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CHFP025

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*insert full name
of Company

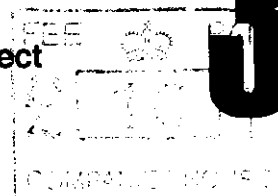
COMPANIES FORM No. 395

Particulars of a mortgage or charge

NW 24044 / 125432

395

A fee of £10 is payable to Companies House in respect
of each register entry for a mortgage or charge.



Pursuant to section 395 of the Companies Act 1985

To the Registrar of Companies
(Address overleaf - Note 6)

For official use

Company number

901121

58810

Name of company

* J.R. CROMPTON LIMITED (the "Company")

Date of creation of the charge

18 April 2000

Description of the instrument (if any) creating or evidencing the charge (note 2)

Composite Guarantee and Mortgage Debenture (the "Debenture")

Amount secured by the mortgage or charge

NB FOR DEFINITIONS, PLEASE SEE SCHEDULE 1 TO THIS FORM 395

1. All moneys, obligations and liabilities for the time being due, owing
or incurred by the Company to the Security Trustee, the Beneficiaries or
any of them under or in connection with the Finance Documents or on any
other account whatsoever, in each case:

(a) whether incurred actually or contingently and whether alone or
jointly with any other person;

(b) whether incurred as primary obligor, as surety or as guarantor;

(c) whether incurred directly to a Beneficiary or the Security Trustee
or whether any Beneficiary or the Security Trustee is entitled to claim
the payment or discharge thereof solely by reason of an assignment or
transfer to it by the person originally entitled; and

Names and addresses of the mortgagees or persons entitled to the charge

HSBC Investment Bank Plc as trustee for the Beneficiaries (as defined in
the Debenture) (the "Security Trustee") 2nd Floor, Vintners Place, 68
Upper Thames Street, London

Postcode EC4V 3BJ

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

Hammond Suddards Solicitors
7 Devonshire Square
London
EC2M 4YH

JMKO/RKC/MID.010-0050

Time critical reference

rkc/docs/bapril/395JRC_1

For official Use
Mortgage Section



Short particulars of all the property mortgaged or charged

NB FOR DEFINITIONS PLEASE SEE SCHEDULE 1 TO THIS FORM

1. Mortgages and Charges

With full title guarantee (save in respect of those assets detailed at 1(e), in which case full title guarantee shall apply only to Registered Trade Marks and be construed as subject to any rights and licences granted to any third party in the ordinary course of business):

(a) by way of first legal mortgage, all the estate and interest of the Company in each freehold and/or leasehold property short particulars of which are set out beside its name in Schedule 2 to this Form 395 and in all other freehold and leasehold property as at the date of the Debenture vested in the Company (save to the extent not located within England and Wales), together with all buildings, fixtures and fittings (excluding, in the case of leasehold property, landlord's fixtures but including trade fixtures and fittings) and fixed plant and machinery from time to time therein or thereon and/or the proceeds of sale thereof (the "Legally Mortgaged Property");

Particulars as to commission allowance or discount (note 3)

NIL

Signed Harward Suddard

Date 2 May 2000

On behalf of ~~[company]~~ [mortgagee/chargee] †

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

A fee of £10 is payable to Companies House in respect of each register entry for a mortgage or charge. (See Note 5)

