

## Loan note instrument

Creating £2,000,000 nominal Series A unsecured floating rate loan notes due 2012 of

**Cosalt plc**

Dated 23 August 2011

**This instrument is entered into subject to the terms of the Deed of Priority (as defined herein)**

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This Instrument is made on

23 August

2011

By:

- (1) Cosalt plc (registered in England and Wales with company number: 00019628) whose registered office is at Origin 4 Origin Way, Europarc, Grimsby, South Humberside, DN37 9TZ (the "Company").

**Background:**

- (A) Pursuant to a resolution of the board of Directors of the Company passed on [the same date as this Instrument] the Company has agreed to create £2,000,000 Series A Unsecured Floating Rate Loan Notes and has determined to constitute them in the manner provided in this Instrument.

**This Instrument witnesses as follows:**

**1. Definitions and interpretation**

- 1.1 In this Agreement, unless the context otherwise requires, the following definitions shall apply:

"**Business Day**" means a day (other than a Saturday) on which banks and financial institutions are open for business in London.

"**Certificates**" means the certificates issued as deeds by the Company in respect of the Loan Notes in the form or substantially the form set out in schedule 1 and "**Certificate**" shall mean any one of them.

"**Change of Control**" means the acquisition of a controlling interest in the Company (as defined in section 840 of the Income and Corporation Taxes Act 1988) by any person or persons acting in concert (as defined in the City Code on Takeovers and Mergers) with them.

"**Conditions**" means the conditions subject to and with the benefit of which the Loan Notes shall be held, as set out in schedule 2.

"**Deed of Priority**" means a deed of priority originally dated 26 March 2009 as amended and restated on the same date as this Instrument by an amendment and restatement deed made between the Original Borrowers, the Original Guarantors, the Original Lenders, the Original Ancillary Lenders, the Original Hedging Banks, the Original Pension Trustees, the Investment Fundraisers, the Shortfall Fundraisers, the Agent and the Security Trustee (each as defined therein).

"**Directors**" means the directors for the time being of the Company.

"**Discharge Date**" has the meaning given to that term in the Deed of Priority.

"**Default Interest**" means 5% per annum above the Interest Rate.

"**Facilities Agreement**" has the meaning defined in the Deed of Priority.

"**Group**" means the Company and any undertaking which is, or at any time after the date of this Instrument becomes, a subsidiary or a subsidiary undertaking of the Company.

"**Instrument**" means this Instrument (including any schedule and any document in agreed form).

"**Interest Payment Date**" means 30 April, 31 July, 31 October and 31 January in each year.

"**Interest Period**" means the period from the date of issue of the relevant Loan Notes to the day prior to the next Interest Payment Date and any period from and including that or any

subsequent Interest Payment Date up to but excluding the next following Interest Payment Date.

**"Interest Rate"** means the rate per annum which is equal to LIBOR.

**"LIBOR"** means, in respect of any Interest Period, the offered rate from time to time appearing on page 3570 of the Telerate screen which displays British Bankers Association Settlement rates or any successor page as determined by The Royal Bank of Scotland plc in respect of sterling deposits in an amount comparable with the principal amount of the Loan Notes outstanding on the first day of the relevant Interest Period.

**"Loan Notes"** means the Unsecured Floating Rate Loan Notes constituted by this Instrument, as the case may require, any part of them for the time being issued and outstanding.

**"Noteholders"** means the several persons for the time being entered in the Register as the holders of the Loan Notes and includes their personal representatives.

**"Redemption Notice"** means the notice of redemption in the form, or substantially in the form, as set out in part 2 of schedule 1.

**"Register"** means the Register of Loan Notes maintained under Condition 6.

**"Repayment Date"** means the earlier of 31 December 2012 and the date which is 5 Business Days after Workwear Completion.

