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CHFP025

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COMPANIES FORM No. 155(6)a

Declaration in relation to assistance for the acquisition of shares

155(6)a

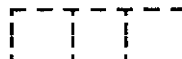
Pursuant to section 155(6) of the Companies Act 1985

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

To the Registrar of Companies
(Address overleaf - Note 5)

For official use

Company number



2141256

Note

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

Name of company

* Cygnet Health Care Limited

* insert full name
of company

*/We John Hughes of 4 Peel Street, Kensington, London W8 7PD and Kenneth
Wilson of 179 Kings Road, Kingston-upon-Thames, Surrey KT2 5JH

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

† delete as
appropriate

~~the sole director~~ [all the directors]† of the above company do solemnly and sincerely declare that:

The business of the company is:

§ delete whichever
is inappropriate

~~(a) that of a recognised bank licensed institution within the meaning of the Banking Act 1979~~

~~(b) that of a person authorised under section 3 or 4 of the Insurance Companies Act 1982 to carry on
insurance business in the United Kingdom~~

(c) something other than the above§

The company is proposing to give financial assistance in connection with the acquisition of shares in the
[company] ~~company's holding company~~

limited†

The assistance is for the purpose of [that acquisition] ~~reducing or discharging a liability incurred for the
purpose of that acquisition~~†

The number and class of the shares acquired or to be acquired is: 83,250,000 ordinary shares of
0.01p each; 3,200,000 'A' & 1,850,000 'B' preference shares both of 0.01p each

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

Nabarro Nathanson
Lacon House
Theobald's Road
London
WC1X 8RW
DX 77 London Chancery
AA/DYK/A1635.9 (1521486)

For official Use
General Section

Post room



LD2
COMPANIES HOUSE

0170
04/09/00

The assistance is to be given to: (note 2) Cygnat 2000 Limited

Please do not
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Please complete
legibly, preferably
in black type, or
bold block
lettering

The assistance will take the form of:

See Annexure A

The person who [has acquired] ~~[will acquire]~~† the shares is:

† delete as
appropriate

Cygnat 2000 Limited

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

See Annexure B

The amount of cash to be transferred to the person assisted is £ Nil

The value of any asset to be transferred to the person assisted is £ Nil

The date on which the assistance is to be given is within 8 weeks of the date hereof

Please do not
write in this
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Please complete
legibly, preferably
in black type, or
bold block lettering

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

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

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

(b) ~~[It is intended to commence the winding up of the company within 12 months of that date, and I/we have formed the opinion that the company will be able to pay its debts in full within 12 months of the commencement of the winding up.]~~* (note 3)

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

Declared at

Declarants to sign below

Leam House, Theobalds Road London WC1X

Day Month Year
on

31	08	2000
----	----	------

before me

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

[Signature]
[Signature]

NOTES

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

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

or, for companies registered in Scotland:-

The Registrar of Companies
37 Castle Terrace
Edinburgh
EH1 2EB

FORM 155(6)(a)

