

The Directors
Gengas Limited
Mill Lane
Wingerworth
CHESTERFIELD
Derbyshire
S42 6NG

13 December 1999

Dear Sirs

Auditors' report to the directors of Gengas Limited pursuant to Section 156(4) of the Companies Act 1985

We have examined the attached statutory declaration of the directors of Gengas Limited ('the Company') dated 13 December 1999 in connection with the proposal that the Company should give financial assistance for the purpose of reducing or discharging a liability incurred for the acquisition of 50 "A" Ordinary Shares of £1 each and 50 "B" Ordinary Shares of £1 each in CPL Energy Limited by CPL Industrial Services Limited and the acquisition of 10,000 1p "C" Ordinary Shares in itself by Coal Products Limited and the acquisition of 4002 1p Ordinary Shares in itself by CPL Energy Limited.

Basis of opinion

We have enquired into the state of the Company's affairs in order 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.

Yours faithfully

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors



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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

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3033261

Note

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

Name of company

* GENGAS LIMITED (the "Company")

* insert full name
of company

†/We PLEASE SEE ATTACHMENT 1

§ 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]~~ PLEASE SEE ATTACHMENT 2

~~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: PLEASE SEE ATTACHMENT 3

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

Ashurst Morris Crisp
Broadwalk House
5 Appold Street
LONDON
EC2A 2HA
639 London / City
MWM/1488796

For official Use
General Section

Post room

The assistance is to be given to: (note 2) PLEASE SEE ATTACHMENT 4

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

The assistance will take the form of:

PLEASE SEE ATTACHMENT 5

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

† delete as
appropriate

PLEASE SEE ATTACHMENT 6

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

PLEASE SEE ATTACHMENT 7

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 the date hereof or within 8 weeks 19

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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 1/ 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 ~~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 Broadwalk House, 5 April
8 West, Ladbroke EC2A 2HA

Declarants to sign below

the 13th day of December
one thousand nine hundred and ninety nine

before me RUTH FREDERICK RUTH FREDERICK

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

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

or, for companies registered in Scotland:-

The Registrar of Companies
37 Castle Terrace
Edinburgh
EH1 2EB

Form 155(6)a
Gengas Limited (Number 3033261)

Attachment 1

Directors of Gengas Limited:

Keith Broom of Church Cottage, 2 Church Lane, Calow, Chesterfield, Derbs S44 5AG; and

Brian Arthur Williams of 4 Summercourt Drive, Ravenshead, Nottingham, Notts NG15 9FT.

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Form 155(6)a
Gengas Limited (Number 3033261)

Attachment 2

The Company is proposing to give financial assistance in connection with the acquisition of shares in:

- (a) the Company (the "**Company Acquisitions**"); and
- (b) the Company's holding company, CPL Energy Limited (the "**Holdco Acquisition**").

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Form 155(6)a
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Attachment 3

The number and class of the shares acquired were:

- (a) in relation to the Company Acquisitions, 10,000 £0.01 "C" ordinary shares and 4,002 £0.01 ordinary shares; and
- (b) in relation to the Holdco Acquisition, 50 "A" ordinary shares of £1 each and 50 "B" ordinary shares of £1 each in the shares in CPL Energy Limited.

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Form 155(6)a
Gengas Limited (Number 3033261)

Attachment 4

The assistance is to be given to: CPL Industries Limited (the "**Parent**"), Mill Lane, Wingerworth, Chesterfield, Derbyshire S42 6NG and certain of its subsidiaries.

Form 155(6)a
Gengas Limited (Number 3033261)

Attachment 5

The execution and delivery by the Company, in connection with:

1. Senior term loan facilities (the "**Senior Term Loans**") in the maximum aggregate principal amount of £95,000,000 to be made available to the Parent and used in refinancing the existing indebtedness of the Parent and its subsidiaries (the "**Refinancing**") and in payment of fees, costs and expenses relating to the Finance Documents (as defined in the Senior Facility Agreement (as defined below));
2. a mezzanine term loan facility (the "**Mezzanine Term Loan**") in the maximum aggregate principle amount of £25 million to be made available to the Parent and used in the Refinancing and in payment of fees, costs and expenses relating to the Finance Documents;
3. a revolving credit facility (the "**Revolving Credit Facility**") in the maximum aggregate amount of £45,000,000 to be made available to the Parent and certain of its subsidiaries and used in or towards:
 - (a) refinancing working capital outstandings as part of the Refinancing;
 - (b) payment of fees, costs and expenses relating to the Finance Documents and the Refinancing;
 - (c) financing the general working capital requirements of the Parent and its subsidiaries;
 - (d) financing capital expenditure made or incurred by any of the Parent or its subsidiaries identified in the agreed form document entitled the CPL Industries Limited Ten Year Plan (Base Case) dated 8 October 1999 (the "**Business Plan**") as being required or contemplated as part of the project relating to the generation of electricity from landfill gas referred to in the Business Plan in an aggregate amount not exceeding £3,750,000;
 - (e) financing the repayment of the £206,266.65 nominal variable rate guaranteed unsecured loan notes 2000 issued by the Parent to the vendors of Heptagon Limited pursuant to an instrument executed by the Parent and National Westminster Bank plc on 2 June 1997 and which are still outstanding as at the date of the Facilities Agreement; or
 - (f) (being drawn by way of documentary credit (a "**Documentary Credit**") guaranteeing obligations due or to become due to specified third parties from any of the Parent or its subsidiaries;
4. a BACS facility letter (as the same may be varied, amended or supplemented from time to time) to be entered into by, inter alia, The Royal Bank of Scotland plc and the Parent with