**"Substantial Divestment"** means the sale by the Company or any member of the Group of any material asset otherwise than in the ordinary course of business or of all or any substantial part of the undertaking or assets of the Company, any member of the Group or of the Group taken as a whole, but shall not, for the avoidance of doubt, include the sale of the Workwear Business or the first £1,500,000 of the net proceeds of sale received by the Company in respect of the disposal of Investment Properties (as defined in the Facilities Agreement).

**"Workwear Business"** means Ballyclare Limited, or, the workwear business carried on by Ballyclare Limited.

**"Workwear Completion"** means the date of completion of the sale of the Workwear Business.

## 1.2 *Interpretation*

In this Instrument, unless the context otherwise requires:

- (a) words in the singular include the plural and vice versa and words in one gender include any other gender;
- (b) a reference to a statute or statutory provision includes:
  - (i) any subordinate legislation (as defined in Section 21(1), Interpretation Act 1978) made under it;
  - (ii) any statute, statutory provision or subordinate legislation which modifies, consolidates, re-enacts or supersedes it

whether such subordinate legislation, statute or statutory provision comes into force before or after the date of this Agreement, except to the extent that such subordinate legislation, statute or statutory provision comes into force after the date of this Agreement and would impose any new or extended obligation, liability or restriction on or otherwise adversely affect the rights of any party;

- (c) a reference to:
  - (i) a "**person**" includes any individual, firm, body corporate, association or partnership, government or state (whether or not having a separate legal personality);
  - (ii) clauses and schedules are to clauses and schedules of this Instrument and references to sub-clauses and paragraphs are references to sub-clauses and paragraphs of the clause or schedule in which they appear;
- (d) save as expressly defined or otherwise set out in sub-clauses 1.1 or 1.2 or in any other provision of this Instrument, words and expressions used in this Instrument which are defined in the Companies Act 2006 shall have the meaning attributed to them in that Act; and
- (e) the table of contents and headings are for convenience only and shall not affect the interpretation of this Instrument.

### 1.3 **Deed of Priority**

- (a) This Instrument is entered into subject to the terms of the Deed of Priority.
- (b) Notwithstanding anything to the contrary contained in this Instrument, the terms of the Deed of Priority shall prevail if there is a conflict between the terms of this Instrument and the terms of the Deed of Priority.

## 2 **Amount of Loan Notes**

The aggregate nominal amount of the principal monies represented by the Loan Notes shall be limited to £2,000,000 and shall be held subject to and with the benefit of the Conditions, which shall be binding on the Company and the Noteholders and all persons claiming through them respectively. In particular (and without prejudice to the generality of the foregoing) the Company shall in all respects comply with the provisions as to redemption or repayment of the Loan Notes and as to payment of interest set forth in the Conditions. The whole of the Loan Notes shall rank *pari passu* in all respects and without discrimination or preference as an unsecured obligation of the Company and shall form one series.

## 3. **Certificates**

Every Noteholder shall be entitled to receive without payment of any fee by him a Certificate in respect of any balance of Loan Notes held by him arising from the repayment or purchase by the Company or any permitted transfer of part of his holding. Every Certificate shall have a copy of the Conditions attached to it or endorsed on it.

## 4. **No dealings in Loan Notes**

The Loan Notes shall not be offered to the public for subscription or purchase and no application shall be made to any stock exchange or other recognised market for permission to deal in or for the listing or quotation of the Loan Notes.

## 5. **Identity of Noteholder**

The Company shall recognise and treat a Noteholder as the sole absolute owner of his Loan Notes and as alone entitled to receive and give effectual discharges for principal and interest payable in respect of them and in the case of joint holders any of them may give an effectual receipt and discharge for such principal and interest in respect of the Loan Notes registered in their joint names. The Company shall not be affected (save as required by law) by notice of any trust whether express, implied or constructive to which the Loan Notes or any part of them may be subject or of any right title or claim of any person other than the Noteholder to such Loan Notes.

6. **Transfer**

The Loan Notes shall be transferable in accordance with the provisions of Condition 4 (Transfer).

