

**PART 1 – THE CATTLES CREDITOR SCHEME**

**No. 10070 of 2010**

**IN THE HIGH COURT OF JUSTICE  
CHANCERY DIVISION  
COMPANIES COURT**

**IN THE MATTER OF CATTLES PLC**

**and**

**IN THE MATTER OF THE COMPANIES ACT 2006**

**SCHEME OF ARRANGEMENT  
(under Part 26 of the Companies Act 2006)**

**between**

**CATTLES PLC**

**and**

**THE SCHEME CREDITORS  
(as defined herein)**

**SECTION 1**  
**PRELIMINARY**

1.1 Definitions

In the Scheme, unless inconsistent with the subject or context, the following expressions have the following meanings:

**2014 Bonds** means the £350m 6.875 per cent. bonds due 2014 constituted by a trust deed dated 17 December 2003 between the Company as issuer and HSBC Trustee (C.I.) Ltd as trustee (as amended, restated and/or supplemented from time to time);

**2017 Bonds** means the £400m 7.125 per cent. bonds due 2017 constituted by a trust deed dated 5 July 2007 between the Company as issuer and HSBC Trustee (C.I.) Ltd as trustee (as amended, restated and/or supplemented from time to time);

**Act** means the Companies Act 2006;

**Adjourned Meeting** means a meeting of scheme creditors adjourned in accordance with clause 5.2.2(b);

**Adjusted Claim** means in respect of a Scheme Creditor's claims under or in connection with the Finance Documents a sum equal to (for the avoidance of doubt only (b) below shall apply to a Scheme Creditor's claim in respect of the Settlement Agreement):

- (a) the difference (positive or negative) between the estimated maximum distribution from the Escrow Account to a Scheme Creditor as set out in Schedule 4 and the actual distribution from the Escrow Account to that Scheme Creditor (provided that at a time when no such actual distribution has been made, the difference shall be deemed to be £0); plus
- (b) any interest accrued whether or not due or payable up to the Effective Date in accordance with the relevant Finance Document; plus
- (c) a sum (positive or negative) equal to the amount by which a Scheme Creditor's Ascertained Scheme Claim will have to be adjusted to take account of movements in foreign exchange rates for the period between 31 October 2010 and the Effective Date (where relevant); plus
- (d) a sum (positive or negative) equal to the amount by which a Scheme Creditor's Ascertained Scheme Claim will have to be adjusted to take account of the movement in make whole under clause 12.1 of the Note Agreements for the period between 31 October 2010 and the Effective Date; plus
- (e) any other contractual amount owed by the Company to the Scheme Creditor pursuant to a Finance Document incurred or falling due between 31 October 2010 and the Effective Date;

**Affiliate** means a subsidiary or a holding company of a person or any other subsidiary of that holding company;

**Agency Arrangement** means an arrangement whereby any of the Scheme Creditors referred to in clause 3.7.2 appoint an agent (being formerly an agent under a Finance Document) to act as agent for such Scheme Creditors and such arrangement is made between the agent and the relevant Scheme Creditors and may also be made with the Company and/or the Scheme Supervisors;

**Alternate** means any other senior executive, senior employee or professional adviser appointed by a Committee Member or Nominated Representative pursuant to clause 7.1.13;

**Ascertained Scheme Claim** means a (i) Submitted Scheme Claim which has been agreed by the Scheme Supervisors in accordance with clause 3.7.6 or 3.8.5 or the Court, in accordance with clause 3.8.2 or (ii) has been ascertained in accordance with clause 3.7.2 and Schedule 4 or (iii) the claim of the Pension Creditor which has been ascertained in accordance with clause 3.10;

**Bar Date** means the first Business Day falling three months after the Effective Date;

**Base Rate** means the Bank of England base rate from time to time;

**Board** means the board of directors of the Company, from time to time;

**Bondholder** means an entity with an interest in a Bond where at least 50 per cent of that entity's Scheme Liabilities arises under the Bonds;

**Bonds** means the 2014 Bonds and 2017 Bonds;

**Bovess** means Bovess Limited, a company incorporated and registered in England and Wales with company number 07366975 whose registered office is at 35 Great St. Helen's, London EC3A 6AP;

**Bovess Holding** means Bovess Holding Limited, a company incorporated in England and Wales with company number 07366959 whose registered office is at 35 Great St. Helen's, London EC3A 6AP;

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

**Cash Report** means the report provided in accordance with clause 4.3.1;

**Catch-up Payment** means a payment made in accordance with clause 5.4.1;

**Cattles Shareholder Scheme** means the scheme of arrangement proposed between Cattles and its members the provisions of which include the acquisition of the entire issued share capital of Cattles by Bovess;

**CDDA** means the Company Directors Disqualification Act 1986;

**Claim Form** means the either a Paper Claim Form or an Electronic Claim Form;

**Clearing Systems** mean Euroclear and Clearstream, Luxembourg;

**Clearstream, Luxembourg** means Clearstream Banking, *société anonyme*;

**Committee Confidential Information** means:

- (a) all information and documents provided to each Committee Member or observer as a member or observer (as the case may be) of a Creditors' Committee; and
- (b) all discussions at and proceedings of the meetings of the Creditors' Committee,

save to the extent (i) such matters are already in the public domain or (ii) in relation to information known by such person (other than as a result of a breach of clauses 7.1.4, 7.1.9 and 7.1.10);

**Committee Member** means a member from time to time of the Creditors' Committee;

**Company** means Cattles plc, a company incorporated under the laws of England and Wales, with registered number 00543610 whose registered office is at Kingston House, Centre 27 Business Park, Woodhead Road, Birstall, Batley, West Yorkshire, England, WF17 9TD;

**Company's Forecast** means a forecast prepared in accordance with clause 4.2;

**Completion** means completion of the acquisition of the shares in Cattles pursuant to the Cattles Shareholder Scheme;

**Co-ordinating Committee** means a committee comprising The Royal Bank of Scotland plc, HSBC Bank plc and Lloyds TSB Bank plc appointed pursuant to the co-ordination committee appointment letter dated 31 July 2009, to act as joint co-ordinators of the lenders under the Facilities Agreements;

**Court** means the High Court of Justice of England and Wales;

**Covenants** means the covenants set out in Schedule 9 and referred to in clause 5.1;

**Covenant Certificate** means the certificate referred to in clause 5.1.2;

**Creditors' Committee** means the committee of Scheme Creditors constituted in accordance with Section 7 of the Scheme;

**Creditors' Resolution** means any resolution passed by the Scheme Creditors at a meeting of Scheme Creditors convened and at which business is transacted;

**Cumulative Net Distributable Assets** means an amount calculated in accordance with clause 4.4.1;

**Deed of Release** means the deed of release to be executed by any Scheme Supervisor on behalf of Scheme Creditors, in the form of Schedule 2 (subject to minor technical and administrative changes);

**Disputed Scheme Claim** means a Submitted Scheme Claim to which clause 3.7.8 applies;

**Effective Date** means the date on which the Scheme becomes effective, in accordance with clause 1.5.1;

**Electronic Claim Form** means the form to be completed on the Scheme Portal by Scheme Creditors (or their duly authorised agents) detailing Submitted Scheme Claims against the Company;

**Escrow Account** means the trust account in the name of WFSL which is held on trust for certain of the Scheme Creditors set up under the SEA;

**Euroclear** means Euroclear Bank S.A./N.V.;

**Expected Company Dissolution** means the date upon which the Company estimates that the Scheme and any liquidation of the Company shall be completed;

**Excluded Liability** means each of those liabilities set out in Schedule 1;

**Excluded Trade Creditors** means those persons listed in Schedule 8;

**Explanatory Statement** means the statement explaining the effect of the Scheme to Scheme Creditors in compliance with Section 897 of the Act;

**Facilities Agreement** means

- (a) the £800 million syndicated credit facility dated 10 July 2006 between, amongst others, the Company as borrower, WFSL as a guarantor and The Royal Bank of Scotland plc as facility agent and the lenders from time to time;
- (b) the £500 million syndicated credit facility dated 14 July 2004 between, amongst others, the Company as borrower, WFSL as a guarantor and The Royal Bank of Scotland plc as facility agent and the lenders from time to time;
- (c) the £215 million syndicated credit facility dated 17 April 2008 between, amongst others, the Company as borrower, WFSL as a guarantor and The Royal Bank of Scotland plc as facility agent and the lenders from time to time;
- (d) the £135 million bilateral credit facility dated 30 June 2008 between, amongst others, the Company as borrower, WFSL as a guarantor and The Royal Bank of Scotland plc as lender and facility agent; and
- (e) the £75 million bilateral credit facility dated 12 August 2004 between, amongst others, the Company as borrower, WFSL as a guarantor and The Royal Bank of Scotland plc as lender,

each as amended and/or supplemented prior to 31 October 2010;

**Final Court Order** means the order of the Court sanctioning the Scheme under section 899 of the Act;

**Finance Document** means (a) one of the Facilities Agreements or (b) a Note Agreement or (c) a Hedge Agreement or (d) the Settlement Agreement;

**Financial Indebtedness** means any indebtedness for or in respect of:

- (a) moneys borrowed;
- (b) any acceptance credit (including any dematerialised equivalent);
- (c) any bond, note, debenture, loan stock or other similar instrument;
- (d) any redeemable preference share;
- (e) any agreement treated as a finance or capital lease in accordance with generally accepted accounting principles in the jurisdiction of incorporation of the Company;
- (f) receivables sold or discounted (otherwise than on a non-recourse basis);
- (g) the acquisition cost of any asset to the extent payable after its acquisition or possession by the party liable where the deferred payment is arranged primarily as a method of raising finance or financing the acquisition of that asset;
- (h) any derivative transaction protecting against or benefitting from fluctuations in any rate or price (and, except for non-payment of an amount, the then mark to market value of the derivative transaction will be used to calculate its amount);
- (i) any other transaction (including any forward sale or purchase agreement) which has the commercial effect of a borrowing;
- (j) any counter-indemnity obligation in respect of any guarantee, indemnity, bond, letter of credit or any other instrument issued by a bank or financial institution; or

- (k) any guarantee, indemnity or similar assurance against financial loss of any person in respect of any item referred to in the above paragraphs;

**FSMA** means the Financial Services and Markets Act 2000;

**Group** means the Company and all of its subsidiaries (within the meaning of section 1159 of the Act);

**Hedge Agreements** means each of the agreements listed at Schedule 5 each as amended, supplemented and/or replaced prior to 31 October 2010;

**Insolvency Act** means the Insolvency Act 1986;

**Insolvency Event** means each of:

- (a) the taking of any formal step being preparatory to and/or the occurrence of (i) a winding up of the Company (by the presentation of a winding up petition to the court or a resolution of the directors or members of the Company), (ii) its dissolution or (iii) its administration pursuant to Schedule B1 of the Insolvency Act;
- (b) the appointment of a receiver, compulsory manager or other similar officer over the Company or any of its significant assets; and
- (c) any event which is analogous to those above;

but shall not include:

- (d) any winding-up petition, administration application or application for the appointment of a receiver, compulsory manager or other similar officer which is frivolous, vexatious or contested in good faith and is discharged, permanently stayed or dismissed within 14 days of presentation; or
- (e) the Scheme Certified Liquidation;

**Insolvency Rules** means the Insolvency Rules 1986 (SI 1986/1925);

**ISDA Master Agreement** means a 1987 ISDA Master Agreement, a 1992 ISDA Master Agreement or a 2002 ISDA Master Agreement;

**Liability** means any liability of a person, whether it is present, future, prospective or contingent, whether its amount is fixed or undetermined, whether or not it involves the payment of money or performance of any act or obligation and whether it arises at common law, in equity or by statute, in England or in any other jurisdiction, or in any other manner whatsoever, including, without limitation, claims in respect of breach of contract, tort, restitution, breach of trust, financial indebtedness, guarantee or indemnity claims, claims arising by way of subrogation, contribution or counter-indemnity, claims for misrepresentation, negligence, wilful default or fraud, mis-selling claims, claims under FSMA, Consumer Credit Act 1974 or Pensions Act 1995 or 2004 and any other claims which may arise ancillary to any such financial liability, but in all cases excluding:

- (a) any liability which is barred by statute or is otherwise unenforceable; or
- (b) a liability under a contract that is void or, being voidable, has been avoided;

**Lender** means a lender under one or more Facilities Agreements where at least 50 per cent. of that entity's Scheme Liabilities arises under Facilities Agreements;

**Litigation Protocol** means any litigation protocol agreed between the Company and WFSL;

**Multicurrency 2006 NPA** means the multicurrency note purchase agreement dated 1 February 2006 (as amended from time to time) between the Company and the purchasers named therein in respect of:

- (a) the US\$20,000,000 principal amount of 6.17% Series A Guaranteed Senior Unsecured Notes due on 1 February 2011;
  - (b) the US\$55,000,000 principal amount of 6.25% Series B Guaranteed Senior Unsecured Notes due 1 February 2013;
  - (c) the €6,000,000 principal amount of 4.62% Series C Guaranteed Senior Unsecured Notes due 1 February 2013;
  - (d) the £1,000,000 principal amount of 5.89% Series D Guaranteed Senior Unsecured Notes due 1 February 2013; and
  - (e) the £20,000,000 principal amount of 5.94% Series E Guaranteed Senior Unsecured Notes due 1 February 2021,
- in each case, issued by the Company;

**Net Distributable Assets** means the total cash that the Scheme Supervisors have concluded in accordance with clause 4.3.3 that the Company shall from time to time distribute;

**Nominated Representative** means any senior executive, other senior employee or professional adviser appointed by a Committee Member pursuant to clause 7.1.12;

**Note Agreements** means the US Dollar 2001 NPA, the Sterling 2001 NPA or the Multicurrency 2006 NPA;

**Noteholder** means a holder of Notes where at least 50 per cent. of that entity's Scheme Liabilities arises under the Note Agreements;

**Notes** means those notes issued pursuant to the Note Agreements;

**Notional Section 75 Debt** has the meaning ascribed to it in the Pension Compromise;

**Official Rate** means the official rate of interest (as defined in section 251 of the Insolvency Act);

**Outward Claims Amount** means such recoveries as may be received by the Company in settlement or satisfaction of any Outwards Claims Litigation;

**Outwards Claims Litigation** means any demand or claim made or brought by the Company against any party pursuant to contract, tort or otherwise;

**Paper Claim Form** means the claim form in substantially the same form as the example in Schedule 3, to be completed by Scheme Creditors (or their duly authorised agents) detailing Submitted Scheme Claims against the Company;

**Payment Percentage** means the percentage calculated in accordance with clause 4.4;

**Pension Claim** means the amount owed to the Pension Creditor by the Company as the Notional Section 75 Debt under the terms of the Pension Compromise;

**Pension Compromise** means the compromise deed between the Pension Creditor, the Company and other certain Group companies, dated 19 November 2010 as amended by the Deed of Variation in the form set out at Schedule 7;

**Pension Creditor** means Cattles Staff Pension Fund Limited, as trustee of the Cattles Staff Pension Fund, established by a trust deed dated 20 August 1952 or its successors as trustee thereof or the Board of the Pension Protection Fund as its successor pursuant to the Pensions Act 2004;

**Post** means delivery by pre-paid first class post or airmail;

**Pre-Effective Date Insolvency Event** means the occurrence of any of the following in relation to the Company:

- (a) winding-up, dissolution or administration (whether out of court or otherwise);
- (b) the appointment of a liquidator, receiver, administrator or similar officer (in each case, whether out of court or otherwise);
- (c) a resolution of the Company or its directors being passed to petition or apply for the Company's winding-up or administration (whether out of court or otherwise); or
- (d) any person presenting a petition or an application for its winding-up or administration (whether out of court or otherwise) which has not been dismissed or struck out within 14 days;

**Proceedings** means any process, action, step, or other legal (or quasi legal) or judicial (or quasi judicial) proceeding (including, without limitation, any demand, arbitration, alternative dispute resolution, expert determination process, judicial review, adjudication, execution, seizure, distraint, lien, enforcement of judgment, or enforcement of any security interest or right of set-off or any proceeding for the purpose of placing the Company into administration, liquidation or any insolvency, reconstruction, bankruptcy or analogous proceeding in any jurisdiction;

**Quarter Date** means 31 March, 30 June, 30 September and 31 December in each year;

**Record Date** means the Effective Date;

**Remedy Proposal** means a proposal by the Scheme Supervisors in accordance with clause 5.1.4

**Representative** means a person determined to be a representative in accordance with clause 2.7;

**Scheme** means this scheme of arrangement in its present form or with any modifications thereof or additions thereto approved or imposed by the Court in accordance with clause 10.2;

***Scheme Certified Liquidation*** means any voluntary liquidation of the Company where the Board has certified to the Scheme Supervisors no more than 25 Business Days before the passing of the member's resolution to wind-up that they have made a full enquiry into the Company's affairs and that, having done so, they have formed the opinion that the Company will be able to pay any debts reasonably likely to be admitted to proof in the liquidation in full, together with interest at the Official Rate, within 12 months of the date of the commencement of the liquidation;

***Scheme Completion*** shall have the meaning given to it in clause 9.3.1;

***Scheme Creditor*** means

- (a) the Pension Creditor; and
- (b) any person who is, or claims to be, a creditor of the Company in respect of a Scheme Liability, at the Record Date;

***Schemed Directors*** means those individuals listed in Schedule 10;

***Schemed Lease*** means a lease described in Schedule 11(a)-(d) (inclusive) or of the property listed in Schedule 11(e);

***Scheme Lease Liability*** means any liabilities specified in Schedule 11;

***Scheme Liability*** means:

- (a) any Liability of the Company (before the application of any set-off, as applicable), other than an Excluded Liability, which either:
  - (i) has arisen on or prior to the Record Date; or
  - (ii) may (subject to clause 2.5.1) arise after the Record Date as a result of an obligation incurred or as a result of an event occurring or act done on or before the Record Date; or
- (b) the potential claims of the Pension Creditor against the Company under sections 75 or 75A of the Pensions Act 1995 (as applicable) or, to the extent these claims are compromised under the Pension Compromise, the Pension Claim;

***Scheme Payment*** means any payment made to a Scheme Creditor in accordance with section 4;

***Scheme Portal*** means the world wide web page or pages linked to universal resource locator [www.zcinfoportal.com](http://www.zcinfoportal.com);

***Scheme Publications*** means The Financial Times (International Edition), The Daily Telegraph and the Daily Mail;

***Scheme Reversion Decision Event*** means any of the events specified in clause 5.2.1;

***Scheme Reversion*** means the occurrence of a Scheme Reversion Decision Event followed by either (i) a resolution of the Scheme Creditors pursuant to clause 5.2.2 or (ii) the happening of the events set out in clause 5.2.3;

***Scheme Supervisor*** means any of the persons appointed under section 6;

***Scheme Supervisors' Agreement*** means the agreement to be entered into on or prior to the Effective Date between the Scheme Supervisors and the Company described in clause 6.1.2;

***Scheme Supervisors' Report*** means a written report delivered by the Scheme Supervisors to the Creditors' Committee pursuant to clause 6.3.3(b);

***Scheme Website*** means the world wide web page or pages linked to universal resource locator <http://www.cattles.co.uk/schemes>;

***Settlement Agreement*** means the agreement between the holders of the Notes and the Company, WFSL and other members of the Group as detailed in the letter from Clifford Chance LLP to Freshfields Bruckhaus Deringer LLP dated 3 December 2010;

***SEA*** means the standstill and equalisation agreement dated 25 November 2009 between, amongst others, the Company, WFSL and The Royal Bank of Scotland plc;

***Shareholder*** means a current or former holder of shares in the Company;

***Shareholder Observer*** means the observer permitted to attend meetings of the Creditors' Committee pursuant to clause 7.1.3(g);

***Sterling 2001 NPA*** means the Sterling note purchase agreement dated 12 December 2001 (as amended from time to time) between the Company and the purchasers named therein in respect of:

- (a) the £30,000,000 principal amount of 7.64% Series C Guaranteed Senior Unsecured Notes due 12 December 2011; and
- (b) the £40,000,000 principal amount of 7.80% Series D Guaranteed Senior unsecured notes due 12 December 2016,

in each case, issued by the Company;

***Submitted Scheme Claim*** means any purported Scheme Liability in respect of which a Scheme Creditor has submitted a Claim Form in accordance with clause 3.5.3 and 3.5.4;

***Submitted Scheme Claimant*** means a person who has submitted a Submitted Scheme Claim, unless his Submitted Scheme Claim has been finally rejected in accordance with clause 3.8.1 or 3.8.3;

***TSA*** means the transitional services agreement dated 3 July 2009 between, among others, the Company and WFSL;

***Unascertained Payments Trust Fund*** means the trust fund established and maintained by the Company under clause 4.6.1;

***Unascertained Scheme Claim*** means (i) a Submitted Scheme Claim which has not become an Ascertained Scheme Claim nor been rejected in accordance with clause 3.8.1 or 3.8.3 and includes a prudent provision by the Scheme Supervisors for potential adverse cost awards which the Company may incur in determining such Submitted Scheme Claim or (ii), in relation to the Pension Creditor, the sum estimated in accordance with clause 3.10.2;

***US Dollar 2001 NPA*** means the US dollar note purchase agreements dated 12 December 2001 (as amended from time to time) between the Company and the purchasers named therein in respect of:

- (a) the US\$40,000,000 principal amount of 7.15% Series A Guaranteed Senior Unsecured Notes due 12 December 2008; and
- (b) the US\$70,000,000 principal amount of 7.53% Series B Guaranteed Senior Unsecured Notes due 12 December 2011,

in each case, issued by the Company;

***WFSL*** means Welcome Financial Services Limited, a private limited company incorporated in England and Wales with company number 00133540; and

***WFSL Scheme*** means the scheme of arrangement between WFSL and certain of its creditors under Part 26 of the Act.

1.2 In the Scheme, unless the context otherwise requires or otherwise expressly provides for:

- (a) references to parts, clauses, subclauses and schedules are references to parts, clauses, subclauses and schedules of the Scheme;
- (b) references to a person include references to an individual, firm, partnership, company, corporation, unincorporated body of persons or any state or state agency;
- (c) references to a statute, statutory provision or regulatory rule or guidance include references to the same as subsequently modified, amended or re-enacted from time to time;
- (d) the singular includes the plural and vice versa and words importing one gender shall include all genders;
- (e) headings to parts, clauses and schedules are for ease of reference only and shall not affect the interpretation of the Scheme;
- (f) references to a period of days shall include Saturdays, Sundays and public holidays. Where the date which is the final day of a period of days is not a Business Day, that date will be adjusted so that it is the first following day that is a Business Day;
- (g) references to “Sterling” or to “£” are references to the lawful currency of the United Kingdom of Great Britain and Northern Ireland from time to time; and
- (h) references to time shall be to London time (Greenwich Mean Time or British Summer Time as appropriate).

1.3 The Company

The Company was incorporated in England and Wales on 21 January 1955 as a private limited company under the Companies Act 1948 with registered number 00543610 with the name Cattle’s (Holdings) Limited. On 5 March 1982, its name was changed to Cattle’s (Holdings) plc when it was re-registered as a public company under the Companies Act 1948



to 1980. Its name was changed to Cattles plc on 5 June 1995. The issued share capital of the Company is 526,066,902 ordinary shares.

#### 1.4 The Purpose of the Scheme

The purpose of the Scheme is to provide a procedure for the agreement, valuation and compromise of Scheme Liabilities and to maximise recoveries in order to give a better return to Scheme Creditors than they would receive on an administration or liquidation of the Company while meeting the Company's Liabilities to its other creditors in the ordinary course of business.

#### 1.5 Effective Date

1.5.1 The Scheme shall become effective on the date on which an office copy of the Final Court Order is delivered to the Registrar of Companies of England and Wales for registration in accordance with clause 1.5.2.

1.5.2 The Company shall not deliver an office copy of the Final Court Order to the Registrar of Companies of England and Wales for registration until the satisfaction of the following conditions:

- (a) the making by the Court of orders sanctioning the Cattles Shareholder Scheme and confirming the proposed capital reduction and the directors of the Company having confirmed that, subject to no insolvency event (as defined in the Cattles Shareholder Scheme) having occurred in relation to the Company, such Court orders will be delivered to the Registrar of Companies of England and Wales for registration immediately upon the WFSL Scheme becoming effective; and
- (b) the WFSL Scheme becoming effective on its terms;  
provided that if:
- (c) the conditions in 1.5.2(a) and 1.5.2(b) have not been satisfied; or
- (d) a Pre-Effective Date Insolvency Event has occurred in relation to the Company;

on or before 31 May 2011, the Company shall not deliver, or procure delivery of, the office copy of the Final Court Order to the Registrar of Companies of England and Wales and the Scheme shall not be made effective.

1.5.3 If an Insolvency Event occurs in relation to the Company before the Bar Date, save for the provisions in 1.1, 1.5.3, 2.9, 6.6, 6.7, 7.7, 7.8, 7.9, 7.10, 10.1 and 10.6, all the provisions under the Scheme shall cease to apply.

## SECTION 2

### THE SCHEME

#### 2.1 Application of the Scheme

The Scheme shall apply to all Scheme Liabilities and bind all Scheme Creditors. The Scheme shall not affect the rights of creditors of the Company in respect of any Excluded Liabilities.

#### 2.2 Stay of Proceedings

2.2.1 Subject to the provisions of clauses 2.2.2 and 2.2.3, no Scheme Creditor shall be permitted to commence or continue any Proceedings against the Company, in any jurisdiction.

2.2.2 A Scheme Creditor shall only be permitted to commence Proceedings against the Company:

- (a) in accordance with the provisions of clause 2.2.3;
- (b) with the consent of the Scheme Supervisors; or
- (c) in response (by way of claim or counterclaim) to Proceedings commenced or continued by the Company against the Scheme Creditor and where the subject matter of the Proceedings commenced by the Scheme Creditor is the same transaction or occurrence as the subject of the Proceedings commenced or continued by the Company.

2.2.3 A Scheme Creditor in respect of a Scheme Lease Liability shall, subject to the terms of the relevant Scheme Lease (and/or any associated documents), be permitted to bring a claim for forfeiture, re-entry or other action or legal proceedings brought solely with the purpose of determining such Scheme Lease.

2.2.4 No order, judgment, decision or award obtained by a Scheme Creditor in breach of clause 2.2.2 shall give rise to an Ascertained Scheme Claim. The Scheme Creditor shall not be entitled to rely on such an order, judgment, decision or award to evidence a Submitted Scheme Claim and shall have no right to enforce the order, judgment, decision or award or to seek to place the Company into administration, liquidation or any insolvency, reconstruction, bankruptcy or analogous proceeding in any jurisdiction in reliance upon such an order.

#### 2.3 Enforcement of Scheme Liabilities

Scheme Creditors are not permitted to commence any Proceedings against the Company, any Scheme Supervisor, the Board or any member of the Board, any officer of the Company or any other person, in any jurisdiction, to enforce payment of an Ascertained Scheme Claim, Scheme Payment or any other Scheme Liability or any part of it, unless the Company or the Scheme Supervisors have acted or failed to act in either case in breach of the Scheme or any of them is reasonably anticipated to be about to act or fail to act in breach of a provision of the Scheme that is not minor or technical in nature. The moratorium described in the previous sentence shall cease to apply after a Scheme Reversion. For the avoidance of doubt, the moratorium in this clause shall not prevent any Scheme Creditor commencing any Proceedings against any current or former member of the Board or officer of the Company or any other person to enforce payment of any Liability which is not a Liability of the Company in respect of an Ascertained Scheme Claim, Scheme Payment or Scheme Liability.

#### 2.4 Effect of Proceedings prohibited by clauses 2.2 and 2.3

2.4.1 If a Scheme Creditor obtains any money, benefit, property or advantage at the expense of the Company in breach of clauses 2.2 or 2.3, he shall be treated as having received, on account of his entitlement to a Scheme Payment, an advance payment equal to the amount or gross value of such money, benefit, property or advantage, and the extent, if any, to which he is entitled to a Scheme Payment shall be reduced accordingly.

2.4.2 For the purpose of clause 2.4.1, the value of any amount obtained shall be the gross value as conclusively determined by the Scheme Supervisor, acting in good faith, and may include, without limitation, such amount as it considers appropriate by way of interest; or costs, charges or expenses incurred by the Company as a consequence of the Proceedings.

2.4.3 To the extent that the gross value exceeds the value of the Scheme Payment to which the Scheme Creditor would otherwise be entitled, the Scheme Creditor shall hold the excess on trust for the Company and shall immediately pay it to the Company without set-off, deduction, retention, abatement or counterclaim. Interest will accrue on the excess, from the date on which the value is obtained by the Scheme Creditor, at a rate of 2 per cent. above Base Rate.

2.4.4 The Company shall have the right to seek injunctive or other relief or remedy:

- (a) in respect of the breach or anticipated breach of clauses 2.2 or 2.3; and

(b) in respect of any loss which the Company may suffer as a result of the breach of clauses 2.2 or 2.3.

## 2.5 Interest

2.5.1 Scheme Creditors shall be entitled to claim interest on Scheme Liabilities, only to the extent that interest is a Scheme Liability. Subject to clause 2.5.4, Scheme Liabilities shall not accrue interest following the Record Date, (except that with effect from a Scheme Reversion, interest may be claimed on Ascertained Scheme Claims as though it had accrued from the Record Date at the Official Rate). For the avoidance of doubt, Scheme Creditors release all claims they would have had in respect of interest, but for the provisions of this clause.

2.5.2 To the maximum extent possible, all Scheme Payments shall be repayments of principal amounts owed in respect of Scheme Liabilities, rather than interest.

2.5.3 For the purposes of a Scheme Liability comprising interest, all necessary apportionments will be made to enable a claim in respect of such interest to be made for a period up to the Record Date.

2.5.4 If there is any surplus remaining under the Scheme after having paid all Ascertained Scheme Claims in full, such surplus shall be applied in paying interest at the Official Rate on those Ascertained Scheme Claims in respect of the periods during which, owing to the effect of clause 2.5.1, they have been outstanding since the Record Date.

## 2.6 Valuation of claims and set-off

All Scheme Liabilities (other than those in respect of the Pension Claim) shall be valued in accordance with Rules 2.85 to 2.89 of the Insolvency Rules, as though the Company had entered administration on the Record Date and the administrator had given notice under Rule 2.95 of the Insolvency Rules on that date that he intended to make a distribution to unsecured creditors.

## 2.7 Representatives

2.7.1 To the extent a Scheme Creditor does not take part in the Scheme on his own behalf, the Scheme Supervisors may, in their absolute discretion, determine any person purporting to represent that Scheme Creditor to be his Representative.

2.7.2 Unless notified to the contrary by the Scheme Creditor, the Scheme Supervisors may, in their absolute discretion, treat a Representative as fully authorised to represent the Scheme Creditor concerned for all purposes in connection with the Scheme.

