

COMPANY LIMITED BY SHARES

SPECIAL RESOLUTIONS

passed as

WRITTEN RESOLUTIONS

of

COATS PATONS LIMITED



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

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

RESOLUTIONS

1. THAT, subject to compliance with sections 155-158 of the Companies Act 1985, the Company enters into the documents as referred to in the Statutory Declaration made by the directors of the Company and listed in paragraphs 1 to 5 inclusive in Part 1 of the Appendix set out below (the "Company Finance Documents"). The original Statutory Declarations described in this paragraph and their annexed Auditors' Reports required by Section 156(4) of the Companies Act 1985 have been made available to the sole member of the Company.
2. THAT the giving of financial assistance by the execution, delivery and performance by the Company of the Company Finance Documents is approved.
3. THAT, subject to compliance with sections 155-158 of the Companies Act 1985, the Company's subsidiaries listed in Part 2 of the Appendix set out below (the "Relevant Subsidiaries") enter into the documents as referred to in the Statutory Declarations made by the directors of each Relevant Subsidiary and listed in paragraphs 1 to 15 inclusive in Part 3 of the Appendix set out below (the "Subsidiary Finance Documents"). The original Statutory Declarations described in this paragraph and their annexed Auditors' Reports required by Section 156(4) of the Companies Act 1985 have been made available to the sole member of the Company.
4. THAT the giving of financial assistance by the Relevant Subsidiaries by the execution, delivery and performance of the Subsidiary Finance Documents is approved.
5. THAT, notwithstanding any personal interest, the board of directors of the Company and each Relevant Subsidiary be and is specifically authorised, empowered and directed in the name of and on behalf of the Company or each Relevant Subsidiary (as appropriate):

- directed in the name of and on behalf of the Company or each Relevant Subsidiary (as appropriate):
- 5.1 to execute and deliver each of the Company Finance Documents or the Subsidiary Finance Documents in the form produced to the sole member of the Company entitled to attend and vote at general meetings of the Company or to the sole member of each Relevant Subsidiary (as appropriate) with such amendments as they shall in their absolute discretion approve; and
 - 5.2 to enter into such documentation and to take such action as may be required in order to carry out the matters referred to above.

APPENDIX

Part 1: Company Finance Documents

1. Facilities Agreement Accession

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

2. Mezzanine Loan Agreement Accession

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

3. Debenture Accession

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

4. **Intercreditor Deed Accession**

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

5. **Scottish Share Pledge**

The execution by the Company of a Scots law share pledge charging all of the shares held by the Company in the issued share capital of J&P Coats Limited to the Security Agent to secure the obligations and liabilities of the Company and the other Obligors under the Finance Documents (as such terms are defined in the Facilities Agreement and the Mezzanine Loan Agreement).

Part 2: Relevant Subsidiaries

1. J&P Coats Limited incorporated in Scotland under registered number SCO2042.
2. I.P. Clarke & Co. Limited incorporated in England and Wales under registered number 93416.

Part 3: Subsidiary Finance Documents

1. **Facilities Agreement Accession**

The execution by each Relevant Subsidiary of the Accession Letter.

2. **Mezzanine Loan Agreement Accession**

The execution by each Relevant Subsidiary of the Mezzanine Accession.

3. **Debenture Accession**

The execution by each Relevant Subsidiary of the Deed of Accession and Charge.

4. **Intercreditor Deed Accession**

The execution by each Relevant Subsidiary of the Intercreditor Accession.

5. **New York Pledge Agreement**

The execution by J&P Coats Limited of a New York state law pledge agreement charging all of the shares held by J&P Coats Limited in the issued share capital of Coats North America Consolidated, Inc. to the Security Agent to secure the obligations and liabilities of J&P Coats Limited and the other Obligors under the Finance Documents (as such terms are defined in the Facilities Agreement and the Mezzanine Loan Agreement).