CYGNET HEALTH CARE LIMITED

ANNEXURE A

- 1(a) The entry into by the Company of a guarantee and debenture (the "Guarantee and Debenture") in favour of National Westminster Bank Plc (as Security Trustee) (the "Security Trustee") in respect of the obligations of Cygnet 2000 Limited (the "Parent") and each of its subsidiaries the "Group Companies" and each a "Group Company") under:
- (i) a credit agreement between the Parent (1) and National Westminster Bank Plc (2) dated 16 August 2000 (the "Senior Credit Agreement");
 - (ii) a credit agreement made between the Parent (1) and RBS Mezzanine Limited dated 16 August 2000 (the "Junior Loan Agreement");
 - (iii) the interest rate protection agreements made or to be made between the Parent (1) and National Westminster Bank Plc (2) for the purpose of hedging the Parent's interest rate liabilities in relation to the term loan facility granted pursuant to clause 2.1.1(a) of the Senior Credit Agreement;
 - (iv) the interest rate protection agreements made or to be made between the Parent (1) and RBS Mezzanine Limited (2) for the purpose of hedging the Parent's interest rate liabilities in relation to the term loan facility granted pursuant to clause 2.1.1 of the Junior Loan Agreement;
 - (v) any Guarantee and Debenture in favour of the Security Trustee executed by a Group Company;
 - (vi) any Legal Mortgage subsequently executed by a Group Company;
 - (vii) the assignment relating to keyman insurance to be executed by the Parent in favour of the Security Trustee;
 - (viii) the charge over the issued share capital of the Company executed by the Parent in favour of the Security Trustee;
 - (ix) the charge over the account number 40530973 in the name of the Parent held with the Security Trustee at its Northampton Corporate Business Centre Branch and any other account held by the Parent with the Security Trustee in favour of the Security Trustee;
 - (x) the intercreditor agreement executed on 16 August 2000 made between the Parent, the Security Trustee, National Westminster Bank Plc and RBS Mezzanine Limited;
 - (xi) the subordination agreement dated 16 August 2000 made between National Westminster Bank Plc, RBS Mezzanine Limited, Parent, John Hughes, Kenneth Wilson and Michael Jankowski;
 - (xii) any guarantee and any document creating security executed and delivered after 22 August 2000 as security for any of the obligations and liabilities of the Parent and any other Group Companies that becomes a party to the Senior Credit Agreement under

any Financing Documents (as defined in the Senior Credit Agreement and the Junior Loan Agreement)

(the documents listed in (i) to (xiii) above are the "Secured Documents", and the documents listed in (vii) to (xiii) above are the "Security Documents").

- (b) The Guarantee and Debenture also includes a legal mortgage and other fixed and floating charges over the freehold and leasehold interests of the Company and the other assets and undertakings from time to time of the Company, which are mortgaged or charged as security in respect of the payment of the actual, contingent, present and/or future obligations and liabilities of the Company to National Westminster Bank Plc (as Security Trustee) under or pursuant to all or any of the Secured Documents.
- 2. The repayment by the Company of a £2,654,120.96 debt payable to National Westminster Bank PLC. This figure includes interest in the sum of £47,091.39.

CYGNET HEALTH CARE LIMITED

ANNEXURE B

The principal terms on which assistance will be given are:

1. Under the terms of the Guarantee and Debenture:
 - 1.1 The Company guarantees to the Security Trustee as agent and trustee for the Secured Parties (as that term is defined in the Guarantee and Debenture) that it shall on demand pay to the Security Trustee in the currency in which the same falls due for payment under the terms of the Secured Documents, all moneys which are now or at any time hereafter shall have become due or owing by any Group Company (as defined in the Credit Agreement) to any or all of the Secured Parties pursuant to the terms of any of the Secured Documents.
 - 1.2 The Guarantee and Debenture is a continuing security and shall remain in full force and effect until all moneys, obligations and liabilities referred to in clause 2.1 of the Guarantee and Debenture have been paid, discharged or satisfied in full notwithstanding the liquidation or other incapacity or any change in the constitution of the Company or any Group Company or in the name and style of either of them or any settlement of account or other matter whatsoever.
 - 1.3 The Guarantee and Debenture is in addition to and shall not merge with or otherwise prejudice or affect or be prejudiced by any other right, remedy, guarantee, indemnity or security and may be enforced without first having recourse to the same or any other bill, note, mortgage, charge, pledge or lien now or hereafter held by or available to the Security Trustee or the other Secured Parties.
 - 1.4 Notwithstanding that the Guarantee and Debenture ceases to be continuing for any reason whatever the Security Trustee and any of the other Secured Parties may continue any accounts of any Group Company or open one or more new accounts and the liability of the Company shall not in any manner be reduced or affected by any subsequent transactions or receipts or payments into or out of any such accounts.
 - 1.5 If any purported obligation or liability of any Group Company to any of the Secured Parties which if valid would have been the subject of the Guarantee and Debenture is not or ceases to be valid or enforceable against that Group Company on any ground whatsoever whether or not known to the Secured Parties including but not limited to any defect in or want of powers of that Group Company or irregular exercise thereof or lack of authority by any person purporting to act on behalf of that Group Company or any legal or other limitation (whether under the Limitation Acts or otherwise), disability, incapacity or any change in the constitution of or any amalgamation, reconstruction or liquidation of any Group Company, the Company shall nevertheless be liable to the Secured Parties in respect of that purported obligation or liability as if the same were

fully valid and enforceable and the Chargor was the principal debtor in respect thereof. The Company agrees to keep the Secured Parties fully indemnified against all damages, loss, costs and expenses arising from any failure of any Group Company to carry out any such purported obligation or liability.