2.7.3 The Company shall accept from the Representative any payment owed to the Company by the principal(s) of the Representative and may make any payment owed to the principal(s) under the Scheme to the Representative. Such payments by the Company shall discharge the Company from any further obligation in respect of the Scheme Liability as though it had been paid to the Scheme Creditor. Neither the Scheme Supervisors nor the Company shall have any liability to a Scheme Creditor arising from the operation of this clause.

2.7.4 Any action required to be taken under this Scheme by a Scheme Creditor may and shall be taken by any Representative of a Scheme Creditor, unless taken by the Scheme Creditor directly.

## 2.8 Scheme releases

Nothing in this Scheme, other than the releases set out at clauses 2.5 and 2.9, shall be construed as resulting in any release, extinguishment, modification, compromise or waiver of any Liability owed by the Company until the earlier of:

- (a) Scheme Reversion pursuant to Section 5; and
- (b) Scheme Completion, pursuant to clause 9.3.1.

## 2.9 Deed of release

Each of the Scheme Creditors hereby irrevocably authorises any of the Scheme Supervisors from the Effective Date to enter into, execute and deliver as a deed the Deed of Release, on behalf of each of the Company, each Scheme Creditor and any person to whom a Scheme Creditor has transferred or assigned or purported to transfer or assign a Scheme Liability.

## 2.10 No admission of liability

Save as expressly set out in this Scheme or in the Explanatory Statement, nothing in the Scheme or the Explanatory Statement or the circulation thereof to any person evidences or constitutes any admission by the Company or the Scheme Supervisors that the person is a Scheme Creditor or that a Liability is owed to any person in respect of any claim or right. The

agreement by the Company or the Scheme Supervisors of a Submitted Scheme Claim is purely for the purposes of the Scheme and does not constitute any admission of Liability for any other purpose.

## 2.11 Continuation of Operations

2.11.1 Except insofar as specific functions are to be performed by the Scheme Supervisors (as set out in Section 6 and elsewhere) the affairs, business and property of the Company shall continue to be managed by the Board. The Company, acting through the Board consistent with its regulatory and fiduciary responsibilities, shall remain solely responsible for the conduct of the future trading business of the Company.

2.11.2 Neither the Scheme Supervisors nor (for the avoidance of doubt) the members of the Creditors' Committee shall have any personal liability in respect of any ongoing trading activities by the Company or any debts incurred by the Company in respect of such trading.

**SECTION 3**  
**DETERMINATION OF SUBMITTED SCHEME CLAIMS**

**3.1 The Pension Creditor's Scheme Liabilities**

Clauses 3.2 to 3.9 shall not apply to Scheme Liabilities owed to the Pension Creditor. Clause 3.10 applies to the Scheme Liabilities owed to the Pension Creditor.

**3.2 Record Date**

All Submitted Scheme Claims shall be valued as at the Record Date, except that Scheme Creditors and the Scheme Supervisors shall take into account:

- (a) any information which has come to light since the Record Date that assists with the valuation of the Scheme Liability; and
- (b) the termination of any contract or arrangement since the Record Date.

**3.3 Assignment**

3.3.1 Subject to clauses 3.3.2 to 3.3.5, the Scheme Supervisors shall be under no obligation to recognise any assignment or transfer (or purported assignment or transfer) of the whole or part of a Scheme Liability or Ascertained Scheme Claim (or the benefit thereof) after the Record Date for the purposes of determining entitlements under this Scheme and the Company shall have no obligations hereunder to any person other than a Scheme Creditor.

3.3.2 Where the Scheme Supervisors have received from the relevant parties notice in writing, in the form of Schedule 6 duly completed, of an assignment or transfer of the whole or part of a Scheme Creditor's Scheme Liability or Ascertained Scheme Claim, the Scheme Supervisors shall agree to recognise such assignment or transfer, for the purposes of the Company making Scheme Payments under this Scheme.

3.3.3 Such assignment or transfer shall only take effect for the purposes of the Scheme when the Scheme Supervisors give notice to the Scheme Creditor and the assignee or transferee that they have recognised the assignment or transfer. Such a notice shall be given promptly by the Scheme Supervisors in the case of an assignment or transfer falling within clause 3.3.2.

3.3.4 Any assignee or transferee of a Scheme Liability or Ascertained Scheme Claim so recognised by the Scheme Supervisors shall be bound by the terms of the Scheme and shall be considered a Scheme Creditor for the purposes of the Scheme, in place of the assignor or transferor.

3.3.5 Recognition of the assignment or transfer of a Scheme Liability by the Scheme Supervisors does not constitute acceptance by the Scheme Supervisors of the validity or amount of any Scheme Liability and shall have no such consequence under the Scheme.

3.3.6 Scheme Creditors may disclose to any of their officers, directors, employees, professional advisers, auditors and Affiliates and their Affiliates may disclose to any of their officers, directors, employees, professional advisers and auditors any information which that Scheme Creditor has acquired under or in connection with the Scheme or otherwise in relation to the Company as such Scheme Creditor considers appropriate if any person to whom such information is given undertakes to keep such information confidential and agrees not to disclose to anyone (except that there shall be no requirement to obtain such undertaking if the recipient is subject to professional obligations to maintain the confidentiality of the information).

3.3.7 Scheme Creditors may disclose to (or through) any person with whom it may enter or has entered into, any kind of transfer, assignment, participation or other agreement relating to a Scheme Liability or Ascertained Scheme Claim any information which that Scheme Creditor has acquired under or in connection with the Scheme or otherwise in relation to the Company provided such person to whom the information is to be given undertakes to keep such information confidential and agrees not to disclose it to anyone except to the extent such disclosure is:

- (a) to such professional advisers as the Scheme Creditor considers appropriate and who (save in the case of legal advisers and auditors provided that it is made clear to them that such matters are confidential) have agreed to be bound by clause 3.3.7;
- (b) to HM Revenue & Customs or any other governmental, public or official body for taxation purposes;
- (c) required to be disclosed by law, regulation or any court, governmental or competent regulatory authority;
- (d) in relation to matters that are already in the public domain; or
- (e) in relation to information known by such person (other than as a result of a breach of this provision).

### 3.4 Notice of Effective Date

Not more than two weeks after the Effective Date, the Company shall give notice that the Scheme has become effective and of the Bar Date, in the following ways:

- (a) by an appropriate posting on the Scheme Website;
- (b) by notice through the Clearing Systems;
- (c) by notice to each person who the Company believes may be a Scheme Creditor or, if they have previously been sent a letter by the Company inviting them to do so, has registered with the Company to receive correspondence in connection with the Scheme; and
- (d) by notice in the Scheme Publications, including an invitation to Scheme Creditors to request a Claim Form.

### 3.5 Claim Forms

3.5.1 The notice in clause 3.4, shall invite Scheme Creditors to enter the details of their Scheme Liabilities on an Electronic Claim Form to be found at the Scheme Portal. A Scheme Creditor may also request a Paper Claim Form from the Scheme Supervisors who will send a copy of the Paper Claim Form to the Scheme Creditor as soon as is reasonably practicable after receipt of the request.

3.5.2 Each Scheme Creditor notified shall be invited to set out the details of their Scheme Liabilities by completing an Electronic Claim Form or a Paper Claim Form.

3.5.3 Electronic Claim Forms must be finalised and submitted through the Scheme Portal prior to the Bar Date. Paper Claim Forms must be sent to the Scheme Supervisors to arrive on or before the Bar Date.

3.5.4 The Electronic Claim Form and the Paper Claim Form should be completed in accordance with their respective instructions and should include:

- (a) the identity of the Submitted Scheme Claimant;
- (b) a description of the nature of each Submitted Scheme Claim and how it arose;
- (c) the value of the Submitted Scheme Claim;
- (d) the legal basis of the Liability of the Company; and
- (e) any other facts which would assist the Scheme Supervisors in considering the Submitted Scheme Claim.

3.5.5 Without prejudice to the power of the Scheme Supervisors to request further information, Scheme Creditors shall provide to the Scheme Supervisors such supporting evidence as they consider sufficient to justify their Submitted Scheme Claim.

3.5.6 Submitted Scheme Claimants shall also submit to the Scheme Supervisors on request such additional information as is reasonably required for the Company to make claims against third parties.

3.5.7 Submitted Scheme Claimants may submit to the Scheme Supervisors a revised Paper Claim Form and/or Electronic Claim Form and/or revised information in respect of a Submitted Scheme Claim, together with any relevant supporting documentation, at any time up to and including the Bar Date.

3.5.8 Subject to clause 3.7.4, after the Bar Date, Scheme Creditors are not entitled to make or revise a Submitted Scheme Claim or provide further information (unless required to do so in accordance with the Scheme).

### 3.6 Requirement to submit Claim Form

Subject to clause 3.7.2 in order to be entitled to any Scheme Payment, Scheme Creditors must, on or prior to the Bar Date, submit a Claim Form. No payments will be made in respect of Scheme Liabilities that are not submitted as Submitted Scheme Claims.

### 3.7 Determination of Submitted Scheme Claims

3.7.1 The Scheme Supervisors shall examine each Claim Form returned to them in accordance with clause 3.6. Such examination shall include (without limitation) consideration of whether:

- (a) details of Scheme Liabilities are adequately supported by any documentation submitted with the Claim Form;
- (b) details of the quantum of the Scheme Liabilities are sufficient and the basis of calculation is reasonable and has been accurately applied; and

(c) there is any set-off to which clause 2.6 does or may apply.

3.7.2 Notwithstanding the other provisions of clause 3, with respect to Scheme Liabilities arising out of or in connection with a Finance Document, the amounts set out in Schedule 4 (if there is any amount set out against a Scheme Creditor's name) shall, as at the Effective Date, automatically comprise the relevant Scheme Creditors' Ascertained Scheme Claim. The Scheme Supervisors and each Scheme Creditor agree that the Scheme Creditor's Adjusted Claim shall be determined in accordance with the terms of the WFSL Scheme. Following the determination of a Scheme Creditor's Adjusted Claim under the WFSL Scheme, the agreed or resolved Adjusted Claim shall be added to that Scheme Creditor's Ascertained Scheme Claim. If a Scheme Creditor's Adjusted Claim is not being determined under the WFSL Scheme, then, by no later than 25 Business Days after the Effective Date, the Scheme Supervisors shall advise each such Scheme Creditor (or any agent appointed by the Scheme Creditor whether appointed pursuant to an Agency Arrangement or otherwise) of its proposed Adjusted Claim. On receipt of the proposed Adjusted Claim, the Scheme Creditor (or such agent) shall have 25 Business Days to agree the value of the Adjusted Claim with the Scheme Supervisors. If no agreement can be reached within that 25 Business Day period, the part of the Adjusted Claim that is not agreed shall be deemed to be a Disputed Scheme Claim to be resolved in accordance with clause 3.8. On determination of an Adjusted Claim by agreement pursuant to this clause 3.7.2 and/or resolution pursuant to clause 3.8, such Adjusted Claim (as agreed or resolved as applicable) shall be added to the Scheme Creditor's Ascertained Scheme Claim. Subject to the Settlement Agreement, nothing in this Scheme, in particular in this clause or Schedule 4, shall (i) prevent the relevant Scheme Creditors making any other Submitted Scheme Claims arising out of or in connection with either the Facilities Agreements, the Note Agreements, the Hedge Agreements or otherwise or (ii) constitute an admission as to the basis upon which an Ascertained Scheme Claim or any other claim has been or should be calculated.

3.7.3 Up to the Bar Date, the Scheme Supervisors may give notice to a Submitted Scheme Claimant specifying further information or evidence they reasonably require to assist them in agreeing its Submitted Scheme Claim.

3.7.4 After the Bar Date, if the Scheme Supervisors do not agree with the Submitted Scheme Claim, or do not consider the supporting information to be adequate, they shall notify the Submitted Scheme Claimant of that fact and the reasons, as soon as reasonably practicable (taking into account the volume of Submitted Scheme Claims received), and shall request any further information or evidence that would assist them in deciding upon the Submitted Scheme Claim.

3.7.5 The Submitted Scheme Claimant shall respond within such reasonable time limit as the Scheme Supervisors may specify and shall similarly respond to any subsequent requests for information from the Scheme Supervisors.

3.7.6 If the Scheme Supervisors agree with the Submitted Scheme Claim, or agree with the Scheme Creditor a value for which the Submitted Scheme Claim should be admitted as an Ascertained Scheme Claim, clause 3.7.7 shall apply. If the Scheme Supervisors do not agree with the Submitted Scheme Claim, clause 3.7.8 shall apply.

3.7.7 If the Scheme Supervisors agree with the Submitted Scheme Claim, they shall notify the Submitted Scheme Claimant of their agreement, in writing, as soon as reasonably practicable following that determination. The Submitted Scheme Claim will become an Ascertained Scheme Claim on the date the notice is sent.

3.7.8 If the Submitted Scheme Claim is not agreed by the Scheme Supervisors within six months of the Bar Date, (or at such earlier time as the Scheme Supervisors shall determine or such later time to which the Scheme Supervisors and the Submitted Scheme Claimant shall both agree or acquiesce) such part (if any) of the Submitted Scheme Claim as is not agreed shall become a Disputed Scheme Claim. The part (if any) of the Submitted Scheme Claim that is agreed shall be added to the Scheme Creditor's Ascertained Scheme Claim if that Scheme Creditor already has such a claim otherwise it will constitute that Scheme Creditor's Ascertained Scheme Claim (without prejudice to the outcome of the dispute regarding the disputed portion).

3.7.9 Where a Submitted Scheme Claim (or part thereof) becomes a Disputed Scheme Claim, the Scheme Supervisors shall forthwith notify the Submitted Scheme Claimant, in writing, that the whole or part of its Submitted Scheme Claim has become a Disputed Scheme Claim including brief reasons as to why they have not agreed the whole or part of the Submitted Scheme Claimant's Submitted Scheme Claim.

### 3.8 Resolution of Disputed Scheme Claims

3.8.1 A Submitted Scheme Claimant who receives notice that the whole or part of his Submitted Scheme Claim has become a Disputed Scheme Claim, shall be entitled within 21 days of receipt of such notice to give notice to the Scheme Supervisors that it is appealing the rejection of its Disputed Scheme Claim and seek resolution of the existence or proper value of its Submitted Scheme Claim by means of proceedings issued in the Companies Court of the Chancery Division of the Court as if the Disputed Scheme Claim were an appeal of an administrator's decision under rule 2.78 of the Insolvency Rules.

3.8.2 If a final judgment is given against the Company in proceedings begun under clause 3.8.1 then, on the date such judgment becomes incapable of further appeal, the Disputed Scheme Claim will become an Ascertained Scheme Claim for the amount of the judgment.

3.8.3 If a final judgment is given against the Submitted Scheme Claimant in proceedings begun under clause 3.8.1 then, on the date such judgment becomes incapable of further appeal, (i) the Disputed Scheme Claim will become an Ascertained Scheme Claim at the value determined by the final judgment and shall be added to that Scheme Creditor's Ascertained Scheme Claim if that Scheme Creditor already has such a claim otherwise it will constitute the Scheme Creditor's Ascertained Scheme Claim or (ii) in the case of a judgment which values the Submitted Scheme Claim at zero, shall give no entitlement to a Scheme Payment under the Scheme in respect of the Disputed Claim.

3.8.4 If any legal or other costs are awarded against the Company in respect of proceedings begun under clause 3.8.1, such amounts shall be payable by the Company to the relevant Scheme Creditor in full. If any legal or other costs are awarded in the Company's favour in respect of proceedings begun under clause 3.8.1, such amounts shall be payable to the Company in full.

3.8.5 If the Submitted Scheme Creditor does not give notice under clause 3.8.1 and begin such proceedings within 21 days of receipt of the Scheme Supervisors' notice, then its Disputed Scheme Claim shall become an Ascertained Scheme Claim at the value accepted by the Scheme Supervisor or, if rejected entirely by the Scheme Supervisors, shall give no entitlement to a Scheme Payment under the Scheme.

3.8.6 Nothing in this clause 3.8 shall prevent the Scheme Supervisor from agreeing in writing with the Scheme Creditor the value of the Scheme Liability to which its Unascertained Scheme Claim relates, in which case the Unascertained Scheme Claim shall become an Ascertained Scheme Claim for the amount agreed.

### 3.9 Variation of time limits

Where the Scheme Supervisors are satisfied that, due to exceptional circumstances outside the control of a Submitted Scheme Claimant, that Submitted Scheme Claimant has failed to comply with any time limit, other than the Bar Date, the Scheme Supervisors may, in their absolute discretion, extend that time limit for that Submitted Scheme Claimant by notice to the Submitted Scheme Claimant.

### 3.10 Pension Creditor's Scheme Liabilities

3.10.1 The Pension Creditor's Scheme Liabilities shall be determined in accordance with the terms of the Pension Compromise. On the final determination of the Pension Creditor's Scheme Liabilities in accordance with the terms of the Pension Compromise, the amount so determined shall be the Pension Creditor's Ascertained Scheme Claim.

3.10.2 Until the Pension Creditor's Scheme Liabilities become an Ascertained Scheme Claim in accordance with clause 3.10.1, such Pension Creditor's Scheme Liabilities shall be estimated by the Scheme Supervisors as if they were the Pension Creditor's Unascertained Scheme Claim and such estimated amount shall be deemed to be the Pension Creditor's Unascertained Scheme Claim.



## SECTION 4 DISTRIBUTIONS

### 4.1 Scheme Assets

4.1.1 Subject to the terms of the Scheme, all assets of the Company shall be available to pay Scheme Liabilities.

4.1.2 Subject to a Scheme Reversion, the Company may use any of its assets to pay Excluded Liabilities in full.

4.1.3 Liabilities which are neither Scheme Liabilities nor Excluded Liabilities shall not be paid out of the assets of the Company without the consent of the Scheme Supervisors.

### 4.2 The Company's Forecast

4.2.1 Within a reasonable time of the Effective Date, the Company shall deliver to the Scheme Supervisors and the Creditors' Committee a draft Company's Forecast for the period between the Effective Date and the Expected Company Dissolution prepared in accordance with clauses 4.2.2 and 4.2.3. The draft shall be delivered to the Scheme Supervisors and the Creditors' Committee in electronic format and hard copy.

4.2.2 Subject to clause 4.2.3, the Company's Forecast shall set out the Company's estimate of the total cash costs that the Company will have to pay and any anticipated cash receipts, in the case of the first Company's Forecast delivered after the Effective Date, for the period from the Effective Date until the Expected Company Dissolution and otherwise for the period from the last Quarter Date until the Expected Company Dissolution. Such Company's Forecast shall include, without limitation, a reasonable provision for the costs associated with the winding-up or dissolution of the Company.

4.2.3 The Company's Forecast shall not include an estimate in respect of:

- (a) any payments to be made to Scheme Creditors under the Scheme;
- (b) any cash costs in connection with the Outwards Claims Litigation (including a provision for adverse costs awards); and
- (c) any cash costs in connection with the Scheme Supervisors' remuneration, expenses and disbursements (including, without limitation the cost of any legal and/or financial advisers engaged by the Scheme Supervisors or the Company on behalf of the Scheme Supervisors).

4.2.4 Within ten Business Days of receiving a draft Company's Forecast the Scheme Supervisors, in consultation with the Creditors' Committee, must promptly notify the Company whether they accept that draft.

4.2.5 If a draft Company's Forecast is not accepted pursuant to clause 4.2.4 above, the Scheme Supervisors, the Creditors' Committee and the Company must consult, in good faith, and use all reasonable endeavours to agree changes to the draft such that it can be accepted pursuant to clause 4.2.4 above as soon as practicable and, in any event, within five Business Days of the Scheme Supervisors notifying the Company that the draft Company's Forecast is not accepted.

4.2.6 If after the five Business Days period referred to in clause 4.2.5, the Scheme Supervisors, the Creditors' Committee and the Company remain unable to agree the changes to the relevant draft Company's Forecast in accordance with clause 4.2.5, the Scheme Supervisors may, after consultation with the Creditors' Committee, call for any one or more of the directors of the Company to resign. Within five Business Days of such a request (or such longer period as it takes to find and appoint validly a replacement director) each director so called upon shall resign and the Scheme Supervisors, again after consultation with the Creditors' Committee, shall appoint new members to the Board. Following the appointment of the new members to the Board, the Scheme Supervisors and the Creditors' Committee shall attempt to agree the changes to the draft Company's Forecast in accordance with clause 4.2.5.

4.2.7 The Company shall deliver a copy of each Company's Forecast to the Creditors' Committee within five Business Days of it being accepted pursuant to this clause.

4.2.8 The Company shall update and/or prepare a new Company's Forecast at the request of the Scheme Supervisors, acting in consultation with the Creditors' Committee. The Company shall provide a new draft Company's Forecast to the Creditors' Committee and the Scheme Supervisors within a reasonable time of such request. The provisions of clauses 4.2.1 to 4.2.7 shall apply, mutatis mutandis, to such new draft Company's Forecast.

### 4.3 Net Distributable Assets

4.3.1 By no later than five Business Days after each Quarter Date, the Company shall provide a Cash Report to the Scheme Supervisors, which comprises:

- (a) a report setting out the Company's total cash, being the aggregate of its cleared cash balances net of any and all overdrafts and excluding any monies held in trust accounts held by the Company as at the Quarter Date;
- (b) either a revised Company's Forecast from the Quarter Date to Expected Company Dissolution or confirmation that the Company's Forecast calculated in accordance with clause 4.2 does not require updating or amending.

4.3.2 Within ten Business Days of receipt of the Cash Report, the Scheme Supervisors will consider:

- (a) the Cash Report;
- (b) the Company's Forecast;
- (c) the Scheme Supervisors' estimate of the future costs of the Outwards Claims Litigation including any provision for adverse costs awards; and
- (d) the Scheme Supervisors' estimate of the future costs of the Scheme Supervisors' remuneration, expenses and disbursements (including the cost of any legal and/or financial advisers engaged by the Company or the Scheme Supervisors who are providing advice to the Scheme Supervisors),

to assess, in consultation with the Creditors' Committee, whether to make a distribution under the Scheme to Scheme Creditors in accordance with clauses 4.4 and 4.5 and the cash available for such distribution.

4.3.3 If the Scheme Supervisors conclude in their sole discretion, but in consultation with the Creditors' Committee, that they wish the Company to make a distribution to Scheme Creditors in accordance with clauses 4.4 and 4.5 then such clauses shall apply. In those circumstances, the Scheme Supervisors shall notify the Creditors' Committee and the Company of their decision, including stating the amount of Net Distributable Assets as at the relevant Quarter Date.

### 4.4 Calculation of Payment Percentage

4.4.1 The Scheme Supervisors shall aggregate the Net Distributable Assets available at the Quarter Date as determined in accordance with clause 4.3.2 with all amounts of Net Distributable Assets determined previously but avoiding any double-counting. This aggregated amount shall be the Cumulative Net Distributable Assets at the latest Quarter Date.

4.4.2 Within a reasonable time of concluding that a distribution ought to be made in accordance with clause 4.3.3, the Scheme Supervisors, in accordance with clause 4.4.3 below, may set the Payment Percentage in respect of payments out of the Net Distributable Assets.

4.4.3 At such time, the Scheme Supervisors shall determine the Payment Percentage, being the proportion of each Ascertained Scheme Claim which they consider can be paid to Scheme Creditors, taking into account the Cumulative Net Distributable Assets and the value of Ascertained Scheme Claims (taking into account clause 4.4.5).

4.4.4 The Scheme Supervisors shall not set the Payment Percentage at any level unless they consider, on the basis of the information and advice referred to at clause 4.4.7 below, that the Cumulative Net Distributable Assets would be sufficient for the Company to make payments at that level to all Scheme Creditors having Ascertained Scheme Claims (taking into account clause 4.4.5).

4.4.5 For the purpose of calculating the Payment Percentage only, the Scheme Supervisors shall treat all Unascertained Scheme Claims as though they were Ascertained Scheme Claims.

4.4.6 If, having set a Payment Percentage, the Scheme Supervisors consider that the Cumulative Net Distributable Assets are not sufficient for the Company to satisfy the entitlements of each Scheme Creditor as contemplated in clause 4.4.3 without a reduction of the Payment Percentage, the Scheme Supervisors shall reduce the Payment Percentage to such level as they consider appropriate.

4.4.7 Subject to clause 6.4.2(i), for the purpose of determining the Payment Percentage, the Scheme Supervisors shall obtain and consider such financial information or advice as they need in order to make an informed decision.

### 4.5 Scheme Payments

4.5.1 Following the calculation of the Payment Percentage, the Scheme Supervisors shall determine the Scheme Payment for each Scheme Creditor with an Ascertained Scheme Claim. Each Scheme Creditor with an Ascertained Scheme Claim shall be

entitled to be paid a Scheme Payment (and the Company shall pay) an amount equal to the value of that Scheme Payment, calculated as:

$$(A \times B) - (C + D)$$

where:

- (a) A is the value of that Scheme Creditor's Ascertained Scheme Claim;
- (b) B is the Payment Percentage;
- (c) C is (i) the amount deemed to have been paid in respect of Proceedings, in accordance with clause 2.4.1 and not already paid directly to the Company by the Scheme Creditor outside of the Scheme Payments and/or (ii) the amount of any legal or other costs awarded against the Scheme Creditor in respect of proceedings begun under clause 3.8.1 (to the extent they remain unpaid by the Scheme Creditor); and
- (d) D is the amount of any Scheme Payments previously paid to the Scheme Creditor.

4.5.2 Following the calculation of the Payment Percentage and the level of Scheme Payment to be made in respect of each Ascertained Scheme Claim, the Scheme Supervisors shall notify the Company of the Scheme Payments required to be paid and the amounts required to be paid into the Unascertained Scheme Trust Fund under clause 4.6.

4.5.3 Where Scheme Payments are due, the Company shall make those Scheme Payments, within five Business Days following notification from the Scheme Supervisors. However, the Company shall not be obliged to make a payment to a Scheme Creditor of less than £100, unless and until there is, in the reasonable opinion of the Scheme Supervisors, no prospect of any future Scheme Payments. Any such amounts shall be added to the Unascertained Payments Trust Fund earmarked for such Scheme Creditor and shall be paid to such Scheme Creditor when it receives its next Scheme Payment.

4.5.4 If there is an arithmetical error in respect of any Scheme Payment, such error may be taken into account and corrected by the Scheme Supervisors through the necessary reduction or increase in the amount of the relevant Scheme Creditor's subsequent Scheme Payment(s).

4.5.5 If an incorrect amount is paid to a Scheme Creditor under this clause then:

- (a) if the amount paid is lower than the amount that the Scheme Creditor is properly entitled to have received, the Scheme Supervisors shall direct the Company to pay the balance to the Scheme Creditor as soon as reasonably practicable after the error is noticed by the Company or the Company is notified of such error; or
- (b) if the amount paid is higher than the amount that the Scheme Creditor is properly entitled to have received, then the overpayment shall be deducted from the next Scheme Payment (and, if necessary subsequent Scheme Payments) to be made to that Scheme Creditor.

#### 4.6 Reserving for Unascertained Scheme Claims

4.6.1 Where, in calculating the Payment Percentage under clause 4.2, the Scheme Supervisors have taken account of the value of Unascertained Scheme Claims, the Company shall create the Unascertained Payments Trust Fund, of all amounts which would have been paid as Scheme Payments in respect of such Unascertained Scheme Claims, if they had been Ascertained Scheme Claims at that time.

4.6.2 The Unascertained Payment Trust Fund shall be held on trust by the Company for the benefit of Scheme Creditors in respect of their Unascertained Scheme Claims.

4.6.3 If any Unascertained Scheme Claim subsequently becomes an Ascertained Scheme Claim, the Scheme Supervisors shall, as soon as reasonably practicable, calculate as a Scheme Payment for the relevant Scheme Creditor, such amount as if its Ascertained Scheme Claim had been an Ascertained Scheme Claim as at each Quarter Date. The Scheme Supervisors shall notify the Company of the relevant Scheme Payment required to be paid to the Scheme Creditor from the Unascertained Payments Trust Fund. If the amount reserved in the Unascertained Payments Trust Fund in respect of an Unascertained Scheme Claim exceeds the amount of the relevant Ascertained Scheme Claim, the surplus shall be released from the Unascertained Payments Trust Fund into the general assets of the Company.

4.6.4 If any Unascertained Scheme Claim is rejected under clause 3.7 and does not become a Disputed Scheme Claim, then any amount reserved in the Unascertained Payments Trust Fund in respect of that Unascertained Scheme Claim (including any amount reserved in respect of costs) shall be released from the Unascertained Payments Trust Fund into the general assets of the Company.

#### 4.7 Currency of Payment

If the Company is requested by a Scheme Creditor to make a Scheme Payment in a currency other than Sterling, it may do so, but the exchange rate risk shall be borne by the Scheme Creditor. The exchange rate to be used for any such conversion shall be at the Company's paying bank's spot rate. Any conversion fees shall be borne by the Company.

#### 4.8 Method of Payment

4.8.1 All Scheme Payments by the Company to a Scheme Creditor shall be made, at the option of the Company, either:

- (a) by cheque in favour of the Scheme Creditor, or such other person as the Scheme Creditor requests in writing, sent by Post to that person;
- (b) where the Scheme Creditor has designated a bank account in writing, by electronic transfer to that bank account;
- (c) to the Scheme Creditor's Representative; or
- (d) by any other appropriate method determined by the Scheme Supervisors or the Company and agreed by the Scheme Creditor.

4.8.2 The Scheme Creditor shall bear all risk of payment under clause 4.8.1 and, at the discretion of the Company, may be required to bear any costs incurred. No Scheme Creditor shall be entitled to any interest on its Ascertained Scheme Claim due to a delay in payment or technical difficulties with payment.

4.8.3 A Scheme Payment shall be deemed for all purposes to have been made on the date that the cheque is posted or electronic transfer instruction given.

4.8.4 The Scheme Creditors acknowledge that the Scheme Supervisors and not the Board are responsible for determining the value of the Scheme Payments payable to Scheme Creditors in accordance with the terms of the Scheme.

#### 4.9 Unclaimed Payments

If a cheque sent under clause 4.8.1(a) or (c) has not been presented for payment within four months of the date of issue, the Company shall notify the Scheme Supervisors and the Scheme Supervisors will make reasonable efforts to bring this to the attention of the Scheme Creditor, and may, at their discretion request that the Company cancel and reissue the cheque, but otherwise the Scheme Creditor will be deemed after six months from the date of issue to have been paid the amount represented by the un-presented cheque.

#### 4.10 Notice of Payment

The Scheme Supervisors shall notify Scheme Creditors at each time they set or increase the Payment Percentage. The Scheme Supervisors will determine, in consultation with the Creditors' Committee, the relevant form, terms and frequency of additional notifications required by Scheme Creditors of Scheme Payments and Payment Percentages.