7. **Copies of Instrument**

A copy of this Instrument shall be supplied free of charge to each Noteholder upon receipt by the Company of a written request from such Noteholder.

8. **Conditions**

The applicable conditions to be attached to or endorsed on the Certificates contained in schedule 2 shall have effect in the same manner as if such conditions and provisions were set forth in this Instrument. The Company covenants with the Noteholders and each of them to perform and observe the obligations contained in this Instrument which shall enure for the benefit of all persons for the time being registered as Noteholders each of whom may sue for the performance or observance of its provisions so far as his holding is concerned.

9. **Payments**

If any Noteholder shall fail or refuse to receive or collect any payments of principal and/or interest in respect of any Loan Notes then such non receipt of payment by such Noteholder of principal and/or interest in respect of the Loan Notes shall not be or be deemed to be a failure by the Company to make payment on the due date no payments of principal shall be made to any Noteholder who refuses both to surrender his Certificate or to provide an indemnity in lieu of it in a form reasonably satisfactory to the Company.

10. **Variation and third party rights**

No variation of this Instrument shall be permitted without the consent in writing of all the Noteholders.

11. **Governing law and jurisdiction**

11.1 This Instrument and any dispute, claim or obligation (whether contractual or non-contractual) arising out of or in connection with it, its subject matter or formation shall be governed by English law.

11.2 The Company and the Noteholders irrevocably agree that the English courts shall have exclusive jurisdiction to settle any dispute or claim (whether contractual or non-contractual) arising out of or in connection with this Instrument, its subject matter or formation.

**In witness** this Instrument has been executed as a deed and delivered on the date appearing at the head of page 1.

**Schedule 1**

**Part 1**

(Certificate)

No. ● Amount of Loan Notes £●  
Cosalt plc  
(the "Company")  
(Company No. 00019628)

Issue of  
Series A Unsecured Floating Rate Loan Notes Due 2012  
(the "Loan Notes")

Issued under the authority of the memorandum and articles of association of the Company and pursuant to a resolution of the board of directors passed on ● 2011.

This is to certify that ● of ● is/are the registered holder(s) of the nominal amount stated above of the Loan Notes which Loan Notes are constituted by an Instrument entered into by the Company on ● 2011 (the "Instrument") and are issued with the benefit of and subject to the provisions contained in it and the Conditions attached to this certificate.

Interest at the rate determined, in accordance with Condition 2 (Interest) is payable on the Loan Notes in arrears on 30 April, 31 July, 31 October and 31 January or, where applicable, the following Business Day, in each year.

This Loan Note is repayable in accordance with the Conditions attached.

This Loan Note has been executed as a deed and delivered on ●2011

Executed as a Deed )  
by Cosalt plc )  
acting by: )

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director/Secretary

## Schedule 2

### (Loan Note Conditions)

#### 1. **Definitions**

In these Conditions, unless there is something in the subject or context inconsistent with it, expressions defined in the Instrument dated • 2011 executed by the Company (the "Instrument") have the same meaning wherever used in these Conditions.

#### 2. **Interest**

##### 2.1 **Accrual of Interest**

Interest (less any United Kingdom tax which the Company is required by law to deduct from it) at the Interest Rate will accrue from day to day and be payable on the Loan Notes in arrears on each Interest Payment Date, or if such Interest Payment Date is not a Business Day, then on the following day which is a Business Day. All interest due on any Interest Payment Date in respect of Loan Notes shall be payable to the Noteholders on the Register on the day immediately preceding the Interest Payment Date in relation to it.

##### 2.2 **Calculation of Interest**

Interest shall accrue from day to day and the amount of each interest payment in respect of the Loan Notes shall be calculated by reference to the actual number of days between each Interest Payment Day (or in the case of the first interest period from the date of issue of the Loan Notes until the first Interest Payment Date).

##### 2.3 **Default Interest**

In the event that the Company shall fail to make any payment of interest on any Interest Payment Date, Default Interest shall accrue on the amount of the unpaid interest from (and including) the due date until the date on which the monies in respect of it are remitted to the Noteholders.

