate;

- (f) be under any obligations other than those expressly provided for in this Agreement and shall have no liability or responsibility of any kind to:
 - (i) the Parent or any Group Company arising out of or in relation to any failure or delay in the performance or breach by any Finance Party (other than itself) of any of its obligations under any Senior Finance Document; or
 - (ii) any Finance Party arising out of or in relation to any failure or delay in the performance or breach by any Obligor of any of its obligations under any Senior Finance Document.
- (g) be fully protected if it acts in accordance with the instructions of the Majority Banks in connection with the exercise of any right, power or discretion or any matter not expressly provided for in the Senior Finance Documents. Any such instructions given by the Majority Banks will be binding on all the Banks. In the absence of such instructions the Agent or the Security Trustee may act as they consider to be in the best interests of all the Banks.

22.5 Banks' indemnity

Each Bank shall, on demand by the Agent or the Security Trustee, indemnify the Agent or, as the case may be, the Security Trustee, against any and all fees (to the extent properly chargeable by the Agent or, as the case may be, the Security Trustee under any Senior Finance Document but not promptly recovered from the Obligors), costs, claims and expenses and liabilities which the Agent or, as the case may be, the Security Trustee may pay or incur (otherwise than by reason of its own gross negligence or wilful misconduct) in acting in its capacity as agent or security trustee for the Finance Parties. The cost of indemnifying the Agent and the Security Trustee shall be borne by the Banks in the proportions of their respective Relevant Percentages. If a Bank (referred to in this clause 22.5 as a "defaulting Bank") fails to pay its due contribution under this indemnity, then the Agent or, as the case may be, the Security Trustee may (without prejudice to its other rights and remedies) deduct the amount due from the defaulting Bank from any sums which are then or afterwards in its possession which would otherwise be payable to the defaulting Bank (including the proceeds of any security).

22.6 Disclaimer

The Agent and the Security Trustee accept no responsibility to any other Finance Party for the accuracy and/or completeness of any information supplied in connection with any Senior Finance Document or for the legality, validity, effectiveness, adequacy or enforceability of any Senior Finance Document and the Agent and the Security Trustee shall be under no liability to any other Finance Party as a result of taking or omitting to take any action in relation to any Senior Finance Document (except in the case of the gross negligence or wilful misconduct of the Agent or, as the case may be, the Security Trustee).

22.7 No actions against individuals

Each of the Finance Parties agrees that it will not assert or seek to assert against any director, officer or employee of any other Finance Party any claim it may have against any of them in respect of the matters referred to in this clause 22. Any such director, officer or employee may enforce the provisions of this clause pursuant to the Contracts (Rights of Third Parties) Act 1999.

22.8 Credit appraisals

It is agreed by each Bank that it has itself been, and will continue to be, solely responsible for making its own independent appraisal of and investigations into the financial condition, creditworthiness, condition, affairs, status and nature of each Group Company, and, accordingly, each Bank confirms to each other Finance Party that it has not relied, and will not rely on any other Finance Party:

- (a) to check or enquire on its behalf into the adequacy, accuracy or completeness of any information provided by or on behalf of any Group Company in connection with any Senior Finance Document and/or the transactions contemplated in the Senior Finance Documents (whether or not such information has been or is after the date of this Agreement circulated to such Bank by another Finance Party); or
- (b) to assess or keep under review on its behalf the financial condition, creditworthiness, condition, affairs, status or nature of any Group Company.

Each Bank acknowledges that none of the Agent-Related Persons has made any representation or warranty to it, and that no act by the Agent taken in the future, including any review of the affairs of the Group, shall be deemed to constitute any representation or warranty by the Agent or any Agent-Related Person to any Bank.

22.9 Extensions of Protection to Agent-Related Persons

- (a) All the provisions of this clause 22 and of any other provision of this Agreement protecting or limiting the liability of the Agent, or exonerating it from liability or responsibility, which may enure to the benefit of the Agent shall also be deemed to be given for the benefit of the Security Trustee, the Issuing Bank (in relation to the Issue or proposed Issue of any Obligations), the Arranger and all Agent-Related Persons to whom they are capable of relating or in respect of whom they are capable of taking effect;
- (b) For the avoidance of doubt, the guarantee, indemnity, exonerations and other protections in favour of the Agent, the Security Trustee, the Banks, the Issuing Bank and the Agent-Related Persons contained in this Agreement and the other Senior Finance Documents shall take effect in respect of all events, action and omissions occurring before the execution and completion of this Agreement as well as events, actions and omissions occurring on or after its execution and completion.

22.10 Acknowledgement by Banks

For the purposes of determining compliance with the conditions specified in clause 4 (*Drawdown*) or this clause 22 (*Agent and Security Trustee*) each Bank that has executed this Agreement or a Transfer Certificate shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter either sent by the Agent or the Security Trustee to such Bank for consent, approval, acceptance or satisfaction, or required thereunder to be consented to or approved by or acceptable or satisfactory to the Bank.

22.11 Foreign Security

In relation to any Security Document governed by a law other than English law each Finance Party:

- (a) shall execute and deliver any Security Document which, under applicable law, cannot be entered into by the Security Trustee on its behalf, for example, because the security constituted by the Security Document must be entered into by it as creditor having a pro rata claim of the claims secured thereby;
- (b) grants the Security Trustee power of representation in relation to the execution, enforcement and administration of the Security Documents;
- (c) shall enter into such notarial deeds or other deeds or documents as are required under any applicable law relating to the security constituted by the Security Documents to enable the Agent and the Security Trustee or another attorney-in-fact to execute any Security Document on such Finance Party's behalf and administer and enforce such security.

22.12 Security Trustee

- (a) The Security Trustee hereby declares that during the period ending on the earlier of the last day of the period of 80 years from the date of this agreement and the date that the Security Trustee releases the trust property held by it unconditionally it shall hold the trust property as trustee upon trust for the Finance Parties from time to time and the obligations, rights and benefits vested or to be vested in the Security Trustee by the Senior Finance Documents or any document entered into pursuant thereto shall (as well after as before enforcement) be performed and (as the case may be) exercised in accordance with this Agreement;
- (b) Each of the Obligors and each of the Finance Parties agree that the Security Trustee shall be the joint creditor (together with the relevant Finance Party) of each and every obligation of any Obligor towards each of the Finance Parties under this Agreement, and that accordingly the Security Trustee will have its own independent right to demand performance by the relevant Obligor of those obligations. However, any discharge of any such obligation to one of the Security Trustee or the relevant Finance Party shall, to the same extent, discharge the corresponding obligation owing to the other;
- (c) Without limiting or affecting the Security Trustee's rights (under any of the Senior Finance Documents against any Obligor or to act in the protection or preservation of rights under or to enforce any Security Document or to do any act reasonably incidental to any of the foregoing), the Security Trustee agrees with each other Finance Party severally that it will not exercise its rights as a joint creditor with a Finance Party.

23. AMENDMENTS AND DECISIONS

23.1 Majority Bank Decisions

Except as provided in clause 23.2 (*Unanimous Consent*), with the prior written consent of the Majority Banks, the Agent (or as the case may be, the Security Trustee) and the Principal Borrower may from time to time enter into written amendments, supplements or modifications to the Senior Finance Documents (however fundamental) for the purpose of adding any provisions to the Senior Finance Documents or changing in any manner the rights and/or obligations of all or any of the Borrowers, the Agent and the Banks, and the Agent may execute and deliver to any Borrower a written instrument waiving prospectively

or retrospectively, on such terms and conditions as the Agent may specify in such instrument, any of the requirements of any of the Senior Finance Documents.

23.2 Unanimous consent

- (a) Unless all the Banks give their prior consent, no waiver of and no amendment, supplement or modification to any Senior Finance Document shall:
 - (i) amend or modify the definitions of Majority Banks, Availability Period or Repayment Dates;
 - (ii) have the effect of changing the amount of any Facility or any Bank's Commitment or the principal or face amount or currency of any Advance, or extend the term of any Facility; or
 - (iii) have the effect of decreasing the amount of, or change the currency of or extend the date for any payment of interest, fees or any other amount payable to all or any of the Agent and the Banks under any of the Senior Finance Documents;
- (b) regardless of any other provision in this Agreement, none of the Agent, the Arranger, the Security Trustee, the Banks or the Issuing Bank (as the case may be) shall be obliged to agree to any such waiver, amendment, supplement or modification if it would:
 - (i) amend, modify or waive any provision of this clause 23 or clause 24 (*Redistribution of Payments*); or
 - (ii) otherwise amend, modify or waive any of the rights of the Agent, the Arranger, the Security Trustee or the Issuing Bank under any of the Senior Finance Documents or subject it to any additional obligations under such documents;
- (c) the consent of all of the Banks shall be required prior to the disposal of all or substantially all of the assets of the Parent or any Group Company or a Share Sale in relation to any Group Company.

23.3 Costs

If any Borrower requests or agrees to any amendment, supplement, modification or waiver under clause 23.1 (*Majority Bank Decisions*), then the Principal Borrower shall, on demand by the Agent, reimburse the Agent for all costs and expenses (including, without limitation, legal fees), together with any VAT on them, incurred by the Agent in the negotiation, preparation and execution of any written instrument contemplated by clause 23.1 (*Majority Bank Decisions*).

23.4 Release of security

- (a) The Security Trustee may at its sole discretion, and without reference to the Banks, release any asset or assets from the Security Documents to the extent that their disposal or release is permitted or required by the terms of this Agreement or any of the Security Documents.
- (b) If any entity which had been a Group Company shall cease to be a member of the Group in consequence of the enforcement of any of the Security Documents or in consequence of a disposal of shares in it or in its holding company effected at the request of the Majority Banks in circumstances where any of the security created by the Security Documents has become enforceable, any claim which any Obligor may have against such entity or any of its Subsidiaries or which that person or any

of its Subsidiaries may have against any Obligor in or arising out of any of the Senior Finance Documents (including, without limitation, any claim by way of subrogation to the rights of any Finance Parties under the Senior Finance Documents and any claim by way of contribution or indemnity) shall be released automatically and immediately upon such entity ceasing to be a member of the Group.

23.5 Administrative determinations

The Agent may determine purely administrative matters (including any purely administrative determination under clause 14.4 (*Restrictions on Disposals*)) without reference to the Banks.

23.6 Prior notice

Where this Agreement provides for any matter to be determined by reference to the opinion of the Majority Banks or to be subject to the consent or request of the Majority Banks or for any action to be taken on the instructions of the Majority Banks, such opinion, consent, request or instructions shall only be regarded as having been validly given or issued by the Majority Banks if all the Banks have received prior notice of the matter on which such opinion, consent, request or instructions is sought but so that the Principal Borrower shall be entitled (and bound), if so informed by the Agent, to assume that such notice has been duly received by each Bank and that the relevant majority has been obtained to constitute Majority Banks whether or not this is the case.

23.7 No Instructions

Where this Agreement or any other Senior Finance Document, provides for any matter to be determined by reference to the opinion of, or to be subject to the consent of or request of all of the Banks or the Banks acting unanimously or for any action to be taken on the instruction of all the Banks such opinion, consent, request or instructions shall (as between the Banks) only be regarded as having been validly given or issued by all the Banks (or the Banks acting unanimously) if all the Banks shall have received prior notice (the "**Agent's Notice**") of such matter containing a request for written instructions from such Bank to be received by the Agent or, as the case may be, the Security Trustee within ten Business Days of the receipt of the Agent's Notice. If, in respect of a Bank, the Agent or the Security Trustee, as appropriate:

- (a) shall not have received written instructions in respect of such matter from such Bank; and
- (b) the Agent or Security Trustee shall have received written instructions in respect of such matter from Banks constituting in number the Majority Banks,

in each case within such time period (and subject to clause 23.8), such Bank shall be deemed to have irrevocably renounced and waived its right to make any such determination, approval, consent or provide instructions to the Agent or the Security Trustee in respect of such matter; shall not have any rights, recourse or remedy against the Agent or the Security Trustee in respect of such matter; and shall be bound (as shall each of the Obligors) by the determination, approval, consent or instructions of the other Banks in respect of such matter.

23.8 Late responses

In any case where a Bank fails to respond within the time limit referred to in clause 23.7 (*No Instructions*), such Bank's response, if it responds before any determination or instruction is acted upon or communicated to any Obligor, will be taken into account as if

it had been received within the time limit provided that the Agent has received actual notice of such response before any such action or communication.

24. **REDISTRIBUTION OF PAYMENTS**

24.1 **Excess payment**

- (a) If at any time the proportion which a Bank (referred to in this clause 24.1 as a **"receiving Bank"**) receives or recovers, whether by exercising a right of set-off or banker's lien or by voluntary payment or otherwise, in respect of its share of any sum (the **"relevant sum"**) payable by any Obligor under any Senior Finance Documents for the account of any such receiving Bank and one or more other Banks is greater than the proportion received or recovered by any such other Banks, then clause 24.1(b) shall apply.
- (b) If a receiving Bank recovers a disproportionately greater share of a relevant sum then, subject to clause 24.1(c);
 - (i) the receiving Bank shall immediately inform the Agent and the Security Trustee of the amount of such receipt and the manner of payment or recovery;
 - (ii) the Agent and the Security Trustee shall consult with the Banks and determine the aggregate amount of the relevant sums received by all Banks and what payments (if any) are necessary to ensure that such aggregate amount is distributed amongst the Banks pro rata to their respective Relevant Percentages;
 - (iii) the Agent or, as the case may be, the Security Trustee shall notify the receiving Bank of the amount required to be paid by it to the Agent or, as the case may be, the Security Trustee for distribution amongst the other Bank(s) and the receiving Bank shall pay the specified amount within five Business Days to the Agent or, as the case may be, the Security Trustee;
 - (iv) there shall then fall due from that Obligor to the receiving Bank an amount equal to the amount so paid by the receiving Bank, which shall be treated for the purposes of clause 24.1(b)(ii) as if it had been paid by that Obligor to the receiving Bank or otherwise recovered by it only as agent for the Banks for distribution to the other Banks under clause 24.1(b)(iii);
 - (v) the Agent or, as the case may be, the Security Trustee shall, on behalf of that Obligor, pay to each Bank to which the relevant sum was due that part of the amount so received or recovered which would have been payable to such Bank if such amount had been paid by that Obligor to the Agent or, as the case may be, the Security Trustee, for the account of those Banks and the amount owed by that Obligor under this Agreement and/or the Security Documents to each such Bank shall be reduced by the amount paid to such Bank; and
 - (vi) any money payable by an Obligor under clause 24.1(b)(iv) shall be payable immediately and if, after payment by the receiving Bank under clause 24.1(b)(iii), that Obligor remains indebted to the receiving Bank under this Agreement and/or the Security Documents, such money shall bear interest from the date payment is made by the receiving Bank to the Agent and shall for all purposes be treated as an overdue payment under this Agreement;

- (c) A Bank which has begun an action or proceeding in any court to recover sums owing to it under this Agreement (in circumstances permitted by this Agreement) and as a result of it receives payment of a relevant sum greater than the proportion of its share received by any other Bank, shall not be obliged to share any proportion of the excess amount with any other Bank which was notified in advance of such action or proceeding and had an opportunity to, but did not, join such action or proceeding or commence and diligently prosecute a separate action or proceeding to enforce its rights in the same or another court.

24.2 Adjustment between Banks

If any Bank is compelled by law to repay to any Obligor any amount corresponding to an amount distributed to it under clause 24.1 (*Excess Payment*), the Banks shall make such payments and take such other steps as the Agent shall determine to be just and equitable to restore them to the position in which they would have been if such amount had not been so distributed.

25. RETIREMENT OF AGENT SECURITY TRUSTEE OR ISSUING BANK

25.1 Notice of Resignation

Subject to this clause 25, the Agent, the Security Trustee or the Issuing Bank may (and, at the request of the Majority Banks shall) give notice of its wish to resign at any time by giving at least 30 days' or, in the case of the Issuing Bank three months' prior written notice to the Principal Borrower and the other Finance Parties and, in the case of the resignation of the Security Trustee, any other beneficiary under the Security Documents. The Issuing Bank may not however resign in respect of Obligations already issued by it before it ceases to be the Issuing Bank.

25.2 Appointment of Successor

If the Agent, the Security Trustee or the Issuing Bank gives notice under clause 25.1 (*Notice of Resignation*), then the Majority Banks, after consultation with the Principal Borrower, may appoint a successor, which shall in any event be a Qualifying Bank with an office in London. If no such successor is appointed and has accepted office within 30 days of the date of service of the notice as replacement Agent or Security Trustee (as the case may be) the Agent or the Security Trustee (as the case may be) may, after consultation with the Principal Borrower, appoint a successor for itself.

Notwithstanding the foregoing, however, Credit Suisse First Boston may not be removed as Agent at the request of the Majority Banks unless Credit Suisse First Boston shall also simultaneously be replaced as Issuing Bank hereunder pursuant to documentation in form and substance reasonably satisfactory to Credit Suisse First Boston.

25.3 Provisions relating to successor

- (a) Upon such appointment in writing and after execution by such successor of such documents as may be necessary to transfer and vest in the new Agent, Security Trustee or Issuing Bank (as the case may be) all the rights and obligations of the retiring Agent or Security Trustee or Issuing Bank (as the case may be), the retiring Agent or Issuing Bank (as the case may be) shall be discharged from any further obligations under the Senior Finance Documents (but shall remain entitled to the benefit of clause 22 (*Agent and Security Trustee*)) and its successor and each of the other parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original party to the Senior Finance Documents; and

- (b) the costs, charges and expenses of the resigning Agent, Security Trustee or, as the case may be, Issuing Bank shall be discharged if recoverable under the provisions of this Agreement.

26. ENFORCEMENT OF SECURITY AND DISTRIBUTION OF RECOVERIES

26.1 Enforcement

The Security Trustee shall (subject to the provisions contained in clause 22.5 (*Banks' Indemnity*)) to the extent practicable use all reasonable endeavours to enforce the security constituted by the Security Documents:

- (a) before the Final Repayment Date at the direction of the Majority Banks, if the Loan has been declared to be immediately due and payable by the Agent under clause 17.1 (*Demand on Events of Default*); or
- (b) on or after the Final Repayment Date at the direction of any Bank or the Hedging Counterparty, if any Borrower defaults in repaying the Loan in full on the Final Repayment Date or in paying any other amount due by any Borrower to any Finance Party or the Hedging Counterparty under the Senior Finance Documents; or
- (c) at any time, if requested to do so by a Charging Company;

and in either case the Agent or the Security Trustee may in its discretion invoke the requirements of clause 22.2(g) (*Powers*) as a precondition to any such action.

26.2 Recoveries to be held on trust

The Security Trustee shall hold the Recoveries on trust for distribution to the Finance Parties in accordance with the provisions of clause 34.3 (*Application of Recoveries*) and shall hold the security constituted by the Security Documents on trust for the Finance Parties to give effect to this Agreement and shall exercise its rights, powers and duties under the Security Documents (and particularly those concerned with the protection and enforcement of the security afforded by such documents) and/or under this Agreement for the benefit of all Finance Parties.

26.3 Perpetuity period

The perpetuity period applicable to all trusts declared by this Agreement shall be 80 years.

PART X

27. NOTICES

27.1 Communications through Agent

Any communication or document from or to any party to this Agreement shall be sent in writing to or through the Agent.

27.2 Addresses

Any notices, demands, proceedings or other documents made in writing to be sent to any party to this Agreement under this Agreement shall be addressed to such party at the address or facsimile number and marked for the attention of the person (if any) from time to time designated by that party in writing to the Agent (or, in the case of the Agent, by it to each other party to this Agreement) for the purpose of this Agreement. The initial address and facsimile number and person(s) (if any) so designated by each party are set out under its name at the end of this Agreement. The initial address and facsimile number and person(s) (if any) so designated by a Transferee are those set out at the end of the relevant Transfer Certificate.