**SECTION 5**  
**COVENANTS AND SCHEME REVERSION**

5.1 Covenants

5.1.1 The Company gives to the Scheme Creditors the covenants set out in Schedule 9.

5.1.2 Within five Business Days of each Quarter Date the Company must deliver to the Scheme Supervisors a Covenant Certificate stating whether any of the covenants listed in Schedule 9 have been breached since the previous Quarter Date or are likely to be breached in the period prior to the next Quarter Date.

5.1.3 If the Covenant Certificate states that a covenant listed in Schedule 9 has been breached since the previous Quarter Date or is likely to be breached in the period prior to the next Quarter Date or the Company fails to deliver a Covenant Certificate and the Scheme Supervisors conclude, after consultation with the Creditors' Committee, that such breach, potential breach or failure to deliver a Covenant Certificate is capable of being remedied then the provisions of clause 5.1.4 shall apply. If, however, the Scheme Supervisors, after consultation with the Creditors' Committee, conclude that the breach, potential breach or failure to deliver a Covenant Certificate cannot be remedied then the provisions of clause 5.1.5 apply.

5.1.4 The Scheme Supervisors shall prepare, in consultation with the Creditors' Committee, a Remedy Proposal setting out the measures to remedy or prevent the breach or likely breach or failure to deliver a Covenant Certificate and shall attempt to agree such Remedy Proposal with the Company. If after a reasonable time, the Scheme Supervisors and the Company are unable to agree the relevant Remedy Proposal in accordance with this clause 5.1.4, the Scheme Supervisors may, after consultation with the Creditors' Committee, call for one or more of the directors of the Company to resign. Within five Business Days of such a request (or such longer period as it takes to find and appoint validly a replacement director) each director so called upon shall resign and the Scheme Supervisors, again after consultation with the Creditors' Committee, shall appoint new members to the Board. Following the appointment of the new members of the Board, the Scheme Supervisors shall attempt to agree a Remedy Proposal in accordance with this clause 5.1.4.

5.1.5 The Scheme Supervisors shall discuss and agree with the Creditors' Committee what action should be taken in relation to the relevant breach of covenant or failure to deliver a Covenant Certificate. Such action may (without limitation) include:

- (a) waiving the breach or failure to deliver a Covenant Certificate;
- (b) requesting that one or more members of the Board resign, in which circumstances, within five Business Days of such a request (or such longer period as it takes to find and appoint validly a replacement director) each member of the Board so requested shall resign and the Scheme Supervisors, after consultation with the Creditors' Committee, shall appoint new members to the Board; or
- (c) convening a meeting of the Scheme Creditors at which the Scheme Creditors may resolve to call for one or more members of the Board to resign. If such resolution is passed, each member of the Board so requested shall resign within five Business Days of such a request (or such longer period as it takes to find and appoint validly a replacement director) and the Scheme Supervisors, after consultation with the Creditors' Committee, shall appoint new members to the Board.

5.2 Scheme Reversion Decision Event

5.2.1 Each of the following shall be a Scheme Reversion Decision Event:

- (a) Scheme Reversion (as defined in the WFSL Scheme) of the WFSL Scheme; and
- (b) an Insolvency Event occurring in respect of the Company on or after the Bar Date.

5.2.2 On the occurrence of a Scheme Reversion Decision Event, the Scheme Supervisors shall forthwith convene a meeting of Scheme Creditors in accordance with clause 8.1.2. Such meeting or any adjournment of that meeting may then resolve either:

- (a) to take no action in respect of the Scheme Reversion Decision Event;
- (b) to agree a proposal by the Company or recommend to the Company such measures as the meeting considers appropriate for the Scheme Reversion Decision Event to be remedied and, if a recommendation is made, for the meeting to be adjourned for up to ten Business Days to allow the Company to decide whether to take the recommended measures and the Company shall report its decision to the Adjourned Meeting; or
- (c) that Scheme Reversion shall occur on the date of the resolution.

5.2.3 If at a meeting of Scheme Creditors convened in accordance with clause 5.2.2, a resolution in accordance with clauses 5.2.2(a) or 5.2.2(b) is not passed in accordance with clause 8.3.2 and the meeting is not adjourned, a Scheme Reversion shall occur.

### 5.3 Scheme Reversion

#### 5.3.1 With effect from a Scheme Reversion:

- (a) Scheme Liabilities shall be released, other than those Scheme Liabilities which have become Ascertained Scheme Claims or remain Unascertained Scheme Claims;
- (b) the unpaid part of any Ascertained Scheme Claims shall become enforceable debts of the Company, free of the restrictions in clauses 2.2, 2.3 and 2.5;
- (c) the Unascertained Payment Trust Fund shall remain available to pay Unascertained Scheme Claims in accordance with clause 4.6; and
- (d) save for the provisions in clauses 1.1, 2.9, 5.3, 5.4, 6.6, 6.7, 7.7, 7.8, 7.9, 7.10, 10.1 and 10.6 all terms and conditions under the Scheme shall cease to apply.

#### 5.4 Determination and payment of Unascertained Scheme Claims on a Scheme Reversion

5.4.1 With effect from a Scheme Reversion, on the determination of the value of a Scheme Creditor's Unascertained Scheme Claim (the ***Determined Value***) by judgment, agreement or otherwise, the Scheme Creditor shall (subject to any rights of set off) be entitled to be paid a Catch-up Payment from the Unascertained Payment Trust Fund calculated in accordance with clause 5.4.2.

5.4.2 A Catch-Up Payment is an amount equal to the aggregate value of all Scheme Payments that a Scheme Creditor would have been entitled to receive and would have received prior to the Scheme Reversion if it had an Ascertained Scheme Claim of an amount equal to its Determined Value at the time Scheme Payments had been made in respect of Ascertained Scheme Claims prior to the Scheme Reversion.

5.4.3 A Scheme Creditor whose Unascertained Scheme Claim has been determined in accordance with clause 5.4.1 and has received a Catch-Up Payment, shall have an enforceable debt of the Company in respect of the unpaid part of the Determined Value of its claim free from the restrictions in clauses 2.2, 2.3 and 2.5.

5.4.4 If the amount reserved in the Unascertained Payments Trust Fund in respect of an Unascertained Scheme Claim exceeds the Catch-Up Payment paid in respect of that Unascertained Scheme Claim in accordance with clause 5.4.2, the surplus shall be released from the Unascertained Payments Trust Fund into the general assets of the Company.

## SECTION 6 THE SCHEME SUPERVISORS

### 6.1 The Scheme Supervisors

6.1.1 Any Scheme Supervisor must be a licensed insolvency practitioner within the meaning of section 390 of the Insolvency Act and duly qualified in the reasonable opinion of the Company to discharge the function of a Scheme Supervisor under the Scheme. Where more than one person has been appointed as a Scheme Supervisor, they may exercise and perform the powers, rights, duties and functions of the Scheme Supervisors under the Scheme jointly or severally.

6.1.2 A Scheme Supervisor shall not take office until he or his firm has entered into the Scheme Supervisors Agreement, which shall include provisions as to his remuneration and expenses, and has contracted to be bound by the terms of the Scheme to the extent that they apply to him as Scheme Supervisor. The Company acknowledges and agrees that the Scheme Supervisors are permitted to exercise all the powers given to them and rely upon all the provisions relevant to them under the Scheme.

6.1.3 The Scheme Supervisors shall initially be Simon Appell, Alastair Beveridge and Stuart MacKellar of Zolfo Cooper LLP of 10 Fleet Place, London, EC4M 7RB. They have given and not withdrawn their consent to the Company to act as Scheme Supervisors from the Effective Date and have contracted with the Company pursuant to the Scheme Supervisors Agreement to be bound by the terms of the Scheme to the extent such terms apply to the Scheme Supervisors. The Company with the agreement of the Creditors' Committee shall have the power to appoint any successors.

6.1.4 In exercising their powers and carrying out their duties under the Scheme, the Scheme Supervisors shall act as agents of the Company.

6.1.5 Any function or power conferred on the Company or its officers, whether by statute or by its memorandum or articles of association, which could be exercised in such a way as to interfere with the exercise by the Scheme Supervisors of their functions and powers in relation to the Company or the Scheme, shall not be so exercised except with the consent of the Scheme Supervisors, which may be given either generally or in relation to particular cases. Any such consent given by the Scheme Supervisors may be withdrawn. Provided that nothing in this clause shall relieve the Board from its duties in accordance with the Act or otherwise.

### 6.2 Vacation of office

6.2.1 A Scheme Supervisor shall vacate office if he:

- (a) becomes bankrupt;
- (b) is disqualified from acting as a director under CDDA;
- (c) is admitted to hospital because of mental disorder or is the subject of an order concerning his mental disorder made by a Court having jurisdiction in England or elsewhere in such matters, such that he is, in the opinion of the Creditors Committee, unable to carry out his duties as Scheme Supervisor;
- (d) is convicted of an indictable offence or be convicted of any offence by a court having jurisdiction in any other country where that offence, if committed in England and Wales, would have been an indictable offence under English law;
- (e) resigns his office by giving 60 days' notice in writing to the Company and the Creditors' Committee or such shorter period of notice as may be agreed by the Company and the Creditors' Committee or resigns his office with immediate effect by giving notice in writing to the Company and the Creditors' Committee if he considers that he should for professional regulatory reasons or in the event of non-payment of his fees when due and such fees have been approved by the Creditors' Committee, a meeting of Scheme Creditors or pursuant to a final order of the Court in each case pursuant to clause 6.9; or
- (f) is removed by the Creditors' Committee in accordance with clause 7.4.4(b).

### 6.3 Role of the Scheme Supervisors

6.3.1 The Scheme Supervisors shall discharge the duties and responsibilities imposed upon them by the Scheme.

6.3.2 The Scheme Supervisors shall act in good faith with reasonable skill and care in the interests of the Scheme Creditors as a whole and shall exercise their powers, duties and functions under the Scheme with a view to ensuring that the Scheme is implemented in accordance with its terms.

6.3.3 Without prejudice to the generality of clause 6.3.1, the Scheme Supervisors shall in addition:

- (a) monitor on a basis agreed with the Creditors' Committee the Company's compliance with the terms of the Scheme;
- (b) provide a Scheme Supervisors' Report to the Creditors' Committee on the conduct of the affairs of the Company in relation to the Scheme and the operation of the Scheme, the conduct of the Outward Claims Litigation and the extent and details of the Submitted Scheme Claims and Disputed Scheme Claims at the end of each period of every three months from the Effective Date or as otherwise agreed with the Creditors' Committee;
- (c) attend meetings of the Creditors' Committee and meetings of the Scheme Creditors convened in accordance with the Scheme, for any purpose in relation to the operation of the Scheme (and subject always to clauses 7.3.5 and 8.1.4);
- (d) so far as they are able provide the Creditors' Committee with such information as it may from time to time reasonably require in relation to matters of relevance to the Creditors' Committee; and
- (e) control, consider and conduct in consultation with the Creditors' Committee, any Outwards Claims Litigation.

#### 6.4 Powers of the Scheme Supervisors

6.4.1 The Scheme Supervisors shall have all of the powers necessary or desirable to enable them to discharge their duties and responsibilities under the Scheme (although it is acknowledged that the Scheme Supervisor cannot exercise any power that would result in their assuming control of the Company's affairs so as to supplant the Board);

6.4.2 Without prejudice to the generality of clause 6.4.1, the Scheme Supervisors shall be entitled:

- (a) to have access to such Company information or personnel as they may from time to time require on the affairs of the Company that relate to the operation of the Scheme;
- (b) to delegate to or employ any person as they see fit for the carrying out of their powers, rights, duties and functions under the Scheme;
- (c) on behalf of the Company, to negotiate and/or compromise Submitted Scheme Claims, in accordance with the provisions of the Scheme;
- (d) to do all acts and to execute in the name and on behalf of the Company any deed, receipt or other document necessary for or incidental to their role under the Scheme;
- (e) to request the Company to make any payment that is necessary for or incidental to the performance of the Scheme Supervisors' or the Company's functions;
- (f) to apply to Court for directions in relation to any particular matter arising in the course of the Scheme;
- (g) to liaise with the Creditors' Committee and to attend Creditors' Committee meetings if invited;
- (h) to convene a meeting of Scheme Creditors in accordance with clause 8.1.2, if appropriate;
- (i) to engage (or require the Company to engage) legal and financial advisers from time to time (provided that, without the consent of the Creditors' Committee, at any particular time, the Scheme Supervisors may engage a maximum of one legal adviser in any jurisdiction in addition to the legal advisers engaged in respect of any Outward Claims Litigation and one financial adviser) as reasonably required, in order to advise and assist the Scheme Supervisors in connection with the conduct of their functions and powers under the Scheme;
- (j) to receive Board papers, to attend meetings of the Board at their discretion and to address the Board (it is however acknowledged by the Company, the Creditors' Committee and the Scheme Creditors that the Scheme Supervisors are not expected to attend meetings of the Company's executive committee);
- (k) to instruct the Company to make payments pursuant to the terms of the Scheme; and
- (l) to have all the power necessary or desirable to enable them to control and conduct the Outward Claims Litigation including, without limitation, the power (in consultation with the Creditors' Committee) to:
  - (i) compromise and settle any proceedings in connection with the Outward Claims Litigation;
  - (ii) engage experts;
  - (iii) provide any indemnities to WFSL in accordance with any Litigation Protocol in connection with the Outwards Claims Litigation;
  - (iv) commence and/or defend proceedings in the name of the Company; and
  - (v) enter into or amend any Litigation Protocols or agreements.



## 6.5 Vacancy

If there are no Scheme Supervisors in office or only one Scheme Supervisor in office, the Company with the agreement of the Creditors' Committee shall forthwith fill the vacancy.

## 6.6 Liability of Scheme Supervisors

6.6.1 Except to the extent required by law, no Scheme Creditor shall be entitled to challenge the validity of any act done or omitted to be done in good faith and with due care by the Scheme Supervisors in accordance with and to implement the provisions of the Scheme or the exercise by the Scheme Supervisors in good faith and with due care of any power conferred upon them for the purposes of the Scheme if exercised in accordance with and to implement the provisions of the Scheme.

6.6.2 A Scheme Supervisor shall not be liable for any loss resulting from any act he does or omits to do, unless any such loss is attributable to his own negligence, breach of statutory duty, breach of trust, fraud or dishonesty.

## 6.7 Indemnity

6.7.1 The Scheme Supervisors shall be entitled to an indemnity out of the property of the Company against:

- (a) all Proceedings brought or made against them in respect of any act done or omitted to be done in relation to the Company by them in good faith, without negligence, breach of duty, breach of trust, fraud or dishonesty in the course of performing their duties and functions under the Scheme; and
- (b) all costs, charges, expenses and liabilities properly incurred by each of them in the course of performing their duties and functions under the Scheme.

6.7.2 In addition to the general provisions of clause 6.7.1, the Scheme Supervisors shall be entitled to an indemnity out of the property of the Company:

- (a) against any liability incurred by them in defending any Proceedings, whether civil or criminal, in respect of any negligence, breach of statutory duty, breach of trust, fraud or dishonesty relating to the operation of the Scheme, where:
  - (i) judgment is given in their favour; or
  - (ii) where they are acquitted; and
- (b) in connection with any application in any such Proceedings where relief is granted to them by a court from liability for negligence, breach of statutory duty, breach of trust, fraud or dishonesty relating to the operation of the Scheme.

## 6.8 Insurance

The Company will, in consultation and as agreed with the Scheme Supervisors:

- (a) purchase and maintain for the Scheme Supervisors insurance from the date of their appointment against any liability for which the Company would be obliged to indemnify them in accordance with clause 6.7; and
- (b) subject to clause 6.8(a), within seven Business Days of the first demand by the Scheme Supervisors, pay the costs incurred by a Scheme Supervisor in defending proceedings of the nature described in clause 6.7.1(a), provided that such Scheme Supervisor gives the Company an undertaking to reimburse it (with interest) at the conclusion of those Proceedings, where such Scheme Supervisor is not entitled to an indemnity under clause 6.7.

## 6.9 Remuneration and expenses of Scheme Supervisors

The Scheme Supervisors shall be remunerated by the Company in respect of their role in the Scheme and all acts reasonably incidental thereto and in accordance with the agreement referred to in clause 6.1.2. Such remuneration is to be approved by the Creditors' Committee and such approval shall not be unreasonably withheld. If approval cannot be obtained within a reasonable period, the Scheme Supervisors may convene a meeting of the Scheme Creditors in accordance with clause 8.1.2 to determine the level of the Scheme Supervisors' costs, charges, expenses and liabilities. If approval cannot be obtained at a meeting of the Scheme Creditors, the Scheme Supervisors shall be permitted to apply, or cause the Company to apply, to the Court for directions as if Rules 2.106 to 2.108 of the Insolvency Rules applied, *mutatis mutandis*, to the Scheme Supervisors.

## 6.10 Outwards Claims Litigation

6.10.1 The Scheme Supervisors will manage and as appropriate conduct the Outward Claims Litigation on behalf of the Company in accordance with any Litigation Protocol, consulting with the Creditors' Committee in such manner as the Creditors' Committee shall reasonably require and as shall not prejudice the Outwards Claims Litigation. The Scheme Supervisors shall not incur any costs or expenses in connection with the Outwards Claims Litigation without the prior consent of the Creditors' Committee (not to be unreasonably withheld) provided that this consent arrangement may be

replaced by a litigation protocol agreed between the Scheme Supervisors and the Creditors' Committee (in consultation with the Company).

6.10.2 The Scheme Creditors acknowledge that the Scheme Supervisors (in consultation with the Creditors' Committee) and not the Board are responsible for the conduct of the Outwards Claims Litigation.

**SECTION 7**  
**CREDITORS' COMMITTEE**

7.1 Constitution of the Creditors' Committee

7.1.1 There shall be a Creditors' Committee under the Scheme.

7.1.2 The Creditors' Committee shall consist of not less than three nor more than seven persons unless the Scheme Supervisors in consultation with the Creditors' Committee agree otherwise (but in any event any change cannot reduce the minimum number below three or increase the upper limit beyond seven).

7.1.3 The following creditors shall be the initial Committee Members:

- (a) The Royal Bank of Scotland plc;
- (b) Lloyds TSB Bank plc;
- (c) a Lender;
- (d) a Noteholder;
- (e) a Bondholder;
- (f) a Bondholder; and
- (g) a Shareholder who is a Scheme Creditor. And in addition this Committee Member shall be entitled to be accompanied to Creditors' Committee meetings by another Shareholder who is a Scheme Creditor. Such person to attend Creditor Committee meetings as an observer.

7.1.4 The Pension Creditor and the Shareholder Observer each are appointed as a non-voting observer to the Creditors' Committee for as long as it wishes to remain so and is entitled both to attend all meetings of the Creditors' Committee and receive all papers produced for and by the Creditors' Committee. The Pension Creditor and the Shareholder Observer each are entitled to receive all information, documents and notices at the same time (and to the same extent) as each Committee Member is entitled to receive such information, documents or notices. The Pension Creditor and the Shareholder Observer each agrees to be bound by any guide agreed in accordance with Clause 7.1.7.

7.1.5 At the initial meeting of the Creditors' Committee, the members of the Creditors' Committee shall elect by majority vote a chairman of the Creditors' Committee who shall have the deciding vote at any meeting of the Creditors' Committee. In the absence of a majority the Scheme Supervisors shall convene a meeting of the Scheme Creditors to vote upon which of the Committee Members shall be appointed as the chairman of the Creditors' Committee.

7.1.6 If the chairman appointed pursuant to clause 7.1.5 or this clause 7.1.6 resigns as chairman or ceases to be a member of the Creditors' Committee and there is an even number of Committee Members, the members of the Creditors' Committee shall elect by majority vote a replacement chairman of the Creditors' Committee who shall have the deciding vote at any meeting of the Creditors' Committee. In the absence of a majority the Scheme Supervisors shall convene a meeting of the Scheme Creditors to vote upon which of the Committee Members shall be appointed as the replacement chairman of the Creditors' Committee.

7.1.7 If the Scheme Supervisors become concerned about a conflict of interest or potential conflict of interest in respect of any Committee Member or observer to the Creditors' Committee, they may propose to the Creditors' Committee a conduct of meeting guide to address this issue in the context of the conduct of the Creditors' Committee meetings. Such guide shall address how any conflicts of interest of any Committee Member or observers are to be resolved. Each Committee Member shall, acting reasonably and in good faith, attempt to agree such guide. If it does not prove possible to agree the guide within a reasonable time of it having been proposed, the Scheme Supervisors may apply to the Court for directions to resolve any issues regarding the guide and/or such issue of conflict or potential conflict.

7.1.8 Subject to clauses 3.3.6, 3.3.7 and 7.1.9, the Committee Members each agrees to keep the Committee Confidential Information completely and absolutely confidential.

7.1.9 Each of the Committee Members, the Pension Creditor and the Shareholder Observer agrees that it will not disclose or permit any of the Committee Confidential Information to be disclosed to any person except to the extent such disclosure is:

- (a) to any of their any officers, directors, employees, auditors and Affiliates and their Affiliates may disclose to any of their officers, directors, employees and auditors as the Committee Member, the Pension Creditor or the Shareholder Observer considers appropriate if any person to whom such information is given have agreed to be bound by clauses 7.1.4 and 7.1.9;

- (b) to such professional advisers as the Committee Member, the Pension Creditor or the Shareholder Observer considers appropriate and who (save in the case of legal advisers and auditors provided that it is made clear to them that such matters are confidential) have agreed to be bound by clauses 7.1.4 and 7.1.9;
- (c) to HM Revenue & Customs or any other governmental, public or official body for taxation purposes; or
- (d) required to be disclosed by law, regulation or any court, governmental or competent regulatory authority.

7.1.10 Each of the Committee Members, the Pension Creditor and the Shareholder Observer may not disclose to any person (apart from their legal advisers) any document (in any form) provided to them by or on behalf of the Scheme Supervisors in connection with the Outwards Claims Litigation or by any of their advisers which the Scheme Supervisors in connection with the Outwards Claims Litigation or any of their advisers has marked or has stated in writing to be legally privileged, without the prior written consent of the Scheme Supervisors.

7.1.11 The following shall be eligible for subsequent appointment as Committee Members:

- (a) any Scheme Creditor who has an Ascertained Scheme Claim (whether an individual, a body corporate or a partnership); and
- (b) any other person with the written consent of the Scheme Supervisors, which consent may be revoked by the Scheme Supervisors at any time, if it becomes clear that person is not a Scheme Creditor.

7.1.12 Each Committee Member which is a body corporate or a partnership may, by notice in writing to the Creditors' Committee, appoint a senior executive, other senior employee or professional adviser as its Nominated Representative to represent that Committee Member at any meeting of the Creditors' Committee.

7.1.13 Any Committee Member or Nominated Representative who is an individual may, by notice in writing to the Creditors' Committee, appoint a senior executive, other senior employee or professional adviser as an Alternate to attend and vote in his place at any meeting of the Creditors' Committee.

7.1.14 Any Nominated Representative or Alternate shall have the same powers and shall be subject to the same duties and limitations as the Committee Member whom the Nominated Representative or Alternate represents.

## 7.2 Membership of the Creditors' Committee

7.2.1 The Creditors' Committee may at any time appoint any person who is eligible to be so appointed to be a Committee Member, whether to fill a vacancy or as an additional Committee Member, so that the total number of Committee Members shall not exceed the maximum number specified in clause 7.1.2. In appointing additional Committee Members, the Creditors Committee shall endeavour to ensure that the composition of the Creditors' Committee is such that:

- (a) on or prior to the Bar Date it represents a proper balance of the interests of Submitted Scheme Claimants (but excluding for this purpose any Submitted Scheme Claimant's Disputed Scheme Claim) (and taking into account the Scheme Supervisors' views on the likely success or failure and the likely quantum of such Scheme Creditors' Submitted Scheme Claims) and the Scheme Creditors who have Ascertained Scheme Claims, but taking into account the quantum of different Scheme Creditors' Ascertained Scheme Claims; or
- (b) after the Bar Date it represents a proper balance of the interests of the Scheme Creditors who have Ascertained Scheme Claims, but taking into account the quantum of different Scheme Creditors' Ascertained Scheme Claims.

7.2.2 The Scheme Creditors may, by a Creditors' Resolution passed at a meeting of Scheme Creditors convened and at where business is transacted, pursuant to section 8, remove any Committee Member from office and without prejudice to the Creditors' Committee's powers under clause 7.2.1 may by Creditors' Resolution appoint any person who is eligible to be appointed under clause 7.1.3 to be a Committee Member either to fill a vacancy or in addition to the existing Committee Members, but so that the total number of Committee Members shall not exceed the maximum number specified in clause 7.1.2.

7.2.3 The office of a Committee Member shall be vacated if any of the situations set out in clauses 7.2.4 to 7.2.5 applies or if that Committee Member:

- (a) resigns by notice in writing addressed to the Creditors' Committee;
- (b) is removed from office by a Creditors' Resolution;
- (c) if the Committee Member ceases to become a Scheme Creditor (or is found not to have been one); or

- (d) fails to attend three consecutive meetings of the Creditors' Committee, unless the Creditors' Committee (excluding that Committee Member) resolves by a majority of two-thirds of the Committee Members present at a meeting of the Creditors' Committee that he should continue as a Committee Member.

7.2.4 In the case of an individual, the office of a Committee Member shall be vacated if that individual:

- (a) transfers or assigns a Scheme Liability or Ascertained Scheme Claim in accordance with clause 3.3 such that he is no longer a Scheme Creditor;
- (b) dies;
- (c) is admitted to hospital because of mental disorder or is the subject of an order concerning his mental disorder made by a court having jurisdiction in England or elsewhere in such matters;
- (d) becomes bankrupt or is subject to an individual voluntary arrangement or analogous process under the law of any jurisdiction to which he is subject;
- (e) becomes disqualified from acting as a director under the law of any jurisdiction to which he is subject; or
- (f) is convicted of an indictable offence, other than a road traffic offence.

7.2.5 In the case of a body corporate or partnership, the office of a Committee Member shall be vacated if that body corporate or partnership is dissolved or has transferred or assigned its Scheme Liabilities or Ascertained Scheme Claims in accordance with clause 3.3 such that the relevant body corporate or purchasing is no longer a Scheme Creditor.

7.2.6 In the case of a person appointed with the consent of the Scheme Supervisors under clause 7.1.11(b), the office of that Committee Member shall be vacated if that person has his written consent under that clause revoked by the Scheme Supervisors.

7.2.7 Any person entitled to appoint a Nominated Representative or an Alternate may from time to time revoke that appointment and appoint another Nominated Representative or Alternate by notice in writing to the Creditors' Committee, the Scheme Supervisors and the Company.

7.2.8 The appointment of a Nominated Representative or an Alternate (as the case may be) shall terminate automatically if:

- (a) his appointment is revoked by his appointor; or
- (b) the person whom that Nominated Representative or Alternate represents ceases to be a Committee Member; or
- (c) the Nominated Representative or Alternate ceases to be a senior executive, senior employee or professional adviser of the Committee Member whom he represents; or
- (d) the Nominated Representative or Alternate dies, becomes bankrupt or is disqualified from acting as a director in each case under the law of any jurisdiction to which he is subject or is convicted of an indictable offence.

### 7.3 Proceedings of the Creditors' Committee

7.3.1 The Company may appoint a representative or representatives to attend any meeting of the Creditors' Committee for the purposes of observing the meeting only. The Creditors' Committee may resolve to remove the Company representative from any meeting or part of any meeting, following which resolution, the representative shall withdraw, as resolved.

7.3.2 Where a majority of the Creditors' Committee considers it appropriate, the meeting of the Creditors' Committee may be conducted and held in such a way that persons who are not present together at the same place may attend it. Where a meeting is conducted and held in this manner, a Committee Member attends the meeting if that Committee Member is able to exercise any rights which that Committee Member may have to speak and vote at the meeting. Such meetings shall be conducted in accordance with the regime set out in rule 12A.26 of the Insolvency Rules.

7.3.3 Save as otherwise specifically provided in the Scheme, the Creditors' Committee may convene, adjourn and otherwise regulate its meetings in such manner as it considers appropriate. The quorum at any meeting of the Creditors' Committee shall be at least 50% of the Committee Members, attending in person or by conference call, provided that if a quorum is not present within 15 minutes from the time appointed for a meeting, or if during a meeting such a quorum ceases to be present, the meeting shall stand adjourned to such time and place as may be determined by the majority of the Committee Members present and the Committee Members present at any such meeting reconvened following an adjournment shall constitute a quorum. Each Committee Member shall have one vote and, except as otherwise provided in the Scheme, matters arising at a meeting shall be decided by a majority of votes cast at the meeting.

7.3.4 The Creditors' Committee shall meet with the Scheme Supervisors as often as necessary and in any event and unless otherwise agreed with the Creditors Committee at least once every three months. The Creditors' Committee shall hold such

further meetings as it considers desirable for the purpose of performing its functions under the Scheme. A meeting of the Creditors' Committee shall be called as soon as reasonably practicable if so requested by at least two Committee Members or if the Scheme Supervisors otherwise consider it appropriate. Except with the consent of all Committee Members, no meeting of the Creditors' Committee may be called on less than five Business Days' notice and, except with the consent of all Committee Members, no business may be transacted at any such meeting other than that set out in the notice of that meeting.

7.3.5 Each Committee Member (including any Nominated Representative or Alternate) and the Scheme Supervisors (or their representatives) shall be entitled to attend and receive notice of all meetings of the Creditors' Committee. The Scheme Supervisors shall be entitled to attend and speak, but not to vote, at all meetings of the Creditors' Committee. Notwithstanding the previous provisions of this sub-clause 7.3.5, if so requested by the Creditors' Committee, the Scheme Supervisors (or their representative(s)) shall absent themselves from all or such part of a meeting of the Creditors' Committee as the Creditors' Committee may specify.

7.3.6 The Creditors' Committee shall ensure that proper minutes shall be kept of all proceedings of the Creditors' Committee and such minutes shall at all reasonable times be open to inspection by any Committee Member. Copies of such minutes shall be sent as soon as practicable after each meeting to the Scheme Supervisors and each Committee Member. A resolution in writing (other than a resolution under clause 7.4.4(b)) agreed to by all Committee Members for the time being shall be valid and effective as if passed at a meeting of the Creditors' Committee duly convened and held. Each Committee Members may signify his agreement to a proposed written resolution when the Creditors' Committee receives from him a document identifying the resolution to which it relates and indicating his agreement to the resolution. The document may be sent to the members of the Creditors' Committee in hard copy form or in electronic form.

#### 7.4 Powers

7.4.1 The Creditors' Committee shall have all the powers necessary or desirable to enable them to discharge their duties and responsibilities under the Scheme including without limitation in connection with their taking decisions and/or exercising discretion.