##### 2.4 **Certificate of tax deduction**

For so long as interest (including Default Interest) payable on the Loan Notes is by law payable under deduction of tax for whatever reason the Company shall deliver up to the Noteholders in respect of the interest paid to each Noteholder within 14 days after payment of any such interest a certificate as to the gross amount of such payment and the amount of tax deducted from it. Save as required by law, all payments whether of principal, interest or other amounts due in relation to the Loan Notes shall be paid in full free of any withholding, deduction, set-off or counterclaim.

#### 3. **Repayment**

##### 3.1 **Redemption of Loan Notes**

The following provisions shall have effect as to the repayment or purchase of the Loan Notes:

- (a) subject to the terms of the Deed of Priority, the Loan Notes are repayable at par together with accrued interest (less any United Kingdom or other tax which the Company is required to deduct from it) on the Repayment Date (or if such day is not a Business Day, on the following day which is a Business Day) save so far as they have not already been repaid under this Condition;

- (b) on or before the Repayment Date above the Noteholder shall deliver the certificate for the Loan Notes to be redeemed to the Company at the Company's registered office for cancellation;
- (c) the Company may at any time by giving not less than 20 Business Days notice in writing to the Noteholders setting out the proposed date for redemption (the "**Required Redemption Date**") redeem all or part of the Loan Notes at par (together with accrued interest on them) in tranches of £50,000 or any multiple thereof. Any such notice of redemption shall, once given, not be revocable. Following service of such notice, the Company shall, on the Required Redemption Date, redeem those Loan Notes at par together with accrued interest (less any United Kingdom or other tax which the Company is required to deduct from it) up to but excluding that Required Redemption Date in accordance with the Redemption Notice, and any such redemption shall be effected between the Noteholders in proportion to their respective holdings of Loan Notes;
- (d) if the Company shall fail to redeem the Loan Notes then in issue on the Repayment Date or the Required Redemption Date as the case may be, Default Interest shall accrue on the principal amount due from the date on which payment was due to be made by the Company of the principal monies until the date the monies are remitted in full to the Noteholder;
- (e) subject to the restrictions on enforcement action set out in the Deed of Priority, the principal amount of the Loan Notes held by any Noteholder (to the extent that they are not redeemed pursuant to paragraphs (a) or (c) of this Condition) together with all unpaid interest accrued on it shall immediately become due and repayable upon written demand by the relevant Noteholder on or after the date upon which any of the following events shall occur (each "**an Event of Default**"):
  - (i) if the Company fails to pay within 3 Business Days of the due date any principal monies and/or interest in respect of each Loan Note;
  - (ii) if there is a Change of Control;
  - (iii) if the Company ceases to have its ordinary share capital listed either on the Official List of the London Stock Exchange or on AIM;
  - (iv) if the Company otherwise fails to comply with any of the covenants, undertakings, conditions or provisions contained in the Instrument and such default being capable of remedy fails to so remedy within 5 Business Days of receipt of a notice from the Noteholder requiring such remedy;
  - (v) an order is made or an effective resolution is passed for the winding up of the Company or any member of the Group (other than by its members voluntarily for the purpose of an amalgamation or reconstruction whereunder a successor company undertakes to perform the obligations of the Company or the relevant member of the Group under these Conditions on terms and in circumstances previously approved by an extraordinary resolution of the Noteholders);
  - (vi) the Company or any member of the Group stops payment of its debts generally or becomes unable to pay its debts within the meaning of Section 123(1), Insolvency Act 1986 or the Company or any member of the Group ceases to carry on all or substantially all its business, or any compromise, composition, arrangement or agreement is made with the creditors of the Company or any member of the Group (other than as approved by an extraordinary resolution of the Noteholders);
  - (vii) the appointment of a receiver, administrative receiver or administrator in respect of or over all or a material part of the undertaking or assets of the

Company or any member of the Group;

- (viii) distress or execution (or other similar process) is levied upon, or enforced against all or a material part of the assets or property of the Company or any member of the Group and is not fully paid out or discharged within 21 days unless and for so long as the same is being contested in good faith;
- (ix) if any other material indebtedness of the Company or any member of the Group which is secured on the assets of the Company becomes due and payable before its stated maturity.
- (x) if the Company's obligations under the terms of this Instrument or these conditions are not at any time valid and enforceable in accordance with their terms for whatever reason; or
- (xi) if the Company or any member of the Group makes a Substantial Divestment.