respect to the provision of a BACS facility to certain members of the Group (as defined in the Senior Facility Agreement) in an amount not exceeding £15,000,000 or such higher amount as may be agreed from time to time by the Majority Banks (as defined in the Senior Facility Agreement);

5. an ancillary facility letter to be entered into by The Royal Bank of Scotland plc pursuant to which (and subject to the terms of the Senior Facility Agreement) The Royal Bank of Scotland plc would make available the Ancillary Facility; and
6. an intra-group loan facility (the "**Intra-Group Loan**") to be entered into by each Obligor (including the Company) and made available to each Borrower (as defined in the Senior Facility Agreement) pursuant to which the Company will agree to loan to the Borrowers an aggregate amount not exceeding £198,000,000;

of:-

- (i) a senior guarantor accession agreement to be entered into by the Company, the Parent, and The Royal Bank of Scotland plc (the "**Senior Guarantor Accession Agreement**") relating to a senior term loan and revolving credit facility agreement (as the same may be varied, amended or supplemented from time to time) (the "**Senior Facility Agreement**") dated 13 October 1999 entered into between, inter alia, the Parent, The Royal Bank of Scotland plc as Arranger, Facility Agent and Security Agent (each such term as defined therein) and certain banks and financial institutions (such banks and financial institutions together with any assignees or successors in title (the "**Banks**") pursuant to which the Company will guarantee prompt performance by each other Obligor (as defined in the Senior Facility Agreement) of all its obligations under the Finance Documents and the prompt payment by each other Obligor of all sums payable to each Finance Party (as therein defined);
- (ii) a mezzanine guarantor accession agreement to be entered into by the Company, the Parent and RBS Mezzanine Limited as Facility Agent (the "**Mezzanine Guarantor Accession Agreement**") relating to a mezzanine term loan facility agreement (as the same may be varied, amended or supplemented from time to time) (the "**Mezzanine Facility Agreement**") dated 13 October 1999 entered into by, inter alia, the Parent, RBS Mezzanine Limited as Arranger and Facility Agent (as such terms are defined therein), The Royal Bank of Scotland plc as security agent and the Lenders (as defined therein) pursuant to which the Company agrees to guarantee prompt performance by each other Obligor of all its obligations under the Mezzanine Finance Documents (as defined in the Mezzanine Facility Agreement) and the prompt payment by each other Obligor of all sums payable to each Finance Party;
- (iii) a debenture (the "**Debenture**") (as the same may be varied, amended or supplemented from time to time) to be entered into by the Parent, the Chargors (as defined therein) and The Royal Bank of Scotland plc as Security Agent pursuant to which the Company will covenant to pay and discharge the Secured Liabilities (as defined therein) on the due date therefor and will create fixed and floating charges over all its assets by way of security for the Secured Liabilities;

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- (iv) an intercreditor obligor accession agreement to be entered into by the Company and The Royal Bank of Scotland plc as Security Agent (the "**Intercreditor Obligor Deed of Accession**") relating to an intercreditor agreement (the "**Intercreditor Agreement**") (as the same may be varied, amended or supplemented from time to time) dated 13 December, 1999 entered into by, inter alia, the Parent, the Senior Creditors, the Hedging Banks, the Mezzanine Creditors and the Junior Banks (as such terms are defined in the Intercreditor Agreement) and The Royal Bank of Scotland plc as Security Agent and Senior Agent (the "**Senior Agent**") pursuant to which the Company will, inter alia, covenant that on, inter alia, certain Events of Default (as specified in the Senior Facility Agreement) occurring to subordinate any Intercompany Debt (as defined therein) owed to it to the Senior Debt, Hedging Debt and Mezzanine Debt (each as defined in the Intercreditor Agreement);
- (v) an intra-group loan facility agreement (the "**Intra-Group Loan Agreement**") to be entered into by each Obligor (including the Company) and made available to each Borrower (as defined in the Senior Facility Agreement) pursuant to which the Company will agree to loan to the Borrowers an aggregate not exceeding £198,000,000.