7.4.2 Before each meeting of the Creditors' Committee convened pursuant to clause 7.3.4 the Scheme Supervisors shall submit to the Creditors' Committee their report for the period since the last such report was prepared (or, with the consent of the Creditors' Committee in the case of the first such meeting, since the Effective Date) and, unless the Creditors' Committee agrees otherwise, at least one of them shall attend (or, with the consent of the Creditors' Committee appoint a representative to attend) at any meeting of the Creditors' Committee at which that Scheme Supervisors' Report is considered for the purpose of giving such explanations and information as the Creditors' Committee may require.

7.4.3 The Scheme Supervisors' Report, incorporating such amendments and redactions (if any) as may be agreed by the Scheme Supervisors and the Creditors' Committee, shall be made available to the Scheme Creditors in accordance with clause 8.1.7.

7.4.4 The Creditors' Committee shall be entitled:

- (a) to require at least one of the Scheme Supervisors to attend any meeting of the Creditors' Committee;
- (b) by a resolution passed by at least three-fourths by number (rounded up to the nearest whole number) of all the Committee Members to call upon a Scheme Supervisor to resign, provided that each such Scheme Supervisor and each Committee Member have been given at least 20 Business Days' notice of the proposed resolution and of the reasons why the resolution is to be put to the Creditors' Committee and have been given a reasonable opportunity to make representations at the meeting at which the resolution is proposed. If the Scheme Supervisor declines to resign within 5 Business Days of a resolution of the Creditors' Committee calling for his resignation a resolution requiring his removal shall be put before the next meeting of the Scheme Creditors and, if passed, the Scheme Supervisor shall vacate the office of Scheme Supervisor; and
- (c) upon removal of a Scheme Supervisor or if a Scheme Supervisor ceases to hold office for any other reason, to appoint any person qualified to act under clause 6.1.1 to be a Scheme Supervisor in their place (and a resolution requiring ratification of such appointment shall be put before the next meeting of Scheme Creditors pending which the appointee shall have full power to act as a Scheme Supervisor) save that if a resolution is passed at a meeting of Scheme Creditors requiring the removal of any of the Scheme Supervisors pursuant to clause 7.4.4(b) such appointment may be made by the Scheme Creditors at such meeting.

7.4.5 The Creditors' Committee shall be entitled to engage legal and financial advisers from time to time as reasonable in order to assist them in carrying out their functions as the Creditors' Committee. At any particular time, the Creditors' Committee may only engage one legal adviser in any jurisdiction and one financial adviser. Reasonable costs of such advisers will be paid by the Company from the assets of the Company within 10 Business Days of demand.

7.4.6 The Creditors' Committee and the Company shall use reasonable endeavours to ensure that there are at least two duly qualified Scheme Supervisors in office at all times.

7.4.7 For the avoidance of doubt and subject to clauses 7.2.4(a) and 7.2.5, a Committee Member may assign or sub-participate the whole or part of a Scheme Liability and/or Ascertained Scheme Claim in accordance with clause 3.3.

#### 7.5 Majority Scheme Creditors' instructions

7.5.1 The Creditors' Committee shall, subject to clause 7.6.1, (i) be entitled to exercise or refrain from exercising any right, power, authority or discretion vested in it as the Creditors' Committee as it thinks fit and in any event to act in accordance with any instructions given to it by a majority of the Scheme Creditors and (ii) not be liable (nor shall any of its members) for any act (or omission) if it acts (or refrains from taking any action)

- (a) in accordance with an instruction of a majority of the Scheme Creditors; or
- (b) in good faith.

7.5.2 For the purposes of this clause, a majority means a simple majority by value of the (i) Ascertained Scheme Claims or (ii) if on or prior to the Bar Date, the Ascertained Scheme Claims and Submitted Scheme Claims (but excluding for this purpose any Disputed Scheme Claims) of the Scheme Creditors entitled to vote and voting at a meeting of Scheme Creditors in accordance with sub-clause 8.1.6.

7.5.3 For the purposes of clause 7.5, on or prior to the Bar Date, the value for which a Submitted Scheme Creditor votes shall be such sum as the Scheme Supervisor values in good faith such Submitted Scheme Claim (taking into account the Scheme Supervisors' view on the likely success or failure and the likely quantum of such Scheme Creditors' Submitted Scheme Claims).

#### 7.6 Duties

7.6.1 Each Committee Member, each Nominated Representative, and each Alternate shall (and each Committee Member shall procure that any Nominated Representative or Alternate appointed by it or any Alternate appointed by its Nominated Representative shall), in performing their functions as such in relation to the Scheme, act bona fide in what such person reasonably considers to be the interests of the Scheme Creditors as a whole. For the avoidance of doubt (but without prejudice to its specific powers as set out by the Scheme) it shall not be the duty of the Creditors' Committee to monitor the carrying out of the Scheme or the activities of the Scheme Supervisors.

7.6.2 It shall be the duty of each Committee Member who is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company (other than any which arises as a result of the provisions of the Scheme) to declare (or procure that its Nominated Representative or Alternate or its Nominated Representative's Alternate shall declare) the nature of his or its interest at a meeting of the Creditors' Committee where that contract or arrangement is under consideration. For this purpose a general notice given to the Creditors' Committee to the effect that a Committee Member is an associate (within the meaning of section 435 of the Insolvency Act) of a specified company or firm and is to be regarded as interested in any such contract or arrangement with that company or firm shall be deemed a sufficient declaration of interest in relation to any such contract or arrangement. Such a Committee Member shall not be counted in the quorum, shall not be entitled to vote in relation to any matter relating specifically to any such contract, shall retire from the meeting for so long as the matter is discussed and voted upon and shall not receive any information, nor be entitled to inspect any part of the minutes of a meeting or the Creditors' Committee, relating thereto.

7.6.3 Each Nominated Representative or Alternate shall be entitled to report to the Committee Member appointing him on the proceedings of the Creditors' Committee and, so far as necessary for that purpose, to disclose confidential information of the Company to those officers, employees and professional advisers of that member or appointer who need to know it in connection with (where a Nominated Representative or Alternate is disclosing information) the performance of his or its responsibilities as a Committee Member, provided that such information does not to his or its knowledge (after due enquiry) relate to any matter where any such appointer has an interest in conflict with the Company (other than a general conflict arising as the result of the status of Committee Member or the appointers of a Nominated Representative or Alternate as Scheme Creditors). Each Committee Member shall, and shall procure that its Nominated Representative or Alternate or its Nominated Representative's Alternate and its officers, employees and professional advisers shall preserve the confidentiality of such information and shall use such information only for the purposes of their performing their responsibilities and functions (or their Nominated Representative's or Alternate's or their Nominated Representative Alternate's responsibilities and functions) in relation to the Creditors' Committee.

## 7.7 Responsibility

7.7.1 No Scheme Creditor, Scheme Supervisor or the Company shall be entitled to challenge the validity of any act done or omitted to be done in good faith by any Committee Member (or Nominated Representative or Alternate) (aside in respect of the Scheme Supervisors pursuant to clause 6.9) in accordance with and to implement the provisions of the Scheme or the exercise by any such Committee Member (or Nominated Representative or Alternate) in good faith of any power conferred upon it or him by or for the purposes of the Scheme if exercised in accordance with and to implement the provisions of the Scheme and no such Committee Member (or Nominated Representative or Alternate) shall be liable for any loss or damage unless such loss or damage is attributable to its or his fraud.

7.7.2 No Committee Member (or Nominated Representative or Alternate) will be liable for any action taken by it (or any inaction) under or in connection with the Scheme, unless directly caused by its bad faith or wilful misconduct.

7.7.3 For the avoidance of doubt, the Creditors' Committee will have no fiduciary duties and will owe no duty of care to the Company or to any of the Scheme Creditors.

## 7.8 Validation of acts

7.8.1 All acts done by the Creditors' Committee or any member of the Creditors' Committee or any person acting as a Committee Member or as a Nominated Representative or Alternate shall, notwithstanding that it is afterwards discovered there was some defect in the appointment of a Committee Member or person acting as aforesaid, or that any of them were disqualified, be valid if every such person had been duly appointed and qualified.

## 7.9 Fees

7.9.1 The Company agrees to pay each Committee Member a fee of £5,000 plus VAT which shall be paid quarterly in arrears to each Committee Member until the date of which the appointment of that Committee Member is terminated in accordance with the terms of the Scheme. The first payment shall be due on the last Business Day of the first whole calendar month falling three months after the Effective Date. Each subsequent payment is due on the last Business Day of each calendar month at three monthly intervals. No part of any fee will be refunded if an appointment does not continue for the whole month concerned.

## 7.10 Expenses

7.10.1 Each member of the Creditors' Committee, each Nominated Representative and each Alternate shall be entitled to be reimbursed by the Company from the assets of the Company upon written demand to the Company for their reasonable out of pocket expenses incurred in attending meetings of the Creditors' Committee, or otherwise engaged on Creditors' Committee business, provided that such meetings are held in London or in such other place as the Scheme Supervisors may from time to time agree. Where a Committee Member, its Nominated Representative or any Alternate appointed by the Committee Member, its Nominated Representative must travel to attend a Creditors' Committee meeting in London (or such other place as the Scheme Supervisors have agreed), that Committee Member or Nominated Representative or Alternate shall (and any such Committee Member shall procure that such Nominated Representative or Alternate shall) use all reasonable endeavours to appoint as its Nominated Representative or Alternate (as the case may be) for that meeting an individual who is based in the locality of the venue of that Creditors' Committee meeting (although there is no obligation for a Shareholder who is a Committee Member to reside in London). Where the cost of an air fare is so permitted, it shall be the cost of an economy class fare only.

## 7.11 Creditors' Committee – Vacancies

7.11.1 If at any time there are less than three members of the Creditors' Committee or such lesser number as permitted by clause 16.1, the Creditors' Committee may continue to exercise all its functions under the Scheme (other than those provided for in clauses 7.4.4) for a period of 28 days, during which time the remaining Committee Members shall endeavour to fill the vacancies on the Creditors' Committee.

7.11.2 If the Creditors' Committee fails to fill vacancies on the Creditors' Committee within such period of 28 days, the Scheme Supervisors shall use all reasonable endeavours to appoint, within a further 14 days, such additional Scheme Creditors to the Creditors' Committee as are required to fill such vacancies.



**SECTION 8**  
**MEETINGS OF SCHEME CREDITORS**

8.1 Convening of Meetings

8.1.1 Meetings of Scheme Creditors are to be convened as follows:

- (a) the Scheme Supervisors shall, unless the Scheme Supervisors and the Creditors' Committee agree otherwise, convene a meeting of the Scheme Creditors at least once every 12 months; and
- (b) the Creditors' Committee may at any time require the Company to convene a meeting of the Scheme Creditors to consider a resolution:
  - (i) for the removal of a Scheme Supervisor pursuant to clause 7.4.4(b);
  - (ii) for the appointment of a Scheme Supervisor pursuant to clause 7.4.4(c); or
  - (iii) for such other purpose as it thinks fit;

and any such resolution shall be passed or rejected in accordance with the remainder of section 8.

8.1.2 The Scheme Supervisors may at any time convene a meeting of the Scheme Creditors for such purpose as they think fit.

8.1.3 Any five or more Scheme Creditors who have Ascertained Scheme Claims of an aggregate value in excess of 15 per cent of all Ascertained Scheme Claims or any 20 Scheme Creditors with Ascertained Scheme Claims may by notice in writing to the Scheme Supervisors require them to convene a meeting of Scheme Creditors for such purpose as they think fit. The relevant Scheme Creditors must specify the purpose for which the meeting is required and it shall be the duty of the Scheme Supervisors to summon a meeting of Scheme Creditors as soon as reasonably practicable for that purpose and to give such notice of the meeting as is necessary to enable such purpose to be carried out effectively in accordance with the provisions of the Scheme. At least one of the Scheme Supervisors shall be required to attend such meetings.

8.1.4 A majority in excess of two-thirds in value of the Scheme Creditors attending a meeting of the Scheme Creditors may resolve to remove the Scheme Supervisors from any meeting or part of any meeting, following which resolution the Scheme Supervisors shall withdraw, as resolved.

8.1.5 The following shall be entitled to attend a meeting of Scheme Creditors and to vote at that meeting:

- (a) on or before the Bar Date, any Submitted Scheme Claimant; and
- (b) at any time any Scheme Creditor with an Ascertained Scheme Claim.

8.1.6 The Company may appoint a representative or representatives to attend any meeting of Scheme Creditors for the purposes of observing the meeting only. A majority of the Scheme Creditors by value attending such meeting may resolve to remove the Company representative from any meeting or part of any meeting, following which resolution any such representatives shall withdraw, as resolved.

8.1.7 The most recent Scheme Supervisors' Report referred to in clause 7.4.3 (as amended and/or redacted) shall be laid before each meeting of Scheme Creditors convened pursuant to clause 8.1.1(a) or 8.1.1(b) as the Creditors' Committee or the Scheme Supervisors (as the case may be) deem necessary or desirable and copies of all previous Scheme Supervisors' Reports shall be made available at such meeting. If the Scheme Supervisors or the Creditors' Committee (as the case may be) agree that such a meeting is not required, the Scheme Supervisors shall make such Scheme Supervisors' Report (as amended and or redacted in accordance with clause 7.4.3) available to Scheme Creditors and send a copy of the Scheme Supervisors' Report (as amended and or redacted in accordance with clause 7.4.3) to any Scheme Creditors who requests a copy.

8.1.8 At least 10 Business Days' notice shall be given of a meeting of Scheme Creditors to:

- (a) each Submitted Scheme Claimant;
- (b) where called by the Creditors' Committee, to the Scheme Supervisors;
- (c) where called by the Scheme Supervisors, to each Committee Member, and
- (d) the Company.

8.1.9 The accidental omission to give notice of a meeting of Scheme Creditors to, or the non-receipt of a notice of such a meeting by, any person entitled to receive notice (other than the Scheme Supervisors) shall not invalidate the proceedings at that meeting.

## 8.2 Resolution

8.2.1 If a meeting of Scheme Creditors is convened at a time when a resolution is to be put to remove a Scheme Supervisor which, if passed, would result in there being fewer than two Scheme Supervisors in office, the notice of meeting shall also include a resolution that a named person qualified to act under clause 6.1.1 and willing to be appointed, be appointed as a Scheme Supervisor in their place.

## 8.3 Voting

8.3.1 Subject to clause 8.3.2, a resolution put to a meeting of Scheme Creditors shall be effective only if it is approved by a majority in value of the Ascertained Scheme Claims (or if on or prior to the Bar Date, Ascertained Scheme Claims and Submitted Scheme Claims (not being Disputed Scheme Claims) of Scheme Creditors which are present and voting either in person or by proxy at a meeting.

8.3.2 A resolution to consider the matters set out at clause 5.2.2 shall only be passed provided a majority in excess of two-thirds in value of the Scheme Creditors attending the meeting of the Scheme Creditors either in person or by proxy votes in favour of that resolution.

8.3.3 Every Scheme Creditor entitled to vote shall have the right to appoint any person as his proxy to attend and vote instead of him. The instrument appointing a proxy may be in any form which the Scheme Supervisors may approve and must be lodged at the place specified in the notice of the meeting for the lodging of proxies not less than 48 hours before the meeting (or adjourned meeting) at which it is to be used.

8.3.4 No business shall be transacted at any meeting of Scheme Creditors unless a quorum is present when the meeting proceeds to business, four Scheme Creditors present in person or by proxy and having the right to vote at the meeting shall be a quorum, unless the Scheme Supervisors and the Creditors' Committee agree a smaller number. If a quorum is not present within 15 minutes from the time appointed for a meeting, or if during a meeting such a quorum ceases to be present, the meeting shall stand adjourned to such time and place as may be determined by the majority of the Scheme Creditors present and the Scheme Creditors present at any such meeting reconvened following an adjournment shall constitute a quorum. All resolutions put to the vote of any meeting shall be decided on a poll (rather than on a show of hands).

8.3.5 One of the Scheme Supervisors shall preside (or shall nominate a representative to preside) at each meeting of the Scheme Creditors (unless the Creditors' Committee resolves otherwise and other than at a meeting at which a resolution to remove a Scheme Supervisor is proposed, when the Creditors' Committee shall select the individual to preside over such meeting) but if the Scheme Supervisor (or his nominated representative) or, if relevant, the individual selected by the Creditors' Committee, is not present within 30 minutes after the time appointed for opening the meeting or is unwilling to preside, the Scheme Creditors present in person or by proxy shall choose some member of the Creditors' Committee or, if no such member is present or if all such members present decline to preside, one of themselves, to be chairman of the meeting. If no person is willing to preside as chairman of the meeting, the meeting shall be adjourned for seven days, and, if no person is willing to preside as chairman of such meeting reconvened following an adjournment, the meeting shall be dissolved.

8.3.6 On or prior to the Bar Date and for the purposes of clause 8.3, the value for which a Submitted Scheme Claimant votes shall be such sum as the Scheme Supervisor values in good faith such Submitted Scheme Claim (but excluding for this purpose any Submitted Scheme Claimant's Disputed Scheme Claim) and taking into account the Scheme Supervisors' views on the likely success or failure and the likely quantum of such Scheme Creditors' Submitted Scheme Claims.

**SECTION 9**  
**LIQUIDATION AND COMPLETION OF THE SCHEME**

**9.1 Wind-down**

Subject to the terms of the Scheme (including, without limitation, the covenants and undertakings of the Company in respect of expenditures), the Company shall, unless otherwise agreed with the Creditors' Committee, reduce and wind-down the Company in as economical and efficient a manner as is reasonably possible.

**9.2 Scheme Certified Liquidation**

9.2.1 Bovess and Bovess Holding each undertake not to commence any steps to wind-up the Company other than as part of a Scheme Certified Liquidation nor seek to appoint an administrator to the Company pursuant to Schedule B1 of the Insolvency Act.

9.2.2 The Company, the Board, Bovess and Bovess Holding each agree that a Scheme Certified Liquidation shall not be commenced during the first seven years and three months from the Effective Date without the prior written consent of the Creditors' Committee acting reasonably. Thereafter, a Scheme Certified Liquidation may be commenced without the consent of the Creditors' Committee.

9.2.3 Upon a Scheme Certified Liquidation, Scheme Creditors with Ascertained Scheme Claims and Unascertained Scheme Claims agree that any payments in respect of such Ascertained Scheme Claims and Unascertained Scheme Claims shall be postponed until all other Liabilities of the Company including the expenses of any liquidation have been paid in full.

9.2.4 Each Scheme Creditor agrees that any distributions it has or shall receive in the Scheme Certified Liquidation are in full satisfaction of what it is entitled to receive under the Scheme and under the Insolvency Act.

9.2.5 In a Scheme Certified Liquidation, Scheme Creditors agree that they shall be creditors in respect of their Ascertained Scheme Claims only, and shall have the right to prove, claim or assert a right of recovery in the liquidation in respect of such Ascertained Scheme Claims.

9.2.6 In a Scheme Certified Liquidation, the provisions contained in clauses 4.4 and 4.5 shall cease to apply.

**9.3 Scheme Completion**

9.3.1 The Scheme shall be completed on Scheme Completion, being a date, following the Bar Date when the aggregate of all Unascertained Scheme Claims shall be nil and either:

- (a) all Ascertained Scheme Claims have been paid in full; or
- (b) the Company is in a Scheme Certified Liquidation and the assets of the Company have been reduced to nil or a de minimis amount.

**9.4 Scheme Completion**

9.4.1 Effective upon Scheme Completion:

- (a) the Scheme Supervisors shall give notice on the Scheme Website and to any Scheme Creditor with an Ascertained Scheme Claim that Scheme Completion has occurred;
- (b) the Scheme Payments made to a Scheme Creditor (if any) shall be the Company's total and complete Liability to each Scheme Creditor in respect of each Scheme Liability;
- (c) the Scheme Payments made to a Scheme Creditor shall be in full and final settlement of all and any Ascertained Scheme Claims of that Scheme Creditor;
- (d) all Scheme Liabilities shall be released; and
- (e) save for the provisions of clauses 1.1, 2.3, 2.9, 5.1, 5.4, 6.6, 6.7, 7.7, 7.8, 7.9, 7.10, 9.1, 9.3, 9.4 and 10.1 and 10.6 and any other provision relating to the compromise of Scheme Liabilities, all of which shall survive Scheme Completion, the obligations and rights under the Scheme shall end.

**SECTION 10**  
**GENERAL SCHEME PROVISIONS**

**10.1 Effective Date**

The Scheme shall become effective on the Effective Date.

**10.2 Modification of the Scheme**

The Company may at any court hearing to sanction the Scheme consent on behalf of the Scheme Creditors to any modification of or addition to the Scheme or any terms or conditions that would not directly or indirectly have a materially adverse effect on the interests of any Scheme Creditor (whose consent is not obtained) under the Scheme (taking into account for this purpose only its interests as a Scheme Creditor).

**10.3 Application of the Scheme**

The provisions of this Scheme shall apply to each Scheme Creditor whether or not he participates in the Scheme in any way and at any stage.

**10.4 Notices**

10.4.1 Any notice or other written communication to be given under or in relation to the Scheme shall be given in writing and shall be deemed to have been duly given if it is delivered by hand or sent by pre-paid first class post or airmail:

- (a) in the case of the Company, to its registered address or to such other address as the Company may give notice of to Scheme Creditors for this purpose, in any case marked for the attention of Robert East;
- (b) in the case of the Scheme Supervisors, to Zolfo Cooper LLP, 10 Fleet Place, London, EC4M 7RB (for the attention of Simon Appell) or to such other address as the Scheme Supervisors may give notice of to Scheme Creditors for this purpose; and
- (c) in the case of a Scheme Creditor, to its last known address according to the Company.

10.4.2 Any notice or written communication given under the Scheme shall be deemed to have been delivered on the earliest of:

- (a) if delivered by hand, the first Business Day after it is delivered;
- (b) if sent by pre-paid first class post or airmail, the second Business Day after posting if the recipient is in the country of dispatch, otherwise the seventh Business Day after posting;
- (c) if sent electronically, the first Business Day beginning after the expiration of 24 hours from the time it was sent; or
- (d) the Business Day on which the notice or communication is actually received by the recipient.

**10.5 Electronic communications**

Notwithstanding anything to the contrary in the Scheme, any notice or communication required to be or which may be sent under the Scheme may, at the option of the Company, the Creditors' Committee, the relevant Scheme Creditor, the Scheme Supervisors or Committee Member, be given or sent by the Company, the Committee Member, the Creditors' Committee, the Scheme Supervisors or the relevant Scheme Creditor in electronic form (i.e. by email or fax) to the address or number specified for that purpose by that Scheme Creditor, the Creditors' Committee, the Committee Member, the Scheme Supervisors or the Company.

**10.6 Governing law and jurisdiction**

The Scheme and any non-contractual obligations arising out of or in connection with the Scheme shall be governed by and construed in accordance with the laws of England and Wales. The Court shall have exclusive jurisdiction to hear and determine any suit, action or proceeding and to settle any dispute which may arise out of or in connection with the Explanatory Statement or any provision of the Scheme, or any act or omission under the Scheme or in any way in connection with its administration. For such purposes, the Scheme Creditors irrevocably submit to the jurisdiction of the Court.

Dated this 10 day of December 2010.

**SCHEDULE 1 TO THE SCHEME**  
**CATTLES EXCLUDED LIABILITIES**

1. Any ordinary course business liability of the Company (i) properly incurred after the Record Date (including, without limitation, but subject to clause 6.10, funding of any Outwards Litigation Claims by the Company, including any adverse costs awards in connection with the Outwards Claims Litigation) or (ii) that may arise after the Record Date as a result of an obligation properly incurred by the Company before the Record Date and adopted by the Company after the Record Date as envisaged by the Scheme (for the avoidance of doubt not including obligations where the Company has given notice to terminate such arrangements. For the avoidance of doubt, and without limitation, this does not include Schemed Lease Liabilities;
2. All Liabilities of the Company to employees, directors or officers of the Company or other Group companies (but not including the Schemed Directors) in respect of their wages, bonuses, expenses, other remuneration, pension contributions, contractual indemnities, notice pay (including pay in lieu of benefits due during any notice period), redundancy pay, and payments due under staff retention arrangements or performance incentive arrangements;
3. Provided the aggregate amount paid in respect of Liabilities of the Company covered by this paragraph 3 (excluding the Liabilities of the Company (i) to any legal, financial or other professional advisers, (ii) in respect of the purchase by the Company of directors and officers insurance, (iii) that are to be paid by other Group companies under the terms of the TSA and (iv) under any other paragraph of this Schedule 1) do not exceed £1,000,000, any Liability to a creditor of the Company as consideration for the provision of goods or services to the Company or another member of the Group that remains unpaid as at the Record Date (specifically including such liabilities owed to the Excluded Trade Creditors set out in Schedule 8);
4. Any Company liability for a fine or criminal or regulatory penalty;
5. Any Company liability to Her Majesty's Revenue & Customs in respect of:
  - (a) corporation tax (including corporation tax on chargeable gains) for the years ending 31 December 2008, 31 December 2009 or 31 December 2010;
  - (b) value added tax;
  - (c) PAYE and NIC (both employers' and employees') relating to the month in which the Effective Date occurs and the preceding month; and
  - (d) withholding tax due in respect of interest payments made by the Company within three months prior to the Effective Date;
6. Any liability under a lease, other than a Schemed Lease Liability;
7. Any payments of adverse costs awards pursuant to clause 3.8.4;
8. Any payments to the Scheme Supervisors pursuant to the Scheme;
9. Any Liability of the Company to any local authority in respect of business rates;
10. Fees and expenses of all agents under the Facilities Agreements or under the Agency Arrangements;
11. Any Liability of the Company under clause 10.1 of the Pension Compromise;
12. All monthly fees, costs and expenses (including adviser fees) of the Co-ordinating Committee under the Co-ordinators' Appointment Letter dated 31 July 2009 and related Fee Letter between the Company, WFSL and the Co-ordinating Committee which have been incurred on or before the Effective Date; and
13. Any payments properly made by the Company pursuant to the Scheme.

[THIS PAGE INTENTIONALLY LEFT BLANK]

**SCHEDULE 2 TO THE SCHEME  
DEED OF RELEASE**

\_\_\_\_\_2011

**THE SCHEME SUPERVISOR**  
**in favour of**  
**THE RELEASED PERSONS**  
**THE ADVISERS**

---

**DEED OF RELEASE**

---

**CONTENTS**

<b>CLAUSE</b>	<b>page</b>
<b>1. INTERPRETATION .....</b>	<b>149</b>
<b>2. APPLICATION OF DEED .....</b>	<b>149</b>
<b>3. RELEASE AND DISCHARGE .....</b>	<b>149</b>
<b>4. FURTHER ASSURANCE.....</b>	<b>150</b>
<b>5. GOVERNING LAW AND ENFORCEMENT.....</b>	<b>150</b>



**THIS DEED OF RELEASE is made on 2011**

**BY:**

(1) \_\_\_\_\_ of [ ] (the *Scheme Supervisor*),

**IN FAVOUR OF:**

- (2) **THE RELEASED PERSONS** (as defined below); and
- (3) **THE ADVISERS** (as defined below).

**WHEREAS:**

(A) The Company has entered into the Scheme with its Scheme Creditors.

(B) The Scheme Supervisor appointed under the Scheme is authorised, under the terms of the Scheme, to execute and deliver this Deed on behalf of each of Company and the Scheme Creditors.

(C) It is intended that this document takes effect as a deed notwithstanding the fact that a party may only execute this document under hand.

**THIS DEED WITNESSES:**

**1. INTERPRETATION**

1.1 Definitions

*Advisers* means each of the advisers of the Company listed at Appendix 2 to this Deed.

*Company* means Cattles plc, a company incorporated in England and Wales with company number 00543610.

*Released Persons* means the persons listed at Appendix 1 to this Deed.

*Restructuring* means the restructuring of the Group.

*Scheme* means the scheme of arrangement pursuant to Part 26 of the Companies Act 2006 between the Company and the Scheme Creditors sanctioned by the High Court prior to the date of this Deed.

1.2 Incorporated Definitions

1.3 Words and expressions defined in the Scheme have the same meanings when used in this Deed unless otherwise provided or the context otherwise requires.

1.4 In this Deed, unless the context otherwise requires or otherwise expressly provides for:

- (a) references to clauses are references to clauses of this Deed;
- (b) references to a person include references to an individual, firm, partnership, company, corporation, unincorporated body of persons or any state or state agency;
- (c) references to a statute or statutory provision include references to the same as subsequently modified, amended or re-enacted from time to time;
- (d) the singular includes the plural and vice versa and words importing one gender shall include all genders; and
- (e) headings to clauses are for ease of reference only and shall not affect the interpretation of this deed.

**2. APPLICATION OF DEED**

The provisions of this Deed shall apply to each Scheme Creditor or any person to whom a Scheme Creditor has transferred or assigned or purported to transfer or assign a liability of the Company under the Scheme.

**3. RELEASE AND DISCHARGE**

3.1 With effect from (and including) the date of this Deed, the Scheme Supervisor (on behalf of the Company and the Scheme Creditors), without prejudice to the provisions of the Scheme, hereby waives, releases, terminates and discharges fully and absolutely any and all Liability of the Released Persons to each of the Company and the Scheme Creditors in relation to or in connection with or in any way arising out of a Scheme Liability, a Submitted Scheme Claim, the

implementation of the Scheme or the Restructuring. The waiver, release, termination and discharge in this clause applies to the Released Persons in their capacity as members of the Co-ordinating Committee only and has no application to the Released Persons in any other capacity.

3.2 The variation, waiver, release, termination and discharge in clause 3.1 shall not release any Liability of any person arising from fraud on the part of that person.

3.3 With effect from (and including) the date of this Deed, the Scheme Supervisor (on behalf of the Company and the Scheme Creditors), without prejudice to the provisions of the Scheme, hereby waives, releases, terminates and discharges fully and absolutely any and all Liability of the Advisers to each of the Company and the Scheme Creditors in relation to or in connection with or in any way arising out of a Scheme Liability, an Ascertained Scheme Claim, a Submitted Scheme Claim, the implementation of the Scheme or the Restructuring.

3.4 The waiver, release, termination and discharge in clause 3.3 shall not release any Liability of any person arising from fraud on the part of that person.

#### **4. FURTHER ASSURANCE**

The Scheme Supervisor (on behalf of each of the Company and the Scheme Creditors) agrees and undertakes to execute and deliver to the Released Persons and the Advisers all such documents and do all such acts as shall be reasonably required to achieve the variation, waiver, release, termination and discharge referred to in Clause 3.1.