The Company shall forthwith give each of the Noteholders written notice of the happening of any Event of Default.

- (f) all Loan Notes redeemed, repaid or purchased by the Company shall be cancelled forthwith and will not in any circumstances be available for reissue or kept alive for any purpose. Where only part of any Loan Notes comprised in a Certificate are redeemed, repaid, or purchased the Noteholder shall be entitled to a Certificate for the balance retained by him without charge;
- (g) if any Noteholder any part of whose Loan Notes is liable to be repaid or under these Conditions shall fail or refuse to deliver up the Certificate(s) for them at the time and place fixed for their repayment or shall fail or refuse to accept payment of the principal monies payable in respect of them or shall fail or refuse to give a receipt for the principal monies payable in respect of the Loan Notes, the monies payable to such Noteholder shall be set aside by the Company and paid into a separate bank account and held by the Company in trust for such Noteholder but without interest, and such setting aside shall be deemed for all the purposes of these Conditions to be a payment to such Noteholder and the Company shall thereby be discharged from all obligations in connection with such Notes. If the Company shall place the said monies on deposit at a bank, the Company shall not be responsible for the safe custody of such monies or for interest on them, except such interest (if any) as the said monies may earn whilst on deposit less any expenses incurred by the Company in connection with them. The Noteholder shall cease to be entitled to any amount so deposited which remains unclaimed after a period of 12 years from the making of the deposit and, on the expiry of such period, any such amount shall revert to the Company notwithstanding that in the intervening period the obligation to pay them may have been provided for in the books, accounts and other records of the Company.

### 3.2 **Currency conversion**

A Noteholder may, by notice in writing to the Company given on or before a date (the "**Election Date**") being not more than 30 days nor less than 20 days prior to any date on which the Noteholder is entitled to require repayment or on which the Company is due to effect repayment (the "**Redemption Date**") elect that the principal amount of the Loan Notes then to be redeemed shall be redeemed in Euros in which event the Company shall on that Redemption Date and in full discharge of its obligations to repay the relevant Loan Notes pay to the Noteholder an amount in Euros obtained by converting the relevant amount of the Loan Notes into Euros (at the spot rate for the purchase of Euros with Sterling certified by Royal Bank of Scotland plc as prevailing at or about 11.00a.m. on the Election Date) or where the Election Date is not a Business day, on the immediately preceding Business Day, provided that:

- (a) if the amount payable in Euros under this Condition 3.2 would otherwise exceed an amount in Euros obtained by converting 100.25% of the relevant amount of the Loan Notes into Euros at the spot rate for the purchase of Euros with Sterling certified by Royal Bank of Scotland plc as prevailing at or about 11.00a.m. on the Redemption Date the latter amount shall be substituted for the former amount; and
- (b) if the amount payable in Euros under this Condition 3.2 would otherwise be less than the amount in Euros obtained by converting 99.75% of the relevant amount of the Loan Notes into Euros at the spot rate for the purchase of Euros with Sterling certified by Royal Bank of Scotland plc as prevailing at or about 11.00a.m. on the Redemption Date the latter amount shall be substituted for the former amount.

#### **4. Transfer of Loan Notes and encumbrances**

##### **4.1 Transfer**

- (a) Subject to clause 19.5 of the Deed of Priority, the Noteholders shall be entitled to sell, transfer or dispose of any of their Loan Notes or (subject to paragraph (b) below) any part of or interest in them.
- (b) A Noteholder may transfer no less than £250,000 nominal of Loan Notes at any one time.