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Attachment 6

The persons who acquired the shares in the Company were:

- (a) In relation to the Company Acquisitions, Coal Products Limited acquired 10,000 "C" ordinary shares of £0.01 each and CPL Energy Limited acquired 4,002 £0.01 ordinary shares; and
- (b) In relation to the Holdco Acquisition, CPL Industrial Services acquired 50 "A" and 50 "B" ordinary shares of £1 each.

Form 155(6)a
Gengas Limited (Number 3033261)

Attachment 7

- (a) By executing the Senior Guarantor Accession Agreement, the Company will:
- (i) irrevocably, unconditionally, jointly and severally guarantee to each Finance Party (as defined in the Senior Facility Agreement), as principal obligor and not merely as surety, prompt performance by each other Obligor of all its obligations under the Senior Finance Documents (as defined in the Senior Facility Agreement) and the payment of all sums payable to such Finance Party by each other Obligor under or in connection with the Senior Finance Documents when and as the same shall become due;
 - (ii) irrevocably, unconditionally, jointly and severally undertake with each Finance Party that, if and whenever any other Obligor shall be in default in the payment of any sum whatsoever due from it under or in connection with any Senior Finance Document, the Company will on demand pay such sum as if the Company was expressed to be the primary obligor instead of the other Obligor, together with interest on that sum at the rate per annum from time to time payable by the other Obligor on that sum from the date when that sum becomes payable by the Company under the Senior Facility Agreement until payment of that sum in full;
 - (iii) irrevocably, unconditionally, jointly and severally indemnify each Finance Party on demand against any loss or liability suffered by it under any Senior Finance Document as a result of any obligation guaranteed by the Company being or becoming unenforceable, invalid or illegal;
 - (iv) agree that the guarantee so given by the Company will be a continuing guarantee which shall extend to the ultimate balance of all sums payable by the Obligors or any of them under the Senior Finance Documents;
 - (v) agree that where any discharge is made in whole or in part or any arrangement is made on the faith of any payment, security or other disposition which is avoided or must be repaid on insolvency, administration, liquidation or otherwise, the liability of the Company under the Senior Facility Agreement shall continue as if there had been no such discharge or arrangement;
 - (vi) agree that the obligations of the Company under the Senior Facility Agreement shall not be affected by any circumstance, act, omission or thing (save for a specific release), including without limitation:
 - (A) any time, indulgence or waiver granted to or composition with any other Obligor or any other person, or the release of any other Obligor or any other person;

- (B) the taking, variation, compromise, exchange, renewal or release of or refusal or neglect to perfect, take up or enforce any rights or remedies against, or any security over any assets of, any other Obligor or any other person, or any failure to observe any formality or other requirements in respect of any instruments, or any failure to obtain the full value of any security;
 - (C) any legal limitation, disability, incapacity, lack of power, authority or legal personality of or dissolution or change in the members or status of, or other circumstances relating to, any other Obligor or any other person;
 - (D) any variation or replacement of any Senior Finance Document or any other document or security;
 - (E) any unenforceability, illegality, invalidity or frustration of any obligations of any other Obligor or any other person under any Senior Finance Document or any other document or security, or any failure of any other Obligor or proposed Obligor to become bound by the terms of any Senior Finance Document;
 - (F) any postponement, discharge, reduction, non-provability or any similar circumstance affecting any obligation of any Obligor under any Senior Finance Document resulting from any insolvency, liquidation or dissolution proceedings or from any law, regulation or order; and
 - (G) the release of any other Obligor or any other person under the terms of any composition or arrangement with any other creditor of any member of the Group (as defined in the Senior Facility Agreement);
- (vii) waive any right of first requiring any Finance Party to proceed against any other Obligor or any other person before claiming from the Company under the Senior Facility Agreement;
- (viii) agree that, until all amounts payable by the Obligors under or in connection with the Senior Finance Documents have been irrevocably paid and discharged in full, after a claim has been made pursuant to the guarantee given by the Company pursuant to the Senior Facility Agreement each Finance Party may;
- (A) refrain from applying or enforcing any other security, monies or rights held by that Finance Party in respect of such amounts or applying the same in such manner and order as that Finance Party sees fit (and the Company shall not be entitled to the benefit of the same); and

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- (B) hold in a suspense account any monies received from the Company or on account of the Company's liability under the Senior Facility Agreement;
- (ix) agree that, until all amounts which may be or may become payable by any and all Obligors under the Senior Finance Documents have been irrevocably paid in full, the Company shall not, after a claim has been made pursuant to the Senior Facility Agreement:
 - (A) be subrogated to any rights, security or monies held or receivable by any Finance Party or be entitled to any right of contribution or indemnity in respect of any payment made or any monies received on account of any Obligor's liability under any Senior Finance Document (and, to the extent that the Company is so subrogated or entitled by law, the Company will waive and agree not to exercise such rights);
 - (B) be entitled or claim to rank as a creditor in the insolvency, administration, winding-up, bankruptcy or liquidation of any other Obligor in competition with any Finance Party unless otherwise required by the Facility Agent or by law (in which case any proceeds of any claim in respect of any rights, security or monies of any Finance Party to which the Company was subrogated will be paid by the Company to the Facility Agent to be applied in accordance with the provisions of the Senior Finance Documents); or
 - (C) be entitled to receive, claim or have the benefit of any payment, distribution or security from or on account of any other Obligor or exercise any right of set-off as against any other Obligor (and will pay an amount equal to any such set-off in fact exercised by the Company to the Facility Agent, and will pay to the Facility Agent any such payment or distribution or benefit of security in fact received by it).
- (x) agree that if any Documentary Credit is opened or issued for the Company, the Company will indemnify and hold harmless and keep each Finance Party indemnified and held harmless from all liabilities, losses, damages, claims, costs, demands and actions which any Finance Party may suffer as a consequence of such Documentary Credit and any payment made pursuant to it, so that:
 - (A) the obligations of the Company are not to be impaired by any waiver or time granted to or by any Finance Party, any release or dealings with any rights or security by any Finance Party, any invalidity of any Documentary Credit or any other circumstances which might impair such obligations; and
 - (B) the Company may not claim or exercise any right of subrogation, contribution or indemnity against any member of the Group in competition with any Finance Party for so long as any amount is or is

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capable of becoming outstanding by any Obligor to any of the Finance Parties under any of the Finance Documents, or any Commitment (as defined in the Senior Facility Agreement) is in force,

(xi) agree to procure that:

- (A) on acquiring any asset deemed by the Majority Banks to be of material value, or material to the operation of the business of any member of the Group or to the value of any other asset over which the Banks have security, the Company shall execute and deliver to the Security Agent such further or additional Security Documents (as defined in the Senior Facility Agreement) in relation to such asset as the Majority Banks may require;
- (B) if any event or circumstance occurs which would have a Material Adverse Effect (as defined in the Senior Facility Agreement) each Obligor shall execute and deliver to the Security Agent such further or additional Security Documents in such form and in relation to such of its assets as the Majority Banks shall require;
- (C) if any entity becomes a member of the Group that entity shall execute and deliver to the Security Agent such additional Security Documents as the Majority Banks shall require;
- (D) at its own expense to execute and do all such assurances, acts and things as the Security Agent or the Majority Banks may reasonably require for perfecting or protecting the security intended to be afforded by the Security Documents,

(xii) indemnify each Finance Party, any receiver appointed under any Security Document and their respective offices, employees, agents and delegates against any cost or expense suffered or incurred by them and which:

- (A) arises by virtue of any actual or alleged breach of any Environmental Law (as defined in the Senior Facility Agreement); or
 - (B) arises by virtue of the release or threatened release of, or exposure to, any Dangerous Substance (as defined in the Senior Facility Agreement) stored or handled upon, transported from, or otherwise associated with, the past or present facilities or operations of any Obligor or Group member;
- (xiii) as an independent and additional obligation, indemnify each Finance Party for any deficiency and loss sustained as a result of the conversion of a payment received by any Finance Party from an incorrect currency to the currency which was agreed to apply to that payment;

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- (xiv) indemnify each Finance Party against any losses, charges or expenses which any Agent (as defined in the Senior Facility Agreement) or Bank may sustain or incur as a consequence of:
 - (A) the occurrence of any Default (as defined in the Senior Facility Agreement); or
 - (B) any change of currency or acceleration of the due dealing date for repayment of the facilities; or
 - (C) any repayment or prepayment of an Advance (as defined in the Senior Facility Agreement) or payment of an overdue amount being made otherwise than on its Interest Date (as defined in the Senior Facility Agreement); or
 - (D) any Advance not being made to any Borrower (as defined in the Senior Facility Agreement) after a Request (as defined in the Senior Facility Agreement) has been given,
 - (xv) indemnify each Finance Party and each of their respective directors, offices and employees against any and all claims, damages, liabilities, costs and expenses which may be incurred by or asserted against them in connection with any proceedings, actions or enquiry by any regulatory authority;
 - (xvi) agree that each Finance Party may set off against any obligation of the Company due and payable by it to or for the account of such Finance Party under the Senior Facility Agreement and not paid on the due date any monies held by such Finance Party for the account of the Company at any office or for such Finance Party anywhere and in any currency, whether or not matured.
- (b) By executing the Mezzanine Guarantor Accession Agreement, the Company will:-
- (i) irrevocably, unconditionally, jointly and severally guarantee to each Finance Party (as defined in the Mezzanine Facility Agreement), as principal obligor and not merely as surety, prompt performance by each other Obligor of all its obligations under the Mezzanine Finance Documents (as defined in the Mezzanine Facility Agreement) and the payment of all sums payable to such Finance Party by each other Obligor under or in connection with the Mezzanine Finance Documents when and as the same shall become due;
 - (ii) irrevocably, unconditionally, jointly and severally undertake with each Finance Party that, if and whenever any other Obligor shall be in default in the payment of any sum whatsoever due from it under or in connection with any Mezzanine Finance Document, the Company will on demand pay such sum as if the Company was expressed to be the primary obligor instead of the other Obligor, together with interest on that sum at the rate per annum from time to time payable by the other Obligor on that sum from the date when that sum

becomes payable by the Company under the Mezzanine Facility Agreement until payment of that sum in full;

- (iii) irrevocably, unconditionally, jointly and severally indemnify each Finance Party on demand against any loss or liability suffered by it under any Mezzanine Finance Document as a result of any obligation guaranteed by the Company being or becoming unenforceable, invalid or illegal;
- (iv) agree that the guarantee so given by the Company will be a continuing guarantee which shall extend to the ultimate balance of all sums payable by the Obligors or any of them under the Mezzanine Finance Documents;
- (v) agree that where any discharge is made in whole or in part or any arrangement is made on the faith of any payment, security or other disposition which is avoided or must be repaid on insolvency, administration, liquidation or otherwise, the liability of the Company under the Mezzanine Facility Agreement shall continue as if there had been no such discharge or arrangement;
- (vi) agree that the obligations of the Company under the Mezzanine Facility Agreement shall not be affected by any circumstance, act, omission or thing (save for a specific release), including without limitation:
 - (A) any time, indulgence or waiver granted to or composition with any other Obligor or any other person, or the release of any other Obligor or any other person;
 - (B) the taking, variation, compromise, exchange, renewal or release of or refusal or neglect to perfect, take up or enforce any rights or remedies against, or any security over any assets of, any other Obligor or any other person, or any failure to observe any formality or other requirements in respect of any instruments, or any failure to obtain the full value of any security;
 - (C) any legal limitation, disability, incapacity, lack of power, authority or legal personality of or dissolution or change in the members or status of, or other circumstances relating to, any other Obligor or any other person;
 - (D) any variation or replacement of any Mezzanine Finance Document or any other document or security;
 - (E) any unenforceability, illegality, invalidity or frustration of any obligations of any other Obligor or any other person under any Mezzanine Finance Document or any other document or security, or any failure of any other Obligor or proposed Obligor to become bound by the terms of any Mezzanine Finance Document;

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- (F) any postponement, discharge, reduction, non-provability or any similar circumstance affecting any obligation of any Obligor under any Mezzanine Finance Document resulting from any insolvency, liquidation or dissolution proceedings or from any law, regulation or order; and
 - (G) the release of any other Obligor or any other person under the terms of any composition or arrangement with any other creditor of any member of the Group (as defined in the Mezzanine Facility Agreement);
- (vii) waive any right of first requiring any Finance Party to proceed against any other Obligor or any other person before claiming from the Company under the Mezzanine Facility Agreement;
- (viii) agree that, until all amounts payable by the Obligors under or in connection with the Mezzanine Finance Documents have been irrevocably paid and discharged in full, after a claim has been made pursuant to the guarantee given by the Company pursuant to the Mezzanine Facility Agreement each Finance Party may:
- (A) refrain from applying or enforcing any other security, monies or rights held by that Finance Party in respect of such amounts or applying the same in such manner and order as that Finance Party sees fit (and the Company shall not be entitled to the benefit of the same); and
 - (B) hold in a suspense account any monies received from the Company or on account of the Company's liability under the Mezzanine Facility Agreement;
- (ix) agree that, until all amounts which may be or may become payable by any and all Obligors under the Mezzanine Finance Documents have been irrevocably paid in full, the Company shall not, after a claim has been made pursuant to the Mezzanine Facility Agreement:
- (A) be subrogated to any rights, security or monies held or receivable by any Finance Party or be entitled to any right of contribution or indemnity in respect of any payment made or any monies received on account of any Obligor's liability under any Mezzanine Finance Document (and, to the extent that the Company is so subrogated or entitled by law, the Company will waive and agree not to exercise such rights);
 - (B) be entitled or claim to rank as a creditor in the insolvency, administration, winding-up, bankruptcy or liquidation of any other Obligor in competition with any Finance Party unless otherwise required by the Facility Agent or by law (in which case any proceeds of any claim in respect of any rights, security or monies of any Finance

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Party to which the Company was subrogated will be paid by the Company to the Facility Agent to be applied in accordance with the provisions of the Mezzanine Finance Documents); or

- (C) be entitled to receive, claim or have the benefit of any payment, distribution or security from or on account of any other Obligor or exercise any right of set-off as against any other Obligor (and will pay an amount equal to any such set-off in fact exercised by the Company to the Facility Agent, and will pay to the Facility Agent any such payment or distribution or benefit of security in fact received by it).
- (x) agree to procure that:
 - (A) on acquiring any asset deemed by the Majority Lenders to be of material value, or material to the operation of the business of any member of the Group or to the value of any other asset over which the Lenders have security, the Company shall execute and deliver to the Security Agent such further or additional Security Documents (as defined in the Mezzanine Facility Agreement) in relation to such asset as the Majority Lenders may require;
 - (B) if any event or circumstance occurs which would have a Material Adverse Effect (as defined in the Mezzanine Facility Agreement) each Obligor shall execute and deliver to the Security Agent such further or additional Security Documents in such form and in relation to such of its assets as the Majority Lenders shall require;
 - (C) if any entity becomes a member of the Group that entity shall execute and deliver to the Security Agent such additional Security Documents as the Majority Lenders shall require;
 - (D) at its own expense to execute and do all such assurances, acts and things as the Security Agent or the Majority Lenders may reasonably require for perfecting or protecting the security intended to be afforded by the Security Documents,
- (xi) indemnify each Finance Party, any receiver appointed under any Security Document and their respective offices, employees, agents and delegates against any cost or expense suffered or incurred by them and which:
 - (A) arises by virtue of any actual or alleged breach of any Environmental Law (as defined in the Mezzanine Facility Agreement); or
 - (B) arises by virtue of the release or threatened release of, or exposure to, any Dangerous Substance (as defined in the Mezzanine Facility Agreement) stored or handled upon, transported from, or otherwise associated with, the past or present facilities or operations of any Obligor or Group member;

- (xii) as an independent and additional obligation, indemnify each Finance Party for any deficiency and loss sustained as a result of the conversion of a payment received by any Finance Party from an incorrect currency to the currency which was agreed to apply to that payment;
 - (xiii) indemnify each Finance Party against any losses, charges or expenses which any Agent (as defined in the Mezzanine Facility Agreement) or Lender may sustain or incur as a consequence of:
 - (A) the occurrence of any Default (as defined in the Mezzanine Facility Agreement); or
 - (B) any change of currency or acceleration of the due dealing date for repayment of the facilities; or
 - (C) any repayment or prepayment of the Advance (as defined in the Mezzanine Facility Agreement) or payment of an overdue amount being made otherwise than on its Interest Date (as defined in the Mezzanine Facility Agreement); or
 - (D) the Advance not being made to the Parent (as defined in the Mezzanine Facility Agreement) after a Request (as defined in the Mezzanine Facility Agreement) has been given,
 - (xiv) indemnify each Finance Party and each of their respective directors, offices and employees against any and all claims, damages, liabilities, costs and expenses which may be incurred by or asserted against them in connection with any proceedings, actions or enquiry by any regulatory authority;
 - (xv) agree that each Finance Party may set off against any obligation of the Company due and payable by it to or for the account of such Finance Party under the Mezzanine Facility Agreement and not paid on the due date any monies held by such Finance Party for the account of the Company at any office or for such Finance Party anywhere and in any currency, whether or not matured.
- (c) By executing the Debenture, the Company will:
- (i) as primary obligor and not merely as surety covenant with the Security Agent that it will pay or discharge the Secured Liabilities (as defined below) on the date due therefor in the manner provided in the relevant Finance Document (as defined in the Debenture) and shall pay interest at the Default Rate (as defined in the Debenture) on any sum not so paid;
 - (ii) agree that, at any time when a Declared Default (as defined in the Debenture) is continuing, the Security Agent shall be entitled to appropriate moneys and/or assets to Secured Liabilities in such manner and order as it sees fit;

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- (iii) as beneficial owner and with full guarantee charge all its assets and undertakings by way of fixed and/or floating charges and/or assignment by way of security for the payment, discharge and performance of all the Secured Liabilities;
- (iv) agree that where any discharge is made in whole or in part or any arrangement is made on the faith of any payment, security or other disposition which is avoided or must be restored on insolvency, liquidation or otherwise, the liability of each Chargor (as defined in the Debenture) shall continue as if the discharge or arrangements had not occurred;
- (v) agree that certain matters shall not affect or reduce the liability of the Company under the Debenture, including:
 - (A) any time, waiver or other indulgence being granted to or agreed to be granted to any of the Obligors in respect of its obligations under any of the Finance Documents;
 - (B) any taking, or any failure to take, or fully to take, or to realise or fully to realise the value of, or any release, discharge or satisfaction of, any security;
 - (C) any legal limitation, disability or incapacity of, or dissolution of or other circumstance relating to any Obligor or any other person;
 - (D) any variation or replacement of the Finance Documents;
 - (E) any unenforceability, illegality, invalidity or frustration of any obligation of any Obligor or any other person under any Finance Document or any failure of any Obligor to become bound by the terms of any Finance Document;
 - (F) any postponement, discharge, reduction, non-provability or other similar circumstances affecting any obligation of any Obligor under a Finance Document resulting from any insolvency, liquidation, or dissolution proceedings or from any law, regulation or order;
- (vi) waive any right it may have of first requiring any Lender to proceed against or enforce any other rights or security before enforcing the security constituted by the Debenture;
- (vii) agree that, so long as the Secured Liabilities have not been unconditionally and irrevocably paid in full, the Company shall not exercise any rights which it may have by reason of its performance of its obligations under the Finance Documents:

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- (A) to be subrogated to any right, or to receive any contribution or indemnity;
- (B) to claim as a creditor of any Obligor in competition with any Lender;
- (C) (unless instructed so to do by the Security Agent) after a Declared Default to receive or claim any payment, distribution or security from or on account of any Obligor, or exercise any right of set-off as against any Obligor,

and will agree to hold any payment received in breach of such undertaking on trust for the Security Agent and to pay any such amount forthwith to the Security Agent; and

- (viii) agree that, until all the Secured Liabilities have been unconditionally and irrevocably paid and discharged in full each Lender may refrain from applying or enforcing any other monies or rights in respect of the Secured Liabilities (and may apply or enforce the same in such manner and order as it sees fit) and may hold in a suspense account any monies received, recovered or realised from or on account of any of the Obligors;
- (ix) agree not to hold any security from any other Obligor in respect of the Company's liabilities under the Debenture;
- (x) undertake to pay on demand all reasonable costs, charges and expenses incurred, and all payments made by the Security Agent or any receiver appointed pursuant to the Debenture, together with interest thereon, and to indemnify the Lenders, every receiver appointed pursuant to the Debenture, every attorney, manager, agent or other person appointed by the Security Agent under the Debenture in respect of all liabilities and expenses properly incurred by them pursuant to the Debenture, and all actions and claims in respect of any act or omission relating to the Security Assets (as defined in the Debenture);
- (xi) undertake to notify the Security Agent in writing if it acquires any freehold or leasehold property or any right in such freehold or leasehold property, and on demand from the Security Agent to execute and deliver to the Security Agent a legal mortgage in favour of the Security Agent of such property;
- (xii) agree to indemnify the Security Agent against all losses, costs, charges and expenses reasonably incurred by the Security Agent in connection with the exercise of its power to remedy any default committed by any Chargor in repairing or insuring the Mortgaged Property (as defined in the Debenture);
- (xiii) agree to indemnify the Security Agent against all reasonable costs, charges and expenses incurred and all payments made by the Security Agent or any Receiver (as defined in the Debenture) in the lawful exercise of the powers conferred upon them by the Debenture;

- (xiv) agree at the request of the Security Agent to execute a legal mortgage, charge or assignment over all or any of the Security Assets;
 - (xv) undertake to ensure that each company which becomes a Subsidiary (as defined in the Debenture) of any Chargor shall execute a deed of accession to the Debenture;
 - (xvi) indemnify each Lender against any liability which it incurs in respect of any stamp, registration and similar tax which becomes payable in connection with the Debenture; and
 - (xvii) agree that the Security Agent and each Lender may set off any obligation which is due and payable by any Chargor and unpaid against any obligation owed by the Security Agent or such Lender to that Chargor;
- (d) By executing the Intercreditor Obligor Deed of Accession, the Company will:
- (i) undertake that, until the Secured Debt Discharge Date (as defined in the Intercreditor Agreement), the Company will not, and will procure that none of its subsidiaries will:
 - (A) pay, or make any distribution in respect of, purchase, redeem or acquire any of the Junior Debt (as defined in the Intercreditor Agreement), save where permitted by the Intercreditor Agreement;
 - (B) demand or recover payment of, or any distribution in respect of any Junior Debt in cash or kind or apply any money or property in or towards the discharge of any Junior Debt;
 - (C) discharge any of the Junior Debt by set-off, any right of combination of accounts or otherwise;
 - (D) create or permit to subsist any encumbrance over any of its assets for any of the Junior Debt;
 - (E) give any financial support to any person in respect of the Junior Debt; or
 - (F) take or omit to take any action affecting the ranking and/or subordination of the Junior Debt;
 - (ii) agree to pay within five business days of demand to each Senior Creditor, Hedging Bank or Mezzanine Creditor the amount of all costs and expenses incurred by it in connection with the enforcement against the Company of that person's rights against it under the Intercreditor Agreement.

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(iii) agree that, unless an Instructing Group (as defined in the Intercreditor Agreement) has agreed in writing, no Obligor (as defined in the Intercreditor Agreement) will amend the terms of:

(A) any loans from the Parent to any other Obligor; or

(B) any other Intercompany Documents (as defined in the Intercreditor Agreement) so that the interests of any of the Secured Creditors (as defined in the Intercreditor Agreement) or the ranking and/or subordination arrangements provided for in the Intercreditor Agreement are reasonably likely to be adversely affected;

(iv) agree that, if at any time prior to the Secured Debt Discharge Date any Hedging Bank or any Junior Creditor (as defined in the Intercreditor Agreement) receives or recovers the payment or distribution in cash or in kind:

(A) of, or on account of, any of the Hedging Debt;

(B) of, or on account of, any of the Junior Debt;

(C) from (or on behalf of) any Obligor or any other member of the Group on account of the purchase, redemption or acquisition of any Junior Debt

otherwise than in accordance with the Intercreditor Agreement, the receiving or recovering Hedging Bank or Junior Creditor will promptly notify the Security Agent and will on demand pay to the Security Agent an amount equal to the lesser of:

(A) (if prior to the Senior Discharge Date (as defined in the Intercreditor Agreement)) the outstanding balance of the Senior Debt and Hedging Debt, and otherwise the outstanding balance of the Mezzanine Debt; and

(B) the amount actually received by that party

less the third party costs and expenses reasonably incurred by that party;

(v) agree to indemnify each Hedging Bank and Junior Creditor upon demand for the amount of any payment made by that party to the Security Agent in accordance with paragraph (iv) above together with third party costs and expenses, and agree that Hedging Debt or the Junior Debt will not be deemed to be reduced or discharged to the extent that that party has been required to make payment to the Security Agent as described in paragraph (iv) above;

(vi) agree that if:

- (A) any resolution is passed or order or judgment made for an Insolvency (as defined in the Intercreditor Agreement) of any Obligor; or
- (B) any Obligor becomes subject to any Insolvency proceedings whether voluntary or involuntary; or
- (C) any other Event of Default (as specified in the Senior Facility Agreement) occurs to or in respect of any Obligor,

then:

- (A) the Mezzanine Debt (as defined in the Intercreditor Agreement) owed by the Insolvent Obligor (as defined in the Intercreditor Agreement) will be subordinate in right of payment to the Senior Debt (as defined in the Intercreditor Agreement) and Hedging Debt (as defined in the Intercreditor Agreement) owed by such Insolvent Obligor; and
 - (B) the Investor Debt (as defined in the Intercreditor Agreement) and the Intercompany Debt (as defined in the Intercreditor Agreement) owed by the Insolvent Obligor will be subordinate in right of payment to the Senior Debt, Hedging Debt and Mezzanine Debt owed by the Insolvent Obligor.
- (e) By entering into the Intra-Group Loan Agreement, the Company will agree will agree to loan to certain members of the Group an aggregate amount not exceeding £198,000,000.

Definitions

In this statutory declaration words and expressions shall (unless defined otherwise) have the same meaning as is attributed to them in the Senior Facility Agreement referred to above. In addition, the following expression shall have the following meaning:-

"Secured Liabilities" means all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of each Obligor to the Lenders (or any of them) under each or any of the Finance Documents, together with all costs, charges and expenses incurred by any Lender in connection with the protection, preservation or enforcement of its respective rights under the Finance Documents, or any other documents evidencing or securing any such liabilities PROVIDED THAT no obligation or liability shall be included in the definition of "Secured Liabilities" to the extent that, if it were so included, such security (or any part thereof) would constitute unlawful financial assistance within the meaning of Sections 151 and 152 of the Companies Act 1985.