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Declaration in relation to
assistance for the acquisition of
shares.

155(6)a

Please do not
write in this
margin

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

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

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

* insert full name of
company

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

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

For official use

Company number

278414

Name of company

* Adams Childrenswear Limited

† We †

Michael Hobbs, Woodlands, 68 Barkby Lane, Barkby, Leicestershire, LE7 2BB
Dean Murray, Porthill Cottage, Mill Lane, Blaby, Leicestershire, LE8 4FG
Philip Walker, 5 The Croft, Henley In Arden, Warwickshire, B95 5DY
Stuart Dickerson, 30 Mansfield Avenue, Quorn, Leicestershire, LE12 8BD
Clare Shale, 9 Hazel Drive, Wythall, Birmingham, B47 5RJ

† 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 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 xx

(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] Sears Childrenswear

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: 135,000,000 Ordinary Shares

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

Wragge & Co
55 Colmore Row
Birmingham
B3 2AS
Ref: MJD/01617769/draft/
forms/0709soca

For official Use
General Section



The assistance is to be given to: (Note 2) Ingleby (1176) Limited (Company Number:
3739711), 55 Colmore Row, Birmingham, B3 2AS

Please do not
write in this
margin

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

The assistance will take the form of:

Please see Schedule 1

The person who [~~has acquired~~] [will acquire][†] the shares is:
Ingleby (1176) Limited

† delete as
appropriate

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

Please see Schedule 2

The amount of cash to be transferred to the person assisted is £ SEE SCHEDULE 2

The value of any asset to be transferred to the person assisted is £ SEE SCHEDULE 2

The date on which the assistance is to be given is 14 JULY 1999

Please do not
write in this
margin

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

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

~~1/~~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) ~~1/~~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 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. 1* (note 3) xxx~~


~~1/~~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 40, DUKE STREET
LONDON.

the 14th July
one thousand nine hundred and 99

before me E. Huckle
E. HUCKLE, CAMERON TUCKENNA
A Commissioner for Oaths or Notary Public or Justice of the Peace or a Solicitor having the powers conferred on a Commissioner for Oaths.

Declarants to sign below


DAN
DA Geller
S. J. Gerson
C. Small

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
CF4 3UZ
DX: 33050
Cardiff

or, for companies registered in Scotland:-

The Registrar of Companies
Companies House
37 Castle Terrace
Edinburgh
EH1 2EB
DX: 235
Edinburgh

SCHEDULE 1**ADAMS CHILDRENSWEAR LIMITED (Company No 278414)****G155(6)a continued**

For the purposes of the Form the following phrases shall bear the following meanings:

the "**Acquisition**" means the purchase by the Purchaser of the business and assets of the Company and the entire issued share capital of Sears Childrenswear Limited;

the "**Acquisition Agreement**" means the agreement for the sale and purchase of the entire share capital of Sear Childrenswear Limited;

the "**Adams Debt**" means the £135,000,000 which remains due to the Company by way of an outstanding inter-company debt from Sears Clothing Limited ("**SCL**") in respect of the purchase by SCL of the Irish Business and the UK Business from the Company on 1 September 1997.

the "**Agent**" means Barclays Bank PLC as agent and Security Trustee for the Finance Parties (as defined in the Credit Agreement) and its successors and permitted assignees and transferees;

the "**Charged Property**" means all the assets of the Company from time to time charged in favour of, or assigned (whether at law or equity to, the Security Trustee;

the "**Company**" means Adams Childrenswear Limited (company number 278414);

the "**Credit Agreement**" means the agreement dated on or around the date of this statutory declaration and made between, inter alia, the Purchaser and the Agent;

the "**Deed of Novation and Release**" means the deed of novation and release between the Vendor and the Purchaser;

the "**Finance Parties**" means, inter alia, the Agent, the Security Trustee and the Arranger (as defined in the Credit Agreement);

the "**Group Companies**" means the Purchaser, the Company and Sears Childrenswear Limited;

the "**Instrument**" means the instrument constituting £ 5% dated 20 loan notes made by the Purchaser on or around the date of this declaration and shall include loan notes issued pursuant to it;

the "**Interest Period**" means the periods determined by clause {4.1} of the Credit Agreement;

the "**Investment Agreement**" means the investment agreement to be entered into between (1) the Purchaser (2) the Management (3) the Partnerships (as defined therein) and (4) NatWest Equity Partners Co-investment Plan Limited;

the "**Irish Business**" means the Adams business carried on in Ireland;

the "**Management**" means Michael Hobbs, Dean Murray, Philip Walker, Stuart Dickerson and Claire Shale;

the "**Obligors**" means the Parent, a Borrower or a Guarantor (as defined in the Credit Agreement);

the "**Purchaser**" means Ingleby (1176) Limited (company number 3739711);

the "**Relevant Credit Documents**" means the Finance Documents and the Independent Facilities (as defined in the Credit Agreement);