##### **4.2 Form of transfer**

Every instrument of transfer shall be signed by the transferor and the transferor shall be deemed to remain the owner of the Loan Notes the subject of it until the name of the transferee is entered in the Register in respect of it.

##### **4.3 Registration of transfer**

Every instrument of transfer must be left for registration, duly stamped, at the registered office of the Company from time to time or such other place within the United Kingdom as the Company may from time to time notify to the Noteholders accompanied by the Certificate of the Loan Notes to be transferred and such other evidence as the Directors may reasonably require to prove the title of the transferor or his right to transfer the Loan Notes. No fee will be charged by the Company for the registration of any transfer. Where a Noteholder transfers part only of his Loan Notes comprised in a Certificate he shall be entitled to a Certificate for the balance of the Loan Notes retained by him without charge.

##### **4.4 Retention of forms of transfer**

All instruments of transfer which shall be registered shall be retained by the Company.

##### **4.5 Encumbrances**

For the avoidance of doubt, the Noteholders shall be entitled to mortgage, charge, pledge or otherwise encumber the Loan Notes without the prior written consent of the Company.

#### **5. Certificates**

Every Noteholder will be entitled to a Certificate stating the amount of the Loan Notes held by him and every such Certificate shall refer to the Instrument and shall bear a serial number. Joint holders of Loan Notes will be entitled only to one Certificate in respect of the Loan Notes held by them jointly, which will be delivered to the first-named of joint holders.

## **6. Register of Loan Notes**

### **6.1 Form of Register**

A Register of the Loan Notes will be kept by the Company at its registered office or at such other place in the United Kingdom as its Directors may determine and of which Noteholders shall have forthwith been notified in writing in one or more books and there shall be entered in such Register:

- (a) the names and addresses of the Noteholders for the time being, being in the case of joint holders in the order which they may select or failing such selection in which they appear in any form of acceptance or transfer as a result of which Certificates in respect of Loan Notes are issued to them;
- (b) the amount of the Loan Notes held by every registered holder;
- (c) the date at which the name of every such registered holder is entered in respect of the Loan Notes standing in his name;
- (d) the serial number of each Certificate issued in respect of the Loan Notes and the date of the issue of it; and
- (e) particulars of repayment, transfer and other changes of ownership of the Loan Notes.

### **6.2 Notification of changes**

Any change of name or address on the part of any Noteholder shall promptly be notified to the Company and thereupon the Register shall be altered accordingly.

### **6.3 Inspection of Register**

The Noteholders or any of them and any person authorised in writing by any such person shall be at liberty at all reasonable times during office hours to inspect the Register and take copies of and extracts from it or any part of it. The Register may be closed at such times and for such periods as the Company in its discretion may from time to time determine provided that it shall not be closed for more than 20 days in any year.

## **7. Title to Loan Notes**

### **7.1 No duty to recognise trusts**

The Company will recognise the registered holder of any Loan Notes as the sole absolute owner of it and (save as may be required by law) will not be bound to take notice of or to see the execution of any trust whether express, implied or constructive to which the Loan Notes may be subject and the receipt of such person (or in the case of joint holdings of any one of such holders) for the interest on or for the moneys payable upon the redemption or payment of them shall be a good discharge to the Company notwithstanding any notice it may have, whether express or otherwise, of the right, title, interest or claim of any other person to or in such Loan Notes or interest or moneys. No notice of any trust whether express, implied or constructive shall (except as provided by any statutory provision or as required by an order of a court of competent jurisdiction) be entered on the Register in respect of any Loan Notes.