- 1.6 The liability of the Company shall not be affected nor shall the Guarantee and Debenture be discharged or diminished by reason of:
- 1.6.1 any present or future bill, note, guarantee, indemnity, mortgage, charge, pledge, lien or other security or right or remedy held by or available to the Secured Parties becoming wholly or in part void, voidable or unenforceable on any ground whatsoever or by the Secured Parties from time to time dealing with, exchanging, varying, realising, releasing or failing to perfect or enforce any of the same; or
- 1.6.2 the Secured Parties compounding with, discharging, releasing or varying the liability of or granting any time, indulgence or concession to any Group Company or any other person or renewing, determining, varying or increasing any bill, promissory note or other negotiable instrument, accommodation, facility or transaction in any manner whatsoever or concurring in, accepting or varying any compromise, arrangement or settlement or omitting to claim or enforce payment from any Group Company or any other person; or
- 1.6.3 any act or omission which would not have discharged or affected the liability of the Company had it been principal debtor instead of guarantor or by anything done or omitted which might otherwise operate to exonerate the Company.
- 1.7 The Company warrants to the Secured Parties that it has not taken or received and undertakes that it will not take or receive the benefit of any security from any Group Company in connection with the Guarantee and Debenture. If any such security is taken the Company declares that such security and all moneys at any time received in respect thereof shall be held on trust for the Secured Parties and as security for the liabilities of the Company under the Guarantee and Debenture.
- 1.8 The Company agrees to pay interest to the Security Trustee for the account of the Secured Parties on all sums demanded under the Guarantee and Debenture from the date of demand until actual payment (as well after as before any judgment) at the Security Trustee's Rate calculated on a day to day basis. Such interest shall be compounded monthly in accordance with the usual practice of the Security Trustee but without prejudice to the right of the Security Trustee to require payment of such interest.
- 1.9 Until the Secured Obligations have been paid, discharged or satisfied in full, the Company waives all rights of subrogation and indemnity against all Group Companies and agrees not to share in any security held or moneys received by the Security Trustee or any other Secured Party on account of the Secured Obligations or (unless so instructed by the Security Trustee) to claim or prove in competition with the Secured Parties in the liquidation of any Group Company in respect of any moneys paid by the Company to the Security Trustee or any other Secured Party under the Guarantee and Debenture. If the Company receives any payment or other benefit or exercises any set-off or counter-claim or otherwise acts in breach of its obligations anything so received

and any benefit derived directly or indirectly by the Company therefrom shall be held in trust for the Secured Parties and as security for the liabilities of the Company under the Guarantee and Debenture.

- 1.10 Any money received in connection with the Guarantee and Debenture may be placed to the credit of a suspense account with a view to preserving the right of each of the Secured Parties to prove for the whole of its claim against a Group Company or any other person liable or may be applied by the Secured Parties in or towards satisfaction of such of the moneys, obligations or liabilities of the Company under the Guarantee and Debenture as the Security Trustee may from time to time conclusively determine.
- 1.11 Any release, discharge or settlement between the Company and the Security Trustee shall be conditional upon no security, disposition or payment to any of the Secured Parties by any Group Company or any other person being void, set aside or ordered to be refunded pursuant to any enactment or law relating to bankruptcy, liquidation or insolvency or for any reason whatever and if such condition shall not be fulfilled the Security Trustee shall be entitled to enforce the Guarantee and Debenture subsequently as if such release, discharge or settlement had not occurred and any such payment had not been made.
- 1.12 Unless and until the Secured Parties are satisfied in their absolute discretion as to the solvency of any Group Company and the Company the Secured Parties shall be entitled to retain any security constituted by or pursuant to the Guarantee and Debenture for a period of up to six months after the payment, discharge or satisfaction of all moneys, obligations and liabilities that are or may become due, owing or incurred to or in favour of the Secured Parties from any Group Company or the Company and notwithstanding any such payment, discharge or satisfaction, in the event of an act of bankruptcy by or the commencement of winding-up of the person making such payment or effecting such discharge or satisfaction at any time within the said period of six months, the Security Trustee shall be entitled to retain any such security for such further period as the Security Trustee may determine.
- 1.13 If the Guarantee and Debenture is determined or called in by demand made by the Security Trustee, then the Secured Parties may open a new account or accounts with any Group Company; if the Secured Parties do not open a new account or accounts they shall nevertheless be treated as if they had done so at the time of determination or calling in and as from that time all payments made to the Secured Parties shall be credited or be treated as having been credited to the new account or accounts and shall not operate to reduce the amount for which the Guarantee and Debenture is available as security at that time.
- 1.14 The Secured Parties shall not be obliged before taking steps to enforce the Guarantee and Debenture:
 - 1.14.1 to take action or obtain judgment in any court against any Group Company or any other person; or
 - 1.14.2 to make or file any claim in a bankruptcy or liquidation of any Group Company or any other person; or