6. **Brazilian Quota Pledge Agreement**

The execution by J&P Coats Limited of a Brazilian law quota pledge agreement charging all of the quotas held by J&P Coats Limited in the issued share capital of Coats Corrente Ltda. to the Security Agent to secure the obligations and liabilities of J&P Coats Limited and the other Obligors under the Finance Documents (as such terms are defined in the Facilities Agreement and the Mezzanine Loan Agreement).

7. **German Share Pledge**

The execution by J&P Coats Limited of a German law share pledge charging all of the shares held by J&P Coats Limited in the issued share capital of Coats Deutschland GmbH to the Security Agent to secure the obligations and liabilities of J&P Coats Limited and the other Obligors under the Finance Documents (as such terms are defined in the Facilities Agreement and the Mezzanine Loan Agreement).

8. **Chinese Share Charge**

The execution by J&P Coats Limited of a Hong Kong law share charge charging all of the shares held by J&P Coats Limited in the issued share capital of Coats (China) Limited to the Security Agent to secure the obligations and liabilities of J&P Coats Limited and the other Obligors under the Finance Documents (as such terms are defined in the Facilities Agreement and the Mezzanine Loan Agreement).

9. **Hungarian Quota Charge**

The execution by J&P Coats Limited of a Hungarian law quota charge charging all of the quotas held by J&P Coats Limited in the issued share capital of Coats Thread Manufacturing and Selling Company (Hungary) Limited to the Security Agent to secure the obligations and liabilities of J&P Coats Limited and the other Obligors under the Finance Documents (as such terms are defined in the Facilities Agreement and the Mezzanine Loan Agreement).

10. **Indian Share Pledge**

The execution by J&P Coats Limited of an English law share pledge charging all of the shares held by J&P Coats Limited in the issued share capital of Madura Coats Private Limited to the Security Agent to secure the obligations and liabilities of J&P Coats Limited and the other Obligors under the Finance Documents (as such terms are defined in the Facilities Agreement and the Mezzanine Loan Agreement).

11. **Indonesian Pledge of Shares**

The execution by J&P Coats Limited of an Indonesian law pledge of shares charging all of the quotas held by J&P Coats Limited in the issued share capital of PT Coats Rejo Indonesia to the Security Agent to secure the obligations and liabilities of J&P Coats Limited and the other Obligors under the Finance Documents (as such terms are defined in the Facilities Agreement and the Mezzanine Loan Agreement).

12. **Mexican Pledge Agreement**

The execution by J&P Coats Limited of a Mexican law pledge agreement charging all of the shares held by J&P Coats Limited in the issued share capital of Grupo Coats Timon SA de CV to the Security Agent to secure the obligations and liabilities

of J&P Coats Limited and the other Obligors under the Finance Documents (as such terms are defined in the Facilities Agreement and the Mezzanine Loan Agreement).

13. **Turkish Share Pledge Agreement**

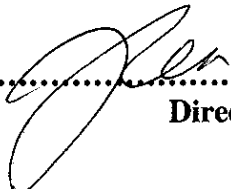
The execution by J&P Coats Limited of a Turkish law share pledge agreement charging all of the shares held by J&P Coats Limited in the issued share capital of Coats (Turkiye) Iplik Sanayiil AS to the Security Agent to secure the obligations and liabilities of J&P Coats Limited and the other Obligors under the Finance Documents (as such terms are defined in the Facilities Agreement and the Mezzanine Loan Agreement).

14. **Indonesian Dividends Assignment**

The execution by J&P Coats Limited of an Indonesian law assignment of dividends to assign to the Security Agent the payment due to J&P Coats Limited of any dividends declared by PT Coats Rejo Indonesia to secure the obligations of J&P Coats Limited and the other Obligors under the Finance Documents (as such terms are defined in the Facilities Agreement and the Mezzanine Loan Agreement).

15. **Canadian Share Pledge**

The execution by I.P. Clarke & Co Limited of a Canadian law share pledge charging all of the shares held by I.P. Clarke & Co Limited in the issued share capital of Coats Canada, Inc. to the Security Agent to secure the obligations and liabilities of I.P. Clarke & Co Limited and the other Obligors under the Finance Documents (as such terms are defined in the Facilities Agreement and the Mezzanine Loan Agreement).


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Director