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COMPANIES FORM No 410(Scot)

Particulars of a charge created by a company registered in Scotland

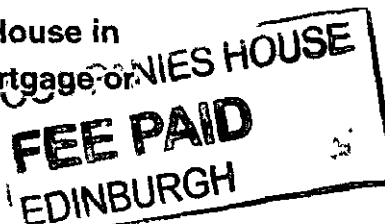
410

CHFP025

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write in this
margin

A fee of £13 is payable to Companies House in
respect of each register entry for a mortgage or charge

Pursuant to section 410 of the Companies Act 1985



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

To the Registrar of Companies
(Address overleaf Note 6)

For official use

Company number

1318

SC029934

Name of company

* ASCO UK LIMITED (the "Chargor")

Date of creation of the charge (note 1)

25 October 2006

Description of the instrument (if any) creating or evidencing the charge (note 1)

Bond and Floating Charge (the "Charge")

Amount secured by the charge

All present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or alone or in any other capacity whatsoever) of any present or future member of the Group to the Security Agent and/or the other Secured Parties (or any of them) under or pursuant to any Finance Document (including all monies covenanted to be paid under the Charge), provided that no obligation or liability shall be included in the definition of "Secured Obligations" to the extent that, if it were so included, the Charge (or any part of it) would constitute unlawful financial assistance within the meaning of sections 151 and 152 of the Companies Act 1985 (the "Secured Obligations")

Please see the Paper Apart, Part 1 for definitions

Names and addresses of the persons entitled to the charge

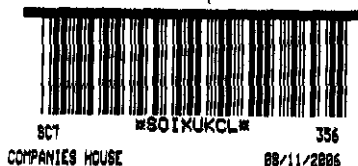
HSBC Bank plc, 8 Canada Square, London E14 5HQ together with its successors in title, assignees and transferees (the "Security Agent")

Presenter's name address telephone
number and reference (if any)
DLA Piper Scotland LLP
Rutland Square
EDINBURGH
EH1 2AA

08700 111 111
MU/MU/113920/120104

For official use (06/2005)
Charges Section

Post room



Short particulars of all the property charged

The Chargor, as security for the payment of all of the Secured Obligations, grants in favour of the Security Agent a floating charge over the whole of the property (including uncalled capital) which is or may be from time to time while the Charge is in force comprised in the property and undertaking of the Chargor Paragraph 14 of Schedule B1 to the Insolvency Act 1986 (incorporated by Schedule 16 to the Enterprise Act 2002) shall apply to the Charge

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

Statement, in the case of a floating charge, as to any restrictions on power to grant further securities and any ranking provision (note 2)

Please see the Paper Apart, Parts 1 and 2

Particulars as to commission, allowance or discount paid (see section 413(3))

N/A

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

Signed DLA Piper Scotland LLP

Date 8.11.06

On behalf of ~~XXXXXX~~ [chargee] †

Notes

1 A description of the instrument e.g. "Standard Security" "Floating Charge" etc, should be given For the date of creation of a charge see section 410(5) of the Act (Examples date of signing of an Instrument of Charge, date of recording/registration of a Standard Security, date of intimation of an Assignment)

2 In the case of a floating charge a statement should be given of (1) the restrictions, if any, on the power of the company to grant further securities ranking in priority to, or *pari passu* with the floating charge, and/or (2) the provisions, if any, regulating the order in which the floating charge shall rank with any other subsisting or future floating charges or fixed securities over the property which is the subject of the floating charge or any part of it

3 A certified copy of the instrument, if any, creating or evidencing the charge, together with this form with the prescribed particulars correctly completed must be delivered to the Registrar of Companies within 21 days after the date of the creation of the charge In the case of a charge created out of the United Kingdom comprising property situated outside the U K, within 21 days after the date on which the copy of the instrument creating it could, in due course of post, and if despatched with due diligence, have been received in the U K Certified copies of any other documents relevant to the charge should also be delivered

4 A certified copy must be signed by or on behalf of the person giving the certification and where this is a body corporate it must be signed by an officer of that body

5 A fee of £13 is payable to Companies House in respect of each register entry for a mortgage or charge Cheques and Postal Orders are to be made payable to Companies House

6 The address of the Registrar of Companies is Companies House, 37 Castle Terrace, Edinburgh EH1 2EB DX 235 Edinburgh or LP 4 Edinburgh 2

† delete as appropriate

THIS IS THE PAPER APART TO THE FOREGOING COMPANIES FORM 410 IN RESPECT OF A BOND AND FLOATING CHARGE BY ASCO UK LIMITED IN FAVOUR OF HSBC BANK PLC

Part 1 DEFINITIONS

"Acceptable Bank" means

- (a) a bank or financial institution which has a rating for its long term unsecured and non credit enhanced debt obligations of A 1 or higher by Standard & Poor's Rating Services or Fitch Ratings Ltd or P 1 or higher by Moody's Investors Service Limited or a comparable rating from an internationally recognised credit rating agency, or
- (b) any other bank or financial institution approved by
 - (i) in respect of the Senior Facility Agreement by the Agent (acting reasonably),
 - (ii) in respect of the Mezzanine Facility Agreement by the Mezzanine Agent (acting reasonably),

"Accession Letter" means

- (a) in respect of the Senior Facility Agreement, a document substantially in the form set out in Schedule 7 of the Senior Facility Agreement (*Form of Accession Letter*), and
- (b) in respect of the Mezzanine Facility Agreement, a document substantially in the form set out in Schedule 6 of the Mezzanine Facility Agreement (*Form of Accession Letter*),

"Accountants' Report" means the report by Deloitte & Touche LLP dated on or about the date of the Senior Facility Agreement relating to the Target and its Subsidiaries in terms acceptable to the Agent in respect of the Senior Facility Agreement or Mezzanine Agent in respect of the Mezzanine Facility Agreement and addressed to, and/or capable of being relied upon by, the Arranger and the other Secured Parties,

"Accounting Principles" means generally accepted accounting principles in the United Kingdom and, in relation to any member of the Group not incorporated in the United Kingdom, generally accepted accounting principles in its jurisdiction of incorporation or establishment,

"Acquisition" means the acquisition by ASCO Acquisition Limited of the Target Shares on the terms of the Acquisition Documents,

"Acquisition Agreement" means the sale and purchase agreement dated on or about the date of the Senior Facility Agreement relating to the sale and purchase of the Target Shares and made between ASCO Acquisition Limited and the Vendor,

"Acquisition Disclosure Letter" means the Disclosure Letter as defined in the Acquisition Agreement,

"Acquisition Documents" means the Acquisition Agreement, the Acquisition Disclosure Letter, the Enviroco Acquisition Agreement, the Trademark Assignment and any other document designated as an "Acquisition Document" by the Agent and the Parent in respect of

the Senior Facility Agreement and by the Mezzanine Agent and the Parent in respect of the Mezzanine Facility Agreement,

"Acquisition Proceeds" means the proceeds of a claim (a **"Recovery Claim"**) against the Vendors or any Affiliates of an institutional Vendor (or any employee, officer or adviser of a Vendor) in relation to the Acquisition Documents or against the provider of any Report (in its capacity as a provider of that Report) received by any member of the Group except for Excluded Acquisition Proceeds and after deducting

- (a) any reasonable costs and expenses which are incurred by any member of the Group to persons who are not members of the Group, and
- (b) any Tax incurred (or properly reserved for in accordance with the Accounting Principles) and required to be paid by a member of the Group (as reasonably determined by the relevant member of the Group on the basis of then existing rates and taking into account any available credit, deduction or allowance),

in each case in relation to that Recovery Claim,

"Additional Borrower" means a member of the Group which becomes a Borrower in accordance with clause 30 of the Senior Facility Agreement (*Changes to the Obligors*),

"Additional Guarantor" means

- (a) in respect of the Senior Facility Agreement, a member of the Group which becomes a Guarantor in accordance with clause 30 of the Senior Facility Agreement (*Changes to the Obligors*), and
- (b) in respect of the Mezzanine Facility Agreement, a member of the Group which becomes a Guarantor in accordance with clause 24 of the Mezzanine Facility Agreement (*Changes to the Obligors*),

"Additional Loan Notes" means Investor Loan Notes including any payments in kind notes issued in relation to such notes in accordance with the terms of the Investor Loan Note Instrument,

"Affiliate" means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company,

"Agent" means HSBC Bank plc as agent in respect of the Senior Facility Agreement,

"Ancillary Document" means each document relating to or evidencing the terms of an Ancillary Facility,

"Ancillary Facility" means any ancillary facility made available by an Ancillary Lender in accordance with clause 9 of the Senior Facility Agreement (*Ancillary Facilities*),

"Ancillary Lender" means each Lender (or Affiliate of a Lender) which makes available an Ancillary Facility in accordance with clause 9 of the Senior Facility Agreement (*Ancillary Facilities*),

"Arranger" means HSBC Bank plc as mandated lead arranger in respect of the Senior Facility Agreement,

"Banking Disclosure Letter" means

- (a) in respect of the Senior Facility Agreement, the disclosure letter from the Parent to the Agent making specific disclosures against certain of the representations in clause 24 of the Senior Facility Agreement (*Representations*), and
- (b) in respect of the Mezzanine Facility Agreement, the disclosure letter from the Parent to the Mezzanine Agent making specific disclosures against certain of the representations in clause 18 of the Mezzanine Facility Agreement (*Representations*),

"Base Case Model Acquisitions" means the first £5,000,000 (or the equivalent in other currencies) of Actual Consideration or investment (in aggregate) incurred by Enviroco Limited in the Financial Years ending 31 December 2007, 31 December 2008 and 31 December 2009 in respect of acquisitions of the entire issued share capital of private limited companies incorporated in the United Kingdom, asset acquisitions or Permitted Joint Ventures,

For the purposes of this definition, Actual Consideration shall have the meaning given to it in the definition of Permitted Acquisition,

"Base Currency" means Sterling,

"Borrower" means an Original Borrower or an Additional Borrower unless it has ceased to be a Borrower in accordance with clause 30 of the Senior Facility Agreement (*Changes to the Obligors*),

"Business Day" means a day (other than a Saturday or Sunday) on which banks are open for general business in London and

- (a) (in relation to any date for payment or purchase of a currency other than euro) the principal financial centre of the country of that currency, or
- (b) (in relation to any date for payment or purchase of euro) any TARGET Day,

"Capex Facility" means the term loan capital expenditure facility made available under the Senior Facility Agreement as described in clause 2 1(a)(iv) of the Senior Facility Agreement,

"Capex Facility Commitment" means

- (a) in relation to the Original Lender, the amount in the Base Currency set opposite its name under the heading "Capex Facility Commitment" in part 2 of schedule 1 of the Senior Facility Agreement (*The original parties*) and the amount of any other Capex Facility Commitment transferred to it under the Senior Facility Agreement, and
- (b) in relation to any other Lender, the amount in the Base Currency of any Capex Facility Commitment transferred to it under the Senior Facility Agreement,

to the extent not cancelled, reduced or transferred by it under the Senior Facility Agreement,

"Capex Facility Loan" means a loan made or to be made under the Capex Facility or the principal amount outstanding for the time being of that loan,

"Capital Expenditure" means any expenditure which is treated as capital expenditure in accordance with the Accounting Principles,

"Cash" means, at any time and in respect of a member of the Group, cash at bank and cash in hand to which that member of the Group is entitled together with any cash standing to the credit of a Mandatory Prepayment Account,

"Cash Equivalent Investments" means at any time

- (a) certificates of deposit maturing within one year after the relevant date of calculation and issued by an Acceptable Bank,
- (b) any investment in marketable debt obligations issued or guaranteed by the government of the United Kingdom, the United States of America, Norway or Canada or by an instrumentality or agency of any of them having an equivalent credit rating, maturing within one year after the relevant date of calculation and not convertible or exchangeable to any other security,
- (c) commercial paper not convertible to or exchangeable for any other security
 - (i) for which a recognised trading market exists,
 - (ii) issued by an issuer incorporated in the United Kingdom, the United States of America, Norway or Canada,
 - (iii) which matures within one year after the relevant date of calculation, and
 - (iv) which has a credit rating of either A 1 or higher by Standard & Poor's Rating Services or Fitch Ratings Ltd or P 1 or higher by Moody's Investors Service Limited, or, if no rating is available in respect of the commercial paper, the issuer of which has, in respect of its long term unsecured and non credit enhanced debt obligations, an equivalent rating,
- (d) Sterling bills of exchange eligible for rediscount at the Bank of England and accepted by an Acceptable Bank (or their dematerialised equivalent),
- (e) any investment accessible within 30 days in money market funds which have a credit rating of either A 1 or higher by Standard & Poor's Rating Services or Fitch Ratings Ltd or P 1 or higher by Moody's Investors Service Limited and which invest substantially all their assets in securities of the types described in paragraphs (a) to (d) above, or
- (f) any other debt security approved by the Agent in respect of the Senior Facility Agreement and by the Mezzanine Agent in respect of the Mezzanine Facility Agreement,

in each case to which any member of the Group is beneficially entitled at that time and which is not issued or guaranteed by any member of the Group or subject to any Security (other than one arising under the Transaction Security Documents or the Investor Security Documents),