#### **5. GOVERNING LAW AND ENFORCEMENT**

This Deed and any non-contractual obligations arising out of or in relation to this Deed are governed by and shall be construed in accordance with, English law. Any dispute arising out of or in connection with, or concerning the carrying into effect of, this deed shall be subject to the exclusive jurisdiction of the High Court of Justice of England and Wales and the parties hereby submit to the exclusive jurisdiction of that court for these purposes.

**THIS DEED** has been executed and delivered as a deed on the date stated at the beginning of this Deed.

**The Scheme Supervisor (for and on behalf of each of the Company and the Scheme Creditors)**

**SIGNED as a DEED and** )

**DELIVERED by** )

\_\_\_\_\_ )

in the presence of: )

Witness – )

Signature: \_\_\_\_\_

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**APPENDIX 1**  
**THE RELEASED PERSONS**

The Royal Bank of Scotland plc in its capacity as a member of the Co-ordinating Committee

HSBC Bank plc in its capacity as a member of the Co-ordinating Committee

Lloyds TSB Bank plc in its capacity as a member of the Co-ordinating Committee

**APPENDIX 2**

**THE ADVISERS**

Allen & Overy LLP

Ernst & Young LLP

Clifford Chance LLP

FTI Consulting Limited

[THIS PAGE INTENTIONALLY LEFT BLANK]

**SCHEDULE 3 TO THE SCHEME  
SPECIMEN CLAIM FORM**

**PLEASE READ THE GENERAL INSTRUCTIONS AND  
GUIDANCE NOTES PRIOR TO COMPLETING THIS  
FORM**

**CATTLES PLC**

**SCHEME OF ARRANGEMENT UNDER PART 26 OF THE COMPANIES ACT 2006**

**CLAIM FORM**

**General Instructions**

1. This is a Claim Form, as referred in the Cattles plc scheme of arrangement (the *Scheme*), which came into effect on [*insert date*]. This form is to be used by Scheme Creditors (as that term is defined in the Scheme) in order to submit a claim in the Scheme.
2. Terms used in this document which are not defined in this document (e.g. “Scheme Payment” and “Scheme Supervisors”, both referred to below) have the same meanings as are given to them in the Scheme.
3. As stated in the Scheme, in order to be entitled to any Scheme Payments under the Scheme, you must complete a Claim Form and submit it to the Scheme Supervisors so that it arrives on or before the Bar Date, which is [*insert date*].
4. Before completing this Claim Form please read the guidance notes on page 160.
5. If necessary, please use additional sheets of paper to provide further information. If you do use additional sheets of paper, please ensure that each one is securely fastened to your claim form, that each one is clearly marked with the name of the Scheme Creditor and the words “Claim Form – additional information”, and also that it is clear to which question(s) that additional information relates.

**IN ADDITION TO COMPLETING THIS CLAIM FORM, PLEASE PROVIDE FULL DOCUMENTATION TO EVIDENCE THE NATURE, VALIDITY AND VALUE OF YOUR SUBMITTED SCHEME CLAIM(S).**

**Part A – General details**

<b>1.</b>	<b>NAME OF SCHEME CREDITOR<sup>(i)</sup></b>	
<b>2.</b>	<b>ADDRESS OF SCHEME CREDITOR<sup>(ii)</sup></b>	
<b>3.</b>	<b>CONTACT NAME<sup>(iii)</sup></b>	
<b>4.</b>	<b>CONTACT EMAIL ADDRESS</b>	
<b>5.</b>	<b>CONTACT TELEPHONE NUMBER(S)</b>	
<b>6.</b>	<b>CONTACT FAX NUMBER</b>	

To be signed below by the Scheme Creditor or a duly authorised individual on behalf of a Scheme Creditor. If you are a duly authorised representative, agent or attorney of a Scheme Creditor, please enter the capacity in which you have signed the form (for example director, partner or agent and/or attorney) below.

**A signature on this form shall constitute the giving of a warranty that:**

- (a) the signatory has been duly authorised by the relevant Scheme Creditor to the sign the form on its behalf; and**
- (b) all of the information you have provided on this Claim Form, and any additional information you have provided with it, is true and accurate to the best of your knowledge and belief.**



<b>PRINT NAME:</b> _____
<b>POSITION:</b> _____
<b>SIGNATURE:</b> _____ <b>DATE:</b> _____

**Part B – Claim Details**

**1. PLEASE DESCRIBE THE NATURE OF EACH SUBMITTED SCHEME CLAIM AND HOW IT AROSE (EG THE CONTRACT / AGREEMENT UNDER WHICH IT ARISES):<sup>(iv)</sup>**

---

---

---

---

---

---

**2. DATE THAT THE SUBMITTED SCHEME CLAIM WAS INCURRED:**

---

---

**3. PLEASE STATE THE TOTAL VALUE OF YOUR SUBMITTED SCHEME CLAIM AS AT THE RECORD DATE, INCLUDING THE SPLIT BETWEEN PRINCIPAL, INTEREST AND ANY OTHER CONSTITUENT AMOUNTS:<sup>(v)</sup>**

CONSTITUENT PART (WHERE RELEVANT)	AMOUNT
PRINCIPAL	
INTEREST	
OTHER (PLEASE DESCRIBE)	

**4. PLEASE STATE THE LEGAL BASIS OF YOUR CLAIM AGAINST THE COMPANY:<sup>(vi)</sup>**

---

---

---

---

---

---

**5. IS ANY PARTY JOINTLY LIABLE FOR THE SUBMITTED SCHEME CLAIM? IF SO, PLEASE IDENTIFY THE PARTY(IES) IN QUESTION AND SPECIFY THE NATURE OF THE CLAIM AGAINST EACH ONE:**

---

---

---

**6. PLEASE STATE ANY OTHER FACTS OF WHICH YOU ARE AWARE WHICH WOULD ASSIST THE SCHEME SUPERVISORS IN CONSIDERING THE SUBMITTED SCHEME CLAIM:<sup>(vii)</sup>**

---

---

---

---

---

---

---

---

### HOW TO SUBMIT THIS CLAIM FORM

On completing this Claim Form, please send, together with any additional material you are providing with it, to the address below, **TO ARRIVE ON OR BEFORE THE BAR DATE, BEING [INSERT DATE]**.

[Address]  
[Address]  
[Address]  
[Address]  
[Address]

For the attention of: *[insert name(s)]*

### Part C – Guidance notes

- (i) The name of the Scheme Creditor should be the full legal name of the Scheme Creditor including (if relevant) its company number.
- (ii) If the Scheme Creditor is a company then the address given should be its registered address or the place to which correspondence should be directed. If the Scheme Creditor is an individual then the address given should be their home address or the place to which correspondence should be directed.
- (iii) Please give the name of the person for whose attention correspondence relating to the Scheme Claim should be directed.
- (iv) The description of the nature of the Submitted Scheme Claim and how it arose should describe the circumstances giving rise to the Submitted Scheme Claim in sufficient detail for the Scheme Supervisors to determine the validity of the Submitted Scheme Claim and its amount.

This should include, for example, the date on which any relevant agreement was signed and the date and location of any relevant events. If the Submitted Scheme Claim derives from the Scheme Creditor having been a holder of, or being interested in, notes issued by the Company, then you should include details of the Scheme Creditor's holding or interest, including the date on which and value at which it was bought and sold (if applicable).

Scheme Supervisors may request further information from Scheme Creditors in relation to any Submitted Scheme Claims.

- (v) Please explain the value given to the Submitted Scheme Claim.

The value of the Submitted Scheme Claim should be expressed in Sterling unless the Submitted Scheme Claim arises in another currency. If the Submitted Scheme Claim arises in another currency then you should explain why it does, and express the value of the claim in the relevant currency.

If the Submitted Scheme Claim is the sum of a number of amounts (e.g. a principal amount, plus interest), then you should state what those constituent amounts are and what they represent. Other amounts could include, for example, lease rental obligations, dilapidations claims, VAT etc.

Where insufficient space has been provided to detail all the components of your claim, such as is likely to be the case for complex leasehold liability claims, please provide your calculations and assumptions on additional sheets of paper securely fastened to your Claim Form, clearly marked on each one with the name of the Scheme Creditor and the words "Claim Form – additional information", and make clear to which question this additional information relates.

- (vi) When stating the legal basis of the Liability of the Company, you should explain the legal nature of the claim that the Scheme Creditor is making, e.g. "claim for a debt owed under a credit facility" or "claim for breach of contract".
- (vii) In addition to stating any other facts of which you are aware which would assist the Scheme Supervisors in considering the Submitted Scheme Claim, you should provide any evidence you have which supports the Submitted Scheme Claim.

**PLEASE PROVIDE FULL DOCUMENTATION IN SUPPORT OF THE SUBMITTED SCHEME CLAIM(S).**

**SCHEDULE 4 TO THE SCHEME**  
**AGREED CLAIMS IN ACCORDANCE WITH CLAUSE 3.7.2**

1. The sums below show the agreed Liabilities (excluding any accrued interest) of the Scheme Creditors whose Liabilities arise under or in connection with (i) the Facilities Agreements, (ii) the Note Agreements, (iii) the Hedge Agreements and (iv) the Settlement Agreement as at 31 October 2010.
2. The sums below show the principal amount outstanding (for the avoidance of doubt the principal amount does not include any compounding of interest) for each of the Scheme Creditors referred to in paragraph 1 above as at 31 October 2010 less an estimated maximum distribution to each of those Scheme Creditors from the Escrow Account.
3. At the time of the launch of this Scheme, the calculation methodology for distributions to each of the Scheme Creditors referred to in paragraph 1 above from the Escrow Account was still being determined in accordance with the terms of the SEA. The distribution amounts included in the table below reflect the estimated highest possible returns to each of the Scheme Creditors referred to above under the range of methodologies currently being considered.
4. For the avoidance of doubt, the inclusion below of such amounts is without prejudice to the rights of each individual Scheme Creditor and does not constitute an acknowledgement by any Scheme Creditor of the claims of any other Scheme Creditor in connection with the Escrow Account. Similarly, the figures included in the table below were not intended to affect and shall not affect the final determination of the amounts to be distributed to each of the Scheme Creditors referred to in paragraph 1 above from the Escrow Account in accordance with the terms of the SEA.
5. Subject to the Settlement Agreement, nothing in this Scheme, in particular in clause 3.7.2 or this Schedule, shall (i) prevent the relevant Scheme Creditors making any other Submitted Scheme Claims arising out of or in connection with either the Facilities Agreements, the Note Agreements, the Guaranteed Hedge Agreements or otherwise or (ii) constitute an admission as to the basis upon which an Ascertained Scheme Claim or any other claim has been or should be calculated.

	£75m and £135m bilateral	£500m syndicate	£800m syndicate	£215m syndicate	Guaranteed Hedge Counterparty	Total claims before SEA escrow adjustment	Estimated maximum possible return from SEA escrow	Total Claims
	Principal	Principal	Principal	Principal	Principal	Principal		
	as at 31 October 2010	as at 31 October 2010	as at 31 October 2010	as at 31 October 2010	as at 31 October 2010	as at 31 October 2010		
The Royal Bank of Scotland Plc	109,432,332.32	35,698,340.02	53,456,364.45	50,851,207.68		249,438,244.47	(17,798,631.82)	231,639,612.65
Allied Irish Banks, Plc		17,849,170.01	28,510,061.04			46,359,231.06	(3,341,480.19)	43,017,750.87
Banco Popolare Sc, London Branch		3,569,834.00	3,563,757.64			7,133,591.64	(514,358.41)	6,619,233.23
The Governor and Company of the Bank of Ireland			17,818,788.15			17,818,788.15	(1,282,813.59)	16,535,974.56
Bank of Scotland plc		17,849,169.95	21,382,545.78			39,231,715.72	(2,828,354.75)	36,403,360.98
Bank of Taiwan, London Branch		7,139,668.01	7,127,515.26			14,267,183.26	(1,028,716.81)	13,238,466.45
Barclays Bank Plc			7,406,536.68			7,406,536.68	(533,212.80)	6,873,323.89
BAWAG P.S.K. Bank für Arbeit und Wirtschaft und Österreichische Postsparkasse Aktiengesellschaft		17,849,170.01				17,849,170.01	(1,288,978.45)	16,560,191.56
Bayerische Landesbank, London Branch		17,849,170.01	28,510,061.04			46,359,231.06	(3,341,480.19)	43,017,750.87
Crédit Agricole Corporate & Investment Bank			28,510,061.04			28,510,061.04	(2,052,501.74)	26,457,559.31
Danske Bank A/S		14,279,336.01	42,765,091.57			57,044,427.58	(4,109,935.37)	52,934,492.21
DZ Bank AG, London Branch		3,569,834.00	3,563,757.63	3,388,817.74		10,522,409.37	(756,418.03)	9,765,991.34
Emirates Bank International PJSC		3,569,834.00	7,127,515.26			10,697,349.25	(770,921.12)	9,926,428.13
First Commercial Bank Ltd., London Branch		7,139,668.01				7,139,668.01	(515,591.38)	6,624,076.63
Fortis Bank, UK Branch								
HSBC Bank plc		28,558,672.02	42,765,091.57	33,888,177.35	4,683,502.12	109,895,443.06	(7,835,540.42)	102,059,902.64
Hua Nan Commercial Bank Ltd., London Branch		3,569,834.00				3,569,834.00	(257,795.69)	3,312,038.31

<b>£75m and £135m bilateral</b>	<b>£500m syndicate</b>	<b>£800m syndicate</b>	<b>£215m syndicate</b>	<b>Guaranteed Hedge Counterparty</b>	<b>Total claims before SEA escrow adjustment</b>	<b>Estimated maximum possible return from SEA escrow</b>	<b>Total Claims</b>
Principal as at 31 October 2010	Principal as at 31 October 2010	Principal as at 31 October 2010	Principal as at 31 October 2010	Principal as at 31 October 2010	Principal as at 31 October 2010		
Landesbank Baden- Württemberg		14,255,030.52			14,255,030.52	(1,026,250.87)	13,228,779.65
Lloyds TSB Bank	35,698,340.02	42,765,091.57			78,463,431.58	(5,656,709.51)	72,806,722.07
Malayan Banking Berhad, London Branch		7,127,515.26			7,127,515.26	(513,125.43)	6,614,389.82
National Australia Bank Limited A.B.N. 12 004 044 937	24,988,838.02	28,510,061.04	20,123,551.16		73,622,450.22	(5,294,475.30)	68,327,974.92
National Bank of Egypt (UK) Limited		7,127,515.26			7,127,515.26	(513,125.43)	6,614,389.82
NM Rothschild & Sons Limited	5,354,751.01				5,354,751.01	(386,693.54)	4,968,057.48

£75m and £135m bilateral	£500m syndicate	£800m syndicate	£215m syndicate	Guaranteed Hedge Counterparty	Total claims before SEA escrow adjustment	Estimated maximum possible return from SEA escrow	Total Claims
Principal	Principal	Principal	Principal	Principal	Principal		
as at 31 October 2010	as at 31 October 2010	as at 31 October 2010	as at 31 October 2010	as at 31 October 2010	as at 31 October 2010		
State Bank Of India, London Branch	3,569,834.00	7,127,515.26			10,697,349.25	(770,921.12)	9,926,428.13
Sumitomo Mitsui Banking Corporation Europe Limited		14,255,030.52			14,255,030.52	(1,026,250.87)	13,228,779.65
The Bank Of Tokyo- Mitsubishi Ufj, Ltd	3,569,834.00	5,156,663.17			8,726,497.17	(629,035.17)	8,097,462.01
Morgan Stanley International Ltd		559,170.55			559,170.55	(40,255.91)	518,914.63
Deutsche Bank AG	2,219,523.30	1,289,168.35			3,508,691.66	(253,093.01)	3,255,598.65
Burlington Loan Management Ltd	7,246,763.02				7,246,763.02	(523,325.25)	6,723,437.77
York Capital Management LP	15,722,015.90	31,539,612.34	5,183,192.89		52,444,821.13	(3,776,201.63)	48,668,619.50
JP Morgan Chase Bank, N.A	9,739,921.72	18,086,536.84	8,268,397.36		36,094,855.92	(2,596,060.97)	33,498,794.94
J.P. Morgan Securities Limited	1,098,899.92	740,653.66			1,839,553.57	(132,678.38)	1,706,875.20
Marathon Luxembourg Sarl	8,273,168.50	7,451,429.41			15,724,597.91	(1,133,891.88)	14,590,706.03
Monarch Master Funding LLC	741,916.51				741,916.51	(53,577.53)	688,338.98
Canyon Capital Finance Sarl	38,848,890.18	67,900,434.41	23,512,368.89		130,261,693.49	(9,373,238.34)	120,888,455.15
Goldman Sachs International		6,750,749.12			6,750,749.12	(486,001.21)	6,264,747.91
BNP Paribas S.A., London	21,419,004.02	16,196,594.63			37,615,598.65	(2,712,802.46)	34,902,796.19



Branch							
ACMO S.a.r.l		142,550.31			142,550.31	(10,262.51)	132,287.80
Saberasu Japan Investments II B.V		712,751.52			712,751.52	(51,312.54)	661,438.98
	109,432,332.32	356,983,400.16	570,201,220.85	145,215,713.06	4,683,502.12	1,186,516,168.51	(85,216,019.62)
							1,101,300,148.89

Note: The estimated maximum return to the banks as a whole (excluding the Guaranteed Hedge Counterparty) from the SEA Escrow is split between each bank facility using the 9 March 2009 total claims of each bank facility. The total for each bank facility is split between the banks participating in the relevant facility pro-rata to the banks' 31 October 2010 claims in the relevant facility shown above

Holder	Series	Principal	Make whole	Settlement Amount	Total claims (excluding accrued interest) before SEA escrow adjustment	Estimated maximum possible return from SEA escrow	Total claims (excluding accrued interest) £
		As at 31 October 2010	As at 31 October 2010	As at 31 October 2010	As at 31 October 2010		
Anchorage Illiquid Opportunities Offshore Master, L.P.		12,465,376.94	1,354,601.23	1,877,149.01	15,697,127.18	(1,050,126.93)	14,647,000.25
Aviva Annuity UK Limited		24,777,452.02	7,508,236.72	841,799.16	33,127,487.89	(1,906,563.10)	31,220,924.79
Aviva Life & Pensions UK Limited		24,457,886.65	8,492,627.78	1,097,654.04	34,048,168.47	(1,997,457.37)	32,050,711.11
Corporate Debt Opportunities Fund L.P.		1,521,640.72	214,298.30	209,832.84	1,945,771.87	(125,881.18)	1,819,890.69
Gateway Recovery Trust		6,340,169.68	892,909.59	874,303.51	8,107,382.78	(524,504.93)	7,582,877.86
GLG European Distressed Fund		1,521,640.72	214,298.30	209,832.84	1,945,771.87	(125,881.18)	1,819,890.69
GLG Market Neutral Fund		3,043,281.45	428,596.60	419,665.69	3,891,543.74	(251,762.37)	3,639,781.37
Hartford Life Insurance Company		1,150,059.58	99,598.09	183,198.72	1,432,856.39	(98,081.34)	1,334,775.05
Marathon Credit Dislocation Fund LP		1,521,640.72	214,298.30	209,832.84	1,945,771.87	(125,881.18)	1,819,890.69
Pacific Life Insurance Company		9,857,654.93	853,698.07	1,570,274.93	12,281,627.93	(840,697.32)	11,440,930.61
Penteli Master Fund Ltd		507,213.57	71,432.77	69,944.28	648,590.62	(41,960.39)	606,630.23
Prudential Retirement Insurance and Annuity Company		6,340,169.68	892,909.59	874,303.51	8,107,382.78	(524,504.93)	7,582,877.86
State Street Nominees (Henderson)		4,097,411.77	339,151.49	237,560.29	4,674,123.55	(287,114.50)	4,387,009.04
The Prudential Insurance Company of America		16,100,836.55	1,394,373.53	2,564,782.41	20,059,992.50	(1,373,138.97)	18,686,853.53
UBS AG, London Branch		24,808,959.34	2,086,843.73	1,415,334.33	28,311,137.40	(1,733,972.20)	26,577,165.20
UBS Limited		13,029,809.35	554,353.05	1,744,531.58	15,328,693.97	(1,004,258.35)	14,324,435.62
Total		151,541,203.68	25,612,227.14	14,400,000.00	191,553,430.82	(12,011,786.26)	179,541,644.56

	Unguaranteed Hedge Counterparty Principal as at 31 October 2010	Estimated maximum possible return from SEA Escrow	Total claims
Allied Irish Banks, Plc .....	6,386,311.60	(8,640.98)	6,377,670.62
The Governor and Company of The Bank of Ireland .....	3,122,300.00	(4,224.62)	3,118,075.38
Bank of Scotland Plc .....	5,871,675.00	(7,944.65)	5,863,730.35
Barclays Bank Plc .....	2,183,000.00	(2,953.70)	2,180,046.30
Bayerische Landesbank, London Branch .....	10,978,000.00	(14,853.75)	10,963,146.25
Crédit Agricole Corporate & Investment Bank .....	7,204,976.00	(9,748.67)	7,195,227.33
Fortis Bank, UK Branch .....	2,761,664.04	(3,736.66)	2,757,927.38
Landesbank Baden-Württemberg .....	5,725,000.00	(7,746.20)	5,717,253.80
Lloyds TSB Bank .....	3,938,391.00	(5,328.83)	3,933,062.17
National Australia Bank Limited .....	9,029,538.01	(12,217.39)	9,017,320.62
	<b>57,200,855.65</b>	<b>(77,395.46)</b>	<b>57,123,460.19</b>

[THIS PAGE INTENTIONALLY LEFT BLANK]

## SCHEDULE 5 TO THE SCHEME

### HEDGE AGREEMENTS

1. ISDA Master Agreement and Schedule to the ISDA Master Agreement dated 26 January 1993 between Midland Bank plc and the Company.
  - (a) Confirmation dated 14 June 2006 supplements, forms part of and is subject to the 26 January 1993 ISDA Master Agreement and relating to a £10,000,000 interest rate swap (HSBC reference: SW4848065).
  - (b) Confirmation dated 4 December 2006 supplements, forms part of and is subject to the 26 January 1993 ISDA Master Agreement and relating to a £20,000,000 interest rate swap (HSBC reference: ISWO63389903/SW518697ML).
  - (c) Confirmation dated 6 September 2007 supplements, forms part of and is subject to the 26 January 1993 ISDA Master Agreement and relating to a £30,000,000 interest rate swap (HSBC reference: ISWO72509958/SW591916ML).
  - (d) Confirmation dated 30 November 2007 supplements, forms part of and is subject to the 26 January 1993 ISDA Master Agreement and relating to a £20,000,000 interest rate swap (HSBC reference: ISWO73349849/SW606071ML).
  - (e) Confirmation dated 18 December 2007 supplements, forms part of and is subject to the 26 January 1993 ISDA Master Agreement and relating to a £30,000,000 interest rate swap (HSBC reference: ISWO73529770/SW608849ML).
  - (f) Confirmation dated 30 June 2008 supplements, forms part of and is subject to the 26 January 1993 ISDA Master Agreement and relating to a £30,000,000 interest rate swap (HSBC reference: ISWO81829849/SW644510ML).
2. Confirmation dated 12 October 2005 relating to a £10,000,000 interest rate swap (HSBC reference: SW 456194ML) subject to a deemed ISDA Master Agreement as described in the Confirmation.
3. Confirmation dated 9 October 2006 relating to a £10,000,000 interest rate swap (HSBC reference: IRC\_499272ML) subject to a deemed ISDA Master Agreement as described in the Confirmation.
4. Interest Rate and Currency Exchange Agreement dated 2 June 1988 between Midland Bank plc and Cattles.
5. ISDA Master Agreement and Schedule to the ISDA Master Agreement dated 10 December 2001 between Allied Irish Banks PLC and the Company.
  - (a) Confirmation dated 21 December 2004 supplements, forms part of and is subject to the 10 December 2001 ISDA Master Agreement and relating to a £10,000,000 interest rate swap (AIB reference: 1006175).
  - (b) Confirmation dated 11 October 2005 supplements, forms part of and is subject to the 10 December 2001 ISDA Master Agreement and relating to a £10,000,000 interest rate swap (AIB reference: 1006915).
  - (c) Confirmation dated 14 June 2006 supplements, forms part of and is subject to the 10 December 2001 ISDA Master Agreement and relating to a £10,000,000 interest rate swap (AIB reference: 1007344).
  - (d) Confirmation dated 6 October 2006 supplements, forms part of and is subject to the 10 December 2001 ISDA Master Agreement and relating to a £10,000,000 interest rate swap (AIB reference: 1007515).
  - (e) Confirmation dated 28 December 2006 supplements, forms part of and is subject to the 10 December 2001 ISDA Master Agreement and relating to a £15,000,000 interest rate swap (AIB reference: 1007675).
  - (f) Confirmation dated 18 December 2007 supplements, forms part of and is subject to the 10 December 2001 ISDA Master Agreement and relating to a £30,000,000 interest rate swap (AIB reference: 1008296).
6. ISDA Master Agreement and Schedule to the ISDA Master Agreement dated 30 January 2008 between The Governor and Company of the Bank of Ireland (London Branch) and the Company.
  - (a) Confirmation dated 6 August 2008 supplements, forms part of and is subject to the 30 January 2008 ISDA Master Agreement and relating to a £20,000,000 interest rate swap (BoI reference: 163299B//788244).
  - (b) Confirmation dated 23 October 2008 supplements, forms part of and is subject to the 30 January 2008 ISDA Master Agreement and relating to a £20,000,000 interest rate swap (BoI reference: 169494B//822475).
7. ISDA Master Agreement and Schedule to the ISDA Master Agreement dated 19 July 2001 between Bank of Scotland Treasury Services PLC and the Company.
  - (a) Confirmation dated 19 December 2007 supplements, forms part of and is subject to the 19 July 2001 ISDA Master Agreement and relating to a £30,000,000 interest rate swap (BoS reference: 1319489TS).

- (b) Confirmation dated 22 October 2008 supplements, forms part of and is subject to the 19 July 2001 ISDA Master Agreement and relating to a £15,000,000 interest rate swap (BoS reference: 1627170TS).
  - (c) Confirmation dated 31 May 2005 supplements, forms part of and is subject to the 19 July 2001 ISDA Master Agreement and relating to a £10,000,000 interest rate swap (HBOS reference: 645701TS).
  - (d) Confirmation dated 11 October 2005 supplements, forms part of and is subject to the 19 July 2001 ISDA Master Agreement and relating to a £10,000,000 interest rate swap (HBOS reference: 728022TS).
  - (e) Confirmation dated 27 December 2006 supplements, forms part of and is subject to the 19 July 2001 ISDA Master Agreement and relating to a £20,000,000 interest rate swap (HBOS reference: 1034894TS).
8. ISDA Master Agreement and Schedule to the ISDA Master Agreement dated 5 March 2002 between Barclays Bank PLC and the Company.
    - (a) Confirmation dated 22 December 2004 supplements, forms part of and is subject to the 5 March 2002 ISDA Master Agreement and relating to a £10,000,000 interest rate swap (Barclays reference: 680283B\1).
    - (b) Confirmation dated 31 May 2005 supplements, forms part of and is subject to the 5 March 2002 ISDA Master Agreement and relating to a £10,000,000 interest rate swap (Barclays reference: 818898B\1).
    - (c) Confirmation dated 5 August 2008 supplements, forms part of and is subject to the 5 March 2002 ISDA Master Agreement and relating to a £20,000,000 interest rate swap (Barclays reference: 2577454B).
    - (d) Confirmation dated 12 November 2001 supplements, forms part of and is subject to the 6 February 1995 ISDA Master Agreement and relating to a USD/sterling cross currency swap (Barclays reference: 245189B\502281).
    - (e) Confirmation dated 16 November 2001 supplements, forms part of and is subject to the 6 February 1995 ISDA Master Agreement and relating to a £10,000,000 interest rate swap (Barclays reference: 246113B\502844).
  9. ISDA Master Agreement and Schedule to the ISDA Master Agreement dated 19 February 1999 between Bayerische Landesbank Girozentrale (acting through its London Branch) and the Company.
  10. Confirmation dated 12 November 2001 relating to a USD/Sterling cross currency swap (Bayerische Landesbank Girozentrale reference: 63821L/24013; Deal reference: 65821L) subject to a deemed ISDA Master Agreement as described in the Confirmation.
  11. Confirmation dated 13 June 2006 relating to a £10,000,000 interest rate swap (Bayern LB reference: 311271L/440094; Deal reference: 311271L) subject to a deemed ISDA Master Agreement as described in the Confirmation.
  12. Confirmation dated 4 December 2006 relating to a £20,000,000 interest rate swap (Bayern LB reference: 398937L/519297; Deal reference: 398937L) subject to a deemed ISDA Master Agreement as described in the Confirmation.
  13. Confirmation dated 22 December 2006 relating to a £20,000,000 interest rate swap (Bayern LB reference: 410062L/532014; Deal reference: 410062L) subject to a deemed ISDA Master Agreement as described in the Confirmation.
  14. Confirmation dated 6 September 2007 relating to a £20,000,000 interest rate swap (Bayern LB Deal reference: 558446L) subject to a deemed ISDA Master Agreement as described in the Confirmation.
  15. Confirmation dated 19 December 2007 relating to a £30,000,000 interest rate swap (Bayern LB reference: 628434L/752438; Deal reference: 628434L) subject to a deemed ISDA Master Agreement as described in the Confirmation.
  16. Confirmation dated 30 November 2007 relating to a £20,000,000 interest rate swap (Bayern LB reference: 614823L/740365; Deal reference: 614823L) subject to a deemed ISDA Master Agreement as described in the Confirmation.
  17. ISDA Master Agreement and Schedule to the ISDA Master Agreement dated 5 December 2006 between Calyon and the Company.
  18. Confirmation dated 23 February 2007 relating to a £20,000,000 interest rate swap (Calyon reference: 1207361L/) subject to a deemed ISDA Master Agreement as described in the Confirmation.
  19. Confirmation dated 5 November 2007 relating to a £20,000,000 interest rate swap (Calyon reference: 1719982L/TSJ038) subject to a deemed ISDA Master Agreement as described in the Confirmation.
  20. Confirmation dated 10 August 2008 relating to a £20,000,000 interest rate swap (Calyon reference: 2415665L/) subject to a deemed ISDA Master Agreement as described in the Confirmation.