### **7.2 Death**

The executors or administrators of a deceased holder of Loan Notes (not being one of several joint holders) shall be the only persons recognised by the Company as having any title to such Loan Notes. In case of the death of any of the joint holders of Loan Notes the survivors or survivor will be the only persons or person recognised by the Company as having title to or interest in such Loan Notes. Any person becoming entitled to any Loan Notes in consequence of the death or bankruptcy of any holder of such Loan Notes may upon

producing such evidence that he sustains the character in respect of which he proposes to act under this Condition or of his title as the Directors shall reasonably think sufficient be registered himself as the holder of such Loan Notes or subject to the preceding Conditions as to transfer may transfer such Loan Notes.

8. **Payment of Interest**

8.1 ***Method of payment***

Interest payable under these Conditions, the principal moneys and any accrued interest on the date of repayment shall be paid either by bank transfer to the bank account of the Noteholder, the details of which account the Noteholder shall have given to the Company in writing or by cheque drawn on a United Kingdom clearing bank and sent by pre-paid first class post at the risk of the Noteholder to the registered address of the Noteholder, or in the case of joint holders of the first named Noteholder and the credit of such transfer to such account, or the due payment of the cheque shall be a satisfaction of the interest, principal moneys and any accrued interest represented by it.

8.2 ***Unclaimed interest***

Amounts in respect of interest on any Loan Notes which remain unclaimed by the Noteholder for a period of 6 years and amounts due in respect of principal which remain unclaimed for a period of 12 years, in each case from the date on which such interest or principal becomes payable, shall revert to the Company and the Noteholder shall cease to be entitled to it.

9. **Loss of Certificates**

If any Certificate issued in respect of the Loan Notes shall be worn out or defaced, then upon production of it to the Directors they may cancel it and may issue a new Certificate in lieu of it and if any such Certificate shall be lost or destroyed then upon proof of that to the reasonable satisfaction of the Directors or in default of proof on such indemnity as the Directors [and the Guarantor] may reasonably deem adequate being given a new Certificate in lieu of it may be given to the person entitled to such lost or destroyed Certificate. An entry as to the issue of the new Certificate and indemnity (if any) shall be made in the Register. Each new Certificate so issued shall specifically state that it is a replacement Certificate and shall refer to the denoting serial number and the date of issue of the Certificate that it replaces.

10. **Meetings of Noteholders**

10.1 ***Convening of meetings***

The Company may (and shall at the written request of Noteholders representing 25 per cent or more of the aggregate value of Loan Notes outstanding from time to time) at any time convene a meeting of the Noteholders by not less than 14 days' notice of it specifying the place, day and hour of the meeting and the terms of any extraordinary resolution (as defined below) to be proposed at it to the Noteholders and such meeting shall have power by an extraordinary resolution, being a resolution passed by a majority consisting of not less than three quarters of the votes cast at it upon a show of hands or, if a poll is demanded by the Chairman of the meeting (who shall be selected by the Noteholders present in person or by proxy) or by Noteholders holding not less than one tenth in aggregate value of the Loan Notes for the time being outstanding, by a majority consisting of not less than three quarters of the votes given on such poll, to sanction (subject to the consent of the Company) any modification, abrogation or compromise or any arrangement in respect of the rights of the Noteholders against the Company and to assent to any modification of these Conditions.

10.2 ***Votes***

Upon a poll a Noteholder shall have one vote for every pound nominal amount of Loan Notes registered in his name.

10.3 **Omission to give notice**

The non-receipt by any Noteholder of or the accidental omission to give to any Noteholder notice of any such meeting shall not invalidate the proceedings at it.

10.4 **Effect of extraordinary resolution**

An extraordinary resolution passed at a meeting of the Noteholders duly convened and held in accordance with this schedule shall be binding upon each of the Noteholders whether present or not present at such meeting.

10.5 **Written resolution**

A resolution signed by all the Noteholders shall (subject to the consent of the Company be as valid and effectual as if it had been passed at a meeting of the Noteholders duly convened and held and such resolution in writing may be contained in one document or in several documents in like form each signed by or on behalf of one or more of the Noteholders.