"Certificates of Title" means

- (a) the certificates of title prepared by Burness, and

- (b) the lease reports prepared by Burness or Travers Smith (as the case may be),

dated on or about the date of the Senior Facility Agreement in the agreed form and addressed to and/or capable of being relied upon by the Arranger in respect of the Senior Facility Agreement or the Mezzanine Arranger in respect of the Mezzanine Facility Agreement and the other Secured Parties,

"Change of Control" means the Phoenix Funds, or any funds controlled by the Phoenix Funds collectively, cease to control directly or indirectly the Parent. For the purposes of this definition, **"control"** of the Parent means

- (a) the power (whether by way of ownership of shares, proxy, contract, agency or otherwise) to
 - (i) cast, or control the casting of, 50.1 per cent or more of the maximum number of votes that might be cast at a general meeting of the Parent, or
 - (ii) appoint or remove all, or the majority, of the directors or other equivalent officers of the Parent,
- (b) the holding beneficially of 50.1 per cent or more of the issued ordinary share capital of the Parent (excluding any part of that issued share capital that carries no right to participate beyond a specified amount in a distribution of either profits or capital),
- (c) the holding beneficially of 50.1 per cent or more of the aggregate principal amount of the Investor Loan Notes, or
- (d) the holding beneficially of 50.1 per cent or more of the issued preference share capital of the Parent,

"Charged Property" means all of the assets of the Obligor which from time to time are, or are expressed to be, the subject of the Transaction Security,

"Closing Date" means the date on which Completion occurs,

"Commitment" means

- (a) in respect of the Senior Facility Agreement, a Facility A Commitment, a Facility B Commitment, a Facility C Commitment, a Capex Facility Commitment or a Revolving Commitment, and
- (b) in respect of the Mezzanine Facility Agreement
 - (i) in relation to the Original Lender, the amount in the Base Currency set opposite its name under the heading "Commitment" in part 2 of schedule 1 of the Mezzanine Facility Agreement (*The original parties*) and the amount of any other Commitment transferred to it under the Mezzanine Facility Agreement, and
 - (ii) in relation to any other Lender, the amount in the Base Currency of any Commitment transferred to it under the Mezzanine Facility Agreement,

to the extent not cancelled, reduced or transferred by it under the Mezzanine Facility Agreement,

"Company Intra Group Loan Agreement" means the loan agreement in the agreed form between ASCO Acquisitions Limited and certain other members of the Group pursuant to which those members of the Group have made, or will make, available a facility to, amongst others, ASCO Acquisitions Limited upon the terms and conditions therein,

"Completion" means the completion of the Acquisition in accordance with clause 6 (*Completion*) of the Acquisition Agreement,

"Compliance Certificate" means

- (a) in respect of the Senior Facility Agreement, a certificate substantially in the form set out in Schedule 9 of the Senior Facility Agreement (*Form of Compliance Certificate*), and
- (b) in respect of the Mezzanine Facility Agreement, a certificate substantially in the form set out in Schedule 8 of the Mezzanine Facility Agreement (*Form of Compliance Certificate*),

"Consolidated Cashflow" means, for any period, Consolidated EBITDA for that period

- (a) plus the amount of any rebate or credit in respect of any Tax on profits, gains or income actually received in cash by any member of the Group during such period,
- (b) plus the amount (net of any applicable withholding tax) of any dividends or other profit distributions received in cash by any member of the Group during such period from any entity which is not itself a member of the Group,
- (c) minus all Capital Expenditure actually paid or contractually falling due (without double counting so that if Capital Expenditure contractually falls due in one period but is actually paid in a later period it shall be counted in the former period but not the later period) for payment by members of the Group during such period except to the extent funded by
 - (i) Disposal Proceeds generated from disposals made under paragraph (c) of the definition of Permitted Disposals, [Excluded Acquisition Proceeds] or [Excluded Insurance Proceeds],
 - (ii) way of a finance lease,
 - (iii) Permitted New Share Capital, Permitted New Investor Debt or utilisations under the Capex Facility, or
 - (iv) after the capital expenditure budget for the relevant Financial Year has been spent, Retained Cash,
- (d) minus the aggregate of the consideration paid for any Permitted Acquisitions made in reliance on paragraph (f) of the definition of "Permitted Acquisition" but adding back the aggregate of the consideration paid for any Permitted Acquisition funded by Permitted New Share Capital, Permitted New Investor Debt or utilisations under the Capex Facility (as defined in the Senior Facilities Agreement) or (except in relation to Base Case Model Acquisitions where the consideration funded by Retained Cash shall not be added back) Retained Cash,

- (e) minus all amounts of Tax on profits, gains or income actually paid and/or which fell due for immediate payment during such period,
- (f) minus the amount of any withholding tax withheld from any amount paid to any member of the Group which has been taken into account in calculating Consolidated EBITDA for such period,
- (g) plus any decrease or minus any increase in Net Working Capital between the dates at the beginning and end of such Testing Period,
- (h) minus the amount of all dividends or other distributions in respect of its shares or other ownership interests paid by any member of the Group in that period to any person who is not a member of the Group to the extent not already deducted from Consolidated EBITDA,
- (i) minus all non-cash credits and plus all non cash debits and other non cash charges included in establishing Consolidated EBITDA for such period (to the extent not included in calculating Net Working Capital as at the date on which such period ends),
- (j) plus any positive and minus any negative extraordinary or exceptional items received or which are paid by any member of the Group in cash during such period, and
- (k) to the extent deducted, adding back any liabilities incurred in an aggregate maximum amount of £5,000,000 in respect of
 - (i) any Tax liabilities incurred prior to the Closing Date,
 - (ii) any payments funded by the Vendor relating to a contract termination agreement dated 18 April 2005 between ASCO UK Limited and Waste Recycling Limited,
 - (iii) any increase in the working capital balance relating to the winding down of the discontinued UK vessel chartering business (as further described on page 175 of the Vendor Accountants' Report) which is cash backed by the Vendor,
 - (iv) any payments relating to vessel maintenance which are cash backed by the Vendor as at the Closing Date,
 - (v) any payments in respect of cargo carrying units provision which are cash backed by the Vendor as at the Closing Date, and
 - (vi) any payments in respect of marine customer overcharge which are cash backed by the Vendor as at the Closing Date,

"Consolidated EBITDA" means, for any period, the consolidated operating profit of the Group for such period

- (a) before deducting any depreciation or amortisation,
- (b) before taking into account any extraordinary or exceptional items (whether positive or negative),

- (c) before deducting any amount of Tax on profits, gains or income paid or payable by the Group and any amount of any rebate or credit in respect of Tax on profits, gains or income received or receivable by the Group,
- (d) before taking into account Interest accrued as an obligation of or owed to any member of the Group whether or not paid, deferred or capitalised during such period,
- (e) before taking into account (to the extent otherwise included) any unrealised gains or losses due to exchange rate movements,
- (f) after adding back (to the extent otherwise deducted) any loss against book value incurred by the Group on the disposal of any asset (other than the sale of trading stock or the sale of any Cash Equivalent Investments held by the Group in the ordinary course of business) during such period and any loss arising on any revaluation of any asset,
- (g) after deducting (to the extent otherwise included) any gain over book value arising in favour of the Group on the disposal of any asset (other than the sale of trading stock or the sale of any Cash Equivalent Investments held by the Group in the ordinary course of business) during such period and any gain arising on any revaluation of any asset during such period,
- (h) after adding back (to the extent otherwise deducted) all fees, costs and expenses, stamp, registration and other Taxes incurred by the ASCO Acquisitions Limited or any other member of the Group in connection with the Acquisition or the Transaction Documents up to a maximum aggregate amount of £10,000,000 amortised during such period, and
- (i) adding back, to the extent deducted from Consolidated EBITDA and to the extent funded by the Vendor (directly or indirectly)
 - (i) the contribution made by ASCO UK Limited to the ASCO plc Final Salary Plan up to a maximum aggregate amount of £6,000,000,
 - (ii) the costs properly incurred by the trustees of the ASCO plc Final Salary Plan payable by ASCO UK Limited in relation to the contribution made as set out in paragraph (j)(i) above up to a maximum aggregate amount of £100,000, and
 - (iii) the severance costs paid by ASCO UK Limited to Chris Lloyd in a maximum aggregate amount of £226,000,

"Constitutional Documents" means the memorandum and articles of association of the Parent in the agreed form,

"Current Assets" as at any date means all of the assets of the Group as at such date which are treated as current assets in accordance with the Accounting Principles other than.

- (a) cash in hand,
- (b) Cash Equivalent Investments,
- (c) any credit receivable for Tax suffered on profits, gains or income,

- (d) Interest receivable, and
- (e) any extraordinary items, exceptional items or other non operating items,

"Current Liabilities" as at any date means all of the liabilities of the Group as at such date which are treated as current liabilities in accordance with the Accounting Principles excluding

- (a) monies due in relation to the Mezzanine Facility and other Financial Indebtedness,
- (b) any accrued or unpaid Interest,
- (c) any liabilities in respect of Tax on profits, gains or income,
- (d) any dividends, redemptions and other distributions payable to shareholders of the Parent (whether or not declared), and
- (e) any extraordinary items, exceptional items or other non operating items,

"Delegate" means any delegate, agent, attorney or co trustee appointed by the Security Agent,

"Disposal" means a sale, lease, licence, transfer or other disposal by a person of any asset, undertaking or business (whether by a voluntary or involuntary single transaction or series of transactions),

"Disposal Proceeds" means the consideration received by any member of the Group (excluding any such proceeds to which a minority shareholder in the relevant member of the Group is entitled and receives but including any amount received in repayment of inter company debt) for any Disposal made by any member of the Group except for Excluded Disposal Proceeds and after deducting

- (i) reasonable costs and expenses incurred by any member of the Group with respect to that Disposal including, in each case to the extent reasonable
 - (A) agents' fees and costs,
 - (B) the costs of any closure, reorganisation, redundancy programme or reallocation of people or assets, and
 - (C) the costs of making good any dilapidations,

which are payable to persons who are not members of the Group, and

- (ii) any Tax incurred (or properly reserved for in accordance with the Accounting Principles) and required to be paid by a member of the Group in connection with that Disposal (as reasonably determined by that member of the Group on the basis of then existing rates and taking account of any available credit, deduction or allowance),

in each case as a direct result of such Disposal,

"EBITDA", in relation to any member of the Group for any period, means the unconsolidated operating profit of that member of the Group for such period adjusted in accordance with paragraphs (a) to (h) (inclusive) and (j) of the definition of Consolidated

EBITDA and, in relation to any Acquired Entity, means the unconsolidated (or if the Acquired Entity's subsidiaries are also being acquired by the Group, consolidated) operating profit of that Acquired Entity adjusted in the same manner but substituting any references in those paragraphs to "Group" with references to that Acquired Entity (and, if applicable, that Acquired Entity's subsidiaries),

"Enviroco Acquisition Agreement" means the sale and purchase agreement dated on or about the date of the Senior Facility Agreement relating to the sale and purchase of 50% of the issued shares of Enviroco Limited (CRN SC180242) and made between the Target and Stoneyhill Waste Management Limited,

"Environmental Report" means the environmental report by SLR Consulting Limited dated on or about the date of the Senior Facility Agreement relating to the Target and its Subsidiaries in terms acceptable to the Agent in respect of the Senior Facility Agreement or the Mezzanine Agent in respect of the Mezzanine Facility Agreement and addressed to, and/or capable of being relied upon by, the Arranger and the other Secured Parties,

"Event of Default" means

- (a) in respect of the Senior Facility Agreement, any event or circumstance specified as such in clause 28 of the Senior Facility Agreement (*Events of Default*),
- (b) in respect of the Mezzanine Facility Agreement, any event or circumstance specified as such in clause 22 of the Mezzanine Facility Agreement (*Events of Default*),

"Excluded Acquisition Proceeds" means any proceeds of a Recovery Claim which are applied

- (a) in the replacement, reinstatement and/or repair of assets of members of the Group which have been lost, destroyed or damaged or rectification of any other loss or defect, or
- (b) to satisfy (or reimburse a member of the Group which has discharged) any liability, charge or claim upon a member of the Group by a person which is not a member of the Group,

in each case as a result of the events or circumstances giving rise to that Recovery Claim, if those proceeds are applied within 12 months of receipt, or such longer period as the Agent (acting reasonably) may agree,

"Excluded Disposal Proceeds" means any Disposal Proceeds arising as a result of a Permitted Disposal other than a Permitted Disposal under paragraph (k) of that definition,

"Excluded Insurance Proceeds" means any proceeds of an insurance claim

- (a) which do not exceed £100,000 in any one Financial Year,
- (b) which are applied to meet a third party claim,
- (c) which are applied or are capable of being applied to or in the replacement, reinstatement and/or repair of comparable assets in respect of which the relevant insurance claim was made or otherwise in amelioration of the loss in respect of which the relevant insurance claim was made, or

- (d) which are applied, in the case of amounts received as a result of a claim in respect of a Key man Policy, finding a replacement for the relevant key person or meeting any additional costs arising out of the relevant key person ceasing to be involved in the Group's business in accordance with the terms of the deed of assignment entered into under clause 27 39(b) of the Senior Facility Agreement,

and (in the case of paragraph (c) above) are applied within 12 months of receipt or such longer period as the Agent (acting reasonably) may agree, and