1.14.3 to make, enforce or seek to enforce any claim against any Group Company or any other person under any security or other document, agreement or arrangement.

1.15 All sums due and payable by the Company under the Guarantee and Debenture shall be made in full without set-off or counter-claim and free and clear of and (subject as provided in the next sentence) without deduction for or on account of any future or present Taxes. If:

1.15.1 the Company is required by any law to make any deduction or withholding from any sum payable by the Company to the Security Trustee hereunder; or

1.15.2 the Security Trustee or any other Secured Party is required by law to make any payment, on account of tax (other than tax on its overall net income) or otherwise, on or in relation to any amount received or receivable by the Secured Parties;

then the sum payable by the Company in respect of which such deduction, withholding or payment is required to be made shall be increased to the extent necessary to ensure that, after the making of such deduction, withholding or payment, (and after taking account of any deduction, withholding or payment which is required to be made as a result of the increase) the Security Trustee receives and retains a net sum equal to the sum which it and the other Secured Parties would have received and so retained had no such deduction, withholding or payment been made.

1.16 The Company shall, to the extent that the same have fallen due and have not been paid pursuant to the terms of the relevant Secured Document, pay to the Security Trustee on demand all reasonable costs and expenses properly incurred by the Security Trustee in relation to the Guarantee and Debenture and the protection or enforcement of the Security Trustee's rights thereunder.

2. Under the Terms of the Guarantee and Debenture:

2.1 The Company, with full title guarantee, as continuing security for the payment of the actual, contingent, present and/or future obligations and liabilities of the Company to any of the Secured Parties under or pursuant to all or any of the Secured Documents, including the Guarantee and Debenture charges in favour of the Security Trustee (as agent and trustee for the Secured Parties):

2.1.1 by way of legal mortgage all estates or interests in the freehold, leasehold and other immovable property described in Schedule 2 attached to the Guarantee and Debenture and the proceeds of sale thereof and all buildings and trade and other fixtures on any such property belonging to or charged to the Company (the "**Legally Mortgaged Property**");

2.1.2 by way of fixed charge all estates or interests in any freehold, leasehold and other immovable property now or at any time during the continuance of this security belonging to the Company (other than the Legally Mortgaged Property) and the proceeds of sale thereof and all buildings and trade and other fixtures from time to time on any such property belonging to or charged to the Company;

- 2.1.3 by way of fixed charge all plant, machinery, vehicles, computers and office and other equipment owned by the Company both present and future,
- 2.1.4 by way of fixed charge all book debts and other debts now and from time to time due or owing to the Company (the “**Debts**”) and (subject to the terms of the Guarantee and Debenture) all moneys which the Company receives in respect thereof;
- 2.1.5 by way of fixed charge (subject to the terms of the Guarantee and Debenture) all balances standing to the credit of any current, deposit or other account of the Company with the Security Trustee or any other Secured Party (including *inter alia* any account designated a realisations account for the proceeds of disposals of any of the assets of the Company) or with other bankers, financial institutions or similar third parties (the “**Credit Balances**”);
- 2.1.6 by way of fixed charge all stocks, shares, debentures, bonds, notes and loan capital of:
- (a) any Subsidiary of the Company; and
 - (b) any other body corporate;
- and all rights to subscribe for, redeem, convert other securities into or otherwise acquire any of the same which may now or hereafter belong to the Company, together with all dividends, interest and other income and all other rights of whatsoever kind deriving from or incidental to any of the foregoing;
- 2.1.7 by way of fixed charge the goodwill of the Company and its uncalled capital now or at any time hereafter in existence;
- 2.1.8 by way of fixed charge all copyrights, patents, patent applications, licences, trade marks, tradenames, know-how and inventions or other rights of every kind deriving therefrom now or at any time hereafter belonging to the Company and all fees, royalties and other rights of every kind deriving from such copyrights, patents, trade marks, tradenames, know-how and inventions; and
- 2.1.9 by way of floating charge the whole of the Company’s undertaking and all its property, assets and rights, whatsoever and wheresoever, present and future, other than any property or assets from time to time or for the time being effectively mortgaged, assigned or charged to the Security Trustee by way of fixed charge by the Guarantee and Debenture (hereinafter collectively referred to as the “**Floating Charge Property**”).
- 2.2 The security constituted by or pursuant to the Guarantee and Debenture shall be in addition to and shall be independent of every bill, note, guarantee, mortgage, pledge or other security which the Security Trustee or any other Secured Party may at any time hold in respect of any of the Secured Obligations and no prior security held by the Security Trustee or any other Secured Party over the property, assets and income of the Company mortgaged or charged to the Security Trustee (whether by way of legal mortgage, assignment, fixed or floating charge) by or pursuant to the Guarantee and Debenture and each and every part thereof or any part thereof shall merge in the security created by or under the Guarantee and Debenture.

- 2.3 The Company covenants that without the prior written consent of the Security Trustee it shall not nor shall it agree or purport to:
- 2.3.1 create or permit to subsist any Encumbrance whether in any such case ranking in priority to or *pari passu* with or after the security created by the Guarantee and Debenture other than as permitted under the Credit Agreement; or
- 2.3.2 sell, discount, factor, transfer, lease, lend or otherwise dispose of, whether by means of one or a number of transactions related or not and whether at one time or over a period of time, the whole or any part of its undertaking or assets except as permitted under the Credit Agreement.
- 2.4 The Company shall from time to time, at the request of the Security Trustee and at the Company's cost, execute in favour of the Security Trustee, or as it may direct, such further or other legal assignments, transfers, mortgages, charges or other documents as in any such case the Security Trustee shall stipulate over the Company's estate or interest in any property or assets of whatsoever nature or tenure and wheresoever situate, for the purpose of more effectively providing security to the Security Trustee for the payment or discharge of the Secured Obligations. Without prejudice to the generality of the foregoing, such assignments, transfers, mortgages, charges or other documents shall be in such form as the Security Trustee shall stipulate and may contain provisions such as are herein contained or provisions to the like effect and/or such other provisions of whatsoever kind as the Security Trustee shall consider requisite for the improvement or perfection of the security constituted by or pursuant to the Guarantee and Debenture. The obligations of the Company under the Guarantee and Debenture shall be in addition to and not in substitution for the covenants for further assurance deemed to be included in the Guarantee and Debenture by virtue of the Law of Property (Miscellaneous Provisions) Act 1994.

**AUDITORS' REPORT TO THE DIRECTORS OF CYGNET HEALTH CARE LIMITED
PURSUANT TO SECTION 156(4) OF THE COMPANIES ACT 1985**

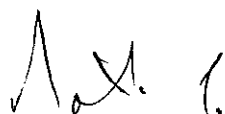
We have examined the attached statutory declaration of the directors dated 31st August 2000 in connection with the proposed financial assistance to be given by Cygnet Health Care Limited ("the company") for the purchase of the whole of the issued share capital of the company by Cygnet 2000 Limited.

Basis of opinion

We have enquired into the state affairs of the company so far as necessary for us to review the bases for the statutory declaration.

Opinion

We are not aware of anything to indicate that the opinion expressed by the directors in their declaration as to any of the matters mentioned in section 156(2) of the Companies Act 1985 is unreasonable in all the circumstances.



Noel & Co
Chartered Accountants
Registered Auditors

31st August 2000