21. Confirmation dated 18 December 2007 relating to a £30,000,000 interest rate swap (Calyon reference: 1825204L/) subject to a deemed ISDA Master Agreement as described in the Confirmation.
22. ISDA Master Agreement and Schedule to the ISDA Master Agreement dated 8 December 2003 between Fortis Bank SA/NV (acting through its London Branch) and the Company.
  - (a) Confirmation dated 17 August 2004 supplements, forms part of and is subject to the 8 December 2003 ISDA Master Agreement and relating to a £10,000,000 interest rate swap (Fortis reference: 870566/870567).
  - (b) Confirmation dated 26 May 2005 supplements, forms part of and is subject to the 8 December 2003 ISDA Master Agreement and relating to a £10,000,000 interest rate swap (Fortis reference: 870566/870567).
  - (c) Confirmation dated 22 December 2006 supplements, forms part of and is subject to the 8 December 2003 ISDA Master Agreement and relating to a £20,000,000 interest rate swap (Fortis reference: 162837/162836).
23. Confirmation dated 5 October 2006 relating to a £10,000,000 interest rate swap (Fortis reference: 161997/161998) subject to a deemed ISDA Master Agreement as described in the Confirmation.
24. ISDA Master Agreement and Schedule to the ISDA Master Agreement dated 31 July 2007 between Landesbank Baden-Württemberg (London Branch) and the Company.
  - (a) Confirmation dated 2 November 2007 supplements, forms part of and is subject to the 31 July 2007 ISDA Master Agreement and relating to a £20,000,000 interest rate swap (LBBW reference: 071031.734.0/048120M).
  - (b) Confirmation dated 3 December 2007 supplements, forms part of and is subject to the 31 July 2007 ISDA Master Agreement and relating to a £20,000,000 interest rate swap (LBBW reference: 071130.021.0/052658M).
  - (c) Confirmation dated 19 December 2007 supplements, forms part of and is subject to the 31 July 2007 ISDA Master Agreement and relating to a £30,000,000 interest rate swap (LBBW reference: 071218.370.0/055017M).
25. ISDA Master Agreement and Schedule to the ISDA Master Agreement dated 19 July 2001 between Lloyds Bank TSB PLC and the Company.
  - (a) Confirmation dated 22 December 2004 supplements, forms part of and is subject to the 19 July 2001 ISDA Master Agreement and relating to a £10,000,000 interest rate swap (Lloyds reference: IS 04005939).
  - (b) Confirmation dated 27 May 2005 supplements, forms part of and is subject to the 19 July 2001 ISDA Master Agreement and relating to a £10,000,000 interest rate swap (Lloyds reference: IS 05002437).
  - (c) Confirmation dated 11 October 2005 supplements, forms part of and is subject to the 19 July 2001 ISDA Master Agreement and relating to a £10,000,000 interest rate swap (Lloyds reference: IS 05004809).
  - (d) Confirmation dated 4 January 2006 supplements, forms part of and is subject to the 19 July 2001 ISDA Master Agreement and relating to a USD/Sterling currency swap (Lloyds reference: CS 06000010).
  - (e) Confirmation dated 21 June 2006 supplements, forms part of and is subject to the 19 July 2001 ISDA Master Agreement and relating to a £10,000,000 interest rate swap (Lloyds reference: IS 06003808).
  - (f) Confirmation dated 6 October 2006 supplements, forms part of and is subject to the 19 July 2001 ISDA Master Agreement and relating to a £10,000,000 interest rate swap (Lloyds reference: IS 06006294).
  - (g) Confirmation dated 27 December 2006 supplements, forms part of and is subject to the 19 July 2001 ISDA Master Agreement and relating to a £20,000,000 interest rate swap (Lloyds reference: IS 06008531).
  - (h) Confirmation dated 3 December 2007 supplements, forms part of and is subject to the 19 July 2001 ISDA Master Agreement and relating to a £20,000,000 interest rate swap (Lloyds reference: IS 07012219).
  - (i) ISDA Master Agreement and Schedule to the ISDA Master Agreement dated 19 March 2004 between National Australia Bank Limited and the Company.
  - (j) Confirmation dated 6 September 2007 supplements, forms part of and is subject to the 19 March 2004 ISDA Master Agreement and relating to a £20,000,000 interest rate swap (NAB reference: 80222136/80241536).
26. Confirmation dated 5 January 2005 relating to a £10,000,000 interest rate swap (NAB reference: 80143747/80151928) subject to a deemed ISDA Master Agreement as described in the Confirmation.
27. Confirmation dated 19 July 2005 relating to a £10,000,000 interest rate swap (NAB reference: 80156781/80166334) subject to a deemed ISDA Master Agreement as described in the Confirmation.
28. Confirmation dated 10 October 2005 relating to a £10,000,000 interest rate swap (NAB reference: 80162108/80172508) subject to a deemed ISDA Master Agreement as described in the Confirmation.
29. Confirmation dated 30 March 2006 relating to a £20,000,000 interest rate swap (NAB reference: 80175800/80187624) subject to a deemed ISDA Master Agreement as described in the Confirmation.

30. Confirmation dated 20 April 2006 relating to a USD/Sterling currency swap (NAB reference: 80167762/80178890) subject to a deemed ISDA Master Agreement as described in the Confirmation.
31. Confirmation dated 13 June 2006 relating to a £10,000,000 interest rate swap (NAB reference: 80181088/80193462) subject to a deemed ISDA Master Agreement as described in the Confirmation.
32. Confirmation dated 5 October 2006 relating to a £10,000,000 interest rate swap (NAB reference: 80190134/80203345) subject to a deemed ISDA Master Agreement as described in the Confirmation.
33. Confirmation dated 8 December 2006 relating to a £20,000,000 interest rate swap (NAB reference: 80195525/80209525) subject to a deemed ISDA Master Agreement as described in the Confirmation.
34. Confirmation dated 12 April 2007 relating to a £20,000,000 interest rate swap (NAB reference: 80208624/80224456) subject to a deemed ISDA Master Agreement as described in the Confirmation.
35. Confirmation dated 3 July 2008 relating to a £30,000,000 interest rate swap (NAB reference: 80254524/80278597) subject to a deemed ISDA Master Agreement as described in the Confirmation.



**SCHEDULE 6 TO THE SCHEME**

**FORM OF NOTICE OF ASSIGNMENT OR TRANSFER**

To: The Scheme Supervisors

From: [*Insert the name of the Scheme Creditor*] (**Assignor**)

We refer to the scheme of arrangement between Cattles plc and its Scheme Creditors, dated [●] (the **Scheme**).

1. Words and expressions defined in the Scheme have the same meanings when used in this Notice unless otherwise provided or the context otherwise requires.
2. On [*Insert the date of the transfer or assignment*] the Assignor confirms, by signing this Notice below, that it validly assigned and/or transferred the [whole] [or part]<sup>1</sup> of its Scheme Liability and/or Ascertained Scheme Claim to [*Insert the name of the Assignee*] of [*Insert address and other contact details of the Assignee*] (the **Assignee**).
3. The Assignee, by signing this Notice below, hereby confirms that it agrees to be bound by the terms of the Scheme.

Assignor

Assignee

Date

---

<sup>1</sup> Delete as applicable. Where the assignment is of a part only, please set out how the right to the Scheme Liability/Ascertained Scheme Claim is split between the Assignor and the Assignee

[THIS PAGE INTENTIONALLY LEFT BLANK]

**SCHEDULE 7 TO THE SCHEME  
PENSION COMPROMISE**

**DECEMBER 2010**

**CATTLES PLC**

**WELCOME FINANCIAL SERVICES LIMITED**

**THE LEWIS GROUP LIMITED**

**CSP LEEDS LIMITED**

**CATTLES STAFF PENSION FUND LIMITED**

---

**CONSOLIDATED COMPROMISE DEED AS  
AMENDED BY A DEED OF VARIATION  
RELATING TO THE CATTLES STAFF  
PENSION FUND**

---

**THIS DEED** is made this                      day of December 2010

**BETWEEN**

- (1) **CATTLES PLC** (company number 543610) whose registered office is at Kingston House, Centre 27 Business Park, Woodhead Road, Birstall, Batley, West Yorkshire, WF17 9TD (the *Company*);
- (2) **WELCOME FINANCIAL SERVICES LIMITED** (company number 133540) whose registered office is at Kingston House Centre 27, Business Park, Woodhead Road, Birstall, Batley, West Yorkshire WF17 9TD (*WFSL*) and **THE LEWIS GROUP LIMITED** (company number SC127043) whose registered office is at Rowan House, 70 Buchanan Street, Glasgow, G1 3JF (*TLG*) (together, the *Participating Employers*);
- (3) **CSP LEEDS LIMITED** (company number 7222034) whose registered office is at Kingston House Centre 27, Business Park, Woodhead Road, Birstall, Batley, West Yorkshire WF17 9TD (*Newco*); and
- (4) **CATTLES STAFF PENSION FUND LIMITED** (company number 3444694) whose registered office is at Kingston House, Centre 27 Business Park, Woodhead Road, Birstall, Batley, WF17 9TD (the *Trustee*).

**WHEREAS**

(A) This Deed relates to the Cattles Staff Pension Fund (the *Scheme*) which was established by a trust deed dated 20 August 1952.

(B) This Deed is supplemental to a Deed of Variation, Removal and Appointment dated 2 April 1996 which adopted the trust deed and rules (the *Trust Deed* and *Rules* respectively), which currently govern the Scheme (as amended from time to time).

(C) The Trustee is the current trustee of the Scheme.

(D) The parties to this Deed (together the *Parties*, each of them being a *Party*) wish to reach a mutually acceptable compromise of the liabilities to the Scheme of each of the Company and the Participating Employers, as part of a broader restructuring of those Parties' liabilities to certain of their financial creditors.

(E) In anticipation of such a mutually acceptable compromise being reached and in particular in order to ensure that the eligibility of the Scheme to enter the Pension Protection Fund may be maintained, the Scheme, which was closed to future accrual of benefits on 14 May 2010 and therefore became a frozen scheme for the purposes of the Occupational Pension Schemes (Employer Debt) Regulations 2005 (the *Employer Debt Regulations*), was temporarily unfrozen on 9 August 2010 in order to allow a new participating employer, Newco, to adhere to the Scheme and for two employees of Newco to become members of the Scheme, with a view to Newco becoming the last employer in the Scheme for statutory purposes (the "last man standing") following the compromise taking effect. The Scheme was subsequently re-frozen on and from 16 August 2010.

(F) The Parties acknowledge that Newco is to be used only as a means to maintain the eligibility of the Scheme to enter the Pension Protection Fund under The Pension Protection Fund (Entry Rules) Regulations 2005 and The Pension Protection Fund (Multi-employer Schemes) (Modification) Regulations 2005 and that Newco has not (save under a Deed of Indemnity between Newco and WFSL dated 5 August 2010), and will never have, any funds or assets available to meet any liability it may have to or in respect of the Scheme.

(G) It is intended that the compromise will include a compromise for a nominal sum of all the Company's and the Participating Employers' obligations to and in respect of the Scheme, including any past, present or future statutory debts under section 75 or section 75A of the Pensions Act 1995 (*section 75 debts*). The Company and the Participating Employers will in future make payments to the Scheme on a rateable basis with other creditors of the Company and the Participating Employers as set out in this Deed. The Company and WFSL are each proposing a scheme of arrangement pursuant to Part 26 of the Companies Act 2006 under which the Company and WFSL will, respectively, make such payments to the Scheme and TLG is proposing to execute either a compromise, release and distribution deed or a bilateral deed, in relation to which either such payments or an alternative lump sum payment will be made to the Scheme.

(H) The Trustee has taken legal, actuarial and financial advice and has reached the conclusion that a compromise on this basis will be in the best interests of the Scheme, in circumstances where (without a compromise) insolvency of the Company and the Participating Employers is considered inevitable and the compromise is anticipated to result in the Scheme receiving significantly more than the dividend that it would receive on such insolvency.

(I) This Deed is conditional upon (amongst other things) implementation of the broader restructuring referred to in Recital (D) above, being Plan A (as defined below) becoming effective in accordance with its terms or, if Plan A fails, Plan B (as defined below) becoming effective in accordance with its terms.

(J) In respect of WFSL and, in the case of Plan A, the Company, this Deed is intended to be a legally enforceable agreement within Regulation 2(3)(b) of the Pension Protection Fund (Entry Rules) Regulations 2005, that is to say part of an arrangement under section 425 of the Companies Act 1985 (now Part 26 of the Companies Act 2006), the effect of which is to reduce the amount of the debt due to the Scheme under section 75 or section 75A of the Pensions Act 1995 which may be recovered by, or on behalf of, the Trustee.

(K) Under this Deed, the Company and the Participating Employers will each enter into a regulated apportionment arrangement (as defined in the Employer Debt Regulations) with the Trustee in order to apportion their liabilities (other than their liabilities to make the compromise payments in respect of the section 75 debts) to Newco.

(L) The Parties do not consider that the Former Employers are “employers” for statutory purposes as evidenced by a Trustee resolution dated 21 September 2010.

(M) Once this Deed has become unconditional and the Company has made the compromise payments in respect of the section 75 debts (or procured that such payments have been made), it is intended that:

(N) Newco will be the “last man standing” in the Scheme and the Company and the Participating Employers shall each cease to be an “employer” for all statutory purposes and in particular (but without limitation to the foregoing) for the purposes of:

(O) The Pension Protection Fund (Entry Rules) Regulations 2005 (by virtue of the operation of regulation 1(5)(b)(i) or (ii));

(P) The Pension Protection Fund (Multi-employer Schemes) (Modification) Regulations 2005 (by virtue of the operation of regulation 1(3)(b)(i) or (ii));

(Q) The Occupational Pension Schemes (Employer Debt) Regulations 2005 (by virtue of the operation of regulation 9(8), (12) or (14));

(R) paragraph 3(1), Schedule 2, The Occupational Pension Schemes (Scheme Funding) Regulations 2005 (by virtue of the operation of paragraph 3(2));

(S) the Pensions Regulator (Financial Support Directions etc) Regulations 2005 (by virtue of the operation of regulation 15(2)(a) or (b)); and

(T) the Occupational Pension Schemes (Investment) Regulations 2005 (by virtue of the operation of regulation 1(5)(a));

(U) thereafter and following the transfer of the ownership of Newco to the Trustee and the transfer of the ownership of the Trustee to the Chairman of the Trustee Board, the Company and the Participating Employers shall each cease to be an “Employer” for the purposes of the Trust Deed and Rules and Newco will become the principal employer of the Scheme with the express intention that the Scheme will be separate and distinct from the Group; and

(V) all further payments made to the Scheme by the Company and the Participating Employers shall be made under the terms of this Deed only and not in the capacity of “employer” in the Scheme for any purpose.

(W) In due course, it is envisaged that the Trustee will then wind-up the Scheme and that a qualifying insolvency event (as defined in section 127(3), Pensions Act 2004) will occur in relation to Newco and that the Scheme will enter into a PPF assessment period. It is intended that the Scheme’s eligibility to enter the PPF is to be maintained notwithstanding the compromise effected by this Deed.

(X) An application for clearance has been made to the Pensions Regulator in relation to all the steps envisaged by this Deed.

## **IT IS AGREED THAT**

### **1. DEFINITIONS AND INTERPRETATION**

1.1 In this Deed, unless the context otherwise requires (and save to the extent otherwise defined herein):

**Actuary** means the actuary appointed to the Scheme from time to time under section 47 of the Pensions Act 1995;

**Amerial** means Amerial Limited, a company registered in England and Wales under number 5436719;

**Bidco** means Bovess Limited, a company registered in England and Wales under company number 073666975;

**Business Day** means any day, other than a Saturday, Sunday or public or bank holiday, on which banks are generally open for business in the City of London;

**Cattles Creditor Scheme** means the scheme of arrangement pursuant to Part 26 of the Companies Act 2006 as set out in the Cattles Scheme Document;

**Cattles Scheme Creditors** has the meaning given to the term “Scheme Creditors” in the Cattles Scheme Document;

**Cattles Scheme Document** means the draft of the Cattles Creditor Scheme as set out in Schedule 9;

**Chairman of the Trustee Board** means Duncan Brown or any current or new director of the Trustee appointed as his successor;

**CIF Payment** means the payment of £3,065,400 made to the Scheme on 25 November 2009 in respect of the section 75 debt triggered when there was an employment-cessation event in relation to Cattles Invoice Finance Limited (company number 02483505) as a result of its disposal on 14 September 2009 to a company controlled by funds managed by AnaCap Financial Partners GP, LP;

**Company Claim** means the Notional Section 75 Debt certified or determined under clause 4 in respect of the Company;

**Conditions** means the conditions precedent set out in clause 2 or, where the context requires, such of them as may from time to time be unsatisfied;

**Costs** includes all costs, charges, expenses, disbursements, taxes (direct or indirect, including stamp duty and stamp duty reserve tax), interest and professional fees, whether incurred directly or indirectly;

**Current Employers** means the Company and the Participating Employers;

**Deed of Alteration** means the Deed of Alteration entered into under clause 2.1(a);

**Deed of Alteration and Substitution** means the Deed of Alteration and Substitution entered into under clause 2.1(g);

**Effective Date** means the date on which all of the Conditions are satisfied;

**Employer Debt Regulations** means the Occupational Pension Schemes (Employer Debt) Regulations 2005;

**employment-cessation event** has the same meaning as in the Employer Debt Regulations;

**Engagement Letter** means the letter entered into between Amerial, WFSL and Robin Johnson dated 16 June 2010 in respect of his appointment as a director of Newco;

**Escrow Letter** means the letter dated 1 October 2010 between the Trustee, WFSL, TLG and Wrigleys Solicitors LLP establishing an escrow in relation to certain payments envisaged under the Schedule of Contributions;

**Former Employers** means the companies listed at Schedule 7, which formerly participated in the Scheme, but had ceased to do so on or before 13 May 2010;

**Group** means the Company, its subsidiaries and subsidiary undertakings from time to time and Orphanco, but shall exclude the Trustee and Newco;

**Holdco** means Bovess Holding Limited, a company registered in England and Wales under company number 073666959;

**Independent Actuary** means an actuary appointed by agreement between the Current Employers and the Trustee or, failing such agreement, by the President for the time being of the Institute and Faculty of Actuaries at the request of either the Current Employers or the Trustee;

**Long Stop Date** means 31 May 2011 or such later date as agreed under clause 2.2;

**Notional Section 75 Debts** has the meaning given in clause 4.2;

**Orphanco** means Bidco and Holdco, forming the “orphan” company structure comprising Bidco, which is wholly owned by Holdco, the share capital of which is held by a share trustee for certain charitable purposes;

**Plan A** means a scheme of arrangement under Part 26 of the Companies Act 2006 of the shareholders of the Company (whereby the Company will be acquired by Bidco), schemes of arrangement under Part 26 of the Companies Act 2006 of the creditors of the Company and WFSL (a **Cattles Creditor Scheme** and a **WFSL Creditor Scheme** respectively) and the TLG Compromise;

**Plan B** means the Company entering into administration, a sale by the Company (in administration) of the shares in its immediate subsidiaries (other than the Trustee) to Bidco, a WFSL Creditor Scheme and the TLG Compromise;

**PPF** means the Pension Protection Fund, a statutory corporation established under Part 2 of the Pensions Act 2004 (or where appropriate the Board of the PPF);

**regulated apportionment arrangement** has the same meaning as in the Employer Debt Regulations;

**Regulated Apportionment Arrangement Deed** means the deed in the form set out at Schedule 4, to be entered into by the Company, the Participating Employers, Newco and the Trustee;

**Restructuring Effective Date** means the date the elements of Plan A or Plan B, as applicable, become effective in accordance with their terms;

**Schedule of Contributions** means the current schedule of contributions for the Scheme dated 26 June 2008 (as amended/substituted on 1 October 2010);

**the Pensions Regulator** means the body corporate called the Pensions Regulator established under Part 1 of the Pensions Act 2004;

**TLG Claim** means the Notional Section 75 Debt certified or determined under clause 4 in respect of TLG;

**TLG Compromise** means either the compromise, release and distribution deed to be executed by (amongst others) TLG and the Trustee, a draft of which is set out in Part C of Schedule 9 (the **TLG Distribution Deed**) or, if the Trustee and TLG so agree, the bilateral compromise deed to be executed by TLG and by the Trustee, the agreed form of which is set out in Part D of Schedule 9 (the **TLG Bilateral Deed**);

**TLG Creditors** means the persons who, from time to time, are owed any Liability (as defined in the TLG Distribution Deed) by TLG as guarantor under any of the Finance Documents (as defined in the TLG Distribution Deed);

**Trustee Account** means account number 11319576 with sort code 16-22-11 at The Royal Bank of Scotland, IBAN No.: GB97 RBOS 1622 1111 3195 76 and BIC No.: RBOS GB 2L (or such other bank account in the name of the Trustee as notified to the other Parties by the Trustee);

**Trustee Board** means the directors of the Trustee;

**WFSL Claim** means the Notional Section 75 Debt certified or determined under clause 4 in respect of WFSL;

**WFSL Creditor Scheme** means the scheme of arrangement pursuant to Part 26 of the Companies Act 2006 as set out in the WFSL Scheme Document;

**WFSL Scheme Creditors** has the meaning given to the term "Scheme Creditors" in the WFSL Scheme Document; and

**WFSL Scheme Document** means the draft of the WFSL Creditor Scheme, as set out in Schedule 9 .

1.2 Except where the context otherwise requires, any reference to an enactment or regulation is a reference to it as already amended and includes a reference to any repealed enactment or regulation which it may re-enact or otherwise replace, with or without amendment, and to any future re-enactment, replacement and/or amendment of it.

1.3 Except where the context otherwise requires, the singular shall include the plural (and vice versa) and words importing the masculine gender shall include the feminine gender.

1.4 The headings in this Deed shall not affect its interpretation.

## 2. CONDITIONS PRECEDENT

2.1 The obligations of the Parties under this Deed (other than this clause 2, clause 7, clause 8, clauses 12 to 18 and clause 20) are conditional upon:

- (a) the Company and the Trustee entering into a Deed of Alteration in the form set out at Schedule 1 (and the Actuary giving the opinion referred to in Schedule 1 ) in order to ensure that the Scheme is clearly a “Part 6” scheme for the purposes of triggering an assessment period under the Pension Protection Fund (Multi-employer Schemes) (Modification) Regulations 2005;
- (b) clearance (in a form satisfactory to the Company, WFSL and TLG and, in so far as it is relevant to them, in a form satisfactory to Newco and Orphanco), in relation to the steps envisaged by this Deed being obtained from the Pensions Regulator (under Part 1 of the Pensions Act 2004) for parties that are listed at Schedule 2;
- (c) the Company giving notice in the form set out at Schedule 3 Part A and the Participating Employers each giving notice in the form set out at Schedule 3 Part B to the Trustee under regulation 9(4) of the Employer Debt Regulations (such notices being to trigger the relevant section 75 debts immediately prior to Plan A or Plan B, as applicable, becoming effective in accordance with their terms and, in the case of the notice given by the Company, to terminate the Company’s, the Participating Employers’ and the Former Employers’ liability to pay any further contributions or payments to the Trustee (or any of its officers or directors in their capacity as such) or the Scheme under the Trust Deed and Rules);
- (d) the Current Employers, Newco and the Trustee entering into a Regulated Apportionment Arrangement Deed in the form set out at Schedule 4, (such deed being to apportion section 75 debts to Newco with effect from Restructuring Effective Date) and (y) the Pensions Regulator approving the regulated apportionment arrangements documented by such Deed by issuing a notice of approval under regulation 7A(1)(c) of the Employer Debt Regulations and (z) the Board of the PPF confirming in writing that it does not object to the regulated apportionment arrangements under regulation 7A(1)(d) of the Employer Debt Regulations;
- (e) under Plan A the following conditions being satisfied:
  - (i) all the conditions to the Cattles Creditor Scheme are satisfied other than the condition that the WFSL Creditor Scheme has become effective;
  - (ii) the WFSL Creditor Scheme becoming effective; and
  - (iii) the TLG Compromise becoming effective.or under Plan B the following conditions being satisfied:
  - (iv) the Company entering into administration;
  - (v) a sale by the Company (in administration) of the shares in its immediate subsidiaries (excluding the Trustee) to Bidco;
  - (vi) the WFSL Creditor Scheme becoming effective; and
  - (vii) the TLG Compromise becoming effective;
- (f) written confirmation being provided by the Trustee to the Company in the form attached as schedule 9 that, in the opinion of the Trustee (acting reasonably) there has been no amendment made by the Company to the form of the Cattles Scheme Document, the WFSL Scheme Document or if applicable the TLG Distribution Deed which would result in:
  - (i) the Trustee’s rights under the Cattles Scheme Document, the WFSL Scheme Document or the TLG Distribution Deed relating to how its claim is to be valued and ascertained being altered; and
  - (ii) the other rights of the Trustee (whether to receive payment or otherwise) under the Cattles Scheme Document, the WFSL Scheme Document or the TLG Distribution Deed being materially different from the other Cattles Scheme Creditors, WFSL Scheme Creditors or TLG Creditors respectively,without the written agreement of the Trustee;
- (g) the Company, the Trustee and Newco entering into a Deed of Alteration and Substitution in the form set out at Schedule 5 in order to make Newco the principal employer in the Scheme (and to make a consequential amendment to the Scheme), (such deed being to take effect conditionally upon the due carrying out of the actions envisaged in sub-clause 3.1 below).

2.2 If the Conditions either are not fulfilled or are not waived by the Company and the Trustee on or before the Long Stop Date (or such later date as the Company and the Trustee may agree) (save that the Condition at sub-clause 2.1(b) above may



not be waived without the consent of Newco and, if applicable, Orphanco, such consent not to be unreasonably withheld, conditioned or delayed) all rights and liabilities of the Parties under this Deed shall cease and determine and no Party shall have any claim against any other Party save in respect of this clause 2, clause 7, clauses 12 to 18, clause 20 and any antecedent breach of this Deed.

2.3 The Trustee, the Company, the Participating Employers and Newco shall each use all reasonable endeavours to procure the fulfilment of each of the Conditions as soon as reasonably practicable. The Trustee will procure that the Actuary gives the opinions referred to in the schedules to the deeds set out at Schedule 1 and Schedule 5. The Trustee shall use all reasonable endeavours to procure that the Condition at sub-clause 2.1(f) has been fulfilled within five Business Days from the date of the hearing at which the High Court orders the convening of the meeting of creditors to vote on the WFSL Creditors Scheme pursuant to Section 896 of the Companies Act 2006.

### **3. SECTION 75 DEBTS COMPROMISE PAYMENT**

3.1 On or before the fifth Business Day after the Restructuring Effective Date, the Company or, in the case of Plan B becoming effective according to its terms, WFSL for the purposes only of (a) below, shall (in the following order):

- (a) procure the payment of £3 to the Trustee by electronic funds transfer (for same day value) to the credit of the Trustee Account, such sum being inclusive of sums payable by or on behalf of the Current Employers under the Regulated Apportionment Arrangement Deed (such sums representing each Current Employer's "regulated apportionment arrangement share" within the meaning of regulation 2(1) of the Employer Debt Regulations) and procure the payment of any cessation expenses attributable to the Current Employers (which shall be paid by them or on their behalf) as envisaged in the Regulated Apportionment Arrangement Deed. Confirmation from The Royal Bank of Scotland plc (or other bank in relation to the Trustee Account, as applicable) to the Trustee of the receipt of such amounts in such account shall be conclusive evidence as to payment of them by the Company to the Trustee in accordance with this Deed;
- (b) procure that WFSL transfers its share(s) in Newco to the Trustee; and
- (c) transfer its share(s) in the Trustee to the Chairman of the Trustee Board, to hold as nominee on behalf of the Trustee Board. For the purposes of articles 14 and 15 of the Trustee's articles of association, this Deed constitutes:
  - (i) notice that:
    - (A) the Company wishes to transfer its share(s); and
    - (B) the Chairman of the Trustee Board is the intended purchaser of the same; and
  - (ii) acknowledgment by the Trustee Board that the Trustee Board:
    - (A) approves of the intended purchaser; and
    - (B) will register the transfer.

3.2 The Trustee shall as soon as is practicable upon receiving confirmation from The Royal Bank of Scotland plc (or other bank in relation to the Trustee Account, as applicable) of the receipt of the amounts paid under clause 3.1, send a receipt in the form set out at Schedule 6 to the Company, attaching a copy of the confirmation received from The Royal Bank of Scotland plc (or other bank in relation to the Trustee Account, as applicable). As soon as practicable after the Restructuring Effective Date and in any event no later than two Business Days thereafter, the Trustee shall also provide written confirmation of the amount of the cessation expenses in respect of the Current Employers to be paid as envisaged in clause 3.1.

3.3 Upon the due carrying out of the actions envisaged in clause 2 and sub-clause 3.1 above, the Parties acknowledge and agree that (save as envisaged by this Deed):

- (a) with effect from the making of payments envisaged under this clause 3.1(a) Newco will be the "last man standing" in the Scheme and the Current Employers shall each cease to be "employers" for all statutory purposes and in particular (but without limitation to the foregoing) for the purposes of:
  - (i) The Pension Protection Fund (Entry Rules) Regulations 2005 (by virtue of the operation of regulation 1(5)(b)(i) or (ii));
  - (ii) The Pension Protection Fund (Multi-employer Schemes) (Modification) Regulations 2005 (by virtue of the operation of regulation 1(3)(b)(i) or (ii));
  - (iii) The Occupational Pension Schemes (Employer Debt) Regulations 2005 (by virtue of the operation of regulation 9(8), (12) or (14));

- (iv) paragraph 3(1), Schedule 2, The Occupational Pension Schemes (Scheme Funding) Regulations 2005 (by virtue of the operation of paragraph 3(2));
- (v) the Pensions Regulator (Financial Support Directions etc.) Regulations 2005 (by virtue of the operation of regulation 15(2)(a) or (b)); and
- (vi) the Occupational Pension Schemes (Investment) Regulations 2005 (by virtue of the operation of regulation 1(5)(a)),

and acknowledge their understanding that the Former Employers have already so ceased;

- (b) Newco will become the principal employer in the Scheme, pursuant to the Deed of Alteration and Substitution;
- (c) the Company thereby terminates the liability of itself and each of the Participating Employers and the Former Employers to pay any further contributions or payments to the Trustee (or any of its officers or directors in their capacity as such) or the Scheme under the Trust Deed and Rules or otherwise (save under clauses 4 and 5). The Trustee accepts (with immediate effect) notice of such termination for the purposes of the Trust Deed so that the Current Employers and the Former Employers cease to participate in the Scheme and are no longer “Employers” as defined in the Trust Deed;
- (d) subject to clauses 4 and 5, the Current Employers and the Former Employers cease to have any liability (current or future, actual or contingent) to pay any sums due or to become due to the Trustee (or any of its officers or directors in their capacity as such), whether before or after the date of the payment prescribed in clause 3.1(a);
- (e) the Deed of Indemnity entered into by the Company and the Trustee (and consented to by the then directors of the Trustee) dated 14 May 2010 is cancelled by the provisions of this Deed and no longer of any effect, so that the Company and WFSL have no further liability (current or future, actual or contingent) under the terms of that Deed, regardless of when any action giving rise to liability may have taken place;
- (f) WFSL’s obligations under clause 1 of the Deed of Indemnity entered into by WFSL and Newco dated 5 August 2010 (whether current or future, actual or contingent) will terminate automatically and immediately;
- (g) the Current Employers and the Former Employers cease to have any liability (current or future, actual or contingent) to pay any Costs which may be payable in relation or incidental to the Scheme (including any expenses or professional fees in respect of the Chairman of the Trustee Board, who has confirmed his agreement to this by executing the release appended to Schedule 8 ), its termination or administration and in relation to this Deed, the obtaining of professional advice and the seeking of such approvals as the Trustee may decide;
- (h) WFSL ceases to have any liability (current or future, actual or contingent and whether in respect of liabilities arising before the Restructuring Effective Date or otherwise) to pay any Costs which may be payable in relation or incidental to Newco, save for any Costs incurred under the Engagement Letter, under which Newco and WFSL agreed:
  - (i) to pay Amerial a fee for the provision of Robin Johnson’s services in respect of work reasonably carried out in relation to his appointment as a director of Newco;
  - (ii) to reimburse Robin Johnson for all reasonable and properly documented expenses he incurs in performing his role as a director of Newco; and
  - (iii) to the extent possible, to use their reasonable endeavours to maintain appropriate directors’ and officers’ liability insurance for the benefit of Robin Johnson in the performance of his duties under the Engagement Letter (subject to the provisions of the Companies Act 2006) during his appointment.
- (i) the Current Employers cease to have any liability (current or future, actual or contingent and whether in respect of liabilities arising before the Restructuring Effective Date or otherwise) to make payments under the Schedule of Contributions, save as provided by clause 10 (Costs and payments).