"Facility A" means the term loan facility made available under the Senior Facility Agreement as described in clause 2 1(a)(i) of the Senior Facility Agreement,

"Facility A Commitment" means

- (a) in relation to the Original Lender, the amount in the Base Currency set opposite its name under the heading "Facility A Commitment" in part 2 of schedule 1 (*The original parties*) of the Senior Facility Agreement and the amount of any other Facility A Commitment transferred to it under the Senior Facility Agreement, and
- (b) in relation to any other Lender, the amount in the Base Currency of any Facility A Commitment transferred to it under the Senior Facility Agreement,

to the extent not cancelled, reduced or transferred by it under the Senior Facility Agreement,

"Facility A Loan" means a loan made or to be made under Facility A or the principal amount outstanding for the time being of that loan,

"Facility B" means the term loan facility made available under the Senior Facility Agreement as described in clause 2 1(a)(ii) of the Senior Facility Agreement,

"Facility B Commitment" means

- (a) in relation to the Original Lender, the amount in the Base Currency set opposite its name under the heading "Facility B Commitment" in part 2 of schedule 1 (*The original parties*) of the Senior Facility Agreement and the amount of any other Facility B Commitment transferred to it under the Senior Facility Agreement, and
- (b) in relation to any other Lender, the amount in the Base Currency of any Facility B Commitment transferred to it under the Senior Facility Agreement,

to the extent not cancelled, reduced or transferred by it under the Senior Facility Agreement,

"Facility B Loan" means a loan made or to be made under Facility B or the principal amount outstanding for the time being of that loan,

"Facility C" means the term loan facility made available under the Senior Facility Agreement as described in clause 2 1(a)(iii) of the Senior Facility Agreement,

"Facility C Commitment" means

- (a) in relation to the Original Lender, the amount in the Base Currency set opposite its name under the heading "*Facility C Commitment*" in part 2 of schedule 1 (*The*

original parties) of the Senior Facility Agreement and the amount of any other Facility C Commitment transferred to it under the Senior Facility Agreement, and

- (b) in relation to any other Lender, the amount in the Base Currency of any Facility C Commitment transferred to it under the Senior Facility Agreement,

to the extent not cancelled, reduced or transferred by it under the Senior Facility Agreement,

"Facility C Loan" means a loan made or to be made under Facility C or the principal amount outstanding for the time being of that loan,

"Fee Letter" means

- (a) in respect of the Senior Facility Agreement
 - (i) any letter or letters dated on or about the date of the Senior Facility Agreement between the Arranger and the Parent (or the Agent and the Parent or the Security Agent and the Parent) setting out any of the fees referred to in clause 17 of the Senior Facility Agreement (*Fees*), and
 - (ii) any agreement setting out fees payable to a Finance Party referred to in clause 17.4 of the Senior Facility Agreement (*Fees payable in respect of Letters of Credit*) or clause 17.5 of the Senior Facility Agreement (*Interest, commission and fees on Ancillary Facilities*) or under any other provision of the Senior Facility Agreement or any other Finance Document, and
- (b) in respect of the Mezzanine Facility Agreement, any letter or letters dated on or about the date of the Mezzanine Facility Agreement between the Mezzanine Arranger and the Parent (or the Mezzanine Agent and the Parent or the Security Agent and the Parent) setting out any of the fees referred to in clause 11 of the Mezzanine Facility Agreement (*Fees*),

"Finance Document" means

- (a) in respect of the Senior Facility Agreement
 - (i) the Senior Facility Agreement,
 - (ii) the Banking Disclosure Letter,
 - (iii) any Accession Letter,
 - (iv) any Ancillary Document,
 - (v) any Compliance Certificate,
 - (vi) any Fee Letter,
 - (vii) any Hedging Agreement,
 - (viii) the Intercreditor Deed,
 - (ix) the Ranking Agreement,

- (x) any Resignation Letter,
 - (xi) any Selection Notice,
 - (xii) any Transaction Security Document,
 - (xiii) any Utilisation Request, and
 - (xiv) any other document designated as a "Finance Document" by the Agent and the Parent,
- (b) in respect of the Mezzanine Facility Agreement
- (i) Mezzanine Facility Agreement,
 - (ii) the Banking Disclosure Letter,
 - (iii) any Accession Letter,
 - (iv) any Compliance Certificate,
 - (v) any Fee Letter,
 - (vi) the Intercreditor Deed,
 - (vii) the Ranking Agreement,
 - (viii) any Resignation Letter,
 - (ix) any Transaction Security Document,
 - (x) any Utilisation Request,
 - (xi) any Mezzanine PIK Note, and
 - (xii) any other document designated as a "Finance Document" by the Mezzanine Agent and the Parent,

"Financial Indebtedness" means any indebtedness for or in respect of

- (a) monies borrowed,
- (b) any amount raised by acceptance under any acceptance credit facility or dematerialised equivalent,
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument,
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with the Accounting Principles, be treated as a finance or capital lease,
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non recourse basis),

- (f) any Treasury Transaction (and, when calculating the value of that Treasury Transaction, only the marked to market value as at the relevant date on which Financial Indebtedness is calculated (or, if any actual amount is due as a result of the termination or close out of that Treasury Transaction, that amount) shall be taken into account),
- (g) (without double counting) any counter indemnity obligation in respect of a guarantee, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution,
- (h) any amount of any liability under an advance or deferred purchase agreement if (i) one of the primary reasons behind entering into the agreement is to raise finance or (ii) the agreement is in respect of the supply of assets or services and payment is due more than 120 days after the later of the date of supply and the date the relevant member of the Group acquires beneficial title in those assets,
- (i) any amount raised under any other transaction (including any forward sale or purchase agreement) having the primary commercial effect of a borrowing, and
- (j) (without double counting) the amount of any liability in respect of any guarantee for any of the items referred to in paragraphs (a) to (i) above,

"Financial Year" means the period of 12 months ending on 31 December in each year,

"Group" means the Parent, the Target and each of their respective Subsidiaries for the time being,

"Guarantor" means

- (a) in respect of the Senior Facility Agreement, an Original Guarantor or an Additional Guarantor, unless it has ceased to be a Guarantor in accordance with clause 30 of the Senior Facility Agreement (*Changes to the Obligors*), and
- (b) in respect of the Mezzanine Facility Agreement, an Original Guarantor or an Additional Guarantor, unless it has ceased to be a Guarantor in accordance with clause 24 of the Mezzanine Facility Agreement (*Changes to the Obligors*),

"Hedge Counterparty" means a Lender or an Affiliate of a Lender which has become a party to the Intercreditor Deed as a Hedge Counterparty in accordance with the Intercreditor Deed,

"Hedging Agreement" means any master agreement, confirmation, schedule or other agreement in the agreed form entered into or to be entered into by ASCO Acquisitions Limited and a Hedge Counterparty for the purpose of hedging interest rate liabilities in relation to all or part of the Term Facilities in accordance with the Hedging Strategy Letter delivered to the Agent under clause 4.1 (*Initial conditions precedent*) of the Senior Facility Agreement,

"Hedging Strategy Letter" has the meaning given to that term in part 1 of schedule 2 (*Conditions precedent*) of the Senior Facility Agreement,

"Holding Account" means

- (a) in respect of the Senior Facility Agreement, an interest bearing account

- (i) held in the United Kingdom by a member of the Group with the Agent or the Security Agent,
- (ii) identified in a letter between the Parent and the Agent as a Holding Account, and
- (iii) subject to the Transaction Security in favour of the Security Agent which Security is in form and substance satisfactory to the Security Agent (acting reasonably),

as the same may be redesignated, substituted or replaced from time to time, and

- (b) in respect of the Mezzanine Facility Agreement, an interest bearing account

- (i) held in the United Kingdom by a member of the Group with the Mezzanine Agent or the Security Agent,
- (ii) identified in a letter between the Parent and the Mezzanine Agent as a Holding Account, and
- (iii) subject to the Transaction Security in favour of the Security Agent which Security is in form and substance satisfactory to the Security Agent (acting reasonably),

as the same may be redesignated, substituted or replaced from time to time provided that prior to the Termination Date in relation to Facility C, "Holding Account" shall have the meaning ascribed to it in the Senior Facilities Agreement,

"Holding Company" means, in relation to a company or corporation, any other company or corporation in respect of which it is a Subsidiary,

"Insurance Report" means an insurance report in respect of the Target Group in the agreed form prepared by AON Limited and dated on or about the date of the Senior Facility Agreement and addressed to, and/or capable of being relied upon by, the Arranger in respect of the Senior Facility Agreement or the Mezzanine Arranger in respect of the Mezzanine Facility Agreement and the other Secured Parties,

"Intellectual Property" means

- (a) any patents, trade marks, service marks, designs, business names, copyrights, design rights, moral rights, inventions, confidential information, know how and other intellectual property rights and interests, whether registered or unregistered, and
- (b) the benefit of all applications and rights to use such assets of each member of the Group,

"Intercreditor Deed" means the intercreditor agreement dated 25 October 2006 and made between the Obligors, the Mezzanine Finance Parties, the Senior Finance Parties, the holders of the Loan Notes from time to time, the Investors, Phoenix Equity Nominees Limited and certain others,

"Interest" means

- (a) interest and amounts in the nature of interest accrued in respect of any Financial Indebtedness,
- (b) prepayment penalties or premiums incurred in repaying or prepaying any Financial Indebtedness to the extent that the Accounting Principles requires that those penalties or premiums be treated as, or in like manner to, interest,
- (c) discount fees and acceptance fees payable or deducted in respect of any Financial Indebtedness, including fees payable in respect of letters of credit or guarantees made available pursuant to the terms of the Senior Facilities Agreement,
- (d) any net payment (or, if appropriate in the context, receipt) under any interest rate hedging agreement or instrument (including under the Hedging Agreements), taking into account any premiums payable, and
- (e) any other payments and deductions of similar effect (including the interest element of finance leases),

and shall include commitment and non utilisation fees (including those payable under the Mezzanine Finance Documents and the Senior Finance Documents) but excludes agent's and front end, management, arrangement and participation fees with respect to any Financial Indebtedness (including those payable under the Mezzanine Finance Documents and the Senior Finance Documents),

"Investment Agreement" means the investment agreement dated on or about the date of the Senior Facility Agreement made between (1) the Parent, (2) Midco, (3) ASCO Acquisitions Limited, (4) the Managers (as defined in that agreement), (5) the Phoenix Funds, (6) Phoenix Equity Partners Limited, (7) Phoenix Equity Nominees Limited, (8) Butterfield Trust (Guernsey) Limited as trustee of the ASCO 2006 Employee Benefit Trust and (9) Indigo Capital IV L P ,

"Investment Documents" means the Investment Agreement, the Constitutional Documents, the Investor Loan Note Instrument, the Investor Loan Notes, the Management Loan Note Instrument, the Management Loan Notes, Mr Allan's Management Loan Note Instrument and Mr Allan's Management Loan Notes, any Replacement Loan Notes, the Investor Security Documents and any Permitted New Investor Debt Documents,

"Investor Loan Note Instrument" means the instrument in the agreed form pursuant to which the Investor Loan Notes are, or are to be, constituted,

"Investor Loan Notes" means the secured subordinated redeemable loan notes [due 2016] issued by the Midco, including any payment in kind notes issued in relation to such loan notes in accordance with the terms of the Investor Loan Note Instrument,

"Investors" means the Phoenix Funds, Indigo Capital IV L P , each of the individuals and entities set out in Schedule 1 to the Investment Agreement (*The Managers*) and their or any subsequent successors, assigns or transferees,

"Investor Security Agent" means Phoenix Equity Nominees Limited,

"Investor Security Documents" means each of the following second ranking security documents granted to the Investor Security Agent on substantially the same terms as the corresponding Transaction Security Documents

- (a) an English law guarantee and debenture granted by each of the Parent, Midco, ASCO Acquisitions Limited and each of the Target Obligor,
- (b) a Scots law bond and floating charge granted by each of the Target Obligor, and
- (c) Scots law standard securities in substantially the same form as each Standard Security,

together with any other document approved by the Agent and entered into by any Obligor creating or expressed to create any Security over all or any parts of its assets in respect of the obligations of any Obligor under the Investor Loan Notes and/or any Permitted New Investor Debt Document,

"Issuing Bank" means the Original Issuing Bank and any other Lender which has notified the Agent that it has agreed to the Parent's request to be an Issuing Bank pursuant to the terms of the Senior Facility Agreement (and if more than one Lender has so agreed, such Lenders shall be referred to whether acting individually or together as the "Issuing Bank") provided that, in respect of a Letter of Credit issued or to be issued pursuant to the Senior Facility Agreement, the "Issuing Bank" shall be the Issuing Bank which has issued or agreed to issue that Letter of Credit,

"IT Report" means the information technology report in respect of the Target Group in the agreed form prepared by Intuitus and dated on or about the date of the Senior Facility Agreement and addressed to, and/or capable of being relied upon by, the Arranger in respect of the Senior Facility Agreement or the Mezzanine Arranger in respect of the Mezzanine Facility Agreement and the other Secured Parties,