"**Salary Increases**" means increases in the salaries of the Management;

the "**UK Business**" means the Adams business carried on in the UK and elsewhere (except Ireland);

the "**Vendor**" means Sears Limited

The assistance will take the form of:

- (a) The entering into of two agreements acceding one as borrower and the other as guarantor (the "**Borrower Accession Memorandum**" and the "**Guarantor Accession Memorandum**" respectively) to the Credit Agreement pursuant to which the Company agrees inter alia to
 - (i) the set-off arrangements more particularly set out therein (the "**Set-Off Arrangements**"); and
 - (ii) guarantee all the liabilities from time to time due and owing by any Group Company to the ~~Agent-Finance Parties~~ pursuant to the Credit Agreement or otherwise.
- (b) ~~(iii)~~ The entering into of a debenture (the "**Debenture**") in favour of the Agent ~~creating fixed and floating charges over all of the assets of the Company both present and future as security for all liabilities (including guarantee liabilities) owed by the Company to the Agent~~ Obligors under the Relevant Credit Documents;
- (c) The entering into of a debenture in favour of the Agent creating fixed and floating charges over all of the assets of the Company situated in Northern Ireland both present and future as security for all liabilities owed by the Obligors under the Relevant Credit Documents ("the Northern Irish Debenture").
- (d) The entry into a ~~debenture-supplemental mortgage debenture~~ in favour of the Agent creating fixed and floating charges over assets of the Company situated in the Republic of Ireland both present and future as security for all liabilities owed by the ~~Company to the Agent~~ Obligors under the Relevant Credit Documents ("the Irish Debenture");
- (e) The entry into a ~~debenture-Scottish standard security~~ in favour of the Agent creating fixed and floating charges over assets of the Company situated in Scotland both present and future as security for all liabilities owed by the ~~Company to the Obligors under the Relevant Credit Documents~~ Agent ("**the Scottish Debenture**").
- (f) The granting by the Company of an upstream loan facility to the Purchaser for an amount equivalent to the Term Facilities (as defined in the Credit Agreement) and the Instrument ("the Upstream Loan").
- (g) The entry by the Company into an intercreditor agreement ("**the Intercreditor Deed**") regulating the payments and obligations between, inter alia, the Group Companies and the Agent.
- (h) The entry by the Company into ~~an-a security trust agreement ("the Security Trust Deed") regulating the Company's obligations in relation to the costs incurred by the~~ whereby the Security Trustee agrees (inter alia) to hold the benefit of the security granted by the Company (as defined in the Security Trust Deed).

- (i) Salary increases.
- (j) The release by the Company of the Vendor's obligations to pay the Adams Debt.
- (k) The Management, under the Investment Agreement, are to subscribe for [] ordinary shares of £1 each in the share capital of the Purchaser. The Management were to fund such individual subscription by way of bank loans. In order to assist the Management in meeting the consequential interest charges as such loans, the Management salaries will be increased.
- (l) Under the terms of the Acquisition Agreement, £48,000,000 of the consideration was to be satisfied by the Company by releasing the Vendor from its obligations to pay £48,000,000 of the Adams Debt by the company entering into the Deed of Novation and Release.

SCHEDULE 2**ADAMS CHILDRENSWEAR LIMITED (Company No 278414)****G155(6)a continued**