3.4 Following the due carrying out of the actions envisaged in clause 2 and sub-clause 3.1 above (and at least one day thereafter), the Trustee and Newco shall procure that an insolvency event is triggered in relation to Newco with the intention that a qualifying insolvency event (as defined in section 127(3), Pensions Act 2004) will occur in relation to Newco and the intention that the Scheme shall enter into a PPF assessment period within any timeframe required by the PPF when confirming that it does not object to the regulated apportionment arrangement (referred to in clause 2.1(d)(z)).

#### **4. CALCULATION OF TRUSTEE CLAIMS**

4.1 The Current Employers will, following the compromise described at clause 3 taking effect, make payments to the Scheme in accordance with clause 5 below, based (where applicable) on the Notional Section 75 Debts, calculated in accordance with this clause 4.

4.2 The Trustee shall procure that the Actuary will calculate the amount of the section 75 debts in respect of each of the Current Employers, in each case as at the Restructuring Effective Date, but immediately prior to the compromise described at clause 3 taking effect (the **Notional Section 75 Debts**), as soon as is practicable and in any event within three months from the Restructuring Effective Date. For the avoidance of doubt, the Notional Section 75 Debts shall be the amounts which each Current Employer would have been liable to pay to the Trustee under section 75 or section 75A of the Pensions Act 1995 as at the Restructuring Effective Date, had (i) those liabilities not been apportioned to Newco under the Regulated Apportionment Arrangement Deed and the compromise described in clause 3 not taken effect and (ii) if applicable, in the case of Plan B, there been no “relevant insolvency event” in respect of the Company prior to the Restructuring Effective Date.

4.3 The Trustee shall procure that, for the purposes of calculating the Notional Section 75 Debts, the Actuary takes into account as an asset of the Scheme:

- (a) the amount attributable (taking account where appropriate of investment return, whether positive or negative) to payments made to the Scheme since 1 March 2009 (including, without limitation, the deficit recovery contributions made on 25 November 2009 and 31 March 2010, any interim pension payments and special contributions under the Schedule of Contributions and the CIF Payment); and
- (b) any amount held in escrow under the Escrow Letter, to the extent it is, or will be released to the Scheme in accordance with the Escrow Letter (and any True-up Amount (as defined in the Escrow Letter) that is, or will be, paid to the Scheme in accordance with the Escrow Letter).

4.4 The Current Employers shall use their reasonable endeavours to assist the Trustee in expediting the calculation of the Notional Section 75 Debts and undertake to procure that all such information within their possession as the Actuary may reasonably request for the purpose of calculating the Notional Section 75 Debts shall be made available to the Actuary as soon as reasonably practicable.

4.5 The Trustee shall obtain from the Actuary and provide to the Current Employers details of the methods and assumptions of any calculation of the Notional Section 75 Debts (the methods and assumptions together, the **Actuarial Assumptions**).

4.6 Following calculation by the Actuary of the amounts of the Notional Section 75 Debts, the Trustee shall procure that the Actuary will notify the Current Employers of the amounts of the Notional Section 75 Debts so calculated. The Trustee shall obtain from the Actuary and provide, on request by the Current Employers, such anonymous membership data, benefit details and asset valuations (the **Base Data**) as the Current Employers may reasonably request in writing for the purposes of reviewing the calculation.

4.7 The Current Employers shall be entitled to review the Actuarial Assumptions and the calculation of the Notional Section 75 Debts solely for the purposes of confirming:

- (a) that, in the opinion of the Current Employers, the Actuarial Assumptions are reasonable; and
- (b) that the calculation of the amounts of the Notional Section 75 Debts (including, for the avoidance of doubt, the relative amounts allocated to each Current Employer) has been performed by the Actuary without manifest error (both as to calculation and as to the Base Data on which the calculation is based).

4.8 The Current Employers may only refuse to accept the Actuarial Assumptions and calculation of the Notional Section 75 Debts in accordance with the following sub-clauses:

- (a) the Current Employers (or any one or more of them) shall notify the Trustee within fifteen Business Days of their receiving notification of both the Actuarial Assumptions and the amounts of the Notional Section 75 Debts if they consider either that the Actuarial Assumptions are not reasonable or that there is a manifest error in the Notional Section 75 Debts (or both). If no Current Employer notifies the Trustee within such time period, it shall be deemed (irrespective of any subsequent notification) that the Current Employers accept the Actuarial Assumptions and calculation;
- (b) the relevant Current Employer(s) shall provide reasoning for the non-acceptance;
- (c) as soon as practicable (and in any event no later than fifteen Business Days) after receipt of any non-acceptance notification, the Current Employers and the Trustee shall use reasonable endeavours to agree the amount of the Notional Section 75 Debts; and
- (d) if the Current Employers and the Trustee are unable to resolve all differences of views on the Actuarial Assumptions used and the calculation of the Notional Section 75 Debts within fifteen Business Days, or such longer period as the relevant Parties may agree following receipt by the Trustee of a non-acceptance notification from the Current

Employers, then the matter in dispute may, at the instigation of either the Current Employers (or any one or more of them) or the Trustee, be referred to the Independent Actuary.

4.9 The Independent Actuary shall:

- (a) (if the Actuarial Assumptions are disputed) determine whether the Actuarial Assumptions are reasonable; and/or
- (b) (if the calculations and/or Base Data are disputed) determine whether there is manifest error in the calculations and/or Base Data.

4.10 Following his determination in clause 4.9 above, the Independent Actuary shall determine the amounts of the Notional Section 75 Debts:

- (a) (if he determines the Actuarial Assumptions to be unreasonable) by changing the Actuarial Assumptions used to the minimum extent necessary, in his opinion, to make them reasonable and adjusting the calculated amounts so that they have been calculated in accordance with such revised Actuarial Assumptions; and/or
- (b) (if he determines that the calculations and/or Base Data include a manifest error), by adjusting the calculated amounts in order for them to be calculated in accordance with the correct Base Data and Actuarial Assumptions (whether or not adjusted under clause (a) above),

or if he does not determine that the Actuarial Assumptions are unreasonable or that the calculations and/or Base Data include a manifest error, by confirming the amounts calculated by the Actuary.

4.11 Any decision of the Independent Actuary shall be final and binding on all concerned and shall be given by him as an expert and not as an arbitrator. The Current Employers and the Trustee shall provide all information within their respective possession or control to the Independent Actuary as he may reasonably request in writing in order to reach his decision on the Notional Section 75 Debts. The expenses of the Independent Actuary (if any) shall be borne equally by the Current Employers.

4.12 Following the earlier of:

- (a) none of the Current Employers advising the Trustee that they consider the Actuarial Assumptions to be unreasonable or that there is a manifest error in the calculation of one or more of the Notional Section 75 Debts under clause 4.8(a) above; or
- (b) any dispute notified to the Trustee in accordance with clause 4.8(a) being resolved by agreement between the Current Employers and the Trustee as set out in clause 4.8 above (but not, for the avoidance of doubt, if clause 4.9 applies),

the Trustee shall procure that the Actuary certifies the amount of each of the Notional Section 75 Debts as soon as practicable and shall notify the amount of the total of the Notional Section 75 Debts to the Current Employers.

## **5. ONGOING PAYMENTS**

5.1 Following calculation and certification by the Actuary (or determination by the Independent Actuary) of the amount of the Notional Section 75 Debts under clause 4, the amount of the Notional Section 75 Debts so calculated and certified (or determined) shall form the basis for the Trustee's claim to receive payments on a pro rata basis to those of the other compromised creditors under the creditors' schemes of arrangement, the payment or payments under the TLG Compromise or payments under the other compromises forming part of Plan A or Plan B, as set out in this clause 5.

5.2 If Plan A becomes effective in accordance with its terms, the Trustee will be entitled to receive:

- (a) payments under the Cattles Scheme Document as a Cattles Scheme Creditor (in respect of the Company Claim only);
- (b) payments under the WFSL Scheme Document as a WFSL Scheme Creditor (in respect of the WFSL Claim only); and
- (c) a payment or payments (as applicable) from TLG under the TLG Compromise and subject to the relevant terms (in respect of the TLG Claim only).

5.3 If Plan B becomes effective in accordance with its terms, the Trustee will prove for the amount of the Notional Section 75 Debt attributable to the Company and any other expenses attributable to the Company pursuant to the Employer Debt Regulations (save to the extent that such expenses have already been taken into account in the calculation of the Notional Section 75 Debt) in the Company's administration and will receive:

- (a) payments under the WFSL Scheme Document as a WFSL Scheme Creditor (in respect of the WFSL Claim only); and
- (b) a payment or payments (as applicable) from TLG under the TLG Compromise and subject to the relevant terms (in respect of the TLG Claim only).

5.4 For the avoidance of doubt, the WFSL Claim shall be an amount owed to the Trustee for the purposes of the definition of “Pension Claim” in the WFSL Scheme Document and the Company Claim shall be an amount owed to the Trustee for the purposes of the definition of “Pension Claim” in the Cattles Scheme Document.

## **6. FULL AND FINAL SETTLEMENT**

6.1 Subject to:

- (a) this Deed becoming unconditional in all respects under clause 2;
- (b) the due carrying out of the actions envisaged in clause 3.1; and
- (c) the terms of clause 6.3 below,

the Trustee:

- (i) accepts the payments due to it under clause 3.1(a) in full and final settlement of all its and the Scheme’s rights and claims (other than those under this Deed or any document to be entered into pursuant to this Deed) known or unknown, arising before or after the date of this Deed in respect of the Scheme, the Trust Deed and Rules or otherwise howsoever against the Current Employers, the Former Employers or any other employer (past, present or future) other than Newco, or against any of their respective past, present or future directors, officers, employees, advisers, agents or shareholders; and
- (ii) hereby releases each member of the Group absolutely from all liabilities, claims and demands of any nature whatsoever, whether actual or contingent, whether in contemplation or not, known or unknown, which it may have (including, without limitation, any claims under section 75 or 75A of the Pensions Act 1995 or under the Trust Deed or the Rules) to the Trustee or in relation to the Scheme (other than those under this Deed or any document to be entered into pursuant to this Deed).

6.2 Without prejudice to its rights under this Deed, the Trustee hereby acknowledges and agrees that neither it nor the Scheme shall now or hereafter bring or seek to assert any claim or counterclaim against the Current Employers (other than under clauses 4 and 5 of this Deed or any document to be entered into pursuant to this Deed), the Former Employers or any other employer (past, present or future) other than Newco, or against any of their respective past, present or future directors, officers, employees, advisers, agents or shareholders, under or in relation to the Scheme.

6.3 The Trustee and the Current Employers agree that the only claims the Trustee shall have against them are those arising under clauses 4 and 5 of this Deed and all further payments made to the Scheme by the Current Employers shall be made under the terms of this Deed and not in the capacity of “employer” in the Scheme for any purpose. For the avoidance of doubt, the claims arising under clauses 4 and 5 of this Deed (save for the Trustee’s ability to prove for the amount of the Notional Section 75 Debt and other expenses attributable to the Company in the Company’s administration as envisaged by clause 5.3 if Plan B becomes effective in accordance with its terms) shall be released upon the date on which:

- (a) if Plan A becomes effective in accordance with its terms, the claims of the Cattles Scheme Creditors, the WFSL Scheme Creditors and the TLG Creditors (or the Trustee as applicable) are released under the terms of the Cattles Scheme Document, the WFSL Scheme Document and the TLG Compromise respectively.
- (b) if Plan B becomes effective in accordance with its terms, the claims of the WFSL Scheme Creditors and the TLG Creditors (or the Trustee as applicable) are released under the terms of the WFSL Scheme Document and the TLG Compromise respectively.

6.4 It is agreed that this clause 6 is intended to benefit and may be enforced by all members of the Group (present or future), whether or not they are a party to this Deed.

6.5 For the avoidance of doubt, the Parties acknowledge that Newco is to be used only as a means to maintain the eligibility of the Scheme to enter the Pension Protection Fund under The Pension Protection Fund (Entry Rules) Regulations 2005 and The Pension Protection Fund (Multi-employer Schemes) (Modification) Regulations 2005 and that Newco has not (save under a Deed of Indemnity between Newco and WFSL dated 5 August 2010), and will never have, any funds or assets available to meet any liability it may have to or in respect of the Scheme.

## **7. LOCK-UP**

7.1 Subject to the conditions precedent in clauses 2.1(a), 2.1(b), 2.1(c), 2.1(d), 2.1(f) and 2.1(g) having been fulfilled, the Trustee irrevocably undertakes to:

- (a) vote, or instruct any proxy appointed by it to vote, (i) in favour of the WFSL Creditor Scheme and, if applicable, the Cattles Creditor Scheme and (ii) in favour of any reasonable amendment, waiver, consent or other proposal as may be

reasonably necessary for the implementation of the WFSL Creditor Scheme and, if applicable, the Cattles Creditor Scheme on terms consistent with the forms set out in Schedule 9 ;

- (b) execute the final form (or agreed form, as applicable) of the TLG Compromise, provided that all the conditions to this Agreement have been satisfied apart from:
  - (i) under Plan A, the condition in clause 2.1(e)(iii) (the TLG Compromise becoming effective); or
  - (ii) under Plan B, the condition in clause 2.1(e)(vii) (the TLG Compromise becoming effective); and
- (c) take all actions which it is reasonably required to take in order to support, facilitate, implement or otherwise give effect to the WFSL Creditor Scheme, the TLG Compromise and, if applicable, the Cattles Creditor Scheme.

## **8. ASSIGNMENT**

8.1 No Party shall, or shall purport to:

- (a) assign, whether absolutely or by way of security, all or any part of its rights or benefits under this Deed to any third party; or
- (b) assign, transfer, delegate or subcontract any of its duties, liabilities or obligations under this Deed to any third party,

save that the Trustee may assign all or any part of its rights to the Board of the PPF (in accordance with the Pensions Act 2004) or to a successor as trustee of the Scheme.

## **9. FURTHER ASSURANCES**

9.1 Each Party shall, at the cost of the Party requiring such action (other than in respect of those actions specified in this Deed), take all such further actions and execute all such further documents as the other Parties may from time to time reasonably require in order to give the requesting Party the full benefit of all of the provisions of this Deed.

## **10. COSTS AND PAYMENTS**

10.1 The Current Employers shall pay (or account, as appropriate) to the Scheme (i) the amounts in respect of costs as set out in the Schedule of Contributions and which are referable to the period up to and including the Restructuring Effective Date and (ii) the cessation expenses attributable to the particular Current Employer referred to in clause 3.1(a) and the Regulated Apportionment Arrangement Deed.

10.2 WFSL will meet the costs of the insolvency practitioner appointed on the occurrence of a qualifying insolvency event (as defined in section 127(3), Pensions Act 2004) in respect of Newco, up to a maximum of £10,000 plus VAT. WFSL will also pay the True-up Amount (if any) (as defined in the Escrow Letter).

10.3 Except as otherwise expressly provided in this Deed (including under clause 3.3(h)), each Party shall pay its own costs, charges, and expenses incurred in the negotiation, preparation, execution and implementation of this Deed and the documents referred to in it.

## **11. TRUSTEE DIRECTORS**

11.1 WFSL confirms that, for so long as any director of the Trustee remains an employee of WFSL, WFSL shall permit such director(s) to take a reasonable amount of paid time off work for undertaking their trustee duties.

## **12. NOTICES**

12.1 Any notice or other communication to be made or given under this Deed shall be in writing and may be delivered by hand, facsimile transmission or prepaid registered or recorded delivery post.

12.2 Any such notice or other communication shall be addressed as provided in sub-clause 12.4 and, if so addressed, shall be deemed to have been duly given or made as follows:

- (a) if delivered by hand, on the first Business Day following delivery;
- (b) if sent by facsimile transmission, following transmission shown on the transmission report from the machine from which the facsimile was sent in its entirety to the facsimile number of the recipient; and
- (c) if sent by prepaid registered or recorded delivery post, on the Business Day after posting if the address of the recipient is in the country of despatch, otherwise on the fifth Business Day after posting.

12.3 In proving service, it shall be sufficient to prove that the envelope containing the notice or other communication was properly addressed and delivered either by hand to that address or into the custody of the postal authorities as a prepaid registered or recorded delivery post letter or that the notice or other communication was transmitted by facsimile to the facsimile number of the relevant party specified in this clause.

12.4 The relevant addressee, address and facsimile number of each party for the purposes of this agreement, subject to sub-clause 12.5 are:

<b>Name of Party</b>	<b>Address</b>	<b>Facsimile No.</b>
Cattles plc	Kingston House, Centre 27 Business Park, Woodhead Road, Birstall, Batley, WF17 9TD	01924 442255
Welcome Financial Services Limited	Kingston House, Centre 27 Business Park, Woodhead Road, Birstall, Batley, WF17 9TD	0115 984 9229
The Lewis Group Limited	Rowan House, 70 Buchanan Street, Glasgow, G1 3JF	0870 751 3131
CSP Leeds Limited	Kingston House, Centre 27 Business Park, Woodhead Road, Birstall, Batley, WF17 9TD	020 7173 8585
Cattles Staff Pension Fund Limited	Kingston House, Centre 27 Business Park, Woodhead Road, Birstall, Batley, WF17 9TD	0113 244 6101

12.5 A party may notify the other party/parties to this Deed of a change to its name, relevant addressee, address or facsimile number provided that such notification shall only be effective on:

- (a) the date specified in the notification as the date (being a date not less than five clear Business Days after the date upon which such notification is deemed to be given) on which the change is to take place; or
- (b) if not date is specified or the date specified is less than five clear Business Days after the date on which such notification is deemed to be given, the date falling five clear Business Days after notice of any such change is deemed to be given.

### **13. WHOLE AGREEMENT**

13.1 This Deed (together with all documents which are required by its terms to be entered into by the Parties or any of them and all other documents which are in the agreed form and are entered into by the Parties or any of them in connection with this Deed) sets out the whole agreement between the Parties relating to the subject matter of this Deed and supersedes any prior agreement (whether oral or written) relating to the subject matter of this Deed.

13.2 It is agreed that:

- (a) no Party shall have any claim or remedy in respect of any statement, representation, warranty or undertaking, made by or on behalf of any other Party in relation to the subject matter of this Deed which is not expressly set out in this Deed (and any document referred to in it). The Trustee acknowledges that neither the Company nor the Participating Employers nor any person on their behalf (including any officer of either of them) is under any duty (save as set out in this Deed or any document, to be entered into in connection with this Deed) to disclose any fact, matter or future intention relating to the Company or any member of its Group, their assets, liabilities, profits or losses; and
- (b) except for any liability in respect of a breach of this Deed or any document referred to in it, no Party shall owe any duty of care or have any liability in tort or otherwise to any other Party in relation to the subject matter of this Deed.

13.3 This clause 13 shall not exclude any liability for, or remedy in respect of, fraudulent misrepresentation.

### **14. WAIVERS, RIGHTS AND REMEDIES**

14.1 No failure or delay by any Party in exercising any right or remedy provided by law or under this Deed (or any document referred to in it) shall impair such right or remedy or operate or be construed as a waiver or variation of it or preclude its exercise at any subsequent time and no single or partial exercise of any such right or remedy shall preclude any further exercise of it or the exercise of any other remedy.

## **15. COUNTERPARTS**

15.1 This Agreement may be executed in any number of counterparts, and by each party on separate counterparts. Each counterpart is an original, but all counterparts shall together constitute one and the same instrument. Delivery of a counterpart of this Agreement by e-mail attachment or telecopy shall be an effective mode of delivery.

## **16. VARIATIONS**

16.1 No variation of this Deed shall be valid unless it is in writing and signed by or on behalf of each of the parties to this Deed. Such variation need not be executed as a deed.

16.2 The rights of the Parties to agree any variation under this Deed are not subject to the consent of any person that is not a party to this Deed, save that any variation made after the Restructuring Effective Date that would:

- (a) result in an increase in the quantum of the claim of the Trustee against WFSL under clause 4; or
- (b) result in WFSL having an additional or continuing liability to the Fund that is not currently envisaged by this Deed,

in circumstances where that amendment would have a detrimental impact on the rights of the WFSL Scheme Creditors (other than the Trustee) in the WFSL Creditor Scheme shall require the prior written consent of the Scheme Supervisor (as defined in the WFSL Scheme Document).

## **17. INVALIDITY**

17.1 Each of the provisions of this Deed is severable. If any such provision is held to be or becomes invalid or unenforceable in any respect under the law of any jurisdiction, it shall have no effect in that respect and the parties shall use all reasonable efforts to replace it in that respect with a valid and enforceable substitute provision the effect of which is as close to its intended effect as possible.

## **18. NO THIRD PARTY ENFORCEMENT RIGHTS**

18.1 Save in respect of any member of the Group (present or future) and as set out in clause 18.3 below, this Deed is not intended to, nor shall it, create any rights, entitlements, claims or benefits enforceable by any person that is not a party to it. No other person shall derive any benefit or have any rights, entitlement or claim in relation to this Deed by virtue of the Contracts (Rights of Third Parties) Act 1999.

18.2 Each such member of the Group (present or future) shall be entitled to enforce this Deed as if it had been a party to this Deed (but subject to clause 16).

18.3 Notwithstanding clause 18.1, the Scheme Supervisor (as defined in clause 16.2) shall be entitled to enforce the provisions of clause 16.2.

## **19. OVERRIDING EFFECT OF THIS DEED**

19.1 The provisions of this Deed shall have overriding effect and, to the extent that any of the provisions in this Deed are inconsistent with the terms of the Trust Deed and Rules, the provisions of this Deed shall prevail.

19.2 The Trustee will procure that the Actuary gives an opinion that the alterations to the Trust Deed and Rules made by this Deed do not substantially prejudice the rights and interest of any person already a Member (as defined in the Trust Deed and Rules) at the date of such alterations or alter the scale of contributions or pensions.

19.3 The Trust Deed and Rules shall be considered to be amended accordingly.

## **20. GENERAL**

20.1 The obligations and liabilities of the Current Employers under this Deed are entered into by each of them severally. The liability of each Current Employer under this Deed shall extend only to any loss or damage or any breach by it under this Deed.

20.2 This Deed shall be binding on each of the Parties and their respective successors and personal representatives.

20.3 This Deed is delivered by each party when (and shall not have effect until) it is dated.

20.4 This Deed is governed by, and shall be interpreted according to, the laws of England. The English courts shall have exclusive jurisdiction in relation to all disputes arising out of or in connection with this Deed, including disputes arising out



of or in connection with: (i) the creation, validity, effect, interpretation, performance or non-performance of, or the legal relationships established by, this Deed; and (ii) any non-contractual obligations arising out of or in connection with this Deed. For such purposes each party irrevocably submits to the jurisdiction of the English courts.

20.5 The Parties confirm for the purposes of section 82(3) of the Pensions Act 2004 that they (and their advisers) consent to the Company disclosing a copy of any warning notice or draft warning notice received from the Pensions Regulator in connection with the clearance application referred to in clause 2.1(b) to the key financial creditors of the Group (and their advisers) (the *Authorised Recipients*) on a confidential basis, provided that if the warning notice contains any advice provided to the Trustees by PKF (UK) LLP any Authorised Recipient shall have first signed a “hold harmless” letter in a form reasonably required by PKF (UK) LLP (save that such “hold harmless” letter shall not require indemnities to be given by the Authorised Recipients).

20.6 The Trustee confirms that the Current Employers may provide copies of any documentation provided to them under clause 4 to the Authorised Recipients (as defined in clause 20.5 above) on a confidential basis.

20.7 For the avoidance of doubt, the Parties confirm that:

- (a) on Plan A becoming effective as defined in this Deed, Plan A shall also be deemed to become effective for the purposes of (and as defined in) the Escrow Letter; and
- (b) on Plan B becoming effective as defined in this Deed, Plan B shall also be deemed to become effective for the purposes of (and as defined in) the Escrow Letter,

notwithstanding, in either case, any difference in the definitions of Plan A and Plan B in this Deed and the Escrow Letter.

20.8 WFSL, TLG and the Trustee agree that, subject to receiving written agreement from Wrigleys Solicitors LLP, paragraph 21 of the Escrow Letter shall be amended by replacing “31 March 2011” with “30 June 2011”.

20.9 Notwithstanding any other provision in this Deed (including, for the avoidance of doubt but without limitation to the generality of the foregoing, clauses 3.3(c), 3.3(d), 6.1 and 6.2), nothing in this Deed shall operate to compromise or otherwise reduce any debt due to the Scheme under section 75 or 75A of the Pensions Act 1995 (save for those due from the Company, WFSL and/or TLG in Plan A and WFSL and/or TLG in Plan B) to the extent that such compromise or reduction would cause the Scheme to cease to be an eligible scheme under Regulation 2(2) of the Pension Protection Fund (Entry Rules) Regulations 2005.

**IN WITNESS** whereof this document has been executed as a deed the day and year first above written

**SCHEDULE 1**

**Deed of Alteration**

**DATED 2010**

**(1) CATTLES STAFF PENSION FUND LIMITED**

**(2) CATTLES PLC**

---

**DEED OF ALTERATION (C)**

**relating to**

**Cattles Staff Pension Fund**

---

**(Note: Actuary's opinion needed: – see clause 13 (a) of the Trust Deed)**

**BETWEEN:**

- (1) **CATTLES STAFF PENSION FUND LIMITED** (company number 3444694) registered office Kingston House, Centre 27 Business Park, Woodhead Road, Birstall, Batley, WF17 9TD (the *Trustee*)
- (2) **CATTLES PLC** (company number 543610) registered office Kingston House, Centre 27 Business Park, Woodhead Road, Birstall, Batley, WF17 9TD (the *Company*)

**BACKGROUND**

- (A) This deed relates to the Cattles Staff Pension Fund (the *Scheme*) which was established by a trust deed dated 20 August 1952.
- (B) This deed is supplemental to a Deed of Variation, Removal and Appointment dated 2 April 1996 which adopted the trust deed and rules (the *Trust Deed* and *Rules* respectively) which currently govern the Scheme (as amended from time to time).
- (C) The Trustee is the current trustee of the Scheme. The Company, together with Welcome Financial Services Limited (*WFSL*), The Lewis Group Limited (*TLG*) and CSP Leeds Limited (*Newco*) are all Employers participating in the Scheme.
- (D) By Clause 13 of the Trust Deed, the Trustees, with the consent of the Company, may by deed or written instrument alter, modify or add to all or any of the provisions of the Trust Deed and the Rules, subject as set out in Clause 13.
- (E) The Trustee, with the consent of the Company, wishes to alter the Trust Deed in the manner set out in the Schedule to this deed in connection with a proposed restructuring of the Company and its subsidiaries. As part of such restructuring, it is proposed that the liabilities of each of the Company, WFSL and TLG, including their debts under Section 75 and Section 75A of the Pensions Act 1995, will be compromised as described in a deed entered into by the Company, WFSL, TLG, Newco and the Trustee dated [●] (as amended by a deed of variation dated [●]) (the *Compromise Deed*). It is intended that the restructuring, and the compromise described above, will be effected when either Plan A or Plan B (as defined in the Compromise Deed) become effective in accordance with their terms.
- (F) The alterations to the Trust Deed set out in the Schedule to this Deed are made in compliance with the provisions of Clause 13.
- (G) The Actuary has given an opinion that the alterations to the Trust Deed made by this deed do not substantially prejudice the rights and interest of any person already a Member at the date of such alterations or alter the scale of contributions or pensions. A copy of that opinion is attached to this deed.

**OPERATIVE PROVISIONS**

1. This deed replaces the Deed of Alteration (C) dated 19 November 2010 between the Company and the Trustee which shall have no effect.
2. In exercise of the power conferred by Clause 13 of the Trust Deed and every other power so enabling it, the Trustee, with the consent of the Company, alters the Trust Deed in the manner set out in the Schedule to this deed with effect from the date of this deed.
3. Save where indicated within the terms of this deed, the words and phrases used in this deed have the same meaning as in the Trust Deed and Rules.
4. If any term or provision in this deed shall be held to be illegal or unenforceable, in whole or in part, under any enactment or rule of law, such term or provision shall to that extent be deemed not to form part of this deed but the validity and enforceability of the remainder of the terms and provisions of this deed shall not be affected.
5. This deed is governed and is to be interpreted in accordance with the laws of England.
6. This deed may be executed in as many parts as there are signatories to it. When each signatory has executed at least one part of this deed, it shall be as effective as if all of the signatories had executed all the parts of it. Each part of this deed may be treated as an original of this deed.
7. This deed is delivered by each party when (and shall not have effect until) it is dated.

## SCHEDULE

1. The following new definition shall be inserted into clause 1.1:

““Compromise Deed” means the Compromise Deed dated [●] (as amended by a deed of variation dated [14 December 2010]) entered into by the Company, the Trustees and certain of the Employers”

2. Clause 16.2 shall be deleted and replaced with the following new clause 16.2:

“If either:

- (a) the Company terminates the liability of all the Employers in exercise of the power contained in clause 16.1(a) or
- (b) the Company terminates its liability in respect of all its present or former employees in exercise of the power contained in clause 16.1(b),

then (subject as below) every Employer’s liability to pay contributions in respect of benefits conferred on all its present or former employees shall terminate, the Scheme shall thereupon be determined and the provisions of clause 18 shall apply, PROVIDED ALWAYS that if the Trustees in their absolute discretion think fit (at any time within six months after such termination), the Scheme shall not be determined but the Fund shall be continued as a closed fund subject to the then existing Rules (unless amended in accordance with clause 13) until the Trustees in their absolute discretion decide to determine the Scheme. Nevertheless, the liability of the Employers under the Scheme shall be terminated except in respect of any amounts due on or before the date upon which the notice takes effect. For the avoidance of doubt, this clause 16.2 shall not apply on Cattles plc (company number 543610), for itself and on behalf of the Participating Employers and the Former Employers (each as defined in the Compromise Deed), terminating their liability as envisaged under the Compromise Deed.”