† delete as appropriate

Notes

- 1 The original instrument (if any) creating or evidencing the charge, together with these prescribed particulars correctly completed must be delivered to the Registrar of Companies within 21 days after the date of creation of the charge (section 395). If the property is situated and the charge was created outside the United Kingdom delivery to the Registrar must be effected within 21 days after the date on which the instrument could in due course of post, and if dispatched with due diligence, have been received in the United Kingdom (section 398). A copy of the instrument creating the charge will be accepted where the property charged is situated and the charge was created outside the United Kingdom (section 398) and in such cases the copy must be verified to be a correct copy either by the company or by the person who has delivered or sent the copy to the registrar. The verification must be signed by or on behalf of the person giving the verification and where this is given by a body corporate it must be signed by an officer of that body. A verified copy will also be accepted where section 398(4) applies (property situate in Scotland or Northern Ireland) and Form No. 398 is submitted.
- 2 A description of the instrument, eg "Trust Deed", "Debenture", "Mortgage" or "Legal charge", etc, as the case may be, should be given.
- 3 In this section there should be inserted the amount or rate per cent. of the commission, allowance or discount (if any) paid or made either directly or indirectly by the company to any person in consideration of his;
 - (a) subscribing or agreeing to subscribe, whether absolutely or conditionally, or
 - (b) procuring or agreeing to procure subscriptions, whether absolute or conditional,for any of the debentures included in this return. The rate of interest payable under the terms of the debentures should not be entered.
- 4 If any of the spaces in this form provide insufficient space the particulars must be entered on the prescribed continuation sheet.
- 5 Cheques and Postal Orders are to be made payable to **Companies House**.
- 6 The address of the Registrar of Companies is:-
Companies House, Crown Way, Cardiff CF4 3UZ

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Particulars of a mortgage or charge (continued)

Continuation sheet No _____
to Form No 395 and 410 (Scot)

CHFP025

**Please complete
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Company Number

58810

Name of Company

J.R. CROMPTON LIMITED (the "Company")

Limited*

* delete if
inappropriate

Description of the instrument creating or evidencing the mortgage or charge (continued) (note 2)

(d) in whatever currency such moneys, obligations and liabilities may be denominated, all costs (including reasonable legal costs), charges and expenses and any VAT thereon properly incurred by the Security Trustee or any Receiver, in each case on a full indemnity basis, in connection with the perfection of the security constituted by the Debenture and the enforcement, exercise or preservation of any of the rights contained in the Finance Documents;

(together the "Secured Obligations")

2.

As principal obligor and not merely as surety, by way of unconditional and irrevocable:

(i) guarantee in favour of the Security Trustee, the due and punctual payment and discharge by each other Chargor of the Secured Obligations of such other Chargor on the due date and in the manner provided in the relevant Finance Documents;

(ii) undertaking in favour of the Security Trustee, if and on each occasion on which any other Chargor defaults in the payment or discharge of any of the Secured Obligations on the due date, the payment to the Security Trustee of an amount equal to, and in discharge of such, the Secured Obligations as shall not have been paid or discharged when due as if it, instead of such other Chargor, were the principal obligor in respect thereof, together with interest thereon at the rate set out at 3 below; and

(iii) indemnity in favour of the Security Trustee and the Beneficiaries against all losses (actual or contingent), claims, liabilities and damages incurred by or made (directly or indirectly) against the Security Trustee or the Beneficiaries (or any of them) arising from or in connection with any default by any other Chargor in the payment or discharge of the Secured Obligations or by reason of any of the Secured Obligations being or becoming void, voidable or otherwise unenforceable, in each case on a full indemnity basis.

3. Interest

Save to the extent that interest accrues on the whole or any part of the Secured Obligations under the Finance Documents, interest on and in respect of any amounts due from it under 1 and 2 above from day to day during the period from their due date until full discharge (whether before or after judgment or the liquidation, winding-up or administration of the Company) at the Default Rate.

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Names, addresses and descriptions of the mortgagees or persons entitled to the charge (continued)

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(b) by way of first fixed charge, all the estate and interest of the Chargor in any freehold and/or leasehold property (other than that referred to in (a) above) as at the date of the Debenture or at any time during the continuance of the security constituted by the Debenture owned, acquired by or charged to it together with all buildings, fixtures and fittings (excluding landlord's fixtures but including trade fixtures and fittings and fixed plant and machinery from time to time therein or thereon) and/or the proceeds of sale thereof (the "Equitably Charged Property");

(c) by way of first fixed charge:

(i) all sums for the time being standing to the credit of any Receivables Account held by the Company with any bank or other financial institution together with all rights, title and interest therein, and the debt or debts thereby constituted;