"Joint Venture" means any joint venture entity, whether a company, unincorporated firm, undertaking, association, joint venture or partnership (excluding, for the avoidance of doubt, purely commercial contractual arrangements entered into in the ordinary course of business) or any other entity,

"Key man Policy" means the key man life assurance policy (in form and substance reasonably satisfactory to the Agent in respect of the Senior Facility Agreement or the Mezzanine Agent in respect of the Mezzanine Facility Agreement and with such insurer as the Agent in respect of the Senior Facility Agreement or the Mezzanine Agent in respect of the Mezzanine Facility Agreement may reasonably approve) taken out and maintained by ASCO Acquisitions Limited or the Parent in respect of the death or disability and/or critical illness of the following individuals and in not less than the following respective amounts and terms

Name of Individual	Amount (£)	Term
Billy Allan	1,000,000	3 years

and any substitute or replacement policy entered into relating to the same,

"Lender" means

- (a) in respect of the Senior Facility Agreement

- (i) the Original Lender, or
- (ii) any bank, financial institution, trust, fund or other entity which has become a Party to the Senior Facility Agreement in accordance with clause 29 of the Senior Facility Agreement (*Changes to the Lenders*),

which in each case has not ceased to be a Party in accordance with the terms of the Senior Facility Agreement,

- (b) in respect of the Mezzanine Facility Agreement

- (i) the Original Lender, or
- (ii) any bank, financial institution, trust, fund or other entity which has become a Party to the Mezzanine Facility Agreement in accordance with clause 23 of the Mezzanine Facility Agreement (*Changes to the Lenders*),

which in each case has not ceased to be a Party in accordance with the terms of the Mezzanine Facility Agreement,

"Legal Due Diligence Report" means the legal due diligence report in the agreed form dated on or about the date of the Senior Facility Agreement prepared by Travers Smith relating to the Acquisition (and including a report on a sample of leases held by members of the Group) and addressed to, and/or capable of being relied upon by, the Arranger and the other Secured Parties,

"Legal Opinion" means

- (a) in respect of the Senior Facility Agreement, any legal opinion delivered to the Agent under clause 4.1 (*Initial conditions precedent*) or clause 30 (*Changes to the Obligors*) of the Senior Facility Agreement, and
- (b) in respect of the Mezzanine Facility Agreement, any legal opinion delivered to the Mezzanine Agent under clause 4.1 (*Initial conditions precedent*) or clause 24 (*Changes to the Obligors*) of the Mezzanine Facility Agreement,

"Legal Reservations" means

- (a) the principle that equitable remedies may be granted or refused at the discretion of a court and the limitation of enforcement by laws relating to insolvency, reorganisation and other laws generally affecting the rights of creditors,
- (b) the time barring of claims under the Limitation Acts, the possibility that an undertaking to assume liability for or indemnify a person against non payment of UK stamp duty may be void and defences of set off or counterclaim,
- (c) the principle that any additional interest imposed under any relevant agreement may be held to be unenforceable on the grounds that it is a penalty and thus void,
- (d) the principle that an English court may not give effect to an indemnity for legal costs incurred by an unsuccessful litigant,

- (e) the principle that in certain circumstances security granted by way of fixed charge may be characterised as a floating charge or that security purported to be constituted by way of an assignment may be recharacterised as a charge,
- (f) similar principles, rights and defences under the laws of any Relevant Jurisdiction,
- (g) any other matters which are set out as qualifications or reservations as to matters of law of general application in any Legal Opinion, and
- (h) any flaw in the legality, validity, binding nature or enforceability of Security under a Transaction Security Document which is governed by the laws of jurisdiction of incorporation or establishment of the company granting such Security or, in the case of a company incorporated in Scotland, which is governed by the laws of England and Wales insofar as such Security is granted over the shares or other interest of a company incorporated in a different jurisdiction or any other asset located in a different jurisdiction,

"Letter of Credit" means

- (a) a letter of credit, substantially in the form set out in schedule 11 of the Senior Facility Agreement (*Form of Letter of Credit*) or in any other form requested by the Parent and agreed by the Issuing Bank (acting reasonably), or
- (b) any guarantee, indemnity or other instrument in a form requested by a Borrower (or the Parent on its behalf) and agreed by the Issuing Bank (acting reasonably),

"Loan" means a Term Loan, a Capex Facility Loan or a Revolving Loan,

"Loan Notes" means the Investor Loan Notes, the Management Loan Notes and Mr Allan's Management Loan Notes,

"Majority Lenders" means

- (a) (for the purposes of clause 40 1(a) of the Senior Facility Agreement in the context of a waiver in relation to a proposed Utilisation of the Revolving Facility (other than a Utilisation on the Closing Date) of the condition in clause 4 2 of the Senior Facility Agreement (*Further conditions precedent*)), a Lender or Lenders whose Revolving Commitments aggregate more than 66 66 per cent of the Total Revolving Commitments, and
- (b) (in any other case), a Lender or Lenders whose Commitments aggregate more than 66 66 per cent of the Total Commitments (or, if the Total Commitments have been reduced to zero, aggregated more than 66 66 per cent of the Total Commitments immediately prior to that reduction),

"Management Loan Note Instrument" means the instrument in the agreed form pursuant to which the Management Loan Notes are, or are to be, constituted,

"Management Loan Notes" means the unsecured subordinated loan notes issued by the Midco including any payment in kind loan notes issued in relation to such loan notes in accordance with the Management Loan Note Instrument,

"Mandatory Prepayment Account" means

- (a) in respect of the Senior Facility Agreement, an interest bearing account
 - (i) held in the United Kingdom by a Borrower with the Agent or the Security Agent,
 - (ii) identified in a letter between the Parent and the Agent as a Mandatory Prepayment Account,
 - (iii) subject to the Transaction Security in favour of the Security Agent, which Security is in form and substance satisfactory to the Agent and the Security Agent (each acting reasonably), and
 - (iv) from which no withdrawals may be made by any members of the Group except as contemplated by the Senior Facility Agreement,

as the same may be redesignated, substituted or replaced from time to time, and

- (b) in respect of the Mezzanine Facility Agreement, an interest bearing account
 - (i) held in the United Kingdom by ASCO Acquisitions Limited with the Mezzanine Agent or the Security Agent,
 - (ii) identified in a letter between the Parent and the Mezzanine Agent as a Mandatory Prepayment Account,
 - (iii) subject to the Transaction Security in favour of the Security Agent, which Security is in form and substance satisfactory to the Mezzanine Agent and the Security Agent (each acting reasonably), and
 - (iv) from which no withdrawals may be made by any members of the Group except as contemplated by the Mezzanine Facility Agreement,

as the same may be redesignated, substituted or replaced from time to time provided that prior to the Termination Date in relation to Facility C, "Holding Account" shall have the meaning ascribed to it in the Senior Facilities Agreement,

"Market Report" means the market reports in the agreed form prepared by each of Arthur D Little and LEK and each dated on or about the date of the Senior Facility Agreement and addressed to, and/or capable of being relied on by, the Arranger in respect of the Senior Facility Agreement or the Mezzanine Arranger in respect of the Mezzanine Facility Agreement and the other Secured Parties,

"Material Adverse Effect" means, in respect of the Senior Facility Agreement and in respect of the Mezzanine Facility Agreement, any event or circumstance which is materially adverse to

- (a) the ability of the Obligors taken as a whole to perform their payment obligations under any of the Finance Documents taking into account, amongst other things, the resources immediately available to the Group without breaching the terms of the Finance Documents,
- (b) the business, assets or financial condition of the Group taken as a whole, or

- (c) subject to the Legal Reservations, the ability of the Security Agent to enforce the Transaction Security Documents,

"Mezzanine Agent" means Indigo Capital Limited as Mezzanine agent in respect of the Mezzanine Facility Agreement,

"Mezzanine Arranger" means Indigo Capital Limited as mandated lead Mezzanine arranger in respect of the Mezzanine Facility Agreement,

"Mezzanine Facility" means the mezzanine facility made available under the Mezzanine Facility Agreement as described in clause 2.1 of the Mezzanine Facility Agreement (*The Mezzanine Facility*),

"Mezzanine Facility Agreement" means the mezzanine facility agreement in the agreed form dated 25 October 2006 and made between (1) the Parent, (2) ASCO Acquisitions Limited, (3) the companies listed in Part 1 of Schedule 1 to that agreement as Original Guarantors, (4) Indigo Capital Limited as Arranger, (5) the financial institution listed in Part 2 of Schedule 1 to that agreement as Original Lender, (6) Indigo Capital Limited as Agent and (7) the Security Agent,

"Mezzanine Finance Parties" means the Mezzanine Agent, the Mezzanine Arranger, the Security Agent or a Lender,

"Mezzanine Loan" means a loan made or to be made under the Mezzanine Facility or the principal amount outstanding for the time being of that loan (including the outstanding amount of the Mezzanine PIK Notes, if any are issued),

"Mezzanine PIK Condition" means

- (a) in respect of a partial prepayment or repayment of the Mezzanine Loan, the Mezzanine Agent receiving
- (i) from ASCO Acquisitions Limited, all funds due in relation to that partial prepayment or repayment of the Mezzanine Loan, and
 - (ii) from the Lenders, all Mezzanine PIK Notes to which that prepayment or repayment of the Mezzanine Loan relates, or
- (b) in respect of a transfer or assignment of any Mezzanine PIK Note by a Lender, the delivery by that Lender of those Mezzanine PIK Notes to the Mezzanine Agent, and
- (c) the issue, in accordance with the terms of the Mezzanine Facility Agreement, by ASCO Acquisitions Limited of new Mezzanine PIK Notes in the amounts required in favour of that Lender and the delivery of those new Mezzanine PIK Notes to the Mezzanine Agent,

"Mezzanine PIK Notes" means subordinated mezzanine loan notes of ASCO Acquisitions Limited in the form set out in Schedule 11 of the Mezzanine Facility Agreement (*Mezzanine PIK Note certificate*) which may be issued by ASCO Acquisitions Limited pursuant to clause 10.2 of the Mezzanine Finance Agreement (*Payment of interest*),

"Midco" means ASCO Funding Limited, a company incorporated under the laws of England and Wales with registered number 5916071,

"Mr Allan's Management Loan Notes" means the unsecured subordinated loan notes issued by the Midco,

"Net Working Capital" means, in relation to any date, Current Assets minus Current Liabilities as at such date,

"Non Obligor" means a member of the Group which is not an Obligor,

"Norge Tranche" means up to £500,000 of the Total Commitment that may be utilised solely in relation to a Permitted Norwegian Acquisition or otherwise cancelled in accordance with clause 7.2 (*Voluntary cancellation*) or clause 7.3(b) (*Mandatory cancellation*) of the Mezzanine Facility Agreement,

"Obligor" means in respect of the Senior Facility Agreement a Borrower or a Guarantor and in respect of the Mezzanine Facility Agreement means ASCO Acquisitions Limited or a Guarantor,

"Original Borrowers" means The Companies listed in Part 1 of Schedule 1 of the Senior Facility Agreement (*The original parties*) as original borrowers,

"Original Guarantors" means the companies listed in Part 1 of Schedule 1 of the Mezzanine Facility Agreement (*The original parties*) as original guarantors,

"Original Issuing Bank" means HSBC Bank plc as original issuing bank in respect of the Senior Facility Agreement,

"Original Lender" means in respect of the Senior Facility Agreement HSBC Bank plc and in respect of the Mezzanine Facility Agreement means Indigo Capital IV Sarl,

"Parent" means ASCO Group Limited (company registration number 5898050),

"Party" means a party to the relevant Facility Agreement,

"Permitted Acquisition" means

- (a) the Acquisition,
- (b) an acquisition by a member of the Group of an asset sold, leased, transferred or otherwise disposed of by another member of the Group in circumstances constituting a Permitted Disposal,
- (c) an acquisition of securities which are Cash Equivalent Investments so long as those Cash Equivalent Investments become subject to the Transaction Security as soon as is reasonably practicable,
- (d) an acquisition of shares pursuant to a Permitted Share Issue,
- (e) the acquisition, incorporation or organisation of an off the shelf company (which for the avoidance of doubt shall not have previously traded),
- (f) an asset acquisition or share acquisition of the entire issued share capital of a limited liability company (the **"Acquired Entity"**) (for cash consideration, ordinary shares in the Parent (subject to paragraph (f)(xi) below and which does not constitute a

Change of Control) or, subject to paragraph (f)(x) below, deferred consideration) which carries on business similar to that of the Target Group provided that