10.6 **Rules that apply to meetings**

Any meeting for the purpose of this Condition shall (subject to the provisions of these Conditions) be convened, conducted and held in all respects as nearly as possible in the same way as shall be provided by Table A in the Companies (Tables A to F) Regulations 1985 (as amended by the Companies (Tables A to F) (Amendment) Regulations 2007 and the Companies (Tables A to F) (Amendment) (No.2) Regulations 2007) for meetings of the Company provided that neither a member of the Company not being a Director nor the auditors of the Company shall be entitled to receive notice of or to attend any such meeting unless he also be a Noteholder.

10.7 **Quorum**

The quorum at any such meeting shall be Noteholders holding or representing by proxy one tenth in nominal amount of the Loan Notes for the time being outstanding. If within one quarter of an hour from the time being appointed for any meeting a quorum is not present the meeting shall stand adjourned to such day (not being less than 14 or more than 28 days after the date of the meeting from which such adjournment takes place) and time and place as the Chairman of the Meeting may determine and at the adjourned meeting the Noteholders present shall form a quorum. Notice of an adjourned meeting shall be given in like manner as for the original meeting and such notice shall state that the Noteholders present at such meeting whatever the number of the Loan Notes held or presented by them will constitute a quorum for all purposes.

10.8 **Note holder**

For purposes of this Condition, reference to "**Noteholders**" shall be deemed to include reference to a single Noteholder and (subject to the other provisions of this Condition) one person present in person or by proxy shall constitute a quorum.

11. **Notice**

11.1 **Form of notice**

Any notice of the Noteholders required for any purpose shall be in writing and given by sending it through the post in a pre-paid first class envelope addressed to each Noteholder at his address as shown in the Register of Noteholders or in the case of joint holders in a pre-paid first class envelope addressed to the Noteholder whose name stands first in the Register of Noteholders at his registered address provided that no Noteholder other than a Noteholder described in the Register of Noteholders by an address within the United Kingdom shall be entitled to receive any notice unless he shall have notified to the Company an address within

the United Kingdom at which notices may be served upon him in which case he shall be entitled to receive any notice at such address within the United Kingdom.

11.2 ***Service of notices***

Any notice to the Company shall be given or served by leaving it at or by sending it through the post in pre-paid first class envelope addressed, in the case of the Company, to it at its registered office in the United Kingdom for the time being and any notice so given shall be deemed to have been served on the day 2 Business Days following that on which it is posted or, where applicable, on the day (or, if not a Business Day on the next following Business Day) on which it is left at the address of the party to be served and in proving such service it shall be sufficient to prove that the envelope containing the notice was properly stamped, addressed and posted.

12. ***Waiver and exercise of rights***

12.1 ***Waiver***

The failure of any Noteholder to enforce at any time, or for any period, any one or more of the provisions for this Instrument and/or these Conditions shall not be a waiver of them or of the right at any time subsequently to enforce all the terms of this Instrument and the Conditions.

12.2 ***Exercise of rights***

All rights granted in this document shall be cumulative and no exercise by a Noteholder of any right under this Instrument or the Conditions shall restrict or prejudice the exercise of any other right granted by this Instrument or the Conditions or otherwise available.

12.3 ***Amendment***


Subject to clause 3.2 of the Deed of Priority, the Company may, with the consent of its financial advisors, amend the provisions of this Instrument, or the Loan Notes without the sanction or consent of the Noteholders, if such amendment would not be prejudicial to the interests of the Noteholders or the Company and such amendment is of a formal, minor or technical nature or to correct a manifest error. The Company shall notify each Noteholder of any amendment made pursuant to this Condition.


13. ***Set off***

Every Noteholder will be recognised by the Company as entitled to the amounts due under his Loan Notes free from any equity, set-off or counterclaim on the part of the Company against any person.

**Executed as a Deed**  
(but not delivered until the date  
appearing at the head of page 1)  
by **Cosalt plc**  
acting by:

)  
)  
)  
)  
)

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director/Secretary