(ii) all present and future benefits in respect of all policies (and the proceeds thereof) of insurance of any kind for the time being effected by or on behalf of the Company or (to the extent of its interest) in which the Company has an interest (the "Insurances");

(iii) all sums as at the date of the Debenture or at any time due or owing to the Company by way of grant, subsidy, compensation or refund by any statutory, legal or governmental body, authority or institution or by any body, authority or institution of the European Union; and

(iv) all right, title, interest and benefits (present and future) in and to the sale and purchase agreement entered or to be entered into on or about the date of this the Debenture between 3i Group Plc and others (1) and Broomco (2104) Limited (2);

(v) (to the extent that they do not fall within any of the above sub-paragraphs) all book debts, both present and future, due or owing to the Company and all other monetary debts and claims (including, without limitation, the proceeds of the realisation of any security, rents, fees, royalties and other income) as at the date of the Debenture and from time to time due or owing to the Company and the benefits of all rights and remedies relating thereto and all present and future things in action which give rise or may give rise to a debt or debts due or owing to the Company (collectively, the "Book and other Debts");

(d) by way of first fixed charge, all stocks, shares, debentures, bonds and other securities for the time being legally or beneficially owned by the Company, whether marketable or otherwise, in any Chargor, firm, consortium or entity wheresoever situate, including for the avoidance of doubt any such as are share warrants to bearer shares and whether or not the shares to which they relate are denominated in sterling, together with all dividends, interest and other distributions paid or payable in respect thereof and all accretions, options, benefits, rights, moneys, property and other advantages offered at any time by way of bonus, capitalisation, redemption rights, option or otherwise to the holder thereof or in respect thereof or coupons in respect of any of the foregoing (the "Securities") including, but not limited to, the Group Shares and Related Rights, detailed in Schedule 3 of this Form 395;

(e) by way of first fixed charge, the uncalled capital, goodwill, licences, trademarks and service marks (including without limitation all symbols, representations and patterns similar to a trademark), patents, patent applications, designs, copyrights, confidential information, computer software, rights in the nature of copyright, registered designs, know-how, design rights and all other intellectual property rights as at the date of the Debenture or at any time during the continuance of this security belonging to the Company (the "Goodwill and Intellectual Property");

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Particulars of a mortgage or charge (continued)

Continuation sheet No _____
to Form No 395 and 410 (Scot)

CHA 116

Please complete
legibly, preferably
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Company Number

58810

Name of Company

J.R. CROMPTON LIMITED (the "Company")

Limited*

* delete if
inappropriate

Description of the instrument creating or evidencing the mortgage or charge (continued) (note 2)

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Names, addresses and descriptions of the mortgagees or persons entitled to the charge (continued)

**Please complete
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(f) by way of first fixed charge, all amounts realised upon the enforcement or execution of any order of a court under Sections 212, 213, 214, 238, 239, 244 and 423 of the Insolvency Act 1986;

(g) by way of first fixed charge, all (if any) interests, rights and entitlements of the Company in all chattels from time to time hired, leased or rented by the Company to any other person together, in each case, with the benefit of the relevant hiring, leasing or rental contract and any guarantee, indemnity or other security for the performance by such person of its obligations under the same;

(h) by way of first fixed charge, the benefit of any covenants for title from time to time given or entered into by any predecessor in title of the Company to all or any part of the Property, any contract for the sale, letting or other disposal of any such Property for the time being and all present and future options to renew leases or purchase reversions (whether or not freehold) or other interests in relation to any such Property;

(i) by way of first fixed charge, (in so far as and to the extent the Company is so able) the benefit of all rights and claims of the Company against lessees of the whole or any part of the Property and all guarantors and sureties for the obligations of such persons and against all persons who are under any obligation to the Company in respect of any works of design, repair, construction or replacement to, in or about any of the Property;