- (i) the Acquired Entity has been EBITDA positive for the 12 month period prior to the date of the acquisition of that Acquired Entity,
- (ii) the Acquired Entity is incorporated or operates solely in the United Kingdom, Canada, the United States of America, Norway or Trinidad,
- (iii) no Event of Default is continuing or would occur as a result of that acquisition,
- (iv) the aggregate of the consideration and the principal amount of any Financial Indebtedness (excluding intra Group balances) assumed as part of that acquisition which is to remain in the Acquired Entity at the date of acquisition, excluding (subject to paragraph (f)(xi) below) the value of any ordinary shares issued by the Parent in connection with the acquisition, and excluding associated reasonable costs and expenses) for the acquisition (the "**Actual Consideration**") does not exceed £3,000,000 (or its equivalent in other currencies),
- (v) the aggregate of the Actual Consideration of all acquisitions made under this paragraph (f), when aggregated with the Actual Consideration of any acquisition made under paragraph (iv), does not, in any Financial Year of the Parent, exceed £3,000,000 (or its equivalent in other currencies) excluding any Base Case Model Acquisitions,
- (vi) the acquisition is funded by
 - (A) where, at the date of the acquisition, the ratio of the Actual Consideration for the Acquired Entity to the EBITDA for the Acquired Entity for the Relevant Period is less than or equal to the ratio of Total Net Debt to Consolidated EBITDA for the Relevant Period, Capex Facility Loans or Consolidated Cashflow of the Group generated during the period between the end of the immediately preceding Financial Year and the end of the immediately preceding Quarterly Period or, once the Capex Facility has been drawn in full, Retained Cash, or
 - (B) to the extent that, at the date of the acquisition, the ratio of the Actual Consideration for the Acquired Entity to the EBITDA for the Acquired Entity for the Relevant Period is greater than the ratio of Total Net Debt to Consolidated EBITDA for the Relevant Period, the Required Amount of Permitted New Investor Debt or Permitted New Share Capital, and the balance shall be funded by Capex Facility Loans or Consolidated Cashflow of the Group generated during the period between the end of the immediately preceding Financial Year and the end of the immediately preceding Quarterly Period or, once the Capex Facility has been drawn in full, Retained Cash,
- (vii) where the Actual Consideration for the acquisition and the amount of any other liabilities (actual and contingent) of the Acquired Entity revealed in the due diligence information in respect of that Acquired Entity as constituting a

risk of acquiring that Acquired Entity, is greater than or equal to £500,000 (or its equivalent in other currencies), the Majority Lenders have

- (A) approved (acting reasonably) the terms of the sale and purchase agreement under which the acquisition is to be made, and
 - (B) if the acquisition is a share acquisition, received legal due diligence reports in respect of the Acquired Entity in form and substance reasonably satisfactory to it and copies of any other due diligence reports which have been prepared in respect of the Acquired Entity for the relevant member of the Group,
- (viii) the Acquired Entity is not, immediately prior to its acquisition, a member of a defined benefit scheme which is not funded in accordance with the minimum funding requirement (as defined in section 56 of the Pensions Act 1995),
- (ix) the acquisition is not funded by a Revolving Utilisation,
- (x) any deferred consideration payable by a member of the Group in respect of the acquisition shall be
- (A) guaranteed by any of the Phoenix Funds, or
 - (B) funded by committed Permitted New Investor Debt or committed Permitted New Share Capital,
- other than up to £750,000 (or its equivalent in other currencies) of deferred consideration, in aggregate, at any time, and
- (xi) any consideration for an acquisition funded by the issue of ordinary shares by the Parent shall not exceed £1,000,000 in respect of any acquisition and shall not exceed £2,000,000 in aggregate from the date of the Senior Facility Agreement until the Termination Date in respect of Facility C,

Prior to any Permitted Acquisition being made under paragraph (f) above, the Parent must deliver to the Agent in respect of the Senior Facility Agreement or the Mezzanine Agent in respect of the Mezzanine Facility Agreement, not later than five Business Days before legally committing to make that acquisition, a certificate signed by two directors of the Parent

- (a) to which must be attached
- (i) a copy of the latest audited accounts (or, if not available, management accounts) of the relevant Acquired Entity, and
 - (ii) in relation to any Permitted Acquisition where the aggregate value of Actual Consideration, deferred consideration and the value of any shares issued by the Parent in connection with such acquisition exceeds £1,000,000, a model consolidating the Group's proposed budget (which, for the avoidance of doubt, shall not be required to be updated unless the Parent elects to do so) and the budget for the Acquired Entity for a period of not less than five years after the date of acquisition of the Acquired Entity,

- (b) which gives calculations showing in reasonable detail
 - (i) that the Group would have remained, and will remain, in compliance with its obligations under clause 26 of the Senior Facility Agreement (*Financial covenants*) or clause 20 of the Mezzanine Facility Agreement (*Financial covenants*) if the covenant tests were recalculated for the most recent Testing Period, and the next two Testing Periods, consolidating the financial statements of the Acquired Entity (consolidated if it has Subsidiaries) with the financial statements of the Group for such period on a pro forma basis and as if the Actual Consideration for the proposed acquisition had been paid at the start of that Testing Period,
 - (ii) the ratio of Total Net Debt at the date of the acquisition to Consolidated EBITDA for the Relevant Period, and
 - (iii) the ratio of the Actual Consideration payable in respect of the relevant Acquired Entity to the EBITDA for that Acquired Entity for the Relevant Period

In respect of any Permitted Acquisition being made under paragraph (f) above, the **"Required Amount"** of Permitted New Investor Debt or Permitted New Share Capital means

- (a) the amount of Actual Consideration (excluding any Permitted Financial Indebtedness assumed by the Group as part of that Permitted Acquisition (other than under paragraph (e) of the definition of "Permitted Financial Indebtedness")) for that Permitted Acquisition, less
- (b) the amount of Actual Consideration for that Permitted Acquisition to the extent that it is permitted to be funded with Retained Cash, Capex Facility Loans or Consolidated Cashflow of the Group under paragraph (f)(vi)(A) above

In respect of any Permitted Acquisition being made under paragraph (f) above, **"Relevant Period"** means

- (a) in respect of an Acquired Entity, the 12 month period ending on the end date of the most recent monthly management accounts of that Acquired Entity or, if that Acquired Entity is a business, the most recent monthly management accounts of the company which owned that Acquired Entity which show the EBITDA of that Acquired Entity available to the Group at the date of that Permitted Acquisition, or
- (b) in respect of the Group, the 12 month period ending on the last day of the relevant Quarterly Period the subject of the most recent Quarterly Financial Statements available at the date of that Permitted Acquisition (and if that 12 month period commences before the Closing Date, the Consolidated EBITDA of the Group shall include the EBITDA of the Target Group for the part of that period which pre dates the Closing Date),

In respect of any Permitted Acquisition being made under paragraph (f) above, "EBITDA" shall be as defined but (i) any contributions of the Acquired Entity to the costs of any of its holding companies or, if the Acquired Entity is a business, any contributions that business makes to head office costs and/or (ii) any other costs in respect of which the Parent provides evidence satisfactory to the Agent that such costs will be eliminated as a result of synergies

arising from the Acquired Entity becoming a member of the Group, shall be added back to EBITDA,

- (g) an acquisition of shares or securities which is a Permitted Joint Venture,
- (h) an acquisition of its own ordinary shares by the Parent from Leavers (as defined in the Constitutional Documents) in accordance with the Constitutional Documents and funded by Retained Cash, Permitted New Investor Debt or Permitted New Share Capital,
- (i) an acquisition of any shares in ASCO Trinidad Limited or, following completion of the Permitted Norwegian Acquisition, ASCO Norge A/S, which are not owned by the Group and the aggregate of the consideration to which, excluding, subject to paragraph (f)(xi) above, the value of any ordinary shares issued by the Parent in connection with such acquisition, does not exceed, when aggregated with any acquisition made in reliance on paragraph (f) in that Financial Year, £3,000,000 excluding any Base Case Model Acquisitions,
- (j) the Permitted Norwegian Acquisition, and
- (k)
 - (i) in respect of the Senior Facility Agreement, an acquisition previously approved by the Agent (in writing and in accordance with the terms of the Senior Facility Agreement); and
 - (ii) in respect of the Mezzanine Facility Agreement, an acquisition previously approved by the Mezzanine Agent (in writing and in accordance with the terms of the Mezzanine Facility Agreement),

"Permitted Disposal" means any sale, lease, licence, transfer or other disposal

- (a) of any asset made by any member of the Group in the ordinary course of trading of the disposing entity,
- (b) of any asset by a member of the Group (the **"Disposing Company"**) to another member of the Group (the **"Acquiring Company"**) but if
 - (i) the Disposing Company is an Obligor, the Acquiring Company must also be an Obligor,
 - (ii) the Disposing Company had given Security over the asset, the Acquiring Company must have given or give equivalent Security over that asset, and
 - (iii) the Disposing Company is a Guarantor, the Acquiring Company must be a Guarantor guaranteeing at the time of the disposal an amount no less than that guaranteed by the Disposing Company,
- (c) provided no Event of Default has occurred which is continuing and without prejudice to paragraph (a) above, of assets (other than shares, businesses, any Real Property charged by way of a fixed charge under a Transaction Security Document, Intellectual Property, Joint Ventures or receivables) the net proceeds (after tax and any reasonable costs and expenses of sale (including costs and expenses incurred in respect of dilapidations)) of which are to be applied

- (i) in exchange for other assets comparable or superior as to type, value and quality,
- (ii) to acquire other assets which is not prohibited from being acquired under the Senior Facility Agreement or the Mezzanine Facility Agreement,
- (iii) to fund Capital Expenditure which is permitted to be incurred under the Senior Facility Agreement or the Mezzanine Facility Agreement, or
- (iv) in reimbursement of a member of the Group for expenditure on items referred to in paragraphs (i) to (iii) above prior to receipt of the relevant proceeds,

and are so applied within one year of receipt (or such longer period as the Majority Lenders may agree) provided that the aggregate amount of all such Disposal Proceeds shall not exceed £500,000 in aggregate for all such assets disposed of under this paragraph (c) in any Financial Year and such Disposal Proceeds shall during such period be retained in a Holding Account,

- (d) of vehicles, plant and equipment which are obsolete, redundant or surplus to requirements,
- (e) of Cash Equivalent Investments for cash or in exchange for other Cash Equivalent Investments and of cash in return for another asset acquired pursuant to a Permitted Acquisition or of cash pursuant to a Permitted Loan or any other expenditure of cash which does not breach any other terms of the Finance Documents,
- (f) constituted by a licence of intellectual property rights permitted by clause 27 29 of the Senior Facility Agreement (*Intellectual Property*) or clause 21 28 of the Mezzanine Facility Agreement (*Intellectual Property*),
- (g) arising as a result of any Permitted Security,
- (h) of any asset by way of a distribution in specie to an Obligor arising from an amalgamation, demerger, merger, consolidation or corporate reconstruction permitted under clause 27 6 of the Senior Facility Agreement (*Merger*) or clause 21 6 of the Mezzanine Facility Agreement (*Merger*),
- (i) provided no Event of Default has occurred which is continuing, of assets (other than shares, businesses, any Real Property charged by way of a fixed charge under a Transaction Security Document, Intellectual Property, Joint Ventures or receivables) for cash where the aggregate of the net consideration receivable (in each case after tax and any reasonable costs and expenses of sale) for such disposals does not exceed £350,000 (or its equivalent) in any Financial Year of the Parent,
- (j) to a Joint Venture, to the extent permitted by clause 27 9 of the Senior Facility Agreement (*Joint Ventures*) or clause 21 9 of the Mezzanine Facility Agreement (*Joint Ventures*),
- (k) of Real Property where that Real Property is subject to a compulsory purchase order or is sold to the beneficiary (or potential beneficiary) of a compulsory purchase order on arm's length terms and the consideration received for all Real Property sold in reliance on this paragraph (k) (after tax and any reasonable costs and expenses of sale) does not at any time exceed in aggregate £500,000, and

(l)

- (i) in respect of the Senior Facility Agreement, previously approved by the Agent (in writing and in accordance with the terms of the Senior Facility Agreement), and
- (ii) in respect of the Mezzanine Facility Agreement, previously approved by the Mezzanine Agent (in writing and in accordance with the terms of the Mezzanine Facility Agreement), and

"Permitted Equity Payment" means

- (a) a payment of fees and costs described in clauses 4 9 and 16 of the Investment Agreement in accordance with the terms of the Investment Agreement,
- (b) a payment of fees in respect of any Permitted New Investor Debt which has been approved by the Agent in respect of the Senior Facility Agreement or the Mezzanine Agent in respect of the Mezzanine Facility Agreement,
- (c) a payment of fees, costs and expenses in respect of Permitted New Investor Debt and Permitted New Share Capital (to the extent permitted in accordance with those definitions of those terms) by way of deduction from that Permitted New Investor Debt or Permitted New Share Capital (as appropriate),
- (d) an issue of payment in kind notes in accordance with the terms of the Investor Loan Note Instrument, the Management Loan Notes and/or Mr Allan's Management Loan Notes,
- (e) payments of interest currently due on Mr Allan's Management Loan Notes provided that no such payments of interest shall be made unless each of the following conditions have been satisfied
 - (i) no Event of Default has occurred and is continuing unremedied or unwaived, and
 - (ii) no Event of Default is likely to occur as a result of such payment being made,
- (f) repayments of principal due on Mr Allan's Management Loan Notes and/or any Management Loan Notes to a Good Leaver or an Intermediate Leaver (as each term is defined in the articles of association of the Parent) pursuant to condition 4 3 of Mr Allan's Management Loan Note Instrument and/or condition 4 3 of the Management Loan Instrument, together with accrued interest, provided that such repayments or payments are funded by
 - (i) Permitted New Investor Debt or Permitted New Share Capital, or
 - (ii) the proceeds subscribed for Mr Allan's Management Loan Notes, Management Loan Notes or loan notes issued on substantially the same terms as the redeemed loan notes ("**Replacement Loan Notes**") issued to a replacement manager for such Good Leaver or Intermediate Leaver, or
 - (iii) for a period of nine months following the date on which a Good Leaver or Intermediate Leaver leaves the employment of the Group (the "**Longstop Date**"), (A) Retained Cash and/or (B) the Liabilities Add Back Amount (such

funding together being the "**Leaver Intermediate Funding**"), provided that such Leaver Intermediate Funding may only be used to fund the repayment or payment due to one Good Leaver or Intermediate Leaver at any time and provided that if a replacement for that Good Leaver or Intermediate Leaver has not been appointed and has not subscribed for Replacement Loan Notes by the Longstop Date, then the Parent shall procure that an amount equal to the amount of Leaver Intermediate Funding shall as soon as reasonably practicable and in any event within 10 Business Days of the Longstop Date be subscribed by way of Permitted New Investor Debt or Permitted New Share Capital to refinance such Leaver Intermediate Funding,