- (a) Under the terms of the Borrower Accession Memorandum the Company agrees to become a Borrower and incur the obligations and liabilities set out in the Credit Agreement and inter alia to the Set-Off Arrangements whereby on the last day of each Interest Period, the Company is obliged to transfer all amounts standing to the credit of the Collection Account to the Control Account. The Purchaser may apply such sums transferred to discharge the liabilities of any Group Company to the Agent, including any liability of the Purchaser to the Agent in respect of monies borrowed in connection with the Acquisition.
- (b) Under the terms of the Guarantor Accession Memorandum the Company agrees inter alia to guarantee all the liabilities from time to time due and owing by any of the Purchaser or any Group Company Companies to the Agent Finance Parties pursuant to the Credit Agreement Finance Documents or otherwise (the "Guarantee") including liabilities which have been incurred in connection with the Acquisition.
- (c) Under the terms of the Guarantee the Company agrees to indemnify each of the Finance Parties against any loss incurred by each of the Finance Parties as a result of the obligations of each of the Obligor pursuant to the Relevant Credit Documents being or becoming void or voidable as against the Obligor.
- (d) Under the terms of the Debenture the Company creates fixed and floating charges over all of the assets of the Company both present and future as security for the obligations of (inter alia) the Company to the Agent Finance Parties in respect of all monies obligations and liabilities whether actual or contingent now or hereafter due, owing or incurred to the Agent Finance Parties including, without limitation, the obligation secured by the Guarantee. The Company agrees not to create or permit to subsist any encumbrance over all or any part of the Charged Property other than an encumbrance permitted by the Debenture. The Company agrees not to deal with the Charged Property in any way unless it is permitted to do so under the terms of the Debenture.
- (e) Under the terms of the Northern Irish Debenture the Company creates fixed and floating charges over all of the assets of the Company both present and future as security for the obligations of (inter alia) the Company to the Finance Parties in respect of all monies obligations and liabilities whether actual or contingent now or hereafter due, owing or incurred to the Finance Parties including, without limitation, the obligation secured by the Guarantee. The Company agrees not to create or permit to subsist any encumbrance over all or any part of the Charged Property other than an encumbrance permitted by the Debenture. The Company agrees not to create or permit to subsist any encumbrance over all or any part of the Charged Property other than an encumbrance permitted by the Debenture. The Company agrees not to deal with the Charged Property in any way unless it is permitted to do so under the terms of the Debenture.

- (f) Under the terms of the Irish Debenture the Company creates fixed and floating charges over all of the assets of the Company both present and future as security for the obligations of (inter alia) the Company to the Agent-Finance Parties in respect of all monies obligations and liabilities whether actual or contingent now or hereafter due, owing or incurred to the Agent-Finance Parties including, without limitation, the obligation secured by the Guarantee.
- (g) Under the terms of the Scottish Debenture the Company creates fixed and floating charges over all of the assets of the Company both present and future as security for the obligations of (inter alia) the Company to the Agent-Finance Parties in respect of all monies obligations and liabilities whether actual or contingent now or hereafter due, owing or incurred to the Agent-Finance Parties including, without limitation, the obligation secured by the Guarantee.
- (h) The Loan will be made available to the Purchaser to enable the Company to enable the Purchaser to service the Term Facilities and the liabilities under the Instrument and to pay costs incurred by the Acquisition and other purposes as agreed. The Term Facilities and the Instrument have been incurred in connection with the Acquisition. The Purchaser can call the loans for these purposes which are to be repaid when the Instrument has been discharged. Interest accrues at 2% above the Bank's base rate.
- (i) Under the terms of the Intercreditor Deed the Company incurs obligations in relation to the repayment of certain indebtedness, such obligations incurred in relation to the Acquisition.
- (j) Under the terms of the Security Trust Deed the Company incurs obligations in relation to the payment of costs of the Security Trustee, such obligations incurred as a result of the Security Trustee acting as agent of the Finance Parties in relation to the Acquisition.
- (k) The Management, under the Investment Agreement, are to subscribe for [] ordinary shares of £1 each in the share capital of the Purchaser. The Management were to fund such individual subscription by way of bank loans. In order to assist the Management in meeting the consequential interest changes as such loans, the Management salaries will be increased.
- (l) Under the terms of the Acquisition Agreement, £48,000,000 of the consideration was to be satisfied by the Company by releasing the Vendor from its obligation to pay £48,000,000 of the Adams Debt by the company entering into the Deed of Novation and Release.
- (m) The Upstream Loan will be made available to the Purchaser by the Company to enable the Purchaser to service the Term Loan and the liabilities under the Instrument and to pay costs incurred for the acquisition and other purposes as agreed. The Term Loan and the Instrument have been incurred in connection with the Acquisition. The Purchaser can call for loans for these purposes which are to be repaid when the Instrument has been discharged. Interest accrues at 2% above the Bank's base rate.