(j) by way of first fixed charge, (so far as permitted under the relevant document) all the right, title and interest of the Company in and to all contracts, agreements or warranties affecting any of its freehold or leasehold property with building contractors, architects, quantity surveyors, structural and mechanical engineers and other like professionals;

(k) by way of first fixed charge,

(i) all the plant, machinery, chattels or other equipment specified in Schedule 4 of this Form 395 together with all additions, alterations, accessories, replacements and renewals from time to time thereto and any component parts thereof from time to time held by the Company (whether or not attached thereto) (the "Equipment");

(ii) the benefit of any guarantee, warranty or other obligation in relation to the Equipment given or incurred by any manufacturer, supplier or other person and the benefit so far as enjoyed by the Company of all agreements for the maintenance, repair or upkeep of the Equipment;

(iii) the benefit of all agreements now or hereafter entered into by the Company or the benefit of which is otherwise vested in the Company for the bailment or the hiring of the Equipment and all agreements now or hereafter entered into under which the Equipment is bailed or hired on hire purchase or sold under a conditional sale agreement or other instalment credit agreement and all sums now or hereafter due under any such agreement and the full benefit of any such agreement;

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**Particulars of a mortgage or charge
(continued)**

Continuation sheet No _____
to Form No 395 and 410 (Scot)

CHA 116

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Company Number

58810

Name of Company

J.R. CROMPTON LIMITED (the "Company")

Limited*

* delete if
inappropriate

Description of the instrument creating or evidencing the mortgage or charge (continued) (note 2)

JMCO/RKC/MID.010-0050

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Names, addresses and descriptions of the mortgagees or persons entitled to the charge (continued)

Please complete
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2. Negative Pledge and Disposals

Save as, but only to the extent, expressly permitted by the Finance Agreement, the Company has covenanted with the Security Trustee in the Debenture that (save with the prior written consent of the Security Trustee) it shall not at any time during the Security Period:

(a) create or permit to subsist any Security Interest over the whole or any part of the Charged Assets save for any Permitted Security Interests (as defined in the Senior Facilities Agreement);

(b) part with possession of, transfer, sell, lease or otherwise dispose of or cease to exercise direct control over, or dispose of the right to receive the proceeds arising on disposal of, the Charged Assets or any part thereof or any interest therein whether by a single transaction or a series of transactions, save for a Permitted Disposal (as defined in the Senior Facilities Agreement).

Provided that nothing in the Debenture shall, prior to issue of a Stop Notice prevent or restrict any Group Company's ability to deal with any and all of its Goodwill and Intellectual Property in the ordinary course of business as conducted at the date of the Debenture, including for the avoidance of doubt the granting of licences in respect thereof.

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SCHEDULE 1

Definitions

"Beneficiaries" means the Security Trustee and each of the Creditors and **"Beneficiary"** shall be construed accordingly;

"Borrower" means a Group Company which is or becomes a borrower under the Senior Facilities Agreement;

"Charged Assets" means all of the undertaking, property and assets (of whatsoever nature) of each Chargor charged or assigned by way of security under the Debenture;

"Charging Companies" means the Company and each other Group Company which shall, at any time, be required to execute security pursuant to the terms of the Senior Facilities Agreement or any other Senior Finance Document, and **"Charging Company"** means any of them;

"Chargors" means Broomco (2104) Limited and each company which is or becomes a party to the Debenture as a chargor in accordance with its terms, each a **"Chargor"**;

"Completion Date" means the date the first advance is made under the Senior Facilities Agreement;

"Creditors" means the Senior Creditors and the Mezzanine Creditors (each as defined in the Intercreditor Deed) and **"Creditor"** shall be construed accordingly;

"Default Rate" means 4% (four percent) above the base lending rate of HSBC Bank plc for the time being;

"Excluded Company" means any Group Company which is not a Charging Company;

"Finance Documents" means each of the Senior Finance Documents, the Mezzanine Facility Agreement and any other documents under which, or in connection with which, any Secured Obligations arise;

"Finance Parties" means the Arranger, the Agent, the Security Trustee and the Banks (as defined in the Senior Facilities Agreement);

"Group Shares" means those shares specified in Schedule 3 to this Form 395 or, when used in relation to a particular Chargor, such of those shares as are listed in Schedule 5 of the relevant Debenture Accession Deed together in each case with all other stocks, shares, debentures, bonds, warrants, coupons or other securities and investments now or in the future owned by any Chargor;

"Group" means Broomco (2104) Limited and all of its Subsidiaries and Subsidiary Undertakings and every person in relation to which Broomco (2104) Limited or any of its Subsidiaries is a Parent Company and **"member of the Group"** or **"Group Company"** means any one of them;

"Guarantor" means a Group Company which is or becomes a party to the Debenture as a Guarantor being at the Completion Date;

"Hedging Agreement" means the interest rate management agreement or agreements entered into or to be entered into between the Hedging Bank and Broomco (2104) Limited pursuant to

or as permitted by the Senior Facilities Agreement and, where the context permits or requires, any such agreement entered into subsequently;

"Hedging Bank" means HSBC Bank plc in its capacity as a counterparty under a Hedging Agreement and/or any other bank or financial institution which becomes a party to the Intercreditor Deed as a Hedging Bank pursuant to the Intercreditor Deed;

"Intercreditor Deed" means an intercreditor deed dated 18 April 2000 and made between Broomco (2104) Limited and others, HSBC Investment Bank plc as Agent, Senior Agent and Arranger, HSBC Investment Bank plc and HSBC Bank plc as Senior Creditors, HSBC Investment Bank as Security Trustee, HSBC Investment Bank plc as agent for the Mezzanine Creditors (**"Mezzanine Agent"**) the Mezzanine Creditors and the Investors (as defined therein);

"Mezzanine Facility Agreement" means the mezzanine facility agreement between, inter alios, HSBC Investment Bank plc and Broomco (2104) Limited;

"Mezzanine Finance Documents" means the Mezzanine Facility Agreement, the Intercreditor Deed, the Security Documents and the Fees Letter (as defined in the Mezzanine Facility Agreement);

"Obligor" means Broomco (2104) Limited each other Borrower and each Guarantor;

"Overdraft Bank" means HSBC Bank plc;

"Overdraft Facilities Letter" means the letter dated 18 April 2000 from the Overdraft Bank to Broomco (2104) Limited;

"Parent Company" has the meaning given to it in Section 258(1) of the Companies Act 1985;

"Property" means in relation to each Chargor the Legally Mortgaged Property and the Equitably Charged Property of which it is the proprietor and includes any part thereof;

"Receivables Account" means a separate and denominated interest bearing account of the Company, governed by a mandate in the form and substance satisfactory to the Security Trustee with such bank or other financial institution as the Security Trustee may from time to time require into which the proceeds of the Book and other Debts (or such part of category thereof as the Security Trustee may require) are to be paid if the Company is called upon to do so by the Security Trustee;

"Receiver" means a receiver, receiver and manager or administrative receiver appointed pursuant to the provisions of the Debenture;

"Related Rights" means, in relation to the Group Shares, all dividends and other distributions paid or payable after the date of the Debenture on all or any of the Group Shares and all stocks, shares, securities (and dividends and interest thereon), rights, money or property accruing or offered at any time by way of redemption, bonus, preference, option rights or otherwise to or in respect of any of the Group Shares or in substitution or exchange for any of the Group Shares;

"Relevant Finance Parties" means each Finance Party, the Overdraft Bank and each Hedging Bank and **"Relevant Finance Party"** shall be construed accordingly;

"Security Documents" means the Debenture and all other documents creating, evidencing or granting a Security Interest in favour of, inter alios, the Relevant Finance Parties (or any of them) in respect of the obligations of the Obligor under the Senior Finance Documents;

"Security Interest" means any mortgage, charge (fixed or floating), pledge, lien, hypothecation, right of set-off, trust, assignment by way of security, reservation of title, or any other security interest whatsoever, howsoever created or arising or any other agreement or arrangement (including without limitation, a sale and repurchase arrangement) having the commercial effect of conferring security and any agreement to enter into, create or establish any of the foregoing;

"Security Period" means the period beginning on the date of the Debenture and ending on the date (as stated by the Security Trustee) upon which all the Secured Obligations are likely to arise or the security created by the Debenture has been unconditionally and irrevocably released and discharged;

"Senior Agent" means HSBC Investment Bank plc as agent for the Senior Creditors;

"Senior Debt" means all present and future liabilities (actual or contingent) payable or owing by the Group or any of them to the Senior Creditors or any of them under or in connection with the Senior Finance Documents, whether or not matured and whether or not liquidated provided that for the purposes of determining the rights and priorities between the Senior Creditors, the Mezzanine Creditors and the Investors (but without prejudice to the liabilities incurred, guaranteed or secured under the Financing Documents) the provisions of the Intercreditor Deed shall apply;

"Senior Facilities Agreement" means a facility agreement dated 18 April 2000 made between Broomco (2104) Limited and others (1) HSBC Investment Bank plc (as agent for the Banks ("Agent")) and as arranger ("Arranger")) (2) HSBC Investment Bank plc and HSBC Bank plc (as the Original Banks) (3) and HSBC Investment Bank plc as Security Trustee (4);

"Senior Finance Documents" means the Intercreditor Deed, the Senior Facilities Agreement, the Hedging Agreement, the Overdraft Facilities Letter, and the Security Documents in so far as they relate to the Senior Debt;

"Subsidiary" means:

- (a) a subsidiary as defined in Section 736 of the Companies Act 1985; and
- (b) (for the purposes of the financial covenants contained in the Senior Facilities Agreement and the preparation of Group accounts only) a subsidiary undertaking as defined in Section 21 of the Companies Act 1989;

SCHEDULE 2

Description of the Properties

1. Freehold land at Station Road, Lydney with title numbers GR167055 and GR176926.
2. Freehold land comprising a papermill at Simpson Clough Mill, Bury and Rochdale Old Road, Heywood, Lancashire with title number GM684950.
3. Freehold land comprising a papermill at Church Road and The Cut Lydney, Gloucestershire with title number GR170846.
4. Leasehold property known as Unit 18, Lydney Mead Industrial Estate, Lydney, Gloucestershire (J R Crompton Limited).
5. Leasehold property at 12th Floor, Sunlight House, Quay Street, Manchester (J R Crompton Limited).
6. Leasehold property at Wellington Street, Bury, Lancashire (J R Crompton Limited).

SCHEDULE 3

Group Shares

Shareholder	Company in which shares held	No. and type of Shares
The Company	Crompton Specialist Papermakers Limited	31,441,000 Ordinary Shares of 1p each
Crompton Specialist Papermakers Limited	J R Crompton Limited	200,869,590 deferred ordinary shares of 10p each
Crompton Specialist Papermakers Limited	J R Crompton (USA) Limited	2 ordinary shares of £1 each

SCHEDULE 4

Equipment

Description

Situate At

PM9 Paper Machine

Lydney Gloucester

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CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

Pursuant to section 401(2) of the Companies Act 1985

COMPANY No. 00058810

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A COMPOSITE GUARANTEE AND MORTGAGE DEBENTURE DATED THE 18th APRIL 2000 AND CREATED BY J.R. CROMPTON LIMITED FOR SECURING ALL MONIES DUE OR TO BECOME DUE FROM THE COMPANY TO HSBC INVESTMENT BANK PLC (AS TRUSTEE FOR THE BENEFICIARIES (AS DEFINED IN THE DEBENTURE)) UNDER OR IN CONNECTION WITH THE FINANCE DOCUMENTS OR ON ANY ACCOUNT WHATSOEVER WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 3rd MAY 2000.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 5th MAY 2000.

*P
GK*



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES



C O M P A N I E S H O U S E