- (iv) repayments of the Additional Loan Notes and payments of interest accrued on such Additional Loan Notes provided such repayments or payments are funded by the proceeds subscribed for Management Loan Notes issued after the Closing Date or proceeds paid after the Closing Date to the employee benefit trust to be established by the Parent for shares issued by the Parent provided that such proceeds are paid to the Group,

"Permitted Guarantee" means

- (a) any performance or similar bond guaranteeing performance by a member of the Group or a Permitted Joint Venture under any contract entered into in the ordinary course of trade (including a rental guarantee in respect of Real Property owned by an Obligor or a Permitted Joint Venture on normal commercial terms),
- (b) any guarantee which is, or is in respect of, Permitted Financial Indebtedness,
- (c) any guarantee given in respect of the netting or set off arrangements permitted pursuant to paragraph (b) of the definition of "Permitted Security",
- (d) any guarantee or indemnity arising under the Finance Documents, the Investor Security Documents or the other Transaction Documents,
- (e) indemnities given in the ordinary course of trading or an indemnity in favour of a liquidator of a member of the Group whose liquidation is permitted under the Senior Facility Agreement,
- (f) the endorsement of negotiable instruments in the ordinary course of trade,
- (g) any guarantee given by or for the account of
 - (i) any Obligor in respect of any obligations of any other Obligor, or
 - (ii) any Non Obligor in respect of any obligations of any Obligor or Non Obligor provided that, in the former case, such Non Obligor is party to the Intercreditor Deed as an inter company creditor,
- (h) any authorised guarantee agreement (as defined in the Landlord and Tenant (Covenants) Act 1995) entered into in respect of a Permitted Disposal of Real Property under paragraph (c) or (i) of the definition of "Permitted Disposal",
- (i) the following guarantees assumed by the relevant members of the Group on the Closing Date

- (i) guarantee and indemnity by ASCO plc (now ASCO Limited) in favour of Waste Recycling Limited dated 2005,
 - (ii) a parent company guarantee granted by ASCO plc (now ASCO Limited) in favour of Shell UK Limited dated 23 September 2003,
 - (iii) performance guarantee agreement between ASCO plc (now ASCO Limited) and Conocophillips (UK) Limited dated 11 and 12 April 2006, and
 - (iv) indemnity granted by Secretside Limited (now ASCO Limited) to Sidlaw Group plc in respect of the obligations of Sidlaw Group plc, as guarantors, under a lease between Anglo Scottish Developments Limited (now Aberdeen Harbour Board) and Aberdeen Service Company (North Sea) Limited (now ASCO UK Limited) and Sidlaw Group plc in respect of a lease of the Regent Centre, Aberdeen, dated 24 February and 3 March 1989,
- (j)
- (i) any guarantees of a Joint Venture to the extent permitted by clause 27 9 of the Senior Facility Agreement (*Joint Ventures*), and
 - (ii) any guarantees of a Joint Venture to the extent permitted by clause 21 9 of the Mezzanine Facility Agreement (*Joint Ventures*), and
- (k) following completion of the Permitted Norwegian Acquisition, a guarantee granted by ASCO Norge A/S prior to the date of the Senior Facility Agreement in respect of the obligations of Risavika Havne Service AS up to a maximum amount of NOK10,500,000, or
- (l) the guarantee granted by ASCO Canada Limited in respect of the obligations of ASCO Limited to AMI Offshore Inc under the sale and purchase agreement dated 15 December 2005 in relation to 1,875,000 common shares in 3966992 Canada Inc (formerly known as ASCO (K&D) Limited),
- (m) any guarantee granted in addition to those guarantees permitted under paragraphs (a) to (l) above provided that the maximum aggregate liability (whether present or future, actual or contingent) of all members of the Group under all such guarantees when aggregated with the amounts permitted pursuant to paragraph (m) of the definition of "Permitted Financial Indebtedness" does not exceed £300,000 at any time,
- (n)
- (i) in respect of the Senior Facility Agreement, any guarantee previously approved by the Agent (in writing and in accordance with the Senior Facility Agreement),
 - (ii) in respect of the Mezzanine Facility Agreement, any guarantee previously approved by the Mezzanine Agent (in writing and in accordance with the Mezzanine Facility Agreement),

"Permitted Joint Venture" means any investment in any Joint Venture where

- (a) the Joint Venture is engaged in a business substantially the same as that carried on by the Group,

- (b) in any Financial Year of ASCO Acquisition Limited
 - (i) all amounts subscribed for shares in, lent to, or invested in all such Joint Ventures by any member of the Group (other than Permitted Loans),
 - (ii) the contingent liabilities of any member of the Group under any guarantee given in respect of the liabilities of any such Joint Venture (other than any liabilities under a Permitted Guarantee of the type described in paragraph (a) of the definition of Permitted Guarantee), and
 - (iii) the market value of any assets transferred by any member of the Group to any such Joint Venture,

when aggregated together shall not exceed £500,000 (or its equivalent in other currencies) in any Financial Year or £1,500,000 (or its equivalent in other currencies) in aggregate from the date of the Senior Facility Agreement to the Termination Date in relation to Facility C, and

- (c) to the extent the investment is a subscription for shares in a Joint Venture in excess of £50,000 (or its equivalent in other currencies), the Parent delivers to the Agent in respect of the Senior Facility Agreement or to the Mezzanine Agent in respect of the Mezzanine Facility Agreement
 - (i) a copy of the latest audited accounts (or, if not available, management accounts) of the Joint Venture if the Joint Venture is an existing business, and
 - (ii) a business plan, model and budget for the Joint Venture for a period of not less than five years after the date of the proposed investment in the Joint Venture,

"Permitted Loan" means

- (a) any trade credit extended by any member of the Group to its customers on normal commercial terms and in the ordinary course of its trading activities,
- (b) Financial Indebtedness which is referred to in the definition of "Permitted Financial Indebtedness", or otherwise constitutes Permitted Financial Indebtedness (except any Permitted Loan),
- (c) any loan made under the terms of the Company Intra Group Loan Agreement for the purposes of enabling an Obligor to meet its payment obligations under the Finance Documents and the Investment Documents provided that such payments are permitted by the Intercreditor Deed,
- (d) a loan made by an Obligor to another Obligor or made by a member of the Group which is not an Obligor to another member of the Group,
- (e) a loan made by a member of the Group to an employee or director of any member of the Group if the amount of that loan when aggregated with the amount of all loans to employees and directors by members of the Group does not exceed £20,000 (or its equivalent in other currencies) at any time;
- (f) a loan made by the Parent or ASCO Acquisitions Limited to the trustee of the employee share scheme to be established by the Parent in order to facilitate the

acquisition of shares in the Parent by that trustee under the terms of that employee share scheme provided that such loan is either funded from the proceeds of the Additional Loan Notes or such acquisition relates to the acquisition of ordinary shares in the Parent from Leavers (as defined in the Constitutional Documents),

(g)

(i) a loan previously approved by the Agent (in writing and in accordance with the terms of the Senior Facility Agreement),

(ii) a loan previously approved by the Mezzanine Agent (in writing and in accordance with the terms of the Mezzanine Facility Agreement),

(h) any loan in addition to those loans permitted under paragraphs (a) to (g) above provided that the aggregate principal amount of those loans does not exceed £350,000 (or its equivalent in other currencies) at any time,

(i) following completion of the Permitted Norwegian Acquisition, any loan made by a member of the Group to ASCO Norge A/S if the amount of such loan when aggregated with all other loans made by any member of the Group to ASCO Norge A/S less any repayments of such loans by ASCO Norge A/S to the relevant member of the Group does not exceed £1,500,000 (or its equivalent in other currencies) in any Financial Year and does not exceed £3,500,000 (or its equivalent in other currencies) from the date of the Senior Facility Agreement to the Termination Date in relation to Facility C,

(j) any loan made by a member of the Group to ASCO Trinidad Limited if the amount of such loan when aggregated with all other loans made by members of the Group to ASCO Trinidad Limited less any repayments of such loans by ASCO Trinidad Limited to the relevant member of the Group does not exceed £400,000 (or its equivalent in other currencies) from the date of the Senior Facility Agreement to the Termination Date in relation to Facility C, and

(k)

(i) in respect of the Senior Facility Agreement, any loan made to a Joint Venture to the extent permitted pursuant to clause 27.9 of the Senior Facility Agreement (*Joint Ventures*), and

(ii) in respect of the Mezzanine Facility Agreement, any loan made to a Joint Venture to the extent permitted pursuant to clause 21.9 of the Mezzanine Facility Agreement (*Joint Ventures*),

so long as in the case of paragraph (d) above.

(i) the creditor of such Financial Indebtedness shall (if it is an Obligor) grant Security over its rights in respect of such Financial Indebtedness in favour of the Lenders under the Transaction Security Documents or otherwise on terms acceptable to the Agent (acting reasonably) in respect of the Senior Facility Agreement or the Mezzanine Agent in respect of the Mezzanine Facility Agreement, and

(ii) the creditor and (if the debtor is a member of the Group) the debtor of such Financial Indebtedness shall (unless the creditor and the debtor are both Non

Obligors) be party to the Intercreditor Deed as inter company creditor and inter company debtor respectively,

"Permitted New Investor Debt" means additional funding provided by any Investors after the Closing Date by way of the issue of subordinated loan capital by Midco

- (a) on substantially the same terms as the Investor Loan Notes or on other terms which are not prejudicial to the interests of the Finance Parties provided that if those terms are reasonably likely to disincentivise Senior Management, they will be deemed to be prejudicial to the interests of the Finance Parties,
- (b) in a form which is subordinated as Investor Debt (as defined in the Intercreditor Deed) under the Intercreditor Deed,
- (c)
 - (i) in respect of the Senior Facility Agreement, the Parent has delivered to the Agent certified copies of all documents constituting the Permitted New Investor Debt (the **"Permitted New Investor Debt Documents"**),

and where the proceeds of that funding (net of any fees, costs and expenses payable in relation to that funding (the **"New Debt Fees"**) approved by the Agent (such consent not to be unreasonably withheld or delayed) and provided that, to the extent the New Debt Fees constitute three per cent or less of that additional funding, the Agent's consent shall not be required) are used (directly or indirectly) to
 - (ii) in respect of the Mezzanine Facility Agreement, the Parent has delivered to the Mezzanine Agent certified copies of all documents constituting the Permitted New Investor Debt (the **"Permitted New Investor Debt Documents"**),

and where the proceeds of that funding (net of any fees, costs and expenses payable in relation to that funding (the **"New Debt Fees"**) approved by the Mezzanine Agent (such consent not to be unreasonably withheld or delayed) and provided that, to the extent the New Debt Fees constitute three per cent or less of that additional funding, the Mezzanine Agent's consent shall not be required) are used (directly or indirectly) to
- (d) remedy any Event of Default which occurs, or prevent an Event of Default which will occur, under clause 28 2 of the Senior Facility Agreement (*Financial covenants and other obligations*) in respect of a breach of the financial covenants set out in clause 26 2(a) or 26 2(b) of the Senior Facility Agreement, in accordance with clause 26 4 of the Senior Facility Agreement (*Equity cure Consolidated Cashflow and Total Interest Cover*),
- (e) make a Permitted Acquisition (including funding deferred consideration) under paragraphs (f), (h), (j) or (k) of the definition of "Permitted Acquisition",
- (f)
 - (i) fund prepayments of the Facilities under clause 11 5 (*Voluntary prepayment of Term Loans*) or 11 6 (*Voluntary prepayment of Capex Facility Loans*) or

clause 11.7 of the Senior Facility Agreement (*Voluntary prepayment of Revolving Utilisations*), and

- (ii) fund prepayments of the Mezzanine Loan under clause 7.4 of the Mezzanine Facility Agreement (*Voluntary prepayment of Mezzanine Loan*) and/or prepayments of the Senior Facilities under clause 11.5 (*Voluntary prepayment of Term Loans*), 11.6 (*Voluntary prepayment of the Capex Facility Loans*) or clause 11.7 (*Voluntary prepayments of Revolving Utilisations*) of the Senior Facilities Agreement,
- (g) fund Capital Expenditure which is permitted to be incurred under the terms of the Facility Agreements, or
- (h) fund Permitted Equity Payments under paragraph (g) of the definition of that term,