27.3 Deeming provisions

- (a) Any communication to any Obligor or to any Bank shall be deemed to have been received by that Obligor or that Bank:
 - (i) if delivered by hand, at the time of actual delivery;
 - (ii) if transmitted by facsimile, at the time the facsimile transmission report (or other appropriate evidence) confirming that the facsimile transmission has been transmitted to the addressee is received by the sender;
 - (iii) if sent by pre-paid first class post, at noon on the second Business Day (in the case of an inland address) or the fifth Business Day (in the case of an overseas address) following the day of posting and shall be effective even if it is misdelivered or returned undelivered.

In proving such service it shall be sufficient to prove that personal delivery was made, or that the envelope containing the communication was correctly addressed and posted or that a facsimile transmission report (or other appropriate evidence) was obtained that the facsimile had been transmitted to the addressee.

- (b) Any communication to any Finance Party shall be deemed to have been given only on actual receipt by such Finance Party but in no circumstances shall such Finance Party be liable for the accidental failure of another Finance Party to receive any communication from such Finance Party.

27.4 Principal Borrower as agent

Each Borrower and each Additional Borrower, by its execution of a Deed of Accession, irrevocably appoints the Principal Borrower as its agent for all purposes of or connected with the Senior Finance Documents (including, without limitation, the execution of future Deeds of Accession on its behalf). Each of the Finance Parties may rely upon any document signed by or on behalf of the Principal Borrower as if it had been signed by each and every other Borrower. The Principal Borrower may give a good receipt for any sum payable to any Borrower under this Agreement.

27.5 Notices to CVC Capital Partners Limited

Subject to the last sentence of this clause, the Agent agrees that it will use all reasonable endeavours to ensure that any:

- (a) notice of default pursuant to clause 17.1 (*Demand on Events of Default*);
- (b) demand for payment; or
- (c) any notice requiring rectification of any issue,

served on any Obligor will also be served on CVC Capital Partners Limited. Nothing in this clause shall affect the validity or efficacy of any notice served on any Obligor.

28. INDEMNITIES

28.1 Currency indemnity

If:

- (a) for any reason any amount payable under this Agreement is paid or is recovered by any Finance Party (in whatever manner) in a currency (referred to in this clause 28.1 as the "payment currency") other than that in which it is required to be paid under any Senior Finance Document (referred to in this clause 28.1 as the "contractual currency"); and
- (b) the payment made in the payment currency to the Finance Party (net of conversion costs) when converted at the applicable rate of exchange into the contractual currency, is less than the relevant unpaid amount under the applicable Senior Finance Document,

then, the Borrowers shall, as a separate and independent obligation, fully indemnify the relevant Finance Party against the amount of the shortfall. For the purposes of this clause 28.1 the expression "applicable rate of exchange" means the rate at which the relevant Finance Party is able, as soon as practicable after receipt, to purchase the contractual currency in London with the payment currency, taking into account any costs associated with the exchange.

28.2 Miscellaneous indemnities

Each relevant Borrower undertakes jointly and severally that it shall on demand indemnify each Finance Party against any funding or other costs, loss, expense or liability (not being costs or expenses otherwise covered by this Agreement) sustained by such Finance Party as a consequence of:

- (a) a requested Advance not being made for any reason (except where the Agent or any Bank has failed to make such Advance available for drawing in default of its obligations under this Agreement) on the date specified in the relevant Drawdown Notice;
- (b) the receipt by the Agent of any part of the Loan, or an overdue sum, otherwise than on the last day of any Interest Period relating to the Loan or that overdue sum;
- (c) any default or delay in payment by any Borrower of any sums when due under any Senior Finance Document;
- (d) the occurrence or continuance of any Event of Default or Potential Event of Default; or

- (e) in connection with its provision of the Facilities and the taking of the Security Documents, including any liability under Environmental Laws.

29. CERTIFICATES, CALCULATIONS AND EVIDENCE OF DEBT

29.1 Basis of calculation

Interest and fees shall accrue from day to day and be calculated on the basis of the actual number of days elapsed and in the case of Sterling, 365 day year and in the case of all sums denominated in a foreign currency, a 360 day year. In determining the number of days in a period from one day to another, the first day shall be included but the last day shall not.

29.2 Accounts as evidence

Evidence made in the accounts maintained respectively by each Finance Party in connection with this Agreement shall, in the absence of manifest error, be prima facie evidence of sums owing to that Finance Party.

29.3 Certificates from the Finance Parties

A certificate of:

- (a) the Agent as to (i) an interest rate payable under clause 5 (*Interest*) or (ii) the Additional Cost Rate or (iii) any costs claimed under clause 28.2 (*Miscellaneous Indemnities*); or any other certificate, determination, notification or opinion provided for in this Agreement; and
- (b) a Bank as to (i) any amount by which a sum is to be increased under clause 10.1 (*Payments*); (ii) any increased costs claimed under clause 11.1 (*Increased Costs*); (iii) any costs claimed under clause 28.2 (*Miscellaneous Indemnities*); and
- (c) the Issuing Bank as to any amount incurred by it under an Obligation,

shall constitute conclusive evidence in the absence of manifest error.

29.4 Certified documents

Unless stated to the contrary any certified document to be delivered under the terms of this Agreement or any other Senior Finance Document shall be certified as genuine and in full force and effect or, if a copy, as a true, complete and up-to-date copy of the original by:

- (a) a director of the party providing the document; or
- (b) such other persons as the party providing the document may demonstrate to the Agent's satisfaction to have at the relevant time the requisite authority to provide such a certificate.

29.5 Certificates to Finance Parties

Any certificate or certification of any amount or financial matter to be provided to any Finance Party under the terms of this Agreement shall contain such detail as the Agent may consider necessary to determine how the amount or financial matter was determined.

29.6 Euro

If Sterling is replaced by the Euro and the Agent on behalf of the Finance Parties (after consultation with the Principal Borrower) considers that Market Conventions have changed or will change, the Agent shall notify the Principal Borrower and the other Finance Parties of any amendments to the Senior Finance Documents necessary to reflect the new Market Conventions. On such notification the Senior Finance Documents shall be deemed to be amended accordingly. Any such amendments relating to the calculation of interest shall apply to any interest payable under this Agreement that is calculated by reference to an Interest Period beginning on or after the applicable date specified in the Agent's notice.

30. HEDGING

30.1 Hedging counterparties

Each Hedging Counterparty covenants with the other Finance Parties (but without giving any rights to any Group Company) that (and where such Hedging Counterparty is an Affiliate of a Bank, that Bank covenants that it will procure that its Affiliate will observe the following):

- (a) if at any time it enters into any Hedging Agreement with any Group Company it shall within 7 Business Days of entry into such contract give notice to the Banks, specifying the type of contract concluded;
- (b) it shall not terminate any Hedging Agreement entered into with any Group Company, unless:
 - (i) the Agent has declared an Event of Default under clause 17.1(ii) (*Demand on Events of Default*) and the Hedging Counterparty has been directed by the Agent to terminate such Hedging Agreement; or
 - (ii) such Group Company has defaulted in any payment due to the relevant Hedging Counterparty under such contract for a period of at least 30 days from the due date of such payment and such Hedging Counterparty has given notice to the Agent of such payment default within five Business Days of the failure to make payment on such due date;
- (c) it will only enter into a Hedging Agreement with any Group Company which contains close-out terms if such instrument permits the relevant counterparties to elect to pay to each other full two-way payments on termination in respect of their respective liabilities to each other.

30.2 The Group

The Principal Borrower covenants (on behalf of itself and the other Group Companies) with the Finance Parties not to enter into any forward exchange or interest rate or currency management agreement or hedging arrangement other than any Hedging Agreement referred to in clause 14.25 (*Hedging Agreements*) except on the basis that:

- (a) the terms of such Hedging Agreement provide that the relevant counterparty cannot terminate such Hedging Agreement except in the circumstances in which termination is permitted under clause 30.1(b) (*Hedging Counterparties*); and
- (b) such Hedging Agreement contains (where appropriate) the two-way payment election referred to in clause 30.1(c) (*Hedging Counterparties*).

31. SET-OFF

Each Borrower authorises each Finance Party at any time or times after a sum has become due under this Agreement, and without notice to any Borrower after demand has been made under clause 17.1 (*Demand on Events of Default*), to apply any credit balance to which such Borrower shall be entitled on any account of such Borrower (in whatever currency such credit balance may be denominated and whether or not there are any restrictions on the withdrawal of such credit balance) against any amounts due from such Borrower under a Senior Finance Document but unpaid. Each Finance Party is authorised by each Borrower to purchase with the moneys standing to credit of any such account such other currencies as may be necessary to effect such application. No charge or proprietary or other security interest shall be created by this clause 31.

32. FORBEARANCE AND PARTIAL INVALIDITY AND THIRD PARTIES

32.1 Forbearance

No failure to exercise and no delay on the part of any Finance Party in exercising any right, remedy, power or privilege of that Finance Party under any Senior Finance Document and no course of dealing between the parties shall be construed or operate as a waiver thereof, nor shall any single or partial exercise of any right, remedy, power or privilege preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights and remedies provided in any Senior Finance Document are cumulative and are not exclusive of any rights or remedies provided by law or under any other Senior Finance Document.

32.2 Partial invalidity

If any provision of this Agreement is held to be illegal, invalid or unenforceable in whole or in part this Agreement shall continue to be valid as to its other provisions and the remainder of the affected provision.

32.3 Third Parties

Except as otherwise expressly stated in a Senior Finance Document, the terms of a Senior Finance Document may be enforced only by a party to it and the operation of the Contracts (Rights of Third Parties) Act 1999 is excluded. Notwithstanding any provision of any Senior Finance Document, the parties to a Senior Finance Document do not require the consent of any third party to rescind or vary any Senior Finance Document at any time.

33. COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which when executed and delivered shall be an original, but all of which when taken together shall constitute a single instrument.

34. EQUALISATION PROVISIONS

34.1 Definitions

In this clause 34, the following words and expressions shall have the following meanings:

"Aggregate Working Capital Outstandings" means the aggregate of the amount outstanding to each Bank under the Working Capital Facility (including any Outstanding Contingent Liability), as notified to the Agent under clause 34.2(a) below;

"Demand Date" means the date of any demand for payment made under this Agreement.

34.2 Equalisation

The Banks agree between themselves that:

- (a) not later than four Business Days after the Demand Date, each Bank shall notify the Agent of the amount outstanding to it under the Working Capital Facility (including any Outstanding Contingent Liability) as at the Demand Date;
- (b) the Agent shall calculate the aggregate of the Outstanding Contingent Liabilities and the amounts (if any) which will be required to be paid as between the Banks so as to ensure that having regard to the amount of such payments to be made and received, the proportion of the Aggregate Working Capital Outstandings due to each Bank will then be the same as that Bank's Relevant Percentage (within the meaning of paragraph (i) of that definition);
- (c) the Agent shall promptly notify each Bank of the payments required to be made and each Bank which is required to make such a payment shall do so for value within two Business Days;
- (d) if for any reason the participation of the Banks shall at any time vary as between the Facilities, the Relevant Percentage applicable for the purposes of this clause shall be the proportion which each Bank's Commitment under the Working Capital Facility bears to the aggregate Commitments of the Banks under the Working Capital Facility.

34.3 Application of Recoveries

All sums recovered by the Agent or any of the Banks shall be applied as follows:

- (a) first, to pay to the Agent, the Security Trustee and the Issuing Bank the amount of any fees due from the Principal Borrower and the other Obligors and in addition such sums as shall be necessary to reimburse each of the Agent, the Security Trustee and the Issuing Bank for all costs (including legal costs), charges and expenses incurred by it in its capacity as such under or in connection with the Senior Finance Documents and to indemnify each of them fully against any obligations or liabilities incurred by it in its capacity as Agent, Security Trustee and Issuing Bank respectively;
- (b) second, to pay on a pro rata pari passu basis:
 - (i) to the Banks amounts sufficient to discharge the Acquisition Loan and the Undrawn Face Amount of Obligations issued by the Issuing Bank; and
 - (ii) to the Hedging Counterparties amounts sufficient to discharge or provide cash cover for any Indebtedness under any Hedging Agreement.

If any Bank fails to make one of the balancing payments required to be made by clause 34.2(b), the Agent may retain such amount of the recoveries in satisfaction of the obligation of that Bank to make a payment to any other Bank as required by clause 34.2(c), but subject to this provision, sharing of the recoveries as contemplated by this clause 34 shall be in the proportion in which amounts are due to the Banks following the making and receipt of the balancing payments required to be made by clause 34.2. If any Outstanding Contingent Liability in respect of the Undrawn Face Amount of Obligations issued under the Working Capital Facility matures and requires the payment of less than its Undrawn Face

Amount, the equalisation payments required by this clause will be recalculated and the Banks shall promptly make any necessary adjustments.

34.4 Claims under Obligations

- (a) If a beneficiary makes a claim under an Obligation in accordance with its terms, the Issuing Bank shall promptly notify the Agent and the Agent shall promptly notify the Principal Borrower and each Bank, in each case, specifying:
 - (i) the relevant Obligation;
 - (ii) the latest date on which payment may be made in respect of such claim (the "**Payment Date**"); and
 - (iii) the aggregate amount of the claim (the "**Claimed Amount**") and each Bank's Relevant Percentage of the Claimed Amount.
- (b) Any Borrower under the Working Capital Facility shall pay to the Issuing Bank the Claimed Amount not later than 3.30 p.m. on the Business Day preceding the Payment Date.
- (c) If the Issuing Bank has not received the Claimed Amount from a Borrower by 3.30p.m. on the Business Day preceding the Payment Date, the Issuing Bank shall notify the Agent and the Agent shall notify each Bank of such fact.
- (d) Without prejudice to clause 2.6(iv)(hh) (*Banks Guarantee and Indemnity*), each Bank shall, if notified under paragraph (c) above, pay to the Agent for the Issuing Bank not later than 12.00 noon on the Payment Date, its Relevant Percentage of the Claimed Amount.

35. GOVERNING LAW AND JURISDICTION

- 35.1 This Agreement shall be governed by and construed in accordance with English law.
- 35.2 The parties to this Agreement irrevocably agree to submit to the non-exclusive jurisdiction of the Courts of England.

AS WITNESS the hands of the parties the day and year first above written.

SCHEDULE I

Additional Cost Rate

The Additional Cost Rate is an addition to the interest rate on a sum to compensate the Banks for the cost resulting from the imposition from time to time under the Bank of England Act 1998 (the "Act") and/or by the Bank of England and/or the Financial Services Authority (the "FSA") (or other United Kingdom governmental authorities or agencies) of a requirement to place non-interest-bearing cash ratio deposits or Special Deposits (whether interest bearing or not) with the Bank of England and/or pay fees to the FSA calculated by reference to liabilities used to fund the sum.

The Additional Cost Rate will be the rate determined by the Agent to be the arithmetic mean (rounded upward, if necessary, to four decimal places) of the rates notified by each Reference Bank to the Agent as the rate resulting from the application of the formula:

$$\text{for sterling sums: } \frac{XL + S(L - D) + F \times 0.01}{100 - (X + S)}$$

$$\text{for other sums: } \frac{F \times 0.01}{300}$$

where on the day of application:

- X** is the percentage of Eligible Liabilities (in excess of any stated minimum) by reference to which such Reference Bank is required under the Act to maintain cash ratio deposits with the Bank of England;
- L** is the percentage rate per annum at which sterling deposits are offered by such Reference Bank to leading banks in the London Interbank Market at or about 11.00 a.m. (London time) on that day for a period equal to (a) the relevant Interest Period (or as the case may be remainder of such Interest Period in respect of the relevant Advance) or (b) 3 months, whichever is the shorter;
- F** is the rate payable by such Reference Bank to the FSA under the Fees Regulations, expressed in pounds per £1 million of such Reference Bank's fee base;
- S** is the level of interest-bearing Special Deposits, expressed as a percentage of Eligible Liabilities, which such Reference Bank is required to maintain by the Bank of England (or other United Kingdom governmental authorities or agencies); and
- D** is the percentage rate per annum payable by the Bank of England to such Reference Bank on Special Deposits.

(X, L, S and D are to be expressed in the formula as numbers and not as percentages. A negative result obtained from subtracting D from L shall be counted as zero.)

If any Reference Bank fails to notify any such rate to the Agent, the Additional Cost Rate shall be determined on the basis of the rate(s) notified to the Agent by the remaining Reference Bank(s).

The Additional Cost Rate attributable to a sum for any period shall be calculated at or about 11.00 a.m. (London time) on the first day of such period for the duration of such period.

The determination of the Additional Cost Rate for any period shall, in the absence of manifest error, be conclusive and binding on the parties hereto.

If there is any change in circumstance (including the imposition of alternative or additional requirements) which in the reasonable opinion of the Agent renders or will render either formula (or any element of it, or any defined term used in it) inappropriate or inapplicable, the Agent may vary the same after consultation with the Borrower and the Majority Banks. Any such variation shall, in the absence of manifest error, be conclusive and binding on the parties and apply from the date specified in the notice.

For the purposes of this Schedule:

The terms "**Eligible Liabilities**" and "**Special Deposits**" have the meanings given to them under the Act or by the Bank of England (as appropriate) on the date of application of the formula.

"**fee base**" has the meaning given to it in the Fees Regulations.

"**Fees Regulations**" means, as appropriate, either:

- (a) the Banking Supervision (Fees) Regulations 2001; or
- (b) such regulations as may be in force from time to time relating to the payment of fees for banking supervision after 31 March 2002.

SCHEDULE II

The Charging Companies

Part I

Name	Company Number
Britton Group Limited (formerly known as Bealaw (461) Limited)	3541144
Britton Precision Limited	1614754
Britton Security Packaging Limited	339276
Britton Group Plastics Limited	2659844
Britton Gelplas Limited	2222534
Britton Decoflex Limited	323279
Britton Polyian Limited	654622
Britton Packbourne Limited	1681204
Britton Taco Limited	2233869

Part II

Name	Company Number
Merlin Group Holdings Limited	2888971
Britton Merlin Limited (formerly known as Merlin Flexible Packaging Limited)	815053

SCHEDULE III

Forms of Drawdown Notice

Part I

Acquisition Facilities

To: []

Dated:

Dear Sirs,

Facilities Agreement dated [] - Drawing Number

We refer to the Facilities Agreement dated [] and made between [] ("**Facilities Agreement**"), which expression shall include any amendments to it in force from time to time). Terms defined in the Facilities Agreement shall have the same meaning when used in this notice.

We:

- (a) give you notice that we request that the drawdown of an Advance of an amount of [**insert amount**] on [**insert date**];
- (b) the proceeds of this Advance are to be made available [by credit to account number [] in favour of [] at []]. The first Interest Period of the Advance shall be [one/two/three] Month(s);
- (c) confirm that the representations and warranties contained in clause 13 (*Representations and Warranties*) of the Facilities Agreement which are applicable under clause 13.2 (*Repetition*) are true and accurate as if made on the date of this Drawdown Notice with reference to the facts and circumstances now existing; and
- (d) confirm that on the date on which the Advance is made and immediately afterwards there will exist no Event of Default.