3. Clause 16.3 shall be deleted and replaced with the following new clause 16.3:

“If any of the Employers (or the Company on its behalf), other than the Company, terminates its liability in respect of all its present and former employees in exercise of the power contained in clause 16.1 (b), any employees who are in Pensionable Service or Service of the Employer at the date that the notice required by clause 16.1 takes effect who do not then become employees in Pensionable Service or Service of another Employer shall be treated as having left employment of an Employer on the date of the expiry of the notice”.

4. Clause 16.4 shall be deleted and replaced by the following new clause 16.4:

“If the Company or any other Employer (or the Company on its behalf) terminates its liability in respect of one or more but not all of its present employees in exercise of the power conferred by clause 16.1 (b), the employees who are in Pensionable Service or Service of the Employer, referred to in the notice required to be given under clause 16.1 shall be treated as having left employment of an Employer on the date of the expiry of the notice”.

5. Clause 17.3 shall be deleted and replaced with the following new clause 17.3:

“If any of the Employers goes into liquidation or (if a firm) is dissolved, any employees who are in Pensionable Service or Service of the Employer at the date of liquidation or dissolution who do not (on such date within two months of such liquidation or dissolution as the Company shall determine) become employees in Pensionable Service or Service of another Employer shall be treated as having left employment of an Employer on the date of liquidation or dissolution”.

6. Clause 17.4 shall be deleted and replaced with the following new clause 17.4:

“If an Employer ceases to be an Associate of the Company then that Employer will immediately cease to participate in the Scheme and any employees in Pensionable Service or Service of that Employer at the date of such cessation who do not (on such date within two months of such cessation as the Company shall determine) become employees in Pensionable Service or Service of another Employer shall be treated as having left employment of an Employer on the date of such cessation”.

7. Clause 18.1 shall be altered as follows:

- (a) By the deletion of the first sentence and its replacement with the following sentence:

“If the Scheme shall at any time be determined in accordance with the terms of the Trust Deed and Rules, the Trustees shall give notice of such determination to all Persons affected”.

- (b) By the deletion of the third sentence and its replacement with the following sentence:

“The Fund shall, after payment of all costs, charges and expenses attributable thereto, be applied by the Trustees:”.

- (c) From the paragraph headed “SECONDLY”, delete the words:

“or out of that part of the Fund relating to the Persons affected,” and

from the next paragraph delete the words:  
or the said part thereof’.

8. Clauses 18.3, 18.4 and 18.5 shall be deleted.

**EXECUTED as a DEED** by **CATTLES STAFF PENSION FUND LIMITED** acting by two directors/a director and the secretary

Signature of Director: \_\_\_\_\_

Print name: \_\_\_\_\_

Signature of Director/Secretary: \_\_\_\_\_

Print name: \_\_\_\_\_

**EXECUTED as a DEED** by **CATTLES PLC**  
acting by two directors/a director and the secretary/a director in the presence of a witness

Signature of Director: \_\_\_\_\_

Print name: \_\_\_\_\_

Witness: \_\_\_\_\_

Witness full name: \_\_\_\_\_

Witness address: \_\_\_\_\_

**Actuary's opinion**

## SCHEDULE 2

### Clearance applicants

#### List of Applicants and details

##### Part A: Company Applicants

##### 1. The Company and its subsidiaries (save for those listed in Parts B and C)

Company name	Registration number	Relationship to Cattles Staff Pension Fund (if any)
Cattles plc	543610	Principal employer
C L Finance Limited	1108021	
Cash Flow Services Limited	4573036	
Cattles Holdings Limited	5976786	
Cattles Properties (Ruddington) Limited	4681891	
Cattles Provident Trust Limited	512228	
Cattles Trustee Limited	2998215	
Compass Credit Limited	235117	
Dial4aloan Limited	3958533	
Ewbanks Mail Order Limited	457490	Former employer – see correspondence and Trustee resolution at Appendix 16
Lewis Debt Services Limited	SC237628	
Lewis Group (Holdings) Limited	SC154199	
Lewis Investigation Services Limited	SC237516	
Moneytopia Limited	652955	
Moneytopia Bank Limited	215285	
Progressive Finance Company Limited*	106370C	
Progressive Financial Services Limited	1682540	Former employer – see correspondence and Trustee resolution at Appendix 16
Progressive Holdings Limited*	103524C	
Progressive Insurance Brokers Limited	4523449	
Progressive Insurance Company Limited*	103523C	
Recordpoint Limited	2906681	
Scottish Bureau of Investigation Limited	SC76285	
Shopacheck Financial Services Limited	7067456	
Shopacheck Limited	274611	Former employer – see correspondence and Trustee resolution at Appendix 16
Statusclaim Limited	2903444	
Supremeaccess Limited	2913219	
The Lewis Group Limited	SC127043	Participating employer
UK Debt Defaulters Register Limited	SC170934	
Welcome Car Finance Limited	4495923	
Welcome Finance Group Limited	6327124	
Welcome Finance Limited	4571109	
Welcome Financial Services Limited	133540	Participating employer
Welcome Insurance Services Limited	2230654	
Welcome Mortgages Limited	1974074	

Company name	Registration number	Relationship to Cattles Staff Pension Fund (if any)
Welcome Retail Services Limited	226015	Former employer – see correspondence and Trustee resolution at Appendix 16
Westernissue Limited	2930977	

---

\* denotes Isle of Man registered company



## 2. Directors

Name	Position	Company
Mrs Margaret Young	Executive Chairman	Cattles plc
	Director	Shopacheck Financial Services Limited, Welcome Financial Services Limited, Lewis Group (Holdings) Limited, The Lewis Group Limited and C L Finance Limited
Mr Robert East	Managing Director	Cattles plc
	Director	All companies listed above save for the following: Cattles Trustee Limited Shopacheck Financial Services Limited Welcome Financial Services Limited
Mr Paul Felton-Smith	Group Finance Director	Cattles plc, Welcome Financial Services Limited, Lewis Group (Holdings) Limited, The Lewis Group Limited and C L Finance Limited
Mr Frank Dee	Non-executive Director	Cattles plc, Cattles Trustee Limited and Welcome Financial Services Limited
Mr Alan McWalter	Non-executive Director	Cattles plc and Cattles Trustee Limited
Mr David Haxby	Non-executive Director	Cattles plc and Cattles Trustee Limited
Mr Roland Todd	Company Secretary	All companies listed above
Mr David Lovett	Non-executive Director	Welcome Financial Services Limited
Mr David Berry	Managing Director	C L Finance Limited; Lewis Group (Holdings) Limited and The Lewis Group Limited
Dr Roger William Lucas	Director	C L Finance Limited, Lewis Group (Holdings) Limited and The Lewis Group Limited
Ms Elisabeth Kendray	Director	C L Finance Limited, Lewis Group (Holdings) Limited and The Lewis Group Limited
Mr Michael Craig Farey <sup>6</sup>	Director	C L Finance Limited, Lewis Group (Holdings) Limited and The Lewis Group Limited
Mr Mark Bardsley	Director	Shopacheck Financial Services Limited (and Cattles Staff Pension Fund Limited – see below)
Mr Nicholas Illingworth	Director	Shopacheck Financial Services Limited (and Cattles Staff Pension Fund Limited – see below)

Name	Position	Company
Mr Jamie Drummond-Smith	Director	All companies listed above save for the following: C L Finance Limited Cattles plc Cattles Trustee Limited Lewis Group (Holdings) Limited Shopacheck Financial Services Limited The Lewis Group Limited
Mr Colin Anderson	Director	Progressive Insurance Company Limited, Progressive Holdings Limited and Progressive Finance Company Limited
[Mr Martin Cooke] <sup>7</sup>	Proposed director	Welcome Finance Group Limited

<sup>6</sup> Due to resign on 4 November 2010

<sup>7</sup> To be confirmed.

### 3. Other

Name	Position	Company
Mr Mike Norgrove	Former employee	Welcome Financial Services Limited
Ms Laura Barlow	Former director	Welcome Financial Services Limited
Mr Jonathan Briggs	Current employee	Welcome Financial Services Limited
Mr Jon Park	Current consultant	Welcome Financial Services Limited

### **Part B: Newco Applicants**

Company Name	Registration number if applicable / Position	Company
CSP Leeds Limited	7222034	Participating employer
Mr Robin Johnson	Director	Director of participating employer
Amerial Limited	05436719	Service company providing Robin Johnson's services to CSP Leeds Limited

### **Part C: Bidco Applicants and Holdco Applicants**

Company Name	Registration number if applicable / Position	Relationship to Cattles Staff Pension Fund (if any)
Bovess Limited	07366975	Proposed new owner of the Company (or WFSL)
Bovess Holding Limited	07366959	Holding company of Bovess Limited
Structured Finance Management Limited ( <i>SFM</i> )	3853947	Share trustee
SFM Corporate Services Limited ( <i>SFMCSL</i> )	3920255	Owner of share trustee
Mr Robert Berry	Director of the four companies above	
Mr Jonathan Keighley	Director of the four companies above	
Ms Jocelyn Coad	Director of the four companies above	

Company Name	Registration number if applicable / Position	Relationship to Cattles Staff Pension Fund (if any)
Ms Helena Whitaker	Bidco and Holdco Company Secretary	
Mr James Macdonald	Director of SFM and SFMCSL	
Mr John Paul Nowacki	Director of SFM and SFMCSL	
Mr Vinoy Nursiah	Director of SFM and SFMCSL	
Ms Claudia Wallace	Director of SFM and SFMCSL	
Mr Alexander Ohlsson	Director of SFM	

**SCHEDULE 3**

**Notices to trigger section 75 debts and to terminate liability under the Trust Deed and Rules**

**PART A**

*[Employer letterhead]*

Cattles Staff Pension Fund Limited  
Kingston House Centre 27 Business Park  
Woodhead Road  
Birstall, Batley West Yorkshire WF17 9TD

[Date]

Dear Sirs

**Compromise Deed between Cattles plc, Welcome Financial Services Limited, The Lewis Group Limited, CSP Leeds Limited and the Trustee, dated [●] (the *Compromise Deed*)**

**Notices:**

**(1) to trigger the Company's section 75 debt; and**

**(2) to terminate the liability of the Company, the Participating Employers and Former Employers to pay any further contributions or payments to the Trustee (or any of its officers or directors in their capacity as such) or the Scheme under the Trust Deed and Rules by Cattles plc (the *Company*) for itself and on behalf of the Participating Employers and Former Employers**

Terms defined in the Compromise Deed shall bear the same meaning when used in this notice.

The Company hereby gives notice to the Trustee:

1. for the purposes of regulation 9(4) of the Employer Debt Regulations, such that an employment-cessation event (as defined in those Regulations) shall be treated as having occurred (to the extent that it can be so treated) with effect from immediately prior to Plan A or Plan B, as applicable, becoming effective in accordance with their terms; and
2. to terminate its liability and the liability of the Participating Employers and Former Employers to pay contributions in respect of benefits conferred upon all their present or former employees under the Scheme, in accordance with clause 16.1 of the Trust Deed, with effect upon the due carrying out of the actions envisaged in clause 2 and sub-clause 3.1 of the Compromise Deed.

Yours faithfully

\_\_\_\_\_”

**PART B**

[*Employer letterhead*]

Cattles Staff Pension Fund Limited  
Kingston House Centre 27 Business Park  
Woodhead Road  
Birstall, Batley  
West Yorkshire WF17 9TD

[Date]

Dear Sirs

**Compromise Deed between Cattles plc, Welcome Financial Services Limited, The Lewis Group Limited, CSP Leeds Limited and the Trustee, dated [●] (the *Compromise Deed*)**

**Notice to trigger section 75 debt by [Welcome Financial Services Limited]/[The Lewis Group Limited] (the *Company*)**

Terms defined in the Compromise Deed shall bear the same meaning when used in this notice.

The Company hereby gives notice to the Trustee for the purposes of regulation 9(4) of the Employer Debt Regulations, such that an employment-cessation event (as defined in those Regulations) shall be treated as having occurred with effect from immediately prior to Plan A or Plan B, as applicable, becoming effective in accordance with their terms.

Yours faithfully

For and on behalf of [Welcome Financial Services Limited]/[The Lewis Group Limited]

**SCHEDULE 4**

**Regulated Apportionment Arrangement Deed**

**DATED 2010**

- (1) CATTLES PLC**  
**(2) WELCOME FINANCIAL SERVICES LIMITED and**  
**THE LEWIS GROUP LIMITED**  
**(4) CSP LEEDS LIMITED**  
**(5) CATTLES STAFF PENSION FUND LIMITED**

---

**REGULATED APPORTIONMENT ARRANGEMENT  
DEED  
CATTLES STAFF PENSION FUND**

---



**FRESHFIELDS BRUCKHAUS DERINGER**

Freshfields Bruckhaus Deringer LLP

THIS DEED is made this                      day of                      2010

**BETWEEN :**

- (1) **CATTLES PLC** (company number 543610) whose registered office is at Kingston House, Centre 27 Business Park, Woodhead Road, Birstall, Batley, WF17 9TD (the *Company*);
- (2) **WELCOME FINANCIAL SERVICES LIMITED** (company number 133540) whose registered office is at Kingston House Centre 27, Business Park, Woodhead Road, Birstall, Batley, West Yorkshire WF17 9TD; and **THE LEWIS GROUP LIMITED** (company number SC127043) whose registered office is at Rowan House, 70 Buchanan Street, Glasgow, G1 3JF (the *Participating Exiting Employers*);
- (3) **CSP LEEDS LIMITED** (company number 7222034) whose registered office is at Kingston House Centre 27, Business Park, Woodhead Road, Birstall, Batley, West Yorkshire WF17 9TD (*Newco*); and
- (4) **CATTLES STAFF PENSION FUND LIMITED** (company number 3444694) whose registered office is at Kingston House, Centre 27 Business Park, Woodhead Road, Birstall, Batley, WF17 9TD (the *Trustee*).

**WHEREAS:**

(A) This Deed relates to the Cattles Staff Pension Fund (the *Scheme*) which was established by a trust deed dated 20 August 1952.

(B) This Deed is supplemental to a Deed of Variation, Removal and Appointment dated 2 April 1996 which adopted the trust deed and rules (the *Trust Deed* and *Rules* respectively), which currently govern the Scheme (as amended from time to time).

(C) The Scheme is a multi-employer scheme for the purposes of section 75A of the Pensions Act 1995.

(D) The Trustee is the current trustee of the Scheme.

(E) The Participating Exiting Employers participate in the Scheme. The Company is the ultimate parent company of the Participating Exiting Employers (together, including the Company, the *Exiting Employers*). It is proposed that the liabilities of the Exiting Employers, including their Section 75 Debts (as defined below), and any liability for any cessation expenses, will be compromised as described in a Deed entered into by the Company, the Participating Exiting Employers, Newco and the Trustee dated [●] (as amended by a deed of variation dated [●]) (the *Compromise Deed*).

(F) Before this Deed comes into effect (upon Plan A or Plan B (as defined in the Compromise Deed), as applicable, becoming effective in accordance with their terms), the Company and the Participating Exiting Employers will give notice to the Trustee for the purposes of regulation 9(4) of the Occupational Pension Schemes (Employer Debt) Regulations 2005 (as amended) (the *Employer Debt Regulations*) in order to trigger their Section 75 Debts (as defined below) immediately before this Deed comes into effect (to the extent that such debt or debts have not already been triggered).

(G) The Company and the Trustee agree that a regulated apportionment arrangement (as defined in the Employer Debt Regulations) should be implemented in respect of the Exiting Employers, and that such arrangement should be effected pursuant to the power contained in clause 19 of the Trust Deed.

(H) The arrangement set out in this Deed (the *Arrangement*) is intended to be within the requirements for a regulated apportionment arrangement to provide that the Exiting Employers' share of the difference under Regulation 6(2)(b) of the Employer Debt Regulations shall be a regulated apportionment arrangement share of £1 each.

(I) The Trustee and the Company agree that the Arrangement is in accordance with the Employer Debt Regulations and in particular that it is in accordance with Regulation 6(4)(a) and satisfies the conditions in Regulation 7A(1)(a) to (d), because:

- a. the Trustee is of the opinion that there is a reasonable likelihood of an assessment period commencing in relation to the Scheme within the twelve months following the date this Deed takes effect;
- b. the Trustee and Newco agree to the Arrangement;
- c. the Arrangement has been approved by the Pensions Regulator by issuing a notice of approval; and
- d. the PPF has confirmed that it does not object to the Arrangement.

(J) The Arrangement, being a regulated apportionment arrangement, falls within Regulation 2(4)(b) of the Pension Protection Fund (Entry Rules) Regulations 2005 and is not intended to or anticipated to compromise a debt in a way that would render the Scheme ineligible for entry into the Pension Protection Fund.

## IT IS AGREED THAT

### 1. INTERPRETATION

In this Deed, the following terms shall have the respective meanings ascribed to them below, unless the context requires otherwise:

*assessment period* has the same meaning as in the Employer Debt Regulations;

*employment-cessation event* has the same meaning as in the Employer Debt Regulations and in relation to the Exiting Employers means their cessation of participation in the Scheme following notice to the Trustee, as referred to in recital (F) above;

*Exit Amount* means the amount specified in clause 3.1(a) below;

*Exiting Employers* means the Company and the Participating Exiting Employers;

*regulated apportionment arrangement* has the same meaning as in the Employer Debt Regulations;

*regulated apportionment arrangement share* has the same meaning as in the Employer Debt Regulations;

*Restructuring Effective Date* has the same meaning as in the Compromise Deed;

*Section 75 Debt* means a debt payable under sections 75 and (if applicable) 75A of the Pensions Act 1995, as modified by the Employer Debt Regulations; and

*share of the difference* has the same meaning as in the Employer Debt Regulations.

### 2. EFFECT

The provisions of clauses 3 and 4 of this Deed shall take effect and come into force upon the Restructuring Effective Date, providing that:

- (a) the Pensions Regulator has approved the regulated apportionment arrangements documented by this Deed by issuing a notice of approval; and
- (b) the PPF has confirmed that it does not object to the regulated apportionment arrangements documented by this Deed.

### 3. REGULATED APPORTIONMENT ARRANGEMENT

3.1 The Parties agree, pursuant to clause 19 of the Trust Deed that:

- (a) for the purposes of the Employer Debt Regulations the Exiting Employers' share of the difference will be the regulated apportionment arrangement share of £1 each (together with any cessation expenses attributable to each Exiting Employer, the *Exit Amount*); and
- (b) the Exiting Employers will pay the Exit Amount in accordance with clause 3 of the Compromise Deed or it will be paid by the Company (or, in the case of Plan B (as defined in the Compromise Deed) becoming effective according to its terms, by WFSL) on their behalf; and
- (c) subject to the provisions of the Compromise Deed, other than in respect of the Exit Amount, an Exiting Employer will have no further liability to the Scheme (save for the liability to contribute under the Trust Deed and Rules, which liability is to terminate in accordance with the Compromise Deed) in respect of the relevant event triggering a Section 75 Debt and will be fully discharged from any obligations to the Scheme (save as aforesaid). For the avoidance of doubt, the cessation expenses incurred by the Trustee in relation to the Exiting Employers will be confirmed in the manner envisaged in clause 3.2 of the Compromise Deed and paid in the manner envisaged by clause 3.1 of the Compromise Deed.

3.2 The Trustee confirms that the conditions set out in Regulation 7A(1)(a) to (d) of the Employer Debt Regulations are satisfied.



**4. APPORTIONMENT OF LIABILITIES**

The liabilities (other than the Exit Amount) attributable to the Exiting Employers are apportioned (and therefore for the purposes of regulation 6(4)(a) of the Employer Debt Regulations, are attributed) to Newco, and shall therefore be taken into account in calculating the liability share as defined in the Employer Debt Regulations of Newco for the purposes of any Section 75 Debt payable by it in the future.

**5. GENERAL**

5.1 The terms of this Deed may be amended by a deed executed by the parties hereto (save that the consent of the Exiting Employers is not needed to such an amendment if the liability of the Exiting Employers is not increased).

5.2 Each of the parties undertakes to do all things required to be done by it to implement this Deed and the matters envisaged by the parties and shall co-operate with the other parties so as to facilitate the implementation by them of this Deed.

5.3 This Deed may be executed in any number of counterparts which taken together shall constitute one document, and any party may execute this Deed by signing any one or more of such counterparts.

5.4 A person who is not a party to this Deed has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Deed but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

5.5 This Deed is governed by, and shall be construed in accordance with, English law.

**EXECUTED** as a deed  
**EXECUTED** as a deed by )  
**CATTLES PLC** )  
acting by )  
a director and its secretary )  
or two directors or a director )  
in the presence of a witness )

Director:

Witness:

Witness full name:

Witness address:

**EXECUTED** as a deed by )  
**WELCOME FINANCIAL SERVICES** )  
**LIMITED** acting by )  
a director and its secretary )  
or two directors or a director )  
in the presence of a witness )

Director:

Witness:

Witness full name:

Witness address:

**EXECUTED** as a deed by )  
**THE LEWIS GROUP LIMITED** )  
acting by )  
a director and its secretary )  
or two directors or a director )  
in the presence of a witness )

Director:

Witness:

Witness full name:

Witness address:

**EXECUTED** as a deed by )  
**CSP LEEDS LIMITED** )  
acting by )  
its sole director )

Director:

Witness:

Witness full name:

Witness address:

**EXECUTED** as a deed by )  
**CATTLES STAFF PENSION FUND** )  
**LIMITED** )  
acting by )  
a director and its secretary )  
or two directors )

Director:

Director / Secretary:

**SCHEDULE 5**

**Deed of Alteration and Substitution**

**DATED 2010**

**(1) CATTLES STAFF PENSION FUND LIMITED**

**(2) CATTLES PLC**

**(3) CSP LEEDS LIMITED**

---

**DEED OF ALTERATION AND  
SUBSTITUTION**

relating to

**Cattles Staff Pension Fund**

---

(Note: Actuary's opinion needed:- see clause 13(a) of the Trust Deed)

**BETWEEN:**

- (1) **CATTLES STAFF PENSION FUND LIMITED** (company number 3444694) registered office Kingston House, Centre 27 Business Park, Woodhead Road, Birstall, Batley, WF17 9TD (the *Trustee*)
- (2) **CATTLES PLC** (company number 543610) registered office Kingston House, Centre 27 Business Park, Woodhead Road, Birstall, Batley, WF17 9TD (the *Present Company*)
- (3) **CSP LEEDS LIMITED (company number 07222034) registered office Kingston House Centre 27, Business Park, Woodhead Road, Birstall, Batley, West Yorkshire WF17 9TD (the New Company)**

**BACKGROUND**

- (A) This deed relates to the Cattles Staff Pension Fund (the *Scheme*) which was established by a trust deed dated 20 August 1952.
- (B) This deed is supplemental to a Deed of Variation, Removal and Appointment dated 2 April 1996 which adopted the trust deed and rules (the *Trust Deed* and *Rules* respectively) which currently govern the Scheme (as amended from time to time).
- (C) The Present Company is the Company under the Scheme as at the date hereof. Welcome Financial Services Limited (*WFSL*) and The Lewis Group Limited (*TLG*) are two of the other Employers participating in the Scheme.
- (D) The Trustee is the current trustee of the Scheme.
- (E) By Clause 13 of the Trust Deed, the Trustee, with the consent of the Present Company, may by deed or written instrument alter, modify or add to all or any of the provisions of the Trust Deed and the Rules, subject as set out in Clause 13.
- (F) The Trustee, with the consent of the Present Company, wishes to alter the Trust Deed in the manner set out in the Schedule to this deed.
- (G) The alteration to the Trust Deed set out in the Schedule to this Deed is made in compliance with the provisions of Clause 13.
- (H) The Actuary has given an opinion that the alteration to the Trust Deed made by this deed does not substantially prejudice the rights and interest of any person already a Member at the date of such alterations or alter the scale of contributions or pensions. A copy of that opinion is attached to this deed.
- (I) By a Deed of Accession dated 5 August 2010, in connection with a proposed restructuring of the Present Company and its subsidiaries, which it is anticipated is likely to include a proposal to compromise such companies' liabilities (if any) to the Scheme as part of a restructuring effected by a scheme of arrangement of the creditors of the Present Company under Part 26 of the Companies Act 2006, the New Company became an Employer for the purposes of the Scheme, so that (amongst other things) the eligibility of the Scheme to enter the Pension Protection Fund may be maintained following any such compromise as a result of the New Company being the last employer in the Scheme for statutory purposes (the "last man standing").
- (J) The New Company has agreed to become the Company for the purposes of the Scheme in connection with the proposed restructuring of the Present Company and its subsidiaries, which, it is intended, will be effected when either Plan A or Plan B (as defined in the Compromise Deed entered into by the Present Company, WFSL, TLG, the New Company and the Trustee dated [●] (the *Compromise Deed*)) become effective in accordance with their terms.

**OPERATIVE PROVISIONS**

1. Save where indicated within the terms of this deed, the words and phrases used in this deed have the same meaning as in the Trust Deed and Rules.
2. In exercise of the power conferred by Clause 13 of the Trust Deed and every other power so enabling it, the Trustee, with the consent of the Present Company, alters the Trust Deed in the manner set out in the Schedule to this deed with effect immediately prior to the substitution of the Present Company under clause 3 below.
3. As required by the definition of "the Company" set out in clause 1.1 of the Trust Deed, the New Company hereby covenants with the Trustee to undertake the powers and duties of the Company under the Scheme with effect from and conditionally upon the due carrying out of the actions envisaged in sub-clause 3.1 of the Compromise Deed.
4. The Trustee hereby agrees to the New Company acting as the Company in substitution of the Present Company.

5. The Present Company hereby consents to the foregoing agreement.
6. With effect from and conditionally upon the due carrying out of the actions envisaged in sub-clause 3.1 of the Compromise Deed, all rights, powers and duties vested in the Present Company relating to the Scheme are transferred by this deed to the New Company, which assumes responsibility for the future exercise of those rights, powers and duties.
7. If any term or provision in this deed shall be held to be illegal or unenforceable, in whole or in part, under any enactment or rule of law, such term or provision shall to that extent be deemed not to form part of this deed but the validity and enforceability of the remainder of the terms and provisions of this deed shall not be affected.
8. This deed is governed and is to be construed in accordance with the laws of England.
9. This deed may be executed in as many parts as there are signatories to it. When each signatory has executed at least one part of this deed, it shall be as effective as if all of the signatories had executed all the parts of it. Each part of this deed may be treated as an original of this deed.
10. This deed is delivered by each party when (and shall not have effect until) it is dated.

## **THE SCHEDULE**

1. A new clause 17.5 shall be inserted into the Trust Deed as follows:

“If an insolvency event occurs in respect of the Company then all the powers of the Company and other Employers under the Trust Deed and Rules, whether fiduciary or not, shall vest in and be exercisable by the Trustees. For the purposes of this clause, the expression “insolvency event” has the meaning attributed to it by Section 121, Pensions Act 2004.”

**EXECUTED as a DEED by CATTLES STAFF PENSION FUND LIMITED**

Signature of Director: \_\_\_\_\_

Print name: \_\_\_\_\_

Signature of Director/Secretary: \_\_\_\_\_

Print name: \_\_\_\_\_

**EXECUTED as a DEED by CATTLES PLC**

Signature of Director: \_\_\_\_\_

Print name: \_\_\_\_\_

Signature of Director/Secretary: \_\_\_\_\_

Print name: \_\_\_\_\_

**EXECUTED as a DEED by CSP LEEDS LIMITED**

Signature of Director: \_\_\_\_\_

Print name: \_\_\_\_\_

Signature of Director/Secretary: \_\_\_\_\_

Print name: \_\_\_\_\_

**Actuary's opinion**



**SCHEDULE 6**  
**Receipt and confirmation**  
**[Trustee letterhead]**

Cattles plc  
Kingston House Centre 27 Business Park  
Woodhead Road  
Birstall, Batley  
West Yorkshire WF17 9TD

[Date]

Dear Sirs

**Compromise Deed between Cattles plc, Welcome Financial Services Limited, The Lewis Group Limited, CSP Leeds Limited and the Trustee, dated [●] (the *Compromise Deed*)**

**Receipt of payment by the Trustee**

Terms defined in the Compromise Deed shall bear the same meaning when used in this receipt of payment.

In its capacity as trustee of the Scheme, the Trustee hereby confirms to the Company its receipt of £3 from [the Company] as payment of the amount due from the Company and the Participating Employers (as defined in the Compromise Deed), calculated under clause 3 of the Regulated Apportionment Arrangement Deed and receipt of £[ ] from [the Company] as payment of the cessation expenses notified by the Trustee under clause 3.2 of the Compromise Deed.

A copy of the confirmation from [*Bank*] to the Trustee of the receipt of the payment is attached to this receipt.

---

For and on behalf of  
Cattles Staff Pension Fund Limited

**SCHEDULE 7**  
**Former Employers**

	<b>Company</b>	<b>Company No.</b>
1.	Welcome Retail Services Limited	226015
2.	Shopacheck Limited	274611
3.	Progressive Financial Services Limited	1682540
4.	Ewbanks Mail Order Limited	457490

**SCHEDULE 8**

**Release and consent by Chairman of the Trustee Board**

To: Cattles plc  
Welcome Financial Services Limited  
The Lewis Group Limited  
CSP Leeds Limited  
Cattles Staff Pension Fund Limited

[Date]

Dear Sirs

**Compromise Deed between Cattles plc, Welcome Financial Services Limited, The Lewis Group Limited, CSP Leeds Limited and the Cattles Staff Pension Fund Limited dated [•] (the *Compromise Deed*)**

**Release and consent by Chairman of the Trustee Board**

Terms defined in the Compromise Deed shall bear the same meaning when used in this notice.

I, Duncan Brown, hereby release and consent to the Current Employers and Former Employers ceasing to have any liability (current or future, actual or contingent) to pay any expenses or professional fees which may be payable in relation or incidental to the Scheme in respect of me, in accordance with clause 3.3(g) of the Compromise Deed.

Yours faithfully

---

Chairman of the Trustee Board

**SCHEDULE 9**  
**Part A : WFSL Scheme Document**

**