"Permitted New Share Capital" means

- (a) in respect of the Senior Facility Agreement, an issue of shares by the Parent
 - (i) fully paid in cash upon issue,
 - (ii) which by their terms are
 - (1) not redeemable unless that redemption is permitted by the Finance Documents, and
 - (2) of the same class and on substantially the same terms as a class of shares issued by the Parent on or before the Closing Date, and
 - (iii) which does not lead to a Change of Control, and where the proceeds of that issue of shares (net of any fees, costs and expenses payable in relation to that issue (the **"New Capital Fees"**) approved by the Agent (such consent not to be unreasonably withheld or delayed) provided that, to the extent the New Capital Fees constitute three per cent or less of those proceeds, the Agent's consent shall not be required) are used (directly or indirectly) to
 - (iv) remedy any Event of Default which occurs, or prevent an Event of Default which will occur, under clause 28.2 of the Senior Facility Agreement (*Financial covenants and other obligations*) in respect of a breach of the financial covenants set out in clause 26.2(a) or 26.2(b) of the Senior Facility Agreement, in accordance with clause 26.4 of the Senior Facility Agreement (*Equity cure Consolidated Cashflow and Total Interest Cover*),
 - (v) make a Permitted Acquisition (including funding deferred consideration) under paragraphs (f), (h), (j) or (k) of the definition of "Permitted Acquisition",
 - (vi) fund prepayments of the Facilities under clause 11.5 (*Voluntary prepayment of Term Loans*) or 11.6 (*Voluntary prepayment of Capex Facility Loans*) or clause 11.7 (*Voluntary prepayment of Revolving Utilisations*) of the Senior Facility Agreement,
 - (vii) fund Capital Expenditure which is permitted to be incurred under the terms of the Senior Facility Agreement, or

- (viii) fund Permitted Equity Payments under paragraph (g) of the definition of that term, and
- (b) in respect of the Mezzanine Facility Agreement, an issue of shares by the Parent
 - (i) fully paid in cash upon issue,
 - (ii) which by their terms are
 - (A) not redeemable unless that redemption is permitted by the Finance Documents, and
 - (B) of the same class and on substantially the same terms as a class of shares issued by the Parent on or before the Closing Date, and
 - (iii) which does not lead to a Change of Control,

and where the proceeds of that issue of shares (net of any fees, costs and expenses payable in relation to that issue (the "**New Capital Fees**") approved by the Mezzanine Agent (such consent not to be unreasonably withheld or delayed) provided that, to the extent the New Capital Fees constitute three per cent or less of those proceeds, the Mezzanine Agent's consent shall not be required) are used (directly or indirectly) to

 - (iv) remedy any Event of Default which occurs, or prevent an Event of Default which will occur, under clause 22.2 of the Mezzanine Facility Agreement (*Financial covenants and other obligations*) in respect of a breach of the financial covenants set out in clause 20.2(a) or 20.2(b), in accordance with clause 20.4 of the Mezzanine Facility Agreement (*Equity cure Consolidated Cashflow and Total Interest Cover*),
 - (v) make a Permitted Acquisition (including funding deferred consideration) under paragraphs (f), (h), (j) or (k) of the definition of "Permitted Acquisition",
 - (vi) fund prepayments of the Mezzanine Loan under clause 7.4 of the Mezzanine Facility Agreement (*Voluntary prepayment of the Mezzanine Loan*) and/or prepayments of the Senior Facilities under clause 11.5 (*Voluntary prepayment of Term Loans*), 11.6 (*Voluntary prepayment of the Capex Facility Loans*) or clause 11.7 (*Voluntary prepayments of Revolving Utilisations*) of the Senior Facilities Agreement,
 - (vii) fund Capital Expenditure which is permitted to be incurred under the terms of the Mezzanine Facility Agreement, or
 - (viii) fund Permitted Equity Payments under paragraph (g) of the definition of that term,

"Permitted Norwegian Acquisition" means the acquisition of at least 75% of the issued share capital of ASCO Norge A/S provided that

- (a) the acquisition completes by the date falling nine months after the Closing Date,

- (b) ASCO Norge A/S has been EBITDA positive for the 12 month period prior to the date of the acquisition of ASCO Norge A/S, as evidenced by the latest management accounts available for ASCO Norge A/S,
- (c) no Event of Default has occurred and is continuing or would occur as a result of the acquisition,
- (d) the acquisition is funded by
 - (i) up to £2,500,000, from the Capex Facility,
 - (ii) in respect of the Senior Facility Agreement up to £500,000, from the Mezzanine Facility and in respect of the Mezzanine Facility Agreement, up to £500,000 from the Norge Tranche, and
 - (iii) up to £1,500,000 from Permitted New Investor Debt or Permitted New Share Capital,

provided that in the event that (A) the aggregate consideration for the acquisition is less than £4,500,000 (or its equivalent in other currencies), the amounts set out in paragraphs (d)(i) to (d)(iii) above, shall be reduced pro rata or (B) the aggregate consideration for the acquisition for the acquisition exceeds £4,500,000 (or its equivalent in other currencies), the consideration payable above £4,500,000 (or its equivalent in other currencies) shall be funded by Permitted New Investor Debt and/or Permitted New Share Capital,
- (e)
 - (i) in respect of the Senior Facility Agreement, the Parent shall procure that the sale and purchase agreement relating to the acquisition is delivered to the Agent, and
 - (ii) in respect of the Mezzanine Facility Agreement, the Parent shall procure that the sale and purchase agreement relating to the acquisition is delivered to the Mezzanine Agent,
- (f) the Parent shall deliver to the Agent, not later than five Business Days before legally committing to the acquisition, a certificate signed by two directors of the Parent
 - (i) to which must be attached a copy of the latest audited accounts (or, if not available, management accounts) of ASCO Norge A/S and a model consolidating the Group's proposed budget (which, for the avoidance of doubt, shall not be required to be updated unless the Parent elects to do so) and the budget for ASCO Norge A/S for a period of not less than five years after the date of acquisition of ASCO Norge A/S, and
 - (ii) which gives calculations in reasonable detail that the Group will remain in compliance with its obligations under clause 26 of the Senior Facility Agreement (*Financial Covenants*) or clause 20 of the Mezzanine Facility Agreement (*Financial Covenants*) for the 12 month period following the date of the acquisition.

"Permitted Norwegian Security" means

- (a) a floating charge granted by ASCO Norge A/S prior to the date of the Senior Facility Agreement in favour of DnB NOR Bank ASA over inventory in the amount of NOK8,000,000,
- (b) a floating charge granted by ASCO Norge A/S prior to the date of the Senior Facility Agreement in favour of DnB NOR Bank ASA over trade receivables in the amount of NOK8,000,000,
- (c) a floating charge granted by ASCO Norge A/S prior to the date of the Senior Facility Agreement in favour of DnB NOR Bank ASA over trade receivables in the amount of NOK2,000,000,
- (d) a floating charge granted by Risavika Havne Service AS prior to the date of the Senior Facility Agreement in favour of Handelsbanken over machinery and plant in the amount of NOK12,000,000,
- (e) a floating charge granted by Risavika Havne Service AS prior to the date of the Senior Facility Agreement in favour of Handelsbanken over trade receivables in the amount of NOK12,000,000, and
- (f) a floating charge granted by Risavika Havne Service AS prior to the date of the Senior Facility Agreement in favour of Handelsbanken over vehicles and production machinery in the amount of NOK10,500,000,

"Permitted Security" means

- (a) any lien or contractual right of set off arising by operation of law or contract having a similar effect and in the ordinary course of trading which secures Financial Indebtedness which is not more than 90 days overdue,
- (b) any netting or set off arrangement entered into by any member of the Group with an Ancillary Lender in the ordinary course of its banking arrangements for the purpose of netting debit and credit balances of itself and/or other members of the Group,
- (c) any Security or Quasi Security over or affecting any asset acquired by a member of the Group after the Closing Date if
 - (i) the Security or Quasi Security was not created in contemplation of the acquisition of that asset by a member of the Group,
 - (ii) the principal amount secured has not been increased in contemplation of or since the acquisition of that asset by a member of the Group, and
 - (iii) the Security or Quasi Security is removed or discharged within three months of the date of acquisition of such asset,
- (d) any Security or Quasi Security over or affecting any asset of any company which becomes a member of the Group after the Closing Date, where the Security or Quasi Security is created before the date on which that company becomes a member of the Group, if

- (i) the Security or Quasi Security was not created in contemplation of the acquisition of that company,
 - (ii) the principal amount secured has not been increased in contemplation of or since the acquisition of that company, or
 - (iii) the Security or Quasi Security is removed or discharged within three months of the date of that company becoming a member of the Group,
- (e) any Security arising under any retention of title, hire purchase or conditional sale arrangement or arrangements having similar effect in respect of goods supplied to a member of the Group in the ordinary course of trading and on the supplier's standard or usual terms and securing indebtedness which is no more than 90 days overdue,
 - (f) any Security or Quasi Security (existing as at the date of the Senior Facility Agreement) over assets of any member of the Target Group so long as the Security or Quasi Security is irrevocably removed or discharged by no later than the Closing Date,
 - (g) any Quasi Security arising as a result of a disposal which is a Permitted Disposal,
 - (h) any Security or Quasi Security arising as a consequence of any finance lease permitted pursuant to paragraph (f), (g) or (m) of the definition of "Permitted Financial Indebtedness",
 - (i) any Security over goods or documents of title to goods arising in the ordinary course of letter of credit transactions entered into in the ordinary course of trade of the Group and permitted under the Facility Agreements,
 - (j) the Security created under the Finance Documents, the Investor Security Documents and the rights of set off contained in any Transaction Document or Treasury Transaction,
 - (k) any Security arising under rental deposit deeds in respect of Real Property owned by an Obligor where such rental deposit deeds are entered into in the ordinary course of business on normal commercial terms in an amount not exceeding £300,000 in aggregate at any one time for all such rental deposit deeds,
 - (l) any Security which arises in respect of any judgment, award or other order which does not have, or is not reasonably likely to have, a Material Adverse Effect,
 - (m) any Security granted by a Permitted Joint Venture in favour of a member of the Group,
 - (n) following completion of the Permitted Norwegian Acquisition, the Permitted Norwegian Security, and
 - (o)
 - (i) any other Security approved by the Agent (in writing and in accordance with the terms of the Senior Facility Agreement), and
 - (ii) any other Security approved by the Mezzanine Agent (in writing and in accordance with the terms of the Mezzanine Facility Agreement),

"Permitted Share Issue" means an issue of

- (a) shares constituting Permitted New Share Capital,
- (b) shares by a member of the Group (other than the Parent) which is a Subsidiary to another member of the Group where (if the existing shares of the Subsidiary are the subject of the Transaction Security) the newly issued shares also become subject to the Transaction Security on the same terms,
- (c) up to 150,000 ordinary shares of 1 pence (issued at £1 each) by the Parent to employees of the Group or to the trustee of the employee share scheme to be established by the Parent under the terms of that employee share scheme for subsequent issue to those employees, and
- (d) shares by a Permitted Joint Venture to each joint venture partner pro rata or on a basis which results in a member of the Group being issued with more than its pro rata proportion of shares provided that such subscription for shares is itself a Permitted Joint Venture,

"Permitted Transaction" means

- (a) any Disposal required by the terms of the Finance Documents,
- (b) any Financial Indebtedness arising under the Transaction Documents,
- (c) any guarantee or indemnity permitted under the Finance Documents,
- (d) any Security or Quasi Security permitted under the Finance Documents, or
- (e) the solvent liquidation or reorganisation of any member of the Group which is not an Obligor so long as any payments or assets distributed as a result of such liquidation or reorganisation are distributed to other members of the Group,

"Property Report" means the property and condition report in respect of the Target Group in the agreed form prepared by DTZ Debenham Tie Leung and dated on or about the date of the Senior Facility Agreement and addressed to, and/or capable of being relied upon by, the Arranger in respect of the Senior Facility Agreement or the Mezzanine Arranger in respect of the Mezzanine Facility Agreement and the other Secured Parties,

"Quarterly Period" means each period of three consecutive Monthly Accounting Periods in a Financial Year starting from the period ending on 31 March 2007,

"Quasi Security" means no Obligor shall (and the Parent shall ensure that no other member of the Group will)

- (a) sell, transfer or otherwise dispose of any of its assets on terms whereby they are or may be leased to or re acquired by an Obligor,
- (b) sell, transfer or otherwise dispose of any of its receivables on recourse terms,
- (c) enter into any arrangement under which money or the benefit of a bank or other account may be applied, set off or made subject to a combination of accounts, or
- (d) enter into any other preferential arrangement having a similar effect,

in circumstances where the arrangement or transaction is entered into primarily as a method of raising Financial Indebtedness or of financing the acquisition of an asset,

"Ranking Agreement" means the Scots law ranking agreement dated on or about the date of the Senior Facility Agreement and made between the Security Agent, the Investor Security Agent and those of the Obligors who are party to the Standard Securities,

"Real Property" means

- (a) any freehold, heritable, leasehold or immovable property, and
- (b) any buildings, fixtures, fittings, fixed plant or machinery from time to time situated on or forming part of that freehold, heritable, leasehold or immovable property,

"Receiver" means a receiver or receiver and manager or administrative receiver of the whole or any part of the Charged Property,