Yours faithfully

[**Name of Borrower**]

Part II

Drawdown Notice for Obligations

To: []
(as Issuing Bank) and [] (as Agent)

From: [] Limited

Facilities Agreement dated [] between [] (the "Facilities Agreement")

1. We request the Issuing Bank to issue a Obligation as follows:
 - (a) Facility: Working Capital Facility
 - (b) Drawdown Date: []
 - (c) Expiry Date: []¹
 - (d) Beneficiary: []
 - (e) Amount: [£]
 - (f) Purpose: []
 - (g) Issue instructions: []
 - (h) Type of Obligation:
2. We confirm, on behalf of ourselves and the Borrower specified above, that each condition specified in clause 4.2 (*Issue of Obligations*) and 4.3 (*Additional Conditions*) of the Facilities Agreement is satisfied on the date of this Drawdown Notice.
3. We hereby represent and warrant that the purpose for which this Obligation is requested is as stated in paragraph 1(g) above and the amount of such Obligation will not, when aggregated with all Working Capital Utilisations exceed the Working Capital Facility Limit.
4. We confirm that the representations and warranties contained in clause 13 (*Representations and Warranties*) of the Facilities Agreement which are applicable under clause 13.2 (*Repetition*) are true and accurate as if made on the date of this Drawdown Notice with reference to the facts and circumstances now existing.
5. We confirm that on the date on which the Obligation is issued and immediately afterwards there will exist no Event of Default or Potential Event of Default.

Yours faithfully

.....
For and on behalf of
[] Limited

¹ Not to be later than 31 December 2008.

SCHEDULE IV

Form of Transfer Certificate

To: (1) [The Agent]
[insert address]
Attention:

(2) [The [Principal Borrower]]
[insert address]
Attention:

[Date]

Transfer Certificate

This Transfer Certificate relates to a Facilities Agreement ("**the Agreement**", which expression shall include any amendments to it in force from time to time) dated [] between []. Terms defined in the Agreement shall have the same meanings in this Transfer Certificate.

1. [*insert name of Transferor Bank*] (the "**Transferor**") (a) confirms that the details appearing in the attached Schedule are correct and (b) requests [*insert name of Transferee Bank*] (the "**Transferee**") to accept and procure the transfer to the Transferee of the portion of the outstanding Advances and of the Commitment specified in the attached Schedule by countersigning and delivering this Transfer Certificate to the Agent at its address for the service of notice specified in the Agreement.
2. The Transferee requests the Agent to accept this Transfer Certificate as being delivered under and for the purposes of clauses 21.4 (*Transfer Certificate*) and 21.5 (*Effective Date*) of the Agreement so as to take effect in accordance with the terms of such clauses on [*insert date of transfer*] (the "**Transfer Date**") [or on such later date as may be determined in accordance with its terms].
3. The Transferee undertakes to the Agent, the Transferor and each of the other parties to the Agreement that it will: (a) perform in accordance with their terms all those obligations which by the terms of the Agreement will be assumed by it after delivery of this Transfer Certificate to the Agent and after satisfaction of the conditions (if any) subject to which this Transfer Certificate is expressed to take effect and (b) comply with and be bound by the terms of the Subordination Deed as if it had been an original party to such Agreement in the capacity of [Senior Lender].
4. The Transferee confirms that:
 - (a) it has received copies of the Senior Finance Documents and all other documentation and information required by the Transferee in connection with the transactions contemplated by this Transfer Certificate;
 - (b) it has made and will continue to make its own assessment of the adequacy, legality, enforceability and validity of the Senior Finance Documents and this Transfer Certificate and has not relied and will not rely on the Agent or any statements made by it in that respect;

- (c) it has made and will continue to make its own credit assessment of the Parent, the Principal Borrower and the other parties to the Senior Finance Documents and has not relied and will not rely on the Agent or any statements made by the Agent in that respect; and
 - (d) the Agent shall not have any liability or responsibility to the Transferee in respect of any of the foregoing matters.
- 5. The Transferee represents and warrants that it is a Qualifying Bank [and confirms that its lending office will at all times be within the United Kingdom].
- 6. The Transferor makes no representation or warranty and assumes no responsibility with respect to the adequacy, legality, enforceability or validity of any Senior Finance Document or any Transaction Document and assumes no responsibility for the financial condition of the Parent, the Principal Borrower or any other party to any Senior Finance Document or any Transaction Document or for the performance and observance by the Principal Borrower or any other such party of any of its obligations under any Senior Finance Document or any Transaction Document and all such conditions and warranties, whether expressed or implied by law or otherwise, are excluded.
- 7. Nothing in this Transfer Certificate, any Senior Finance Document or any Transaction Document obliges the Transferor to:
 - (a) accept a re-transfer from the Transferee of any of the rights and/or obligations assigned, transferred or novated under clause 21 (*Assignments and Transfers*) of the Agreement; or
 - (b) support any losses incurred by the Transferee by reason of the non-performance by any Borrower of any of its obligations under any Senior Finance Document or Transaction Document or otherwise.
- 8. This Transfer Certificate and the rights and obligations of the parties under it shall be governed by and construed in accordance with English law.

Note: This Transfer Certificate is not a security, bond, note, debenture, investment or other similar instrument.

AS WITNESS the hands of the authorised signatories of the parties the day and year first above written.

SCHEDULE TO TRANSFER CERTIFICATE

Details of Participation to be transferred

Transferor's Commitment Under		Portion of Commitment Transferred
Acquisition Facility	£[]	£[]
Working Capital Facility	£[]	£[]

Transferor's Share of Advance/Obligation under (amount and Interest/Fee Period)				Portion of Advances Transferred
Acquisition Facility	£[]	(Interest Period)	[]	£[]
Working Capital Facility	£[]	(Fee Period)	[]	£[]

Administrative Details of Transferee

Name of Transferee:

Lending Office:

Address for service of
notices (if different):

Account for payments:

Telephone:

Telex:

Attention:

Dated:

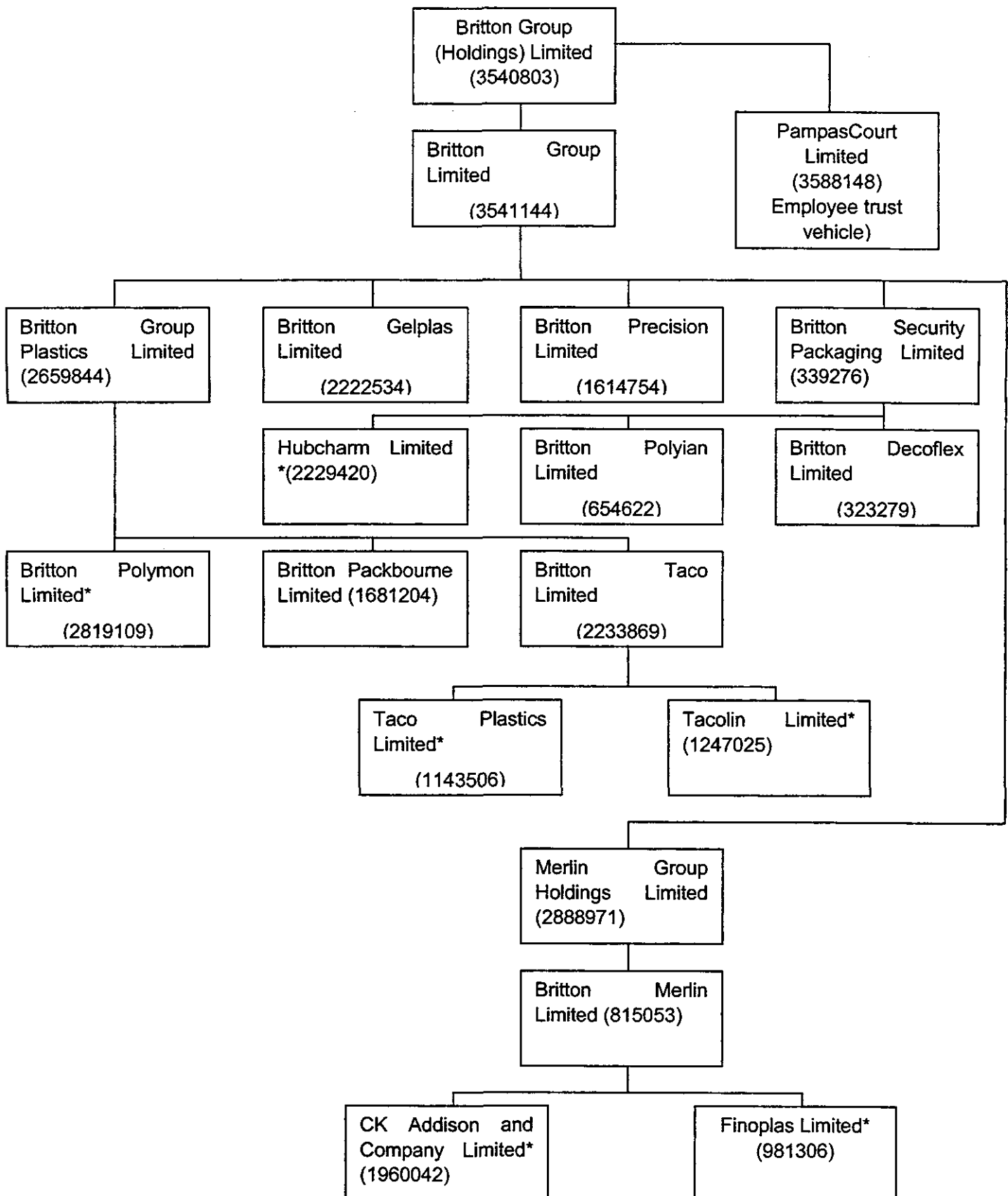
SIGNED by
for and on behalf of
[*Transferor Bank*]

Dated:

SIGNED by
for and on behalf of
[*Transferee Bank*]

SCHEDULE V
Group Structure

*Dormant Group Company



SCHEDULE VI

Conditions Precedent

1. COMPANY DOCUMENTS

1.1 Constitutional documents

Certified copies of the certificate of incorporation, certificate of incorporation on change of name (if any), current memorandum and articles of association or other constitutional documents of the Parent or each Group Company;

1.2 Members' resolutions

For each of the Obligors and the Parent, a certified copy of the minutes of the meeting of its members held for the purpose of transacting the business referred to below or a written resolution of its members passed for the same purpose, together with a certificate of one of its directors confirming that such resolutions were duly and properly passed:

- (a) in respect of the Parent, adopting the Articles;
- (b) in respect of the Parent and each Obligor, approving the terms of the Transaction Documents and the Senior Finance Documents;

and confirming that such resolutions are still in effect and have not been varied or rescinded;

1.3 Certificate of authorisation

In relation to the Parent and each Obligor, a certificate of one of its directors to the effect that the requisite resolutions of its board of directors, in the Agreed Terms, has been duly and properly passed:

- (a) authorising its execution, delivery and performance of the Senior Finance Documents and the Transaction Documents to which it is a party; and
- (b) authorising a named person or persons specified in such documents and whose specimen signatures appear there to sign (where appropriate, as a Deed) the Senior Finance Documents and the Transaction Documents to which it is a party and to give any notices or certificates required in connection with such documents,

and confirming that such resolutions are still in effect and have not been varied or rescinded;

1.4 Authorising board resolutions

A certified copy of the minutes and the resolutions of the board of directors of the Parent and each Obligor referred to in paragraph 1.3 above;

2. FINANCIAL ASSISTANCE

In relation to each Obligor other than the Principal Borrower:

- (a) **Statutory Requirements:** evidence that such Obligor has complied with the procedures required by sections 155 to 158 (inclusive) of the Act, including certified copies of all applicable board and members' resolutions, statutory declarations and statutory Auditors' reports;

- (b) **Auditors' Certificates:** a certificate addressed to the Agent (on behalf of the Finance Parties) from the Auditor of each Charging Company in the form of FRAG 26/94.

3. BUDGETS, ACCOUNTS AND REPORTS

3.1 Business plan

The Business Plan;

3.2 Accountants' Report

The Accountants' Report;

3.3 Property Report

The Property Report;

3.4 Legal Due Diligence Report

The Legal Due Diligence Report;

3.5 Environmental Report

The Environmental Report;

3.6 Property Conditions Report

The Property Conditions Report;

3.7 Pensions Letter

The Pensions Letter;

3.8 Market Report

The Market Report;

3.9 Action Plans

The Environmental Action Plan and the Information Technology Action Plan;

3.10 Original Accounts

The Original Accounts.

4. SALE AND PURCHASE AGREEMENT AND RELATED MATTERS

4.1 Original Sale and Purchase Agreement

A certified copy of each of:

- (a) the Original Sale and Purchase Agreement;
- (b) the Original Acquisition Disclosure Letter; and
- (c) all other documents to be executed in connection with the documents referred to in (a) and (b) above or expressed in them to be in an agreed form,

in each case executed by all parties to them;

4.2 Confirmation relating to Original Sale and Purchase Agreement

Written confirmation from the Principal Borrower's solicitors addressed to the Agent on behalf of each Finance Party in the Agreed Terms concerning Completion of the Original Sale and Purchase Agreement;

4.3 Vendor Loan Notes

A certified copy of the Vendor Loan Notes;

4.4 Evidence relating to the Vendor Loan Notes

Evidence that the Vendor Loan Notes have been issued in full to the Original Vendor.

5. SUBORDINATED DEBT

5.1 Subordinated Loan Notes

A certified copy of the executed Subordinated Loan Notes;

5.2 Evidence relating to the Subordinated Loan Notes

Evidence that the Subordinated Loan Notes have been issued in full to the Subordinated Loan Note Holders and the subscription amount of £23,513,960 has been applied in partial satisfaction of the obligations of the Group under the Original Sale and Purchase Agreement as set out in the Flow of Funds Statement;

5.3 Mezzanine Loan Documents

The Mezzanine Loan Agreement duly executed by all parties to it;

6. INVESTMENT DOCUMENTS

6.1 Investment Agreement

Certified copies of the executed and completed Investment Agreement and of the disclosure letter referred to in it; and

6.2 Evidence relating to the Investment Agreement

Evidence that the shares referred to in the Investment Agreement have been subscribed, issued and allotted to the recipients referred to in it, that the aggregate amount of £86,040 has been received by the Parent from the Investors and the other parties to the Investment Agreement by way of subscription for them in accordance with the Investment Agreement and the amount so applied in full in completion of the Original Sale and Purchase Agreement;

7. SECURITY DOCUMENTS

7.1 Original Debenture

The Original Debenture duly executed by the parties to it;

7.2 Intercreditor Deed

The Intercreditor Deed, duly executed by all intended parties to it;

7.3 Share Certificates

Share certificates and stock transfer forms executed in blank in accordance with the requirements of any Security Document in respect of the whole of the issued share capital of the Group other than the Parent;

7.4 Title Deeds

All title deeds (including leases) and associated documents relating to each of the Properties transferred pursuant to the Original Sale and Purchase Agreement which are in the possession or held to the order of any Charging Company or its agents or nominees;

8. INSURANCE ARRANGEMENTS

8.1 Insurance Brokers Letter

The letter of appropriateness from J & H Marsh & MacLennan (UK) Limited addressed to the Agent (on behalf of itself and the other Finance Parties) setting out the insurance arrangements of the Group which will be in effect as at Completion and including a statement that in the opinion of J & H Marsh & MacLennan (UK) Limited such insurance arrangements are sufficient for businesses of the nature carried on by the Group Companies, and if not, identifying any areas where it considers additional insurance is required.

8.2 Insurance Report

The Insurance Report.

9. MISCELLANEOUS

9.1 Directors' Borrowings Certificate

A certificate of a director of each Obligor confirming that:

- (a) the aggregate of the Borrowings of such Obligor (including the Facilities, and, if applicable, the Vendor Loan Notes and the Subordinated Loan Notes) do not or, as the case may be, would not if fully drawn, utilised or issued, exceed any borrowing limit contained in that Obligor's constitutional documents; and
- (b) the amounts guaranteed by each of the Charging Companies under the Security Documents do not or, as the case may be, would not if fully called upon, exceed any limit contained in such Charging Company's constitutional documents;

9.2 Directors' certificate relating to consents

A certificate of a director of the Principal Borrower that all necessary consents and approvals by any governmental or regulatory bodies to the Acquisition have been obtained and are in full force and effect;

9.3 Fees and expenses

The Original Fees Letter, the fees payable under clause 18 (*Fees*) and the expenses to be reimbursed under clause 19 (*Expenses*) on or before the Completion Date;

9.4 Board appointments

Evidence that all the persons notified to and agreed with the Agent have been validly appointed to the board of the Principal Borrower;

9.5 Costs and expenses

A schedule of estimated fees, costs and expenses arising from any matter contemplated by the Transaction Documents or the Senior Finance Documents;

9.6 Auditors' Letter

The Auditors' Letter duly executed on behalf of the Auditors.

9.7 Flow of Funds

A funds flow statement and evidence satisfactory to the Agent that the funds (other than the proceeds of any Advance) have been or upon drawdown of the Original Acquisition Advances will be applied in accordance with it;

9.8 Original Managers' Agreements

A certified copy of each executed Original Managers' Agreement together with a certificate from a director of the Principal Borrower that each such Original Managers' Agreement is in full force and effect, that no modifications have been made to it or waivers given in respect of it and that no notice has been given to terminate it;

9.9 Discharge of Encumbrances

Evidence that all Encumbrances subsisting over the assets and share capital of the Group Companies, other than Permitted Encumbrances, will be discharged and released on Completion;

9.10 Intra-Group Loan Agreements

Certified copies of any intra-group loan agreements between any Group Company and any other Group Company and between the Parent and any Group Company; and

9.11 Dormant Group Company Confirmations

A copy of a letter from the auditors of each Dormant Group Company in relation to the status of each such Dormant Group Company.

SCHEDULE VII

Interbank Guarantee

1. Each Bank having a Commitment under the Working Capital Facility will pay any amount demanded of it by the Issuing Bank or required to be paid by it pursuant to clause 2.6 on the later of the date that the Issuing Bank has itself to make payment under the Obligation (as notified by the Issuing Bank to such Bank in the demand) and two Business Days after receipt by such Bank of such demand or demand having been made by the Agent pursuant to clause 17 (*Termination in case of Default*).
2. Where a Bank makes a payment pursuant to paragraph 1 after the date on which the Issuing Bank makes the relevant payment under the Obligation in question, such Bank shall, pay on demand to the Issuing Bank its pro rata share (as calculated in clause 2.6 of such amount as the Issuing Bank certifies (such certification to be conclusive in the absence of manifest error)) as necessary to compensate it for funding the amount demanded in the interim.
3. No assurance, security or payment avoided under any law relating to bankruptcy, liquidation, insolvency, reconstruction or reorganisation or any similar laws and no release settlement, arrangement or discharge which may have been given or made on the basis of any such assurance, security or payment shall prejudice or affect the right of the Issuing Bank to recover from each of the Bank to the full extent of their obligations under clause 2.6.
4. The obligations of each Bank under clause 2.6 shall not be impaired, affected or revoked by any act, omission, transaction, limitation, matter, thing or circumstance whatsoever which but for this provision might operate to release or exonerate such bank from all or any part of its obligations under clause 2.6 or reduce, impair or affect such obligations or cause all or any part of such obligations to be irrecoverable from or unenforceable against any Obligor or to discharge, reduce, affect or impair any of such obligations, including without limitation:
 - (a) any time, waiver or indulgence granted to any Obligor or any other person or the forbearance of the Issuing Bank in enforcing the obligations of any Obligor or any other person under this Agreement or any of the other Senior Finance Documents or in respect of any other guarantee, security, obligation, right or remedy;
 - (b) the recovery of any judgment against any Obligor or any other person or any action to enforce the same;
 - (c) the taking of any other security from any Obligor or any other person or the failure, refusal, or neglect to take, perfect or enforce, any rights, remedies or securities from or against any Obligor or any other person or all or any part of the security constituted by any of the Senior Finance Documents;
 - (d) any alteration in the constitution of any Obligor or any defect in or irregular exercise of the borrowing or other powers of any Obligor or any other person or any legal limitation, disability, incapacity or other circumstance relating to any Obligor or any other person whether arising in relation to this Agreement, any of the other Senior Finance Documents or any other guarantee or security or otherwise howsoever;
 - (e) any amendment or supplement to or variation of any Senior Finance Document;
 - (f) the insolvency, bankruptcy, liquidation, reconstruction or reorganisation of, or analogous proceedings relating to any Obligor or any other person or any

composition or arrangement made by any of them with the Issuing Bank, any Bank or any other person or any transfer or extinction of any liabilities of or any Obligor by any law, order, regulation, decree, court order or similar instrument; or

- (g) any irregularity, unenforceability or invalidity of any obligations of any Obligor or any other person under any security or document (to the intent that such Bank's obligations under clause 2.6 shall remain in full force as if there were no such irregularity, unenforceability or invalidity).
- 5. The Issuing Bank shall be entitled to enforce the obligations of each Bank under clause 2.6 without making any demand on or taking any proceedings against or filing any proof of claim in any insolvency, winding up or liquidation of any Obligor or any other person or exhausting any right or remedy against any Obligor or any other person or taking any action to enforce any part of the security constituted or evidenced by any of the Senior Finance Documents.
- 6. The obligations of each Bank under clause 2.6 shall be continuing obligations and shall extend to the ultimate balance of the obligations referred to therein. If, for any reason, such obligations cease to be continuing obligations, the Issuing Bank may open a new account with or continue any existing account with any Obligor or other person and the liability of each Bank in respect of amounts guaranteed by it pursuant to clause 2.6 at the date of such cessation shall remain regardless of any payments in or out of any such account.
- 7. The Issuing Bank's rights under clause 2.6 shall be in addition to and shall be in no way prejudiced by any other rights of or security held by the Issuing Bank in relation to the obligations of any Obligor. The Issuing Bank's rights under clause 2.6 are in addition to and are not exclusive of those provided by law.
- 8. A certificate of the Issuing Bank as to any amount due to it from any Bank pursuant to clause 2.6 shall be conclusive in the absence of manifest error.

SCHEDULE VIII

The Borrowers

Name	Company Number
Britton Precision Limited	1614754
Britton Security Packaging Limited	339276
Britton Group Plastics Limited	2659844
Britton Gelplas Limited	2222534
Britton Decoflex Limited	323279
Britton Polyian Limited	654622
Britton Packbourne Limited	1681204
Britton Taco Limited	2233869
Merlin Group Holdings Limited	2888971
Britton Merlin Limited (formerly known as Merlin Flexible Packaging Limited)	815053

SCHEDULE IX

Form of Deed of Accession

THIS DEED is made on

BETWEEN

- (1) [] (the "**Additional Borrower**");
- (2) [] (the "**Principal Borrower**") on behalf of itself, and each other Borrower (as defined in the Facilities Agreement referred to below);
- (3) [] as Parent (as defined in the Facilities Agreement referred to below);
- (4) [] as agent (the "**Agent**") (as defined in the Facilities Agreement referred to below) and
- (5) [] as Security Trustee (the "**Security Trustee**") (as defined in the Facilities Agreement referred to below).

WHEREAS this Deed is supplemental to the facilities agreement dated [] made between [] (the "**Facilities Agreement**", which expression shall include any amendments to it in force from time to time).

NOW WITH THIS DEED WITNESSES:

1. ACCESSION OF ADDITIONAL BORROWER

In consideration of the Banks through the Agent agreeing to the Additional Borrower becoming an additional Borrower under clause 2.6 (*Additional Borrowers*) of the Facilities Agreement and by the execution of this Deed the Additional Borrower agrees to observe and be bound by the terms and provisions of the Facilities Agreement and the Subordination Deed to the extent that they apply to the Borrowers as if it were an original party to the Facilities Agreement and the Subordination Deed.

2. INTERPRETATION

This Deed shall be read as one with the Facilities Agreement so that any reference in it to "**this Agreement**" and similar expressions shall include and be deemed to include this Deed.

3. CONDITIONS PRECEDENT

No utilisation of the Working Capital Facility may be made by the Additional Borrower until the Agent has received the following documents in form and substance satisfactory to it (and the obligations of the Agent and each Bank in this deed are subject to the receipt of such documents):

- (a) a certified copy of the certificate of incorporation and memorandum and articles of association of the Additional Borrower in the form required by the Agent together with certified copies of the minutes of the meetings of the members of the Additional Borrower adopting such changes to the memorandum and articles of the Additional Borrower as the Agent shall have required, and a certificate of a

director of the Additional Borrower confirming that such resolutions were duly and properly passed;

- (b) a certificate of a director of the Additional Borrower to the effect that the requisite resolutions of its board of directors in a form agreed with the Agent have been duly and properly passed:
 - (i) authorising the execution, delivery and performance on behalf of the Additional Borrower of this Deed and the Supplemental Deed referred to in paragraph (e) below and the documents referred to in paragraph (e) below and
 - (ii) authorising a named person or persons specified in the board resolution and whose specimen signatures appear there to give any notices or certificates required in connection with it

and confirming that such resolutions are still in effect and have not been varied or rescinded;

- (c) a copy, certified by a director of the Additional Borrower as being a true copy, of the resolutions of the board of directors of the Additional Borrower referred to in paragraph (b) above;
- (d) a certificate of a director of the Additional Borrower confirming that:
 - (i) the aggregate of the Borrowings of the Additional Borrower (including the Facilities) do not or, as the case may be, would not if fully drawn or called upon, exceed any borrowing limit contained in the Additional Borrower's constitutional documents or in any trust deed or other agreement or instrument to which the Additional Borrower is a party; and
 - (ii) there are no Encumbrances over the assets of that Subsidiary save for Permitted Encumbrances;
- (e) A Supplemental Deed to the Original Debenture as a Charging Company [**insert any other relevant Security Documents**] by which the Additional Borrower becomes a party to such Debenture as a Charging Company;
- (f) [**insert any other conditions precedent as Agent may require**]

4. NOTICES

The Additional Borrower's address for notices and demands under the Facilities Agreement is [] (Facsimile No. []).

5. GOVERNING LAW

This Agreement shall be governed by and construed in accordance with English law.

IN WITNESS whereof this Deed has been duly executed on the day and year first above written.

SCHEDULE X

Dormant Group Companies

Company	Number
Hubcharm Limited	2229420
Britton Polymon Limited	2819109
Taco Plastics Limited	1143506
Tacolin Limited	1247025
CK Addison and Company Limited	01960042
Finoplas Limited	00981306

SCHEDULE XI

The Banks

Bank	Facility Commitments in £					
	Tranche A	Tranche B	Tranche C	Working Capital Facility	Total £	Total %
Credit Suisse First Boston	4,899,040.16	3,328,348.68	1,012,526.05	800,968.46	10,040,883.35	33.75
Deutsche Bank AG, London	1,185,864.50	790,576.33	237,172.90	138,350.85	2,351,964.58	7.91
Credit Lyonnais	3,266,026.77	2,218,899.12	675,017.37	533,978.97	6,693,922.23	22.50
General Electric Capital Corporation	3,277,339.58	2,081,023.21	600,937.88	0.00	5,959,300.67	20.03
Merita Bank Plc	2,371,728.99	1,581,152.66	474,345.80	276,701.72	4,703,929.17	15.81
TOTAL	15,000,000.00	10,000,000.00	3,000,000.00	1,750,000.00	29,750,000	100.00

THE PARENT

Britton Group (Holdings) Limited
(formerly known as Bealaw (464) Limited)
Castle Court
41 London Road
Reigate
Surrey RH2 9RJ

Facsimile No: 01737 735 205
Attention: The Finance Director

By: COLIN SMITH

THE PRINCIPAL BORROWER

Britton Group Limited
(formerly known as Bealaw (461) Limited)
Castle Court
41 London Road
Reigate
Surrey RH2 9RJ

Facsimile No: 01737 735 205
Attention: The Finance Director

By: COLIN SMITH

THE BORROWERS

Britton Precision Limited
Castle Court
41 London Road
Reigate
Surrey RH2 9RJ

Facsimile No: 01737 735 205
Attention: The Finance Director

By: COLIN SMITH

Britton Security Packaging Limited
Castle Court
41 London Road
Reigate
Surrey RH2 9RJ

Facsimile No: 01737 735 205
Attention: The Finance Director

By: COLIN SMITH

Britton Group Plastics Limited

Castle Court
41 London Road
Reigate
Surrey RH2 9RJ

Facsimile No: 01737 735 205
Attention: The Finance Director

By: COLIN SMITH

Britton Gelplas Limited

Castle Court
41 London Road
Reigate
Surrey RH2 9RJ

Facsimile No: 01737 735 205
Attention: The Finance Director

By: COLIN SMITH

Britton Decoflex Limited

Castle Court
41 London Road
Reigate
Surrey RH2 9RJ

Facsimile No: 01737 735 205
Attention: The Finance Director

By: COLIN SMITH

Britton Polyian Limited

Castle Court
41 London Road
Reigate
Surrey RH2 9RJ

Facsimile No: 01737 735 205
Attention: The Finance Director

By: COLIN SMITH

Britton Packbourne Limited

Castle Court
41 London Road
Reigate
Surrey RH2 9RJ

Facsimile No: 01737 735 205
Attention: The Finance Director

By: COLIN SMITH

Britton Taco Limited

Castle Court
41 London Road
Reigate
Surrey RH2 9RJ

Facsimile No: 01737 735 205
Attention: The Finance Director

By: COLIN SMITH

Merlin Group Holdings Limited

Castle Court
41 London Road
Reigate
Surrey RH2 9RJ

Facsimile No: 01737 735 205
Attention: The Finance Director

By: COLIN SMITH

Merlin Flexible Packaging Limited

Castle Court
41 London Road
Reigate
Surrey RH2 9RJ

Facsimile No: 01737 735 205
Attention: The Finance Director

By: COLIN SMITH

THE ARRANGER

Credit Suisse First Boston

One Cabot Square
London E14 4QR

Facsimile No 020 7883 5386

Attention: Peter Stevens/Paul Abrahams

By: ROBIN BURNETT

THE UNDERWRITER

Credit Suisse First Boston

One Cabot Square
London E14 4QR

Facsimile No: 020 7883 5386

Attention: Peter Stevens/Paul Abrahams

By: ROBIN BURNETT

THE ISSUING BANK

Credit Suisse First Boston

One Cabot Square
London E14 4QR

Facsimile No 0200 7888 8398

Attention: Client Services

By: ROBIN BURNETT

THE AGENT

Credit Suisse First Boston

One Cabot Square
London E14 4QR

Facsimile No 020 7888 8398

Attention: Client Services

By: ROBIN BURNETT

THE SECURITY TRUSTEE

Credit Suisse First Boston
One Cabot Square
London E14 4QR

Facsimile No 020 7888 8398
Attention: Client Services

By: ROBIN BURNETT

EXECUTION PAGES

THE PARENT

Britton Group (Holdings) Limited
Castle Court
41 London Road
Reigate
Surrey RH2 9RJ

Facsimile No: 01737 735 205
Attention: The Finance Director

By:



THE PRINCIPAL BORROWER

Britton Group Limited

Castle Court
41 London Road
Reigate
Surrey RH2 9RJ

Facsimile No: 01737 735 205
Attention: The Finance Director

By:



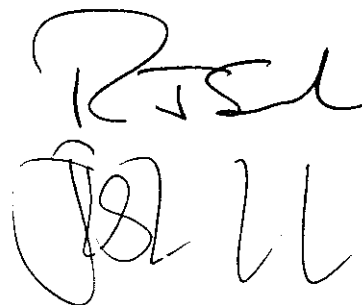
THE OBLIGORS

Britton Precision Limited

Castle Court
41 London Road
Reigate
Surrey RH2 9RJ

Facsimile No: 01737 735 205
Attention: The Finance Director

By:

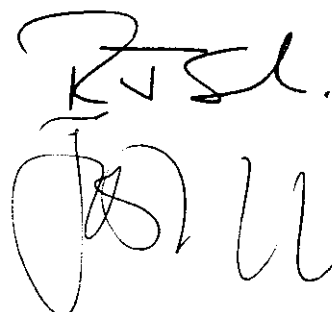


Britton Security Packaging Limited

Castle Court
41 London Road
Reigate
Surrey RH2 9RJ

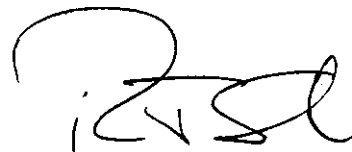
Facsimile No: 01737 735 205
Attention: The Finance Director

By:



Britton Group Plastics Limited

Castle Court
41 London Road
Reigate
Surrey RH2 9RJ

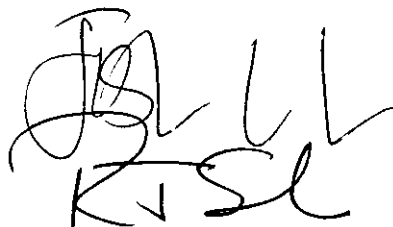


Facsimile No: 01737 735 205
Attention: The Finance Director

By:

Britton Gelplas Limited

Castle Court
41 London Road
Reigate
Surrey RH2 9RJ

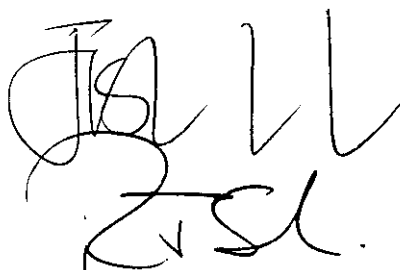


Facsimile No: 01737 735 205
Attention: The Finance Director

By:

Britton Decoflex Limited

Castle Court
41 London Road
Reigate
Surrey RH2 9RJ

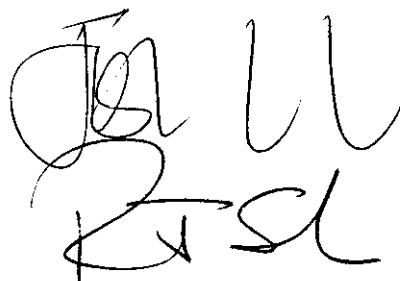


Facsimile No: 01737 735 205
Attention: The Finance Director

By:

Britton Polyian Limited

Castle Court
41 London Road
Reigate
Surrey RH2 9RJ

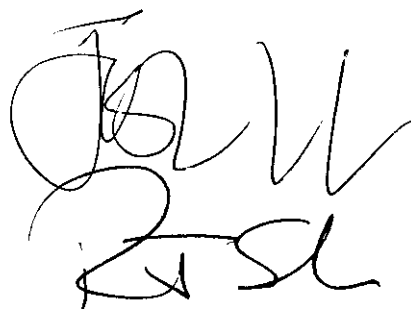


Facsimile No: 01737 735 205
Attention: The Finance Director

By:

Britton Packbourne Limited

Castle Court
41 London Road
Reigate
Surrey RH2 9RJ

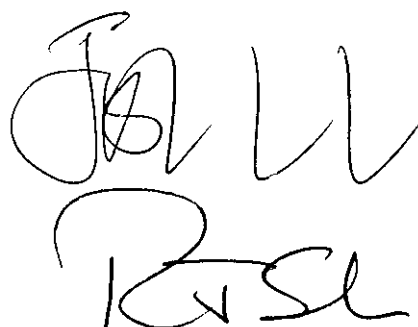


Facsimile No: 01737 735 205
Attention: The Finance Director

By:

Britton Taco Limited

Castle Court
41 London Road
Reigate
Surrey RH2 9RJ



Facsimile No: 01737 735 205
Attention: The Finance Director

By:

Merlin Group Holdings Limited
Castle Court
41 London Road
Reigate
Surrey RH2 9RJ

Facsimile No: 01737 735 205
Attention: The Finance Director

By:

Britton Merlin Limited
Castle Court
41 London Road
Reigate
Surrey RH2 9RJ

Facsimile No: 01737 735 205
Attention: The Finance Director

By:

THE ARRANGER
Credit Suisse First Boston
One Cabot Square
London E14 4QR

Facsimile No: 020 7888 8386
Attention: Matthew Vyle/Robert Willoughby


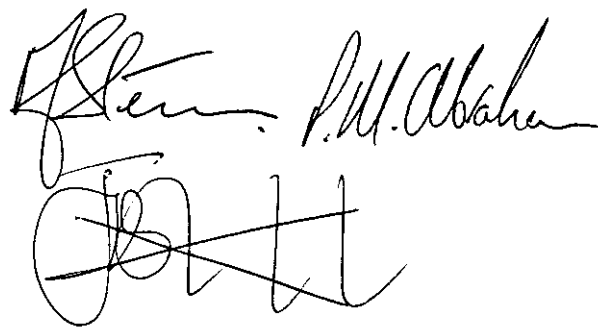
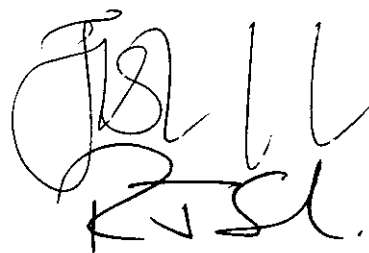
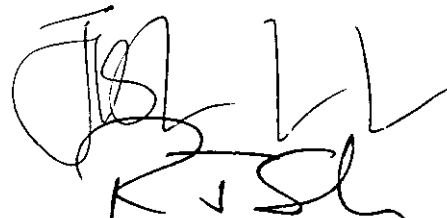
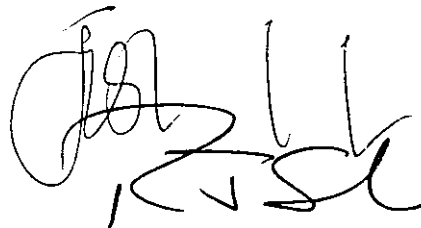
By:

THE CO-ORDINATING BANK
Credit Suisse First Boston
One Cabot Square
London E14 4QR

Facsimile No: 020 7883 5386
Attention: Peter Stevens/Paul Abrahams

THE BANKS
Credit Suisse First Boston
One Cabot Square
London E14 4QR

Facsimile No: 020 7883 5386
Attention: Peter Stevens/Paul Abrahams



By:

Deutsche Bank AG, London
Winchester House
1 Great Winchester Street
London EC2N 2DB

Facsimile No: 020 7547 2707
Attention: Anshumann Woodhull

By:

Credit Lyonnais
Broadwalk House
5 Appold Street
London EC2A 2DA

Facsimile No: 020 7214 7018
Attention: Ian Menage

Signed for and on behalf of Credit Lyonnais by:

General Electric Capital Corporation
120 Long Ridge Road
Stamford
CT, 06927
USA

Facsimile No: 001 203 961 2343
Attention: Ray Edgar

By:

Merita Bank Plc
19 Thomas More Street
London E1W 1YF

Facsimile No: 020 7265 3396
Attention: Steve Northage/Peter Cliff

By:

THE ISSUING BANK
Credit Suisse First Boston
One Cabot Square
London E14 4QR

Facsimile No: 020 7888 8398
Attention: Client Services



By:



Deutsche Bank AG, London

Winchester House
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One Cabot Square
London E14 4QR

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Credit Suisse First Boston
One Cabot Square
London E14 4QR

Facsimile No: 020 7888 8398
Attention: Client Services

Facsimile No: 020 7214 7018
Attention: Ian Menage



By:

Metropolitan Life Insurance Company
334 Madison Avenue
Convent Station
NJ 07961
USA

Attention: Judy Wolf-Weiker

By:

THE CVC ENTITIES

CVC European Equity II Limited)
as General Partner for and on behalf of)
CVC European Equity Partners II L.P.)
By:)

CVC European Equity II Limited)
as General Partner for and on behalf of)
CVC European Equity Partners II)
(Jersey) L.P.)
By:)

Executed for and on behalf of:)
Citicorp Capital Investors Europe)
Limited by:)

Authorised signatory:

Authorised signatory:

Signed for and on behalf of)
Capital Ventures Nominees Limited)
By:)

By:

Deutsche Bank AG, London
Winchester House
1 Great Winchester Street
London EC2N 2DB

Facsimile No: 020 7547 2707
Attention: Anshumann Woodhull

By:

Credit Lyonnais
Broadwalk House
5 Appold Street
London EC2A 2DA

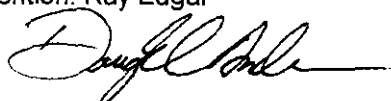
Facsimile No: 020 7214 7018
Attention: Ian Menage

Signed for and on behalf of Credit Lyonnais by:

General Electric Capital Corporation
120 Long Ridge Road
Stamford
CT, 06927
USA

Facsimile No: 001 203 961 2343
Attention: Ray Edgar

By:



Douglas C. Anderson

Manager-Operations

Merita Bank Plc
19 Thomas More Street
London E1W 1YF

Facsimile No: 020 7265 3396
Attention: Steve Northage/Peter Cliff

By:

THE ISSUING BANK
Credit Suisse First Boston
One Cabot Square
London E14 4QR

Facsimile No: 020 7888 8398
Attention: Client Services

Douglas C. Anderson Manager-Operations

By:

Deutsche Bank AG, London
Winchester House
1 Great Winchester Street
London EC2N 2DB

Facsimile No: 020 7547 2707
Attention: Anshumann Woodhull

By:

Credit Lyonnais
Broadwalk House
5 Appold Street
London EC2A 2DA

Facsimile No: 020 7214 7018
Attention: Ian Menage

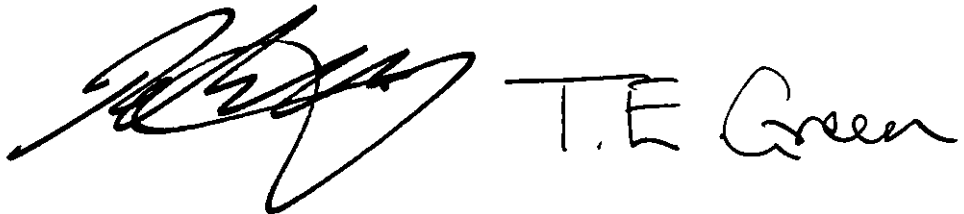
Signed for and on behalf of Credit Lyonnais by:

General Electric Capital Corporation
120 Long Ridge Road
Stamford
CT, 06927
USA

Facsimile No: 001 203 961 2343
Attention: Ray Edgar

By:

Merita Bank Plc
19 Thomas More Street
London E1W 1YF

A handwritten signature in black ink, appearing to read 'T.E. Green', is written next to the Merita Bank Plc address. The signature is stylized and cursive.

Facsimile No: 020 7265 3396
Attention: Tim Green/Peter Cliff

By:

THE ISSUING BANK
Credit Suisse First Boston
One Cabot Square
London E14 4QR

Facsimile No: 020 7888 8398
Attention: Client Services

Facsimile No: 020 7214 7018

Attention: Ian Menage

By:

Metropolitan Life Insurance Company

334 Madison Avenue

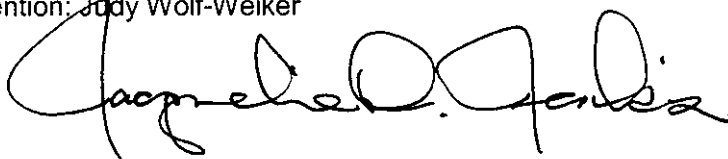
Convent Station

NJ 07961

USA

Attention: Judy Wolf-Weiker

By:



THE CVC ENTITIES

CVC European Equity II Limited)
as General Partner for and on behalf of)
CVC European Equity Partners II L.P.)
By:)

CVC European Equity II Limited)
as General Partner for and on behalf of)
CVC European Equity Partners II)
(Jersey) L.P.)
By:)

Executed for and on behalf of:)
Citicorp Capital Investors Europe)
Limited by:)

Authorised signatory:

Authorised signatory:

Signed for and on behalf of)
Capital Ventures Nominees Limited)
By:)

By:

THE AGENT
Credit Suisse First Boston
One Cabot Square
London E14 4QR



Facsimile No: 020 7888 8398
Attention: Maria de Lellis

By:

THE SECURITY TRUSTEE
Credit Suisse First Boston
One Cabot Square
London E14 4QR



Facsimile No: 020 7888 8398
Attention: Client Services

By:

THE MEZZANINE AGENT
Credit Suisse First Boston
One Cabot Square
London E14 4QR



Facsimile No: 020 7888 8398
Attention: Maria de Lellis

By:

THE MEZZANINE LENDERS
Credit Suisse First Boston
One Cabot Square
London E14 4QR



Facsimile No: 020 7888 8386
Attention: Peter Stevens/Paul Abrahams

By:

Credit Lyonnais
Broadwalk House
5 Appold Street
London
EC2A 2DA

Facsimile No: 020 7214 7018

Attention: Ian Menage

By:

Metropolitan Life Insurance Company

334 Madison Avenue

Convent Station

NJ 07961

USA

Attention: Judy Wolf-Weiker

By:

THE CVC ENTITIES

CVC European Equity II Limited

as General Partner for and on behalf of

CVC European Equity Partners II L.P.

By:


)
)
)
) 

CVC European Equity II Limited

as General Partner for and on behalf of

**CVC European Equity Partners II
(Jersey) L.P.**

By:

)
)
)
) 

Executed for and on behalf of:

**Citicorp Capital Investors Europe
Limited by:**

)
)
) 

Authorised signatory:

Authorised signatory:

Signed for and on behalf of

Capital Ventures Nominees Limited

By:

)
)
) 

C L I F F O R D
C H A N C E

LIMITED LIABILITY PARTNERSHIP

We hereby certify this
to be a true copy of the
original.

Signed CCLP
Clifford Chance
Limited Liability Partnership
200 Aldersgate Street
London
EC1A 4JJ

(1) BRITTON GROUP (HOLDINGS) LIMITED

(2) BRITTON GROUP LIMITED

AND

(3) PAMPASCOURT LIMITED

DEED OF CONSENT TO THE REDEMPTION OF LOAN
NOTES BY BRITTON GROUP LIMITED AND THE ISSUE OF
"A" ORDINARY SHARES BY
BRITTON GROUP (HOLDINGS) LIMITED

3469016
THIS AGREEMENT is made on

2 November

2001

BETWEEN:

- (1) **BRITTON GROUP (HOLDINGS) LIMITED** (formerly Bealaw (464) Limited), a company registered in England and Wales (registered no. 3540803) whose registered office is at Castle Court, 41 London Road, Reigate, Surrey RH2 9RJ (the "Company");
- (2) **BRITTON GROUP LIMITED** (formerly Bealaw (461) Limited), a company registered in England and Wales (registered no. 3541144) whose registered office is at Castle Court, 41 London Road, Reigate, Surrey RH2 9RJ (the "Subsidiary"); and
- (3) **PAMPASCOURT LIMITED**, a company registered in England and Wales (registered no. 3588148) whose registered office is at Castle Court, 41 London Road, Reigate, Surrey RH2 9RJ ("Pampascourt").

IT IS HEREBY AGREED as follows:

1. INTERPRETATION

1.1 In this Deed:

"Articles" means the articles of association of the Company adopted on 8 December 2000;

"Capital Restructure" has the meaning set out in the Restructuring Agreement;

"Completion" means the carrying out by the parties of their obligations under clause 4;

"Restructuring Agreement" means the draft restructuring agreement to be entered into between, *inter alios*, the Company, the Subsidiary and Credit Suisse First Boston, attached as the schedule to this Deed; and

"Trust Deed" means the trust deed establishing The Britton Group (Holdings) Employees' Share Ownership Plan Trust dated 24 September 1998.

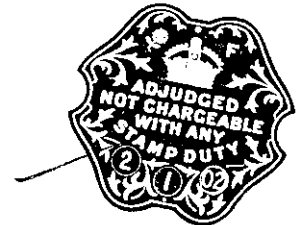
1.2 Words and expressions defined in the Articles shall, unless otherwise defined in this Deed, have the same meaning when used in this Deed.

1.3 In this Deed, a reference to :

1.3.1 a document is a reference to that document as modified or replaced from time to time;

1.3.2 the singular includes the plural and vice versa (unless the context otherwise requires); and

1.3.3 a schedule, unless the context otherwise requires, is a reference to a schedule to this Deed.



1.4 The headings in this Agreement do not affect its interpretation.

2. **REDEMPTION OF LOAN NOTES AND ISSUE OF SHARES**

2.1 Pampascourt acknowledges that as part of the proposed Capital Restructure, the Subsidiary shall redeem the Loan Notes at par up to but excluding the date of redemption in accordance with clause 4. Pampascourt agrees to waive any right that it may have to receive cash upon redemption of the Loan Notes and agrees to accept, by way of consideration for the redemption of the Loan Notes, 42,500 "A" ordinary shares of 1p each issued by the Company credited as fully paid up as to their nominal value and issued at a premium of £11.52 ("**Consideration Shares**").

2.2 The Subsidiary acknowledges and agrees that the issue by the Company of the Consideration Shares to Pampascourt will discharge the Subsidiary's obligation to pay cash upon the redemption of the Loan Notes and that, in consideration for the Company agreeing to issue the Consideration Shares, the Subsidiary shall issue to the Company at Completion ordinary shares in the Subsidiary having a nominal value equal to the value of the Consideration Shares.

2.3 Pampascourt also acknowledges that as part of the proposed Capital Restructure, and in accordance with its powers set out in clause 4.1.4 of the Trust Deed, it shall transfer the Consideration Shares and the 10,000 "A" ordinary shares of 1p each in the capital of the Company that it held immediately before the date of this Deed (the aggregate of such shares and the Consideration Shares being the, "**Managers Shares**") to those managers of the Company set out in clause 4.1.5.

3. **CONDITION PRECEDENT**

This Deed is subject to and conditional upon completion of the Capital Restructure (except for the acts set out in clause 4 of this Deed).

4. **COMPLETION**

4.1 Completion shall take place immediately after the condition in clause 3 has been fulfilled to the satisfaction of the Company, whereupon:

4.1.1 Pampascourt shall deliver to the Subsidiary for cancellation the certificate(s) relating to the Loan Notes;

4.1.2 the Company shall issue the Consideration Shares to Pampascourt and shall enter its name in the register of members of the Company and shall issue a share certificate in respect thereof;

4.1.3 the Subsidiary shall cause the Loan Notes to be cancelled and the register of noteholders of the Subsidiary shall be amended accordingly; and

4.1.4 the Subsidiary shall issue fully paid ordinary shares to the Company in an amount equal to the aggregate value of Consideration Shares issued by the Company to Pampascourt in accordance with clause 4.1.2 and shall enter the

Company's name in the register of members of the Subsidiary and shall issue a share certificate in respect thereof;

- 4.1.5 Subject to receiving the payment set out in column 3 below, Pampascourt shall deliver to the Company duly executed stock transfers on the following terms:

Name of Transferee	Number of Manager Shares	Price per share
Richard Searle	16,500	25p
Neil James	12,000	25p
Barry Turner	12,000	25p
David Arden	12,000	25p

- 4.1.6 Pampascourt shall deliver to the Company the share certificates relating to the Manager Shares; and

- 4.1.7 the Company shall cause the share certificate in the name of Pampascourt to be cancelled, and subject to receiving stamped stock transfer forms, the register of members of the Company to be amended and share certificates on the terms set out in clause 4.1.5 to be issued.

- 4.2 The Subsidiary is not obliged to complete this Deed unless Pampascourt complies with its obligations under clauses 4.1.1, 4.1.5 and 4.1.6. To facilitate satisfaction of Pampascourt's obligation under clause 4.1.1, the certificate relating to the Loan Notes shall be delivered on the date of this Deed to, and shall be held in escrow by, the Subsidiary's solicitors. To facilitate satisfaction of Pampascourt's obligation under clause 4.1.6, the share certificate to be issued by the Company in accordance with clause 4.1.4, shall be sent to, and be held in escrow by, the Company's solicitors. Immediately following satisfaction of the condition set out in clause 3, the certificate relating to the Loan Notes shall be released from escrow and delivered to the Subsidiary in accordance with clause 4.1.1 and the certificate relating to the Consideration Shares shall be released from escrow and delivered to the Company in accordance with clause 4.1.6.

5. COUNTERPARTS

- 5.1 This Deed may be executed in a number of counterparts and by the parties on different counterparts, but shall not be effective until each party has executed at least one counterpart.
- 5.2 Each counterpart, when executed, shall be an original, but all the counterparts together constitute the same document.

6. **GOVERNING LAW AND JURISDICTION**

- 6.1 This Deed is governed by English law.
- 6.2 The courts of England has exclusive jurisdiction to hear and decide any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with this Deed (respectively, "**Proceedings**" and "**Disputes**") and, for these purposes, each party irrevocably submits to the jurisdiction of the courts of England.
- 6.3 Each party irrevocably waives any objection which it might at any time have to the courts of England being nominated as the forum to hear and decide any Proceeding and to settle any Disputes and agrees not to claim that the courts of England are not a convenient or appropriate forum.

EXECUTED as a deed by the parties

Executed as a deed by)
BRITTON GROUP)
(HOLDINGS) LIMITED)

Signature of director

Name of director

Signature of director/secretary

Name of director/secretary

Executed as a deed by)
BRITTON GROUP LIMITED)

Signature of director

Name of director

Signature of director/secretary

Name of director/secretary

Executed as a deed by)
PAMPASCOURT LIMITED)

Signature of director

Name of director

Signature of director/secretary

Name of director/secretary

**C L I F F O R D
C H A N C E**

LIMITED LIABILITY PARTNERSHIP

(1) BRITTON GROUP (HOLDINGS) LIMITED

(2) BRITTON GROUP LIMITED

AND

(3) PAMPASCOURT LIMITED

DEED OF CONSENT TO THE REDEMPTION OF LOAN
NOTES BY BRITTON GROUP LIMITED AND THE ISSUE OF
"A" ORDINARY SHARES BY
BRITTON GROUP (HOLDINGS) LIMITED

THIS AGREEMENT is made on

2 November

2001

BETWEEN:

- (1) **BRITTON GROUP (HOLDINGS) LIMITED** (formerly Bealaw (464) Limited), a company registered in England and Wales (registered no. 3540803) whose registered office is at Castle Court, 41 London Road, Reigate, Surrey RH2 9RJ (the "Company");
- (2) **BRITTON GROUP LIMITED** (formerly Bealaw (461) Limited), a company registered in England and Wales (registered no. 3541144) whose registered office is at Castle Court, 41 London Road, Reigate, Surrey RH2 9RJ (the "Subsidiary"); and
- (3) **PAMPASCOURT LIMITED**, a company registered in England and Wales (registered no. 3588148) whose registered office is at Castle Court, 41 London Road, Reigate, Surrey RH2 9RJ ("Pampascourt").

IT IS HEREBY AGREED as follows:

1. **INTERPRETATION**

1.1 In this Deed:

"Articles" means the articles of association of the Company adopted on 8 December 2000;

"Capital Restructure" has the meaning set out in the Restructuring Agreement;

"Completion" means the carrying out by the parties of their obligations under clause 4;

"Restructuring Agreement" means the draft restructuring agreement to be entered into between, *inter alios*, the Company, the Subsidiary and Credit Suisse First Boston, attached as the schedule to this Deed; and

"Trust Deed" means the trust deed establishing The Britton Group (Holdings) Employees' Share Ownership Plan Trust dated 24 September 1998.

1.2 Words and expressions defined in the Articles shall, unless otherwise defined in this Deed, have the same meaning when used in this Deed.

1.3 In this Deed, a reference to :

1.3.1 a document is a reference to that document as modified or replaced from time to time;

1.3.2 the singular includes the plural and vice versa (unless the context otherwise requires); and

1.3.3 a schedule, unless the context otherwise requires, is a reference to a schedule to this Deed.

1.4 The headings in this Agreement do not affect its interpretation.

2. **REDEMPTION OF LOAN NOTES AND ISSUE OF SHARES**

2.1 Pampascourt acknowledges that as part of the proposed Capital Restructure, the Subsidiary shall redeem the Loan Notes at par up to but excluding the date of redemption in accordance with clause 4. Pampascourt agrees to waive any right that it may have to receive cash upon redemption of the Loan Notes and agrees to accept, by way of consideration for the redemption of the Loan Notes, 42,500 "A" ordinary shares of 1p each issued by the Company credited as fully paid up as to their nominal value and issued at a premium of £11.52 ("**Consideration Shares**").

2.2 The Subsidiary acknowledges and agrees that the issue by the Company of the Consideration Shares to Pampascourt will discharge the Subsidiary's obligation to pay cash upon the redemption of the Loan Notes and that, in consideration for the Company agreeing to issue the Consideration Shares, the Subsidiary shall issue to the Company at Completion ordinary shares in the Subsidiary having a nominal value equal to the value of the Consideration Shares.

2.3 Pampascourt also acknowledges that as part of the proposed Capital Restructure, and in accordance with its powers set out in clause 4.1.4 of the Trust Deed, it shall transfer the Consideration Shares and the 10,000 "A" ordinary shares of 1p each in the capital of the Company that it held immediately before the date of this Deed (the aggregate of such shares and the Consideration Shares being the, "**Managers Shares**") to those managers of the Company set out in clause 4.1.5.

3. **CONDITION PRECEDENT**

This Deed is subject to and conditional upon completion of the Capital Restructure (except for the acts set out in clause 4 of this Deed).

4. **COMPLETION**

4.1 Completion shall take place immediately after the condition in clause 3 has been fulfilled to the satisfaction of the Company, whereupon:

4.1.1 Pampascourt shall deliver to the Subsidiary for cancellation the certificate(s) relating to the Loan Notes;

4.1.2 the Company shall issue the Consideration Shares to Pampascourt and shall enter its name in the register of members of the Company and shall issue a share certificate in respect thereof;

4.1.3 the Subsidiary shall cause the Loan Notes to be cancelled and the register of noteholders of the Subsidiary shall be amended accordingly; and

4.1.4 the Subsidiary shall issue fully paid ordinary shares to the Company in an amount equal to the aggregate value of Consideration Shares issued by the Company to Pampascourt in accordance with clause 4.1.2 and shall enter the

Company's name in the register of members of the Subsidiary and shall issue a share certificate in respect thereof;

- 4.1.5 Subject to receiving the payment set out in column 3 below, Pampascourt shall deliver to the Company duly executed stock transfers on the following terms:

Name of Transferee	Number of Manager Shares	Price per share
Richard Searle	16,500	25p
Neil James	12,000	25p
Barry Turner	12,000	25p
David Arden	12,000	25p

- 4.1.6 Pampascourt shall deliver to the Company the share certificates relating to the Manager Shares; and

- 4.1.7 the Company shall cause the share certificate in the name of Pampascourt to be cancelled, and subject to receiving stamped stock transfer forms, the register of members of the Company to be amended and share certificates on the terms set out in clause 4.1.5 to be issued.

- 4.2 The Subsidiary is not obliged to complete this Deed unless Pampascourt complies with its obligations under clauses 4.1.1, 4.1.5 and 4.1.6. To facilitate satisfaction of Pampascourt's obligation under clause 4.1.1, the certificate relating to the Loan Notes shall be delivered on the date of this Deed to, and shall be held in escrow by, the Subsidiary's solicitors. To facilitate satisfaction of Pampascourt's obligation under clause 4.1.6, the share certificate to be issued by the Company in accordance with clause 4.1.4, shall be sent to, and be held in escrow by, the Company's solicitors. Immediately following satisfaction of the condition set out in clause 3, the certificate relating to the Loan Notes shall be released from escrow and delivered to the Subsidiary in accordance with clause 4.1.1 and the certificate relating to the Consideration Shares shall be released from escrow and delivered to the Company in accordance with clause 4.1.6.

5. COUNTERPARTS

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6. **GOVERNING LAW AND JURISDICTION**

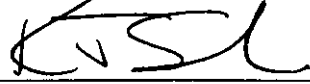
6.1 This Deed is governed by English law.

6.2 The courts of England has exclusive jurisdiction to hear and decide any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with this Deed (respectively, "**Proceedings**" and "**Disputes**") and, for these purposes, each party irrevocably submits to the jurisdiction of the courts of England.

6.3 Each party irrevocably waives any objection which it might at any time have to the courts of England being nominated as the forum to hear and decide any Proceeding and to settle any Disputes and agrees not to claim that the courts of England are not a convenient or appropriate forum.

EXECUTED as a deed by the parties

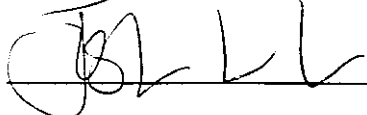
Executed as a deed by)
BRITTON GROUP)
(HOLDINGS) LIMITED)



Signature of director

David Fennell

Name of director



Signature of director/secretary

John Ward

Name of director/secretary

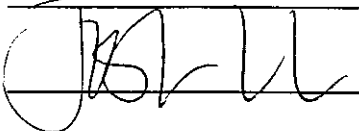
Executed as a deed by)
BRITTON GROUP LIMITED)



Signature of director

David Fennell

Name of director



Signature of director/secretary

John Ward

Name of director/secretary

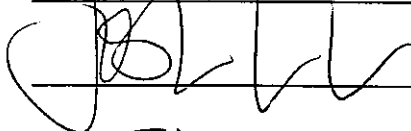
Executed as a deed by)
PAMPASCOURT LIMITED)



Signature of director

David Fennell

Name of director



Signature of director/secretary

John Ward

Name of director/secretary

**C L I F F O R D
C H A N C E**

LIMITED LIABILITY PARTNERSHIP

We hereby certify this
to be a true copy of the
original.

Signed CCLP

Clifford Chance
Limited Liability Partnership
200 Aldersgate Street
London
EC1A 4JJ

(1) BRITTON GROUP (HOLDINGS) LIMITED

(2) BRITTON GROUP LIMITED

(3) BRITTON GROUP PLASTICS LIMITED

(4) NMC GROUP LIMITED

(5) ACX GROUP LIMITED

AND

GRAPHIC PACKAGING INTERNATIONAL CORPORATION (formerly
(6) ACX TECHNOLOGIES, INC.)

Handwritten initials: KVS jpw

DEED FOR THE REDEMPTION/CONVERSION OF LOAN
NOTES BY BRITTON GROUP LIMITED

THIS DEED is made on

2 November 2001



BETWEEN:

- (1) **BRITTON GROUP (HOLDINGS) LIMITED** (formerly Bealaw (464) Limited), a company registered in England and Wales (registered no. 3540803) whose registered office is at Castle Court, 41 London Road, Reigate, Surrey RH2 9RJ (the "**Company**");
- (2) **BRITTON GROUP LIMITED** (formerly Bealaw (461) Limited), a company registered in England and Wales (registered no. 3541144) whose registered office is at Castle Court, 41 London Road, Reigate, Surrey RH2 9RJ ("**Purchaser**");
- (3) **BRITTON GROUP PLASTICS LIMITED** a company registered in England and Wales (registered no. 2659844) whose registered offices is at Castle Court, 41 London Road, Reigate, Surrey RH2 9RJ ("**Plastics**");
- (4) **NMC GROUP LIMITED** a company registered in England and Wales (registered no. 159982) whose registered office is at 19 York Road, Maidenhead, Berkshire SL6 1SQ ("**NMC**");
- (5) **ACX GROUP LIMITED** (formerly Britton Group Limited), a company registered in England and Wales (registered no. 01816646) whose registered office is at 19 York Road, Maidenhead, Berkshire SL6 1SQ ("**ACX**" and together with NMC, "**the Vendors**"); and
- (6) **GRAPHIC PACKAGING INTERNATIONAL CORPORATION** (formerly ACX Technologies, Inc.) whose registered office is at 6000 Table Mountain, Parkway, Golden, Colorado 80403, USA ("**Guarantor**").

INTRODUCTION:

- (A) The Purchaser, Vendors and Guarantor entered into an agreement relating to the sale and purchase of the whole of the issued share capital of Britton Group Plastics Limited, Britton Security Packaging Limited, Britton Precision Limited and Britton Gelplas Limited on 20 April 1998 ("**Sale Agreement**").
- (B) In accordance with the terms of the Sale Agreement, the Purchaser issued to NMC £2,000,000 5.25% loan notes due 2007 ("**Loan Notes**") constituted by an instrument dated 19 April 1998.
- (C) The parties wish to set out the terms on which the Loan Notes will be redeemed/converted by the Purchaser and the provisions of clause 11 of the Sale Agreement shall cease to have any force or effect.

IT IS HEREBY AGREED as follows:

1. **INTERPRETATION**

1.1 In this Deed:

"Capital Restructure"	means the restructure of the capital of the Company from the Existing Capital into the Restructured Capital;
"Loan Note Completion"	means the carrying out by the parties of their obligations under clause 4;
"Consideration Share Completion"	means the carrying out by the parties of their obligations under clause 6;
"Designated Account"	means Barclays Bank plc, London Corporate Banking, 54 Lombard Street EC3V 9EX, Sort Code - 20-32-29, Account Number - 90329983, Account Name - Charles Russell Client General Account (general);
"Existing Capital"	means the capital of the Company before completion of the Capital Restructure as set out in Part A of schedule 1;
"Excluded Lease"	has the meaning set out in the Sale Agreement;
"Excluded Property"	has the meaning set out in the Sale Agreement;
"Loan Notes"	has the meaning set out in the Introduction to this Deed;
"Restructured Capital"	means the capital of the Company after completion of the Capital Restructure to be set out in Part B of schedule 1; and
"Sale Agreement"	has the meaning set out in the Introduction to this Deed.

1.2 In this Deed, a reference to:

- 1.2.1 a document is a reference to that document as modified or replaced from time to time;
- 1.2.2 a "person" includes a reference to any individual, firm, company, corporation or other body corporate, government, state or agency of a state or any joint venture, association or partnership;
- 1.2.3 the singular includes the plural and vice versa (unless the context otherwise requires);
- 1.2.4 a schedule, unless the context otherwise requires, is a reference to a schedule to this Deed; and
- 1.2.5 "£" means the lawful currency of the United Kingdom.

1.3 The headings in this Deed do not affect its interpretation.

2. **REDEMPTION/CONVERSION OF LOAN NOTES AND ISSUE OF CONSIDERATION SHARE**

2.1 The Purchaser shall redeem/convert the Loan Notes at par in accordance with clause 4. In consideration for the redemption/conversion of the Loan Notes, NMC and the Purchaser agree to:

2.1.1 the payment of £75,000 by the Purchaser to NMC ("**Consideration Money**"); and

2.1.2 the issue of 1 fully paid ordinary share of £1 by the Purchaser to NMC ("**Consideration Share**").

2.2 For the avoidance of doubt, NMC agrees to waive all interest accrued on the Loan Notes up to the date of redemption/conversion.

3. **CONDITION PRECEDENT**

Loan Note Completion is subject to and conditional upon completion of the Capital Restructure (except for the acts set out in clauses 4 and 6 of this Deed).

4. **LOAN NOTE COMPLETION**

4.1 Loan Note Completion shall take place immediately after the condition in clause 3 has been fulfilled to the satisfaction of the Company, whereupon:

4.1.1 NMC shall deliver to the Purchaser for cancellation the certificate relating to the Loan Notes or a lost loan certificate indemnity letter;

4.1.2 the Purchaser shall issue the Consideration Share to NMC and shall enter its name in the register of members of the Purchaser and shall issue a share certificate in respect thereof;

4.1.3 the Purchaser shall pay the Consideration Money to NMC by transfer of funds for same day value to the Designated Account; and

4.1.4 the Purchaser shall cause the Loan Notes to be cancelled and the register of noteholders of the Purchaser shall be amended accordingly.

4.2 To facilitate satisfaction of NMC's obligation under clause 4.1.1, the lost loan certificate indemnity letter relating to the Loan Notes shall be delivered on the date of this Deed to, and shall be held in escrow by, NMC's solicitors to the order of NMC.

5. **SALE OF CONSIDERATION SHARE**

5.1 NMC agrees to sell to the Company, and the Company agrees to purchase, the Consideration Share with full title guarantee and each right attaching to the Consideration Share free of any encumbrance immediately upon issue of the Consideration Share to NMC.

5.2 The total consideration for the purchase of the Consideration Share by the Company shall be the allotment and issue by the Company of 1 fully paid deferred ordinary share of £1 having the

rights set out in the articles of association of the Company to be adopted immediately prior to completion of the Capital Restructure and attached as schedule 2 ("**Deferred Share**").

6. CONSIDERATION SHARE COMPLETION

6.1 Consideration Share Completion shall take place immediately after Loan Note Completion, whereupon:

6.1.1 NMC shall deliver to the Company a duly executed stock transfer form in favour of the Company in respect of the Consideration Share;

6.1.2 a board meeting of the Purchaser shall approve the transfer referred to in clause 6.1.1 (and subject to stamping if not previously effected) and instruct the secretary to register the transfer in the books of the Purchaser; and

6.1.3 the Company shall issue the Deferred Share to NMC and shall enter its name in the register of members of the Company and shall issue a share certificate in respect thereof.

6.2 To facilitate satisfaction of NMC's obligation under clause 6.1.1, the stock transfer form relating to the Consideration Share shall be delivered on the date of this Deed to, and shall be held in escrow by, NMC's solicitors to the order of NMC.

7. RELEASE

With effect from Completion, the provisions of clause 11 of the Sale Agreement shall cease to have any force or effect and each of ACX, NMC, the Guarantor, the Purchaser and Plastics is hereby irrevocably and unconditionally released from any obligations and forfeits any rights which it has or may have under that clause (including without limitation any such obligations and rights as may subsist prior to Completion and, for the avoidance of doubt, ACX's obligations and rights under clause 11.2) and shall have no claim against any other party to the Sale Agreement or this Deed for any loss, liability, costs, charges, expenses, actions, proceedings, claims and demands (together the "**Losses**") which it may suffer or has suffered through or arising from the provisions of clause 11 or otherwise howsoever arising in respect of the Excluded Property or the Excluded Lease.

8. GENERAL

8.1 A waiver of any term, provision or condition of, or consent granted under, this Deed shall be effective only if given in writing and signed by the waiving or consenting party and then only in the instance and for the purpose for which it is given.

8.2 No failure or delay on the part of any party in exercising any right, power or privilege under this Deed shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or privilege preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

8.3 The rights and remedies herein provided are cumulative with and not exclusive of any rights or remedies provided by law.

8.4 A person who is not a party to this Deed has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Deed, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

9. **COUNTERPARTS**

9.1 This Deed may be executed in a number of counterparts and by the parties on different counterparts, but shall not be effective until each party has executed at least one counterpart.

9.2 Each counterpart, when executed, shall be an original, but all the counterparts together constitute the same document.

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10.1 This Deed is governed by English law.

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10.3 Each party irrevocably waives any objection which it might at any time have to the courts of England being nominated as the forum to hear and decide any Proceeding and to settle any Disputes and agrees not to claim that the courts of England are not a convenient or appropriate forum.

EXECUTED as a deed by the parties

Executed as a deed by)
BRITTON GROUP)
(HOLDINGS) LIMITED)

KSL

Signature of director

DICK SCARLE

Name of director

[Signature]

Signature of director/secretary

JUSTIN WARD

Name of director/secretary

Executed as a deed by)
BRITTON GROUP LIMITED)

KSL

Signature of director

DICK SCARLE

Name of director

[Signature]

Signature of director/secretary

JUSTIN WARD

Name of director/secretary

Executed as a deed by)
BRITTON GROUP PLASTICS)
LIMITED)

KSL

Signature of director

DICK SCARLE

Name of director

[Signature]

Signature of director/secretary

JUSTIN WARD

Name of director/secretary

Executed as a deed by
NMC GROUP LIMITED

)
)

Signature of director

Name of director

Signature of director/secretary

Name of director/secretary

Executed as a deed by
ACX GROUP LIMITED

)
)

Signature of director

Name of director

Signature of director/secretary

Name of director/secretary

Executed as a deed by
ACX TECHNOLOGIES
INC.
acting by

)
)
)
)

Signature

SCHEDULE 1
PART A - EXISTING CAPITAL

AUTHORISED AND ISSUED SHARE CAPITAL

SHARES	AUTHORISED	ISSUED
A Ordinary Shares	10,000	10,000
B Ordinary Shares	102,000	78,000
B Restricted Shares	1,500	1,500
A Preference Shares	30,600,000	30,516,487
B Preference Shares	6,600,000	6,597,675

MEMBERS

NAME	NO. OF 'A' ORDINARY	NO. OF 'B' ORDINARY	NO. OF 'B' RESTRICTED	NO. OF 'A' PREFERENCE	NO. OF 'B' PREFERENCE
Pampascourt	10,000				
Ron Singer/Glenwood		2,000	1,000	121,299	
Alex Watson/Spread Eagle		1,000	500	56,133	
CVC Funds		75,000		30,339,055	6,597,675

Loan Notes

Subordinated Loan Notes

Vendor Loan Notes

NOTEHOLDERS

Name	Number and Type of Note
Pampascourt Limited	SUBORDINATED LOAN NOTES
ACX	VENDOR LOAN NOTES

PART B - RESTRUCTURED CAPITAL

AUTHORISED AND ISSUED SHARE CAPITAL

SHARES	AUTHORISED	ISSUED
A Ordinary Shares	53,000	52,500
B Ordinary Share	99,000	75,000
C Ordinary Shares	625,000	622,500
Deferred Shares	37,200,045	37,114,208

MEMBERS

NAME	NO. OF 'A' ORDINARY	NO. OF 'B' ORDINARY	NO. OF 'C' ORDINARY	NO. OF DEFERRED
Richard Searle	16,500			
Barry Turner	12,000			
David Arden	12,000			
Neil James	12,000			
CVC Funds		75,000		36,936,730
NMC Group Limited				1
Deutsche Bank AG, London			41,505	
Credit Suisse First Boston Nominees Limited			210,343	
The Credit Lyonnais Nominees Limited			140,228	
GE Capital Corporation			105,164	
London Interstate Nominees Limited			83,010	
Metropolitan Life Insurance Company			42,250	
Pampascourt Limited				177,477
Total	52,500	75,000	622,500	37,114,208

SECURED LOAN NOTES

NAME	NUMBER AND TYPE OF NOTE
CVC Funds	Secured Loan Notes

THE COMPANIES ACT 1985 AND 1989

ARTICLES OF ASSOCIATION

OF

BRITTON GROUP (HOLDINGS) LIMITED

Incorporated on 3 April 1998

ADOPTED BY SPECIAL RESOLUTION

Passed on [] 2001

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Company No: 3540803

THE COMPANIES ACTS 1985 AND 1989

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

- of -

BRITTON GROUP (HOLDINGS) LIMITED

adopted by a Special Resolution passed

on [] 2001

1. **INTERPRETATION**

1.1 In these Articles:

"**the Act**" means the Companies Act 1985 including any statutory modification or re-enactment for the time being in force;

"**Business Day**" means a day other than a Saturday or Sunday on which banks in London are open for business generally;

"**"C" Shareholders**" means the holder(s) of "C" Ordinary Shares from time to time and, unless the context otherwise requires, reference to a decision or action being taken by the "C" Shareholders or the holders of the "C" Ordinary Shares is to be construed as a reference to such decision or action being taken by (1) the holders of at least 66²/₃% of the issued "C" Ordinary Shares from time to time, or (2) all of the holders of "C" Ordinary Shares except one (where for the purpose of this definition connected parties, as that term is defined in s346 at the Act, shall count as one in number);

"**CVCEEP**" means CVC European Equity Partners II L.P. of PO Box 87, 18 Grenville Street, St Helier, Jersey, JE4 8PX;

"**"C" Director**" means the director appointed as such pursuant to Article 14;

"**CVC Director**" means the director appointed as such pursuant to Article 14;

"**Facilities Agreement**" means the senior facilities agreement dated 20 April 1998 as amended and restated on 4 July 1998, 27 May 1999, 26 October 2000 and on or about the date of adoption of these Articles between (1) the Company, (2) the Subsidiary, (3)

the Borrowers (as defined therein) and (4) Credit Suisse First Boston ("CSFB") as Arranger and Underwriter, Issuing Bank, Agent and Security Trustee (as defined therein); and (5) the Banks (as defined therein) as amended, restated and supplemented from time to time;

"Group Company" means the Company or a subsidiary or holding company from time to time of the Company or a subsidiary from time to time of a holding company of the Company;

"Investor" has the meaning given to it in the Shareholders Agreement;

"Loan Notes" means the £2,000,000 zero coupon secured loan notes due 2008 of the Subsidiary constituted by an instrument dated on or about the date of adoption of these Articles;

"Ordinary Shares" means together the "A", "B" and "C" Ordinary Shares or any of them;

"Shareholders Agreement" means the agreement dated on or about the date of adoption of these Articles between (1) the Company, (2) the Subsidiary, (3) Pampascourt Limited, (4) Dick Searle and others, (5) Credit Suisse First Boston and others, (6) Citicorp Capital Investors Europe Limited and others and (7) CVC Capital Partners Limited;

"Subordination Deed" means the subordination deed dated on or about the date of adoption of these Articles between *inter alios*, Credit Suisse First Boston (as Senior Agent, Security Agent and Subordinated Security Agent), Citicorp Capital Investors Europe Limited and others (as Subordinated Lenders and Investors), the Company and the Subsidiary as amended, restated and supplemented from time to time; and

"Subsidiary" means Britton Group Limited, a company incorporated in England and Wales (registered no. 3541144) with its registered office at Castle Court, 41 London Road, Surrey RH2 9RJ.

- 1.2 Words and expressions defined in the Act have the same meanings in these Articles, unless inconsistent with the context.
- 1.3 The renunciation of a right to be allotted shares shall be treated as if it were a transfer of those shares and therefore shall be governed by Articles 7 to 13.
2. **TABLE A**
 - 2.1 The regulations contained in Table A in the Schedule to the Companies (Tables A-F) Regulations 1985, as amended ("**Table A**"), apply to the Company except to the extent that they are excluded by or inconsistent with these Articles.
 - 2.2 The first sentence of regulation 24 and regulations 64, 73 to 78, 80, 81, 90, 94, 95, 115 and 118 of Table A do not apply.

3. **PRIVATE COMPANY**

- 3.1 The Company is a private company and accordingly any invitation to the public to subscribe for any shares or debentures of the Company is prohibited.

4. **SHARE CAPITAL**

- 4.1 The share capital of the Company at the date of adoption of these Articles is £37,207,815 divided into:-

53,000 "A" ordinary shares of 1p each ("**A" Ordinary Shares**");

99,000 "B" ordinary shares of 1p each ("**B" Ordinary Shares**");

625,000 "C" ordinary shares of 1p each ("**C" Ordinary Shares**"); and

37,200,045 deferred ordinary shares of £1.00 each ("**Deferred Shares**").

5. **"A", "B" AND "C" ORDINARY SHARES AND DEFERRED SHARES**

- 5.1 "A", "B" and "C" Ordinary Shares rank pari passu but they constitute separate classes of shares.
- 5.2 A holder of Deferred Shares (as a holder of Deferred Shares) shall not be entitled to receive any dividend or distribution and shall not be entitled to receive notice of, nor to attend, speak or vote at any general meeting of the Company and shall not be entitled to any participation in the assets or profits of the Company on a return of assets, whether as a liquidation or otherwise and may not be transferred except with the consent of the "C" Shareholders and pursuant to Article 5.3 below or Article 13.1. The Company may from time to time issue other shares with such rights or restrictions attached to them as the Company may determine and which rank ahead of the Deferred Shares.
- 5.3 The creation of the Deferred Shares shall be deemed to confer an irrevocable authority on the Company at any time after the elapse of 2 years from the date of issue of the relevant Deferred Shares to:
- (i) appoint a person on behalf of any holder of Deferred Shares to enter into an agreement to transfer and to execute a transfer of the Deferred Shares for a consideration not exceeding 1p for each shareholder's holding of Deferred Shares to a person appointed by the Directors to be the custodian of those shares;
 - (ii) cancel and/or purchase the Deferred Shares (under the provisions of the Act) without making any payment to or obtaining the sanction of the holders; and
- pending any transfer or cancellation or purchase of Deferred Shares to retain the certificate for those shares.

6. PROVISIONS APPLYING ON EVERY TRANSFER OF ORDINARY SHARES

- 6.1 The directors may not register a transfer of "A", "B" or "C" Ordinary Shares unless:
- 6.1.1 it is permitted by Articles 7, 8 or 9 or has been made in accordance with Articles 9 or 12 and, if appropriate, 11 or Article 10 or 13; and
 - 6.1.2 the proposed transferee has entered into an agreement to be bound by the Shareholders Agreement in the form required by that agreement.
- 6.2 Shareholders are not entitled to transfer "A", "B" or "C" Ordinary Shares unless the transfer is permitted by Articles 7, 8 or 9 or has been made in accordance with Articles 9 or 12 and, if appropriate, Article 11 or Article 10 or 13.

7. PERMITTED TRANSFERS OF "A" ORDINARY SHARES

- 7.1 With the written consent of the "C" Shareholders, "A" Ordinary Shares may be transferred to any person.
- 7.2 "A" Ordinary Shares may be transferred to the trustees of a trust of which the only beneficiaries (and the only people capable of being beneficiaries) are the "A" Ordinary Shareholder who established the trust and who is transferring the relevant shares and/or his spouse and/or his lineal descendants by blood or adoption; and the trustees of such a trust may not transfer "A" Ordinary Shares under this Article 7.2 other than to replacement trustees of the same trust.

8. PERMITTED TRANSFERS OF "B" ORDINARY SHARES

- 8.1 With the written consent of the "C" Shareholders, "B" Ordinary Shares may be transferred to any person.
- 8.2 A "B" Ordinary Shareholder which is a body corporate may transfer "B" Ordinary Shares to a member of the same group (meaning a subsidiary or holding company of the body corporate or a subsidiary of a holding company of the body corporate) if the transferee gives an undertaking to the Company that if the transferee ceases to be a member of the same group, all its shares in the Company will, before the cessation, be transferred to another member of the same group.
- 8.3 A "B" Ordinary Shareholder which holds "B" Ordinary Shares as nominee or trustee for a limited partnership or as general partner for a limited partnership or as a limited partnership or trustee of unit trust which is primarily a vehicle for institutional investors may transfer those "B" Ordinary Shares:
- 8.3.1 to a nominee or general partner for the limited partnership or trustee of the unit trust;
 - 8.3.2 on a distribution in kind under the relevant partnership agreement or trust deed, to the partners of the limited partnership or their nominees or the holders of units in the unit trust or their nominees; or

- 8.3.3 to a nominee or general partner for a limited partnership or a trustee for a unit trust or investment trust which is primarily a vehicle for institutional investors and which is advised or managed by the adviser or manager of the former limited partnership or unit trust.
- 8.4 A "B" Ordinary Shareholder which holds "B" Ordinary Shares as nominee for the beneficial owner of such shares may transfer "B" Ordinary Shares to the beneficial owner or to another nominee of the same beneficial owner.
- 8.5 A "B" Ordinary Shareholder may transfer "B" Ordinary Shares to a Limited partnership or its nominees or to the partners of a limited partnership or their nominees of which the "B" Ordinary Shareholder is the general partner.
- 8.6 A "B" Ordinary Shareholder which is an investment trust (as defined in The Listing Rules of the UK Listing Authority) whose shares are traded on the London Stock Exchange may transfer "B" Ordinary Shares to another such investment trust which is also managed by the manager of the Ordinary Shareholder.
- 8.7 A "B" Ordinary Shareholder may transfer "B" Ordinary Shares to a **"Co-Investment Scheme"**, being a scheme under which certain officers, employees or partners of an Investor or of its adviser or manager are entitled (as individuals or through a body corporate or any other vehicle) to acquire shares which the Investor would otherwise acquire.
- 8.8 A Co-Investment Scheme which holds "B" Ordinary Shares through a body corporate or another vehicle may transfer "B" Ordinary Shares to:
- 8.8.1 another body corporate or another vehicle which holds or is to hold shares for the Co-Investment Scheme; or
- 8.8.2 the officers, employees or partners entitled to the "B" Ordinary Shares under the Co-Investment Scheme.
9. **PERMITTED TRANSFERS OF "C" ORDINARY SHARES**
- 9.1 With the written consent of the "C" Shareholders and the holders of 75% or more of the "A" Ordinary Shares and 75% or more of the "B" Ordinary Shares, "C" Ordinary Shares may be transferred to any person.
- 9.2 A "C" Ordinary Shareholder which is a body corporate may transfer "C" Ordinary Shares to a member of the same group (meaning a subsidiary or holding company of the body corporate or a subsidiary of a holding company of that body corporate) if the transferee gives an undertaking to the Company that if the transferee ceases to be a member of the same group, all its shares in the Company will, before the cessation, be transferred to another member of the same group.
- 9.3 A "C" Ordinary Shareholder may hold "C" Ordinary Shares as nominee or trustee and a "C" Ordinary Shareholder which holds "C" Ordinary Shares as nominee for the

beneficial owner of such shares may transfer "C" Ordinary Shares to the beneficial owner or to another nominee of the same beneficial owner or owners.

- 9.4 A holder of "C" Ordinary Shares ("**C" Selling Shareholder**") who wishes to transfer "C" Ordinary Shares to a person to whom none of Articles 9.1 to 9.3 apply shall serve notice on the Company ("**C" Sale Notice**") stating the number of "C" Ordinary Shares he wishes to transfer ("**C" Sale Shares**") and his asking price for each share ("**C" Asking Price**").
- 9.5 The "C" Selling Shareholder may state in the "C" Sale Notice that:
- 9.5.1 he is only willing to transfer all the "C" Sale Shares, in which case no "C" Sale Shares can be sold unless offers are received for all of them; and/or
 - 9.5.2 the "C" Sale Shares can only be transferred if a specified proportion of all Ordinary Shares in issue are transferred at the same time.
- 9.6 A "C" Sale Notice served pursuant to Article 9.4 shall make the Company the agent of the "C" Selling Shareholder for the sale of the "C" Sale Shares on the following terms, which the Company shall notify to the other holders of Ordinary Shares within four Business Days of receiving the "C" Sale Notice:
- 9.6.1 the price for each "C" Sale Share is the Asking Price;
 - 9.6.2 the "C" Sale Shares are to be sold free from all liens, charges and encumbrances together with all rights attaching to them;
 - 9.6.3 each of the other holders of Ordinary Shares is entitled to buy the "C" Sale Shares in proportions reflecting, as nearly as possible, the nominal amount of their existing holdings of Ordinary Shares; a holder of Ordinary Shares is not entitled to buy fewer "C" Sale Shares than his proportional entitlement except in accordance with Article 9.6.4;
 - 9.6.4 a holder of Ordinary Shares may offer to buy any number of the "C" Ordinary Shares that are not accepted by the other holders of Ordinary Shares ("**C" Excess Shares**"); and
 - 9.6.5 seven Business Days after the Company's despatch of the terms for the sale of the "C" Sale Shares (the "**C" Closing Date**):
 - (i) the "C" Sale Notice shall become irrevocable;
 - (ii) a holder of Ordinary Shares who has not responded to the offer in writing shall be deemed to have declined it; and
 - (iii) each offer made by a holder of Ordinary Shares to acquire "C" Sale Shares shall become irrevocable.
- 9.7 If the Company receives offers for less "C" Ordinary Shares than the number of "C" Sale Shares, each holder of Ordinary Shares who offered to buy "C" Excess Shares

shall be entitled to a number of "C" Excess Shares reflecting, as nearly as possible, the number of "C" Excess Shares he offered to buy as a proportion of the total number of "C" Excess Shares for which offers were received.

9.8 Within four Business Days after the "C" Closing Date, the Company shall notify the "C" Selling Shareholder and the holders of Ordinary Shares who offered to buy "C" Sale Shares of the result of the offer and, if any "C" Sale Shares are to be sold pursuant to the offer:

9.8.1 the Company shall notify the "C" Selling Shareholder of the names and addresses of the holders of Ordinary Shares who are to buy "C" Sale Shares and the number to be bought by each;

9.8.2 the Company shall notify each holder of Ordinary Shares of the number of "C" Sale Shares he is to buy; and

9.8.3 the Company's notices shall state a place and time, no less than 15 Business Days after the "C" Closing Date, on which the sale and purchase of the "C" Sale Shares is to be completed.

9.9 If the Selling Shareholder does not transfer "C" Sale Shares in accordance with Article 9.5, the directors may authorise any director to transfer the "C" Sale Shares on the "C" Selling Shareholder's behalf to the buying holder of Ordinary Shares concerned against receipt by the Company of the "C" Asking Price per share. The Company shall hold the "C" Asking Price in trust for the "C" Selling Shareholder without any obligation to pay interest. The Company's receipt of the "C" Asking Price shall be a good discharge to the buying holder of Ordinary Shares. The directors shall then authorise registration of the transfer once appropriate stamp duty has been paid. The defaulting "C" Selling Shareholder shall surrender his share certificate for the "C" Sale Shares to the Company. On surrender, he shall be entitled to the "C" Asking Price for the "C" Sale Shares.

9.10 If, by the "C" Closing Date, the Company has not received offers for all the "C" Sale Shares, the "C" Selling Shareholder may within the next two months transfer the "C" Sale Shares for which offers were not received (or, if the "C" Sale Notice stated that he was only willing to transfer all the "C" Sale Shares, all the "C" Sale Shares) to any person at no less than the "C" Asking Price per share, with any other terms being no more favourable than those in the "C" Sale Notice.

9.11 Each of the "C" Ordinary Shares acquired by a holder of "A" Ordinary Shares or a holder of "B" Ordinary Shares pursuant to this Article 9 shall, as at the date of acquisition, by registration in the name of such holder of "A" Ordinary Shares or "B" Ordinary Shares (as the case may be) automatically convert on a one for one basis into the same class of share as held by such acquiring shareholder.

10. **COMPULSORY TRANSFER**

10.1 Article 10 applies when an employee of the Company or any of its subsidiary undertakings who:

- (i) is an "A" Ordinary Shareholder; and/or
- (ii) has established a trust which holds "A" Ordinary Shares,

ceases for any reason to be an employee of the Company or any of its subsidiary undertakings.

10.2 Within two months after the cessation of employment, the "C" Director (or if none, the CVC Director, or if none or if the "C" Shareholders have directed that the CVC Director shall not so act, the senior non-executive director) may serve notice requiring the "A" Ordinary Shareholder (or his personal representatives in the case of his death) and each trustee of the trust ("**Compulsory Seller**") to offer some or all of his "A" Ordinary Shares ("**A" Sale Shares**") to:

- (i) a person or persons intended to take the employee's place;
- (ii) any of the existing employees of the Company or any of its subsidiary undertakings;
- (iii) an employees' share scheme of the Company and its subsidiary undertakings; and/or
- (iv) any other person or persons approved by resolution of the directors

("Offerees"). The "C" Director's notice may reserve to the "C" Director the right to finalise the identity of the Offerees once the price for the "A" Sale Shares has been agreed or certified.

10.3 The Compulsory Sellers shall then offer their "A" Sale Shares to the Offerees free from all liens, charges and encumbrances together with all rights attaching to them on the following terms.

10.4 The price for the "A" Sale Shares shall be the price agreed between the Compulsory Sellers and the "C" Director (or if none, the CVC Director or if none or if the "C" Shareholders have directed that the CVC Director shall not so act, the senior non-executive director) or, if they do not agree a price within 14 days of the "C" Director's (or if none, the CVC Director's or if none or if the "C" Shareholders have directed that the CVC Director shall not so act, the senior non-executive director) notice such price shall be:

- 10.4.1 where the Compulsory Seller is a person (or a trust established by such person which holds "A" Ordinary Shares) whose employment by the Group has been summarily terminated (meaning terminated pursuant to the provisions for termination without notice in the Compulsory Seller's service agreement with the Subsidiary (currently set out in clause 13.1 of such service agreement or

any equivalent, amending or superceding provisions)) and such termination is not found by a court or tribunal of competent jurisdiction from which there is no appeal (or in respect of which the time for appeal has elapsed without an appeal having been made) that the relevant employee has a successful claim against the Subsidiary or any Group Company for unfair, constructive or wrongful dismissal), the lower of the aggregate amount paid by Compulsory Seller for the subscription by him or the transfer to him of his "A" Ordinary Shares and the price certified by the Company's auditors, acting as experts and not as arbitrators, to be the market value of the "A" Sale Shares upon the cessation of employment; or

- 10.4.2 in respect of any other Compulsory Seller, the higher of the aggregate amount paid by the Compulsory Seller for the subscription by him or the transfer to him of his "A" Ordinary Shares and the price certified by the Company's auditors, acting as experts and not as arbitrators, to be the market value of the "A" Sale Shares upon the cessation of employment.

The costs of the Company's auditors shall be paid by the Company.

- 10.5 Within seven days after the price for the "A" Sale Shares has been agreed or certified:
 - 10.5.1 the Company shall notify the Compulsory Sellers of the names and addresses of the Offerees and the number of "A" Sale Shares to be offered to each;
 - 10.5.2 the Company shall notify each Offeree of the number of "A" Sale Shares on offer to him; and
 - 10.5.3 the Company's notices shall specify the price per share and state a date, between five and 10 Business Days later, on which the sale and purchase of the "A" Sale Shares is to be completed ("**completion date**").
- 10.6 By the completion date the Compulsory Sellers shall deliver the stock transfer forms for the "A" Sale Shares with the relevant share certificates to the Company. On the completion date the Company shall pay the Compulsory Sellers, on behalf of each of the Offerees, the agreed or certified price for the "A" Sale Shares to the extent the Offerees have put the Company in the requisite funds. The Company's receipt for the price shall be a good discharge to the Offerees. The Company shall hold the price in trust for the Compulsory Sellers without any obligation to pay interest.
- 10.7 To the extent that Offerees have not, by the completion date, put the Company in funds to pay the agreed or certified price, the Compulsory Sellers shall be entitled to the return of the stock transfer forms and share certificates for the relevant "A" Sale Shares and the Compulsory Sellers shall have no further rights or obligations under Article 10 in respect of those "A" Sale Shares.
- 10.8 If a Compulsory Seller fails to deliver stock transfer forms for "A" Sale Shares to the Company by the completion date, the directors may (and shall, if requested by the "C" Director (or if none, CVC Director, or if none or if the "C" Shareholders have

directed that the CVC Director shall not so act, the senior non-executive director) authorise any director to transfer the "A" Sale Shares on the Compulsory Seller's behalf to each Offeree to the extent the Offeree has, by the completion date, put the Company in funds to pay the agreed or certified price for the "A" Sale Shares offered to him. The directors shall then authorise registration of the transfer once appropriate stamp duty has been paid. The defaulting Compulsory Seller shall surrender his share certificate for the "A" Sale Shares to the Company. On surrender, he shall be entitled to the agreed or certified price for the "A" Sale Shares.

10.9 Following a cessation of employment causing Article 10 to apply to particular "A" Ordinary Shares:

10.9.1 those shares may not be transferred under Article 7 until the holder can no longer be bound to sell them under Article 10; and

10.9.2 the holder is not entitled to vote at general meetings of the Company (or of the holders of "A" Ordinary Shares) in respect of those "A" Ordinary Shares unless:

(i) the "C" Director (or, if none, the CVC Director, or if none or if the "C" Shareholders have directed that the CVC Director shall not so act, the *senior non-executive director*) stipulates otherwise in writing; or

(ii) they are transferred pursuant to Article 10.

11. **PRE-EMPTION RIGHTS ON TRANSFERS OF "A" OR "B" ORDINARY SHARES**

11.1 With the written consent of the "C" Shareholders, a holder of "A" or "B" Ordinary Shares ("**Selling Shareholder**") who wishes to transfer "A" or "B" Ordinary Shares to a person to whom Articles 7 and 8 do not apply or in respect of whom a compulsory transfer notice is not served in accordance with Article 10.2 shall serve notice on the Company ("**Sale Notice**") stating the number of shares he wishes to transfer ("**Sale Shares**") and his asking price for each share ("**Asking Price**").

11.2 The Selling Shareholder may state in the Sale Notice that:

11.2.1 he is only willing to transfer all the Sale Shares, in which case no Sale Shares can be sold unless offers are received for all of them; and/or

11.2.2 the Sale Shares can only be transferred if a specified proportion of all Ordinary Shares in issue are transferred at the same time.

11.3 The Sale Notice shall make the Company the agent of the Selling Shareholder for the sale of the Sale Shares on the following terms, which the Company shall notify to the other holders of Ordinary Shares of the same class as the Sale Shares within four Business Days of receiving the Sale Notice:

11.3.1 the price for each Sale Share is the Asking Price;

- 11.3.2 the Sale Shares are to be sold free from all liens, charges and encumbrances together with all rights attaching to them;
- 11.3.3 each of the other holders of Ordinary Shares of the same class as the Sale Shares (except those who are Compulsory Sellers for the purposes of Article 10) is entitled to buy the Sale Shares in proportions reflecting, as nearly as possible, the nominal amount of their existing holdings of Ordinary Shares of that class; a holder of Ordinary Shares is entitled to buy fewer Sale Shares than his proportional entitlement;
- 11.3.4 a holder of Ordinary Shares may offer to buy any number of the Ordinary Shares that are not accepted by the other holders of Ordinary Shares ("Excess Shares");
- 11.3.5 any additional terms pursuant to Article 11.2 apply; and
- 11.3.6 15 Business Days after the Company's despatch of the terms for the sale of the Sale Shares (the "Closing Date"):
- (i) the Sale Notice shall become irrevocable;
 - (ii) a holder of Ordinary Shares who has not responded to the offer in writing shall be deemed to have declined it; and
 - (iii) each offer made by a holder of Ordinary Shares to acquire Sale Shares shall become irrevocable.
- 11.4 If the Company receives offers for less Ordinary Shares than the number of Sale Shares, each holder of Ordinary Shares who offered to buy Excess Shares shall be entitled to a number of Excess Shares reflecting, as nearly as possible, the number of Excess Shares he offered to buy as a proportion of the total number of Excess Shares for which offers were received.
- 11.5 Within five Business Days after the Closing Date, the Company shall notify the Selling Shareholder and the holders of Ordinary Shares of the same class as the Sale Shares who offered to buy Sale Shares of the result of the offer and, if any Sale Shares are to be sold pursuant to the offer:
- 11.5.1 the Company shall notify the Selling Shareholder of the names and addresses of the holders of Ordinary Shares who are to buy Sale Shares and the number to be bought by each;
 - 11.5.2 the Company shall notify each holder of Ordinary Shares of the number of Sale Shares he is to buy; and
 - 11.5.3 the Company's notices shall state a place and time no less than 15 Business Days after the Closing Date, on which the sale and purchase of the Sale Shares is to be completed.

11.6 If the Selling Shareholder does not transfer Sale Shares in accordance with Article 11.5, the directors may authorise any director to transfer the Sale Shares on the Selling Shareholder's behalf to the buying holder of Ordinary Shares concerned against receipt by the Company of the Asking Price per share. The Company shall hold the Asking Price in trust for the Selling Shareholder without any obligation to pay interest. The Company's receipt of the Asking Price shall be a good discharge to the buying holder of Ordinary Shares. The directors shall then authorise registration of the transfer once appropriate stamp duty has been paid. The defaulting Selling Shareholder shall surrender his share certificate for the Sale Shares to the Company. On surrender, he shall be entitled to the Asking Price for the Sale Shares.

11.7 If by the Closing Date the Company has not received offers for all the Sale Shares, then the Selling Shareholder shall be deemed to have served a Sale Notice on that Closing Date upon identical terms to the original sale notice, and Articles 11.6 to 11.7 shall apply, but with the offer being made to holders of Ordinary Shares:

- (i) in the case of a holder of Ordinary Shares selling "A" Ordinary Shares, to holders of "B" and "C" Ordinary Shares;
- (ii) in the case of a holder of Ordinary Shares selling "B" Ordinary Shares, to holders of "A" and "C" Ordinary Shareholders

and with the Closing Date being the Second Closing Date.

11.8 If, by the Second Closing Date, the Company has not received offers for all the Sale Shares, the Selling Shareholder may within the next two months transfer the Sale Shares for which offers were not received (or, if the Sale Notice stated that he was only willing to transfer all the Sale Shares, all the Sale Shares) to any person at no less than the Asking Price per share, with any other terms being no more favourable than those in the Sale Notice.

11.9 Each of the "A" Ordinary Shares or the "B" Ordinary Shares (as the case may be) acquired by holders of Ordinary Shares of a different class pursuant to Articles 11.7 and 11.8 shall, as at the date of acquisition, by registration in the name of such holder of "A" Ordinary Shares, "B" Ordinary Shares or "C" Ordinary Shares (as the case may be) automatically convert on a one for one basis into the same class of share as held by such acquiring shareholder.

12. TRANSFERS WHICH CHANGE CONTROL

12.1 Article 12 applies when a transfer (through a single transaction or a series of transactions) of "C" Ordinary Shares made under Article 9 would, if registered, result in a person and any other person:

- (i) who in relation to him is a connected person, as defined in section 839 of the Income and Corporation Taxes Act 1988; or

- (ii) with whom he is acting in concert, as defined in The City Code on Takeovers and Mergers

(each a "member of the purchasing group") holding or increasing a holding of 50% or more of the "A", "B" and "C" Ordinary Shares in issue taken together.

Article 12 does not apply on a transfer of shares to a person who is an original party to the Shareholders Agreement as an Investor or to a person to whom such party transferred "C" Ordinary Shares pursuant to Article 9.2 or 9.3.

12.2 No transfer to which Article 12 applies may be made or registered unless:

- 12.2.1 it is agreed to in writing by the holders of 75% or more of each of the "A" Ordinary Shares and the "B" Ordinary Shares in issue; or
- 12.2.2 where the proposed transfer includes the transfer of all "C" Ordinary Shares in issue, the proposed transferee has made an offer to buy all the other "A" and "B" Ordinary Shares on the terms set out in Article 12.3 and the offer has closed and each accepted offer has been completed, unless failure to complete is the fault of the Offeree; or
- 12.2.3 where the proposed transfer includes the transfer of less than all the "C" Ordinary Shares in issue, it is agreed to in writing by the holders of 90% or more of the "C" Ordinary Shares in issue and the proposed transferee has made an offer to acquire the relevant percentage of all "A" and "B" Ordinary Shares in issue and of the relevant percentage of any "C" Ordinary Shares in issue which are not held by the proposed transferor or transferee. For the purposes of this Article 12.2.3, the relevant percentage is that which the number of "C" Ordinary Shares proposed to be transferred bears to the total number of "C" Ordinary Shares held by the transferring holder of "C" Ordinary Shares.

12.3 The terms of the proposed transferee's offer shall be as follows:

- 12.3.1 the offer shall be open for acceptance for four Business Days or more; and
- 12.3.2 the consideration for each "A", "B" and "C" Ordinary Share shall be the higher of:
 - (i) the highest consideration offered for each "C" Ordinary Share whose proposed transfer has led to the offer; and
 - (ii) the highest consideration paid by any member of the purchasing group for a "C" Ordinary Share in the twelve months up to the offer.

12.4 The proposed transferee's offer may be conditional on the offer resulting in members of the purchasing group holding or increasing their shareholding to a specified proportion of the "A", "B" or "C" Ordinary Shares in issue.

- 12.5 Any dispute on the appropriate consideration for the "A", "B" or "C" Ordinary Shares shall be referred to an umpire chosen by the parties concerned or, if they cannot agree on an umpire, nominated by the president of the Institute of Chartered Accountants in England and Wales. The umpire shall act as an expert and not as an arbitrator and his decision shall be final and binding. The Selling Shareholder wishing to sell "C" Ordinary Shares to the proposed transferee shall pay half the umpire's costs and "A", "B" or "C" Ordinary Shareholders in dispute with the proposed transferee shall pay the other half.
- 12.6 A transfer of "A" or "B" Ordinary Shares to the proposed transferee shall be made in accordance with Article 11. A transfer of "C" Ordinary Shares to the proposed transferee shall be made in accordance with Article 9.

13. **BRING-ALONG RIGHTS**

- 13.1 Provided that such transfers are at arms length and for fair value, if transfers under Article 7, 8, 9, 11 and/or 12 result in members of the purchasing group holding or increasing their shareholding to 50% or more of the Ordinary Shares in issue, the members of the purchasing group may, by serving a "Compulsory Purchase Notice" on each other holder of Ordinary Shares and Deferred Shares ("Minority Shareholder"), require all the Minority Shareholders to sell all their "A", "B", "C" Ordinary Shares and Deferred Shares to one or more persons identified by the members of the purchasing group at the higher of:

- (i) the highest consideration offered for each Ordinary Share whose transfer has led to the issue of the Compulsory Purchase Notice; and
- (ii) the highest consideration paid by any member of the purchasing group for an Ordinary Share in the twelve months up to issue of the Compulsory Purchase Notice,

provided that the consideration to be paid for the Deferred Shares shall not exceed 1p for each shareholders' holding of Deferred Shares.

- 13.2 The shares subject to the Compulsory Purchase Notices shall be sold and purchased in accordance with the provisions of Articles 10.6 to 10.9 *mutatis mutandis*:
- (i) the "completion date" being the date which is 14 days after the service of the Compulsory Purchase Notices;
 - (ii) "Sale Shares" being the Minority Shareholder's "A", "B", "C" Ordinary Shares and Deferred Shares;
 - (iii) "Compulsory Sellers" being the Minority Shareholders; and
 - (iv) "Offerees" being the persons identified as purchasers in the Compulsory Purchase Notice.

13.3 While Article 13 applies to a Minority Shareholder's shares, those shares may not be transferred otherwise than under Article 13.

13.4 Articles 7, 8, 9 and 11 do not apply to transfers of shares made under Article 13.

14. CVC DIRECTOR/"C" DIRECTOR

14.1 CVCEEP, provided that it or its nominees or any of its permitted assigns pursuant to Article 8.2 to 8.6 hold any "B" Ordinary Shares, shall be entitled to appoint and remove a CVC Director (or where no director has been appointed in accordance with this Article 14.1 an observer) to the board. Appointments and removals shall be made by notice served on the Company by CVCEEP's investment manager CVC Capital Partners Limited or any successor thereto from time to time. In the event that CVCEEP or any such person ceases to hold "B" Ordinary Shares the entitlement to appoint and remove the CVC Director shall vest in CVC Capital Partners Limited provided that it manages the funds of a shareholder or if not the holders of 50% of the "B" Ordinary Shares. The observer shall, in addition to being entitled to attend, speak but not vote at board meetings, be entitled to all papers and documents which he requests in writing and to which a director is entitled.

14.2 The CVC Director is entitled to an annual non-executive director's fee of £25,000 plus VAT, payable half-yearly in arrear by standing order, and all expenses reasonably incurred by him in connection with his office as a director.

14.3 The "C" Director is entitled to an annual non-executive director's fee of up to £25,000 plus VAT (payable on terms to be agreed between the "C" Director and the Company from time to time) payable half-yearly in arrear by standing order, and all expenses reasonably incurred by him in connection with his office as a director.

14.4 Without prejudice to any rights of a majority holder of Ordinary Shares from time to time, the "C" Shareholders shall be entitled to appoint and remove a "C" Director (or, where no director has been appointed in accordance with this Article 14.4, an observer) to the board. Appointments and removals shall be made by notice in writing served on the Company by the "C" Shareholders. The observer shall, in addition to being entitled to attend, speak but not vote at board meetings, be entitled to all papers and documents which he requests in writing and to which a director is entitled.

15. GENERAL PROVISIONS

15.1 *Shareholders' meetings and resolutions*

15.1.1 Regulation 37 of Table A is modified by the deletion of the words "eight weeks" and the substitution for them of the words "28 days" and by the insertion of the words "or the CVC Director or the "C" Director (if any) acting alone" after the second word of that regulation.

15.1.2 A corporation which is a member of the Company may, by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company or at any meeting of any

class of members of the Company. The person so authorised is entitled to exercise the same powers on behalf of the corporation which he represents as that corporation could exercise if it were an individual member.

- 15.1.3 A poll may be demanded by the chairman or by any member present in person or by proxy and entitled to vote and regulation 46 of Table A is modified accordingly.
- 15.1.4 Where an ordinary resolution of the Company is expressed to be required for any purpose, a special or extraordinary resolution is also effective for that purpose, and where an extraordinary resolution is expressed to be required for any purpose, a special resolution is also effective for that purpose.
- 15.1.5 Regulation 53 of Table A is modified by the addition at the end of the following sentence: "If a resolution in writing is described as a special resolution or as an extraordinary resolution it shall have effect accordingly."
- 15.1.6 Regulation 57 of Table A is modified by the inclusion after the word "shall" of the phrase "unless the directors otherwise determine".
- 15.1.7 Regulation 59 of Table A is modified by the addition at the end of the following sentence: "Deposit of an instrument of proxy shall not preclude a member from attending and voting at the meeting or at any adjournment of it."
- 15.1.8 Regulation 62 of Table A is modified by the deletion in paragraph (a) of the words "deposited at" and by the substitution for them of the words "left at or sent by post or by facsimile transmission to", by the substitution in paragraph (a) of the words "one hour" in place of "48 hours" and by the substitution in paragraph (b) of the words "one hour" in place of "24 hours".

15.2 *Number of directors*

Unless otherwise determined by ordinary resolution, the number of directors (other than alternate directors) is not subject to any maximum and the minimum number is one.

15.3 *Alternate directors*

- 15.3.1 Any CVC Director and the "C" Director is entitled to appoint any person willing to act, whether or not he is a director of the Company, to be an alternate director. That person need not be approved by resolution of the directors and regulation 65 of Table A is modified accordingly.
- 15.3.2 An alternate director who is absent from the United Kingdom is entitled to receive notice of all meetings of directors and meetings of committees of directors and regulation 66 of Table A is modified accordingly.
- 15.3.3 Regulation 68 of Table A is modified by the addition at the end of the following sentence: "Any such notice may be left at or sent by post or

facsimile transmission to the office or such other place as may be designated for the purpose by the directors."

15.4 *Appointment, retirement and removal of directors*

- 15.4.1 The directors are not subject to retirement by rotation and any reference in any regulation of Table A to retirement by rotation is to be disregarded.
- 15.4.2 The Company may by ordinary resolution appoint a person who is willing to act to be a director either to fill a vacancy or as an additional director.
- 15.4.3 A person appointed by the directors to fill a vacancy or as an additional director need not retire from office at the annual general meeting next following his appointment and the last two sentences of regulation 79 of Table A are deleted.
- 15.4.4 The holders of a majority of the shares giving the right to vote at general meetings may at any time and from time to time by serving notice on the Company remove any director from office and appoint any person to be a director. A removal or appointment takes effect when the notice is received by the Company or on a later date specified in the notice.

Article 15.4.4 does not apply to the removal or appointment of the CVC Director or "C" Director.

15.5 *Disqualification and removal of directors*

- 15.5.1 The office of a director shall be vacated if:
 - (i) he ceases to be a director by virtue of any provision of the Act or he becomes prohibited by law from being a director;
 - (ii) he becomes bankrupt or makes any arrangement or composition with his creditors generally;
 - (iii) he becomes, in the opinion of all his co-directors, incapable by reason of mental disorder of discharging his duties as director;
 - (iv) he resigns his office by notice in writing to the Company;
 - (v) he has for more than six consecutive months been absent without permission of the directors from meetings of directors held during that period and his alternate director (if any) has not during such period attended any such meetings instead of him, and the directors resolve that his office be vacated; or
 - (vi) (other than in the case of the CVC Director or "C" Director) he is removed from office by notice addressed to him at his last-known address and signed by all his co-directors; or

(vii) he commits or has committed, and does not in either case remedy such breach (if remediable) within 30 days of the breach, a material breach of the Shareholders Agreement or of the warranties therein or a material breach of his service agreement.

15.5.2 A person voting against a resolution under section 303 of the Act to remove the CVC Director or "C" Director is deemed, in respect of that resolution, to have ten times the votes of every person voting in favour of the resolution and regulation 54 of Table A is modified accordingly.

15.6 *Proceedings of directors*

15.6.1 Regulation 88 of Table A is modified by the exclusion of the third sentence and the substitution for it of the following sentence: "Every director shall receive notice of a meeting, whether or not he is absent from the United Kingdom. A director may waive the requirement that notice be given to him of a board meeting either prospectively or retrospectively."

15.6.2 Any director or his alternate may validly participate in a meeting of the directors or a committee of directors through the medium of conference telephone or similar form of communication equipment if all persons participating in the meeting are able to hear and speak to each other throughout such meeting. A person participating in this way is deemed to be present in person at the meeting and is counted in a quorum and entitled to vote. Subject to the Act, all business transacted in this way by the directors or a committee of the directors is for the purposes of the Articles deemed to be validly and effectively transacted at a meeting of the directors or of a committee of the directors although fewer than two directors or alternate directors are physically present at the same place. The meeting is deemed to take place where the largest group of those participating is assembled or, if there is no such group, where the chairman of the meeting then is.

15.6.3 Meetings of the board of directors shall take place no less frequently than once per calendar month and at least one working days' notice shall be given to each director provided that with the consent of a majority of the directors, including the CVC Director and the "C" Director, board meetings may be held less frequently and convened on less notice.

15.6.4 If and for so long as there is a sole director, he may exercise all the powers conferred on the directors by the Articles by resolution in writing signed by him, and regulations 88, 89, 91 and 93 of Table A shall not apply.

15.6.5 Without prejudice to the obligation of any director to disclose his interest in accordance with section 317 of the Act, a director may vote at a meeting of directors or of a committee of directors on any resolution concerning a matter in which he has, directly or indirectly, an interest or duty. The director shall

be counted in the quorum present when any such resolution is under consideration and if he votes his vote shall be counted.

15.7 *Borrowing powers of directors*

The directors may exercise all the powers of the Company to borrow and raise money and to mortgage and charge all or any part of the undertaking, property and uncalled capital of the Company and, subject to the provisions of the Act, to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

15.8 *Dividends*

The directors may deduct from any dividend or other moneys payable to a person in respect of a share any amounts due from him to the Company on account of a call or otherwise in relation to a share.

15.9 *Capitalisation of profits*

The directors may, with the authority of an ordinary resolution of the Company, resolve that any shares allotted under regulation 110 of Table A to any member in respect of a holding by him of any partly paid shares rank for dividends, so long as those shares remain partly paid, only to the extent that those partly paid shares rank for dividend and regulation 110 of Table A is modified accordingly.

15.10 *Notices*

15.10.1 Regulation 112 of Table A is modified by the deletion of the last sentence and the substitution for it of the following: "A member whose registered address is not within the United Kingdom shall be entitled to have notices given to him at that address."

15.10.2 A notice sent by post to an address within the United Kingdom is deemed to be given 24 hours after posting, if pre-paid as first class, and 48 hours after posting, if pre-paid as second class. A notice sent by post to an address outside the United Kingdom is deemed to be given four days after posting, if pre-paid as airmail. Proof that an envelope containing the notice was properly addressed, pre-paid and posted is conclusive evidence that the notice was given. A notice not sent by post but left at a member's registered address is deemed to have been given on the day it was left.

15.10.3 Regulation 116 of Table A is modified by the deletion of the words "within the United Kingdom".

15.10.4 Where the Articles require notice to be given by the holders stated percentage of shares, notice may consist of several documents in similar form each signed by or on behalf of one or more shareholders.

15.11 *Indemnity*

- 15.11.1 Subject to the provisions of the Act, but without prejudice to an indemnity to which he may otherwise be entitled, every director, alternate director or secretary of the Company shall be indemnified out of the assets of the Company against all costs, charges, losses and liabilities incurred by him in the proper execution of his duties or the proper exercise of his powers, authorities and discretions including, without limitation, a liability incurred defending proceedings (whether civil or criminal) in which judgement is given in his favour or in which he is acquitted or which are otherwise disposed of without a finding or admission of material breach of duty on his part, or in connection with any application in which relief is granted to him by the court from liability for negligence, default, breach of duty or breach of trust in relation to the affairs of the Company.
- 15.11.2 The directors may exercise all the powers of the Company to purchase and maintain insurance for the benefit of a person who is a director, alternate director, secretary or auditor, or former director, alternate director, secretary or auditor, of the Company or of a company which is a subsidiary of the Company or in which the Company has an interest (whether director or indirect), or who is or was trustee of a retirements benefit scheme or another trust in which a director, alternate director or secretary or former director, alternate director or secretary is or has been interested, indemnifying him against liability for negligence, default, breach of duty or breach of trust or any other liability which may lawfully be insured against by the Company.

NMC GROUP LIMITED

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Beth A. Parish

Signature of director

Beth A. Parish

Name of director

Jill B. W. Sisson

Signature of director/~~secretary~~

Jill B. W. Sisson

Name of director/~~secretary~~

Executed as a deed by

)

ACX GROUP LIMITED

)

Beth A. Parish

Signature of director

Beth A. Parish

Name of director

Jill B. W. Sisson

Signature of director/~~secretary~~

Jill B. W. Sisson

Name of director/~~secretary~~

(formerly Executed as a deed by Graphic Packaging International Corporation,
ACX TECHNOLOGIES)
INC.)
acting by

)

)

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Jill B. W. Sisson
Secretary

Signature