"Replacement Loan Notes" has the meaning given to it in paragraph (f) of the definition of Permitted Equity Payment,

"Reports" means the Accountants' Report, the Structure Memorandum, the Environmental Report, the Vendor Environmental Report, the IT Report, the Property Report, the Certificates of Title, the Vendor Accountants' Report, the Legal Due Diligence Report, the Market Report and the Insurance Report,

"Resignation Letter" means a letter substantially in the form set out in Schedule 8 of the relevant Facility Agreement (*Form of Resignation Letter*),

"Retained Cash" has the meaning set out in clause 12 of the Senior Facility Agreement (*Mandatory Prepayment*),

"Revolving Commitment" means

- (a) in relation to the Original Lender, the amount set opposite its name under the heading "Revolving Commitment" in part 2 of schedule 1 of the Senior Facility Agreement (*The original parties*) and the amount of any other Revolving Commitment transferred to it under the Senior Facility Agreement, and
- (b) in relation to any other Lender, the amount of any Revolving Commitment transferred to it under the Senior Facility Agreement,

to the extent not cancelled, reduced or transferred by it under the Senior Facility Agreement,

"Revolving Facility" means the revolving credit facility made available under the Senior Facility Agreement as described in clause 2 1(a)(v) of the Senior Facility Agreement,

"Revolving Loan" means a loan made or to be made under the Revolving Facility or the principal amount outstanding for the time being of that loan,

"Revolving Utilisation" means a Revolving Loan or a Letter of Credit,

"Security" means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement entered into for the purpose of or having the effect of providing security,

"Secured Parties" means each Senior Finance Party, each Mezzanine Finance Party, any Receiver and any Delegate,

"Security Agent" means HSBC Bank plc as security agent for the Secured Parties in respect of the relevant Facility Agreement,

"Security Assets" means all assets of the Chargor the subject of any security created by the Charge,

"Selection Notice" means a notice substantially in the form set out in part 2 of schedule 3 of the Senior Facility Agreement (*Requests*) given in accordance with clause 15 of the Senior Facility Agreement (*Interest Periods*) in relation to a Term Facility,

"Senior Facilities Agreement" means the senior facilities agreement dated 25 October 2006 and made between the Parent, ASCO Acquisitions Limited and the Senior Finance Parties,

"Senior Finance Parties" means in respect of the Senior Facility Agreement the Agent, the Arranger, the Security Agent, a Lender, any Issuing Bank, a Hedge Counterparty or any Ancillary Lender,

"Senior Management" means each and all of Billy Allan of Hyndfordlea House, 409 Hyndford Road, Lanark M11 8SQ, Bill Loch of The Old Coach House, 1 Potters Glen, Padbury, Bucks MK18 2BX and Ian Ross of 7 Campbell Park Drive, Edinburgh EH13 0HS,

"Standard Security" means each of the following Scots law standard securities

- (a) standard security over the property at Oil Depot at Keith Street, Aberdeen (registered Title Number ABN46086) granted in favour of the Security Agent by ASCO UK Limited,
- (b) standard security over the premises at South Base, Peterhead granted in favour of the Security Agent by ASCO Properties Limited,
- (c) standard security over the premises at Damhead Industrial Estate, Peterhead (registered Title Number ABN36936) granted in favour of the Security Agent by Enviroco Limited,
- (d) standard security over the premises at Upperton Farm, Peterhead (unregistered title) granted in favour of the Security Agent by ASCO UK Limited,
- (e) standard security over the subjects at Damhead, Peterhead (unregistered title) granted in favour of the Security Agent by ASCO UK Limited,
- (f) standard security over the subjects at Albert Quay, Aberdeen (Title Number ABN41094) granted in favour of the Security Agent by ASCO UK Limited,
- (g) standard security over the subjects at Regent Centre, Regent Road, Aberdeen granted in favour of the Security Agent by ASCO UK Limited,

- (h) standard security over the area of ground at South Breakwater, Peterhead Harbour granted in favour of the Security Agent by ASCO UK Limited,
- (i) standard security over the subjects on the east side of Midchingle Road, Aberdeen (Title Number ABN72204) granted in favour of the Security Agent by ASCO UK Limited,
- (j) standard security over the subjects at North Base Jetty, Keith Inch, Peterhead Harbour, Peterhead granted in favour of the Security Agent by ASCO UK Limited,
- (k) standard security over the subjects at Maitland Quay, Sinclair Road, Aberdeen (Title Numbers ABN72202 and ABN72203) granted in favour of the Security Agent by ASCO UK Limited,
- (l) standard security over the subjects at Torry Harbour, Aberdeen (registered Title Number KNC8196) granted in favour of the Security Agent by ASCO UK Limited,
- (m) standard security over Site 1 Dales Industrial Estate, Peterhead granted in favour of the Security Agent by ASCO UK Limited,
- (n) standard security over Site 2, Dales Industrial Estate, Peterhead granted in favour of the Security Agent by ASCO UK Limited, and
- (o) standard security over 105/107 Urquhart Road, Aberdeen granted in favour of the Security Agent by ASCO UK Limited,

"Sterling" or **"£"** means the lawful currency of the United Kingdom,

"Structure Memorandum" means the structure memorandum in the agreed form prepared by Deloitte & Touche LLP,

"Subsidiary" of a company or corporation means any company or corporation

- (a) which is controlled, directly or indirectly, by the first mentioned company or corporation,
- (b) more than half the issued share capital of which is beneficially owned, directly or indirectly, by the first mentioned company or corporation, or
- (c) which is a subsidiary of another subsidiary of the first mentioned company or corporation,

and, for these purposes, a company or corporation shall be treated as being controlled by another if that other company or corporation is able to direct its affairs and/or to control the composition of its board of directors or equivalent body,

"Target" means ASCO Holdings Limited, a company incorporated under the laws of Scotland with registered number SC300658,

"Target Group" means the Target and its Subsidiaries,

"Target Obligors" means the companies listed in part 1 of schedule 1 of the Senior Facility Agreement (*The original parties*) as Target Obligors,

"Target Shares" means the entire issued share capital of the Target,

"TARGET" means Trans European Automated Real time Gross Settlement Express Transfer payment system,

"TARGET Day" means any day on which TARGET is open for the settlement of payments in euro,

"Tax" means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same),

"Taxes Act" means the Income and Corporation Taxes Act 1988,

"Term" means each period determined under the Senior Facility Agreement for which the Issuing Bank is under a liability under a Letter of Credit,

"Term Facility" means Facility A, Facility B or Facility C,

"Term Loan" means a Facility A Loan, a Facility B Loan or a Facility C Loan,

"Termination Date" means

(a) in respect of the Senior Facility Agreement

(i) in relation to Facility A, 30 September 2013,

(ii) in relation to Facility B, 30 September 2014,

(iii) in relation to Facility C, 30 September 2015,

(iv) in relation to the Capex Facility, 30 September 2013, and

(v) in relation to the Revolving Facility, the date which is the earlier of

(i) the date on which the Term Facilities have been repaid and cancelled in full and

(ii) 30 September 2013, and

(b) in respect of the Mezzanine Facility Agreement, 30 September 2006,

"Testing Period" means (subject to clause 26 3(b) of the Senior Facility Agreement or clause 20 3(b) of the Mezzanine Facility Agreement) each Financial Year and each period comprising four consecutive Quarterly Periods of the Group, in each case ending on a date specified in the table in clause 26 2 of the Senior Facility Agreement (*financial condition*) or clause 20 2 of the Mezzanine Facility Agreement (*Financial condition*),

"Total Capex Facility Commitments" means the aggregate of the Capex Facility Commitments, being £4,500,000 at the date of the Senior Facility Agreement,

"Total Commitments" means

- (a) in respect of the Senior Facility Agreement, the aggregate of the Total Facility A Commitments, the Total Facility B Commitments, Total Facility C Commitments, the Total Capex Facility Commitments and the Total Revolving Commitments, being £99,000,000 at the date of the Senior Facility Agreement, and
- (b) in respect of the Mezzanine Facility Agreement, means the aggregate of the Commitments, being £18,500,000 at the date of the Mezzanine Facility Agreement,

"Total Facility A Commitments" means the aggregate of the Facility A Commitments, being £25,166,666 at the date of the Senior Facility Agreement,

"Total Facility B Commitments" means the aggregate of the Facility B Commitments, being £25,166,667 at the date of the Senior Facility Agreement,

"Total Facility C Commitments" means the aggregate of the Facility C Commitments, being £25,166,667 at the date of the Senior Facility Agreement,

"Total Net Debt" in respect of the Group at any time, means the aggregate at that time of the outstanding principal, capital or nominal amount of the Financial Indebtedness of members of the Group from sources external to the Group (other than under the Investment Documents or the Hedging Agreement but including, for the avoidance of doubt, interest rolled up or capitalised on the Mezzanine Loan in accordance with the terms of the Mezzanine Facility Agreement including that evidenced by Mezzanine PIK Notes) less any Cash or Cash Equivalent Investments held by members of the Group at that time,

"Total Revolving Commitments" means the aggregate of the Revolving Commitments, being £19,000,000 at the date of the Senior Facility Agreement,

"Trademark Assignment" means the assignment dated on or about the date of the Senior Facility Agreement between ASCO Limited and ASCO Acquisitions Limited in relation to certain trademarks,

"Transaction Documents" means the Finance Documents, the Acquisition Documents and the Investment Documents,

"Transaction Security" means the Security created or expressed to be created in favour of the Security Agent pursuant to the Transaction Security Documents,

"Transaction Security Documents" means each of the documents specified in

- (a) paragraph 3(g) of part 1 of schedule 2 of the relevant Facility Agreement (*Conditions precedent*),
- (b) paragraph 10 of part 2 of schedule 2 of the relevant Facility Agreement (*Conditions precedent*), and
- (c)
 - (i) in respect of the Senior Facility Agreement, clause 27 39(b) and (d) of the Senior Facility Agreement, and

- (ii) in respect of the Mezzanine Facility Agreement, clause 21 37(b) and (d) of the Mezzanine Facility Agreement,

together with any other document entered into by any Obligor creating or expressed to create any Security over all or any parts of its assets in respect of the obligations of any Obligor under any Finance Document,

"Treasury Transactions" means any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price,

"Utilisation" means

- (a) in respect of the Senior Facility Agreement, a Loan or a Letter of Credit, and
(b) in respect of the Mezzanine Facility Agreement, a Mezzanine Loan,

"Utilisation Request" means a notice substantially in the relevant form set out in Part 1 of Schedule 3 of the relevant Facility Agreement (*Requests*),

"Vendor Accountants' Report" means

- (a) in respect of the Senior Facility Agreement, the report by KPMG LLP dated on or about 25 August 2006 relating to the Target and its Subsidiaries addressed to, and/or capable of being relied upon by, the Arranger and the other Secured Parties, and
(b) in respect of the Mezzanine Facility Agreement, the report by KPMG LLP dated on or about 25 August 2006 relating to the Target and its Subsidiaries addressed to, and/or capable of being relied upon by, the Mezzanine Arranger and the other Secured Parties,

"Vendor" means ASCO Limited (formerly ASCO Plc),

"Vendor Environmental Report" means

- (a) in respect of the Senior Facility Agreement, the environmental report in respect of the Target Group in the agreed form prepared by Environ, dated on or about the date of the Senior Facility Agreement and addressed to, and/or capable of being relied upon by, the Arranger and the other Secured Parties, and
(b) in respect of the Mezzanine Facility Agreement, the environmental report in respect of the Target Group in the agreed form prepared by Environ, dated on or about the date of the Senior Facility Agreement and addressed to, and/or capable of being relied upon by, the Mezzanine Arranger and the other Secured Parties

PART 2

STATEMENT, IN THE CASE OF A FLOATING CHARGE, AS TO ANY RESTRICTION ON POWER TO GRANT FURTHER SECURITIES AND ANY RANKING PROVISIONS

The Charge shall, subject to Section 464(2) of the Companies Act 1985, rank in priority to any fixed security which shall be created by the Chargor after its execution of the Charge, other than a fixed security in favour of the Security Agent for itself and/or as trustee aforesaid, and to any other floating charge which shall be created by the Chargor after its execution of the Charge and, subject as aforesaid, no such fixed security or other floating charge shall rank in priority to or equally with the Charge

Unless expressly permitted to do so under the Senior Facilities Agreement and the Mezzanine Facility Agreement, the Chargor will not do or agree to do any of the following without the prior written consent of the Security Agent

- a) create or permit to subsist any Security on any of the Security Assets (except a Permitted Security), or
- b) sell, transfer, lease, lend or otherwise dispose of (whether by a single transaction or a number of transactions and whether related or not), the whole or any part of its interest in any Security Asset (except for a Permitted Disposal)

FILE COPY



**CERTIFICATE OF THE REGISTRATION
OF A CHARGE**

Company number 29934

I hereby certify that a charge created by

ASCO UK LIMITED

on 25 OCTOBER 2006

for securing ALL SUMS DUE, OR TO BECOME DUE

in favour of HSBC BANK PLC

was delivered pursuant to section 410 of the Companies Act, 1985,
on 8 NOVEMBER 2006 given at Companies House, Edinburgh
10 NOVEMBER 2006



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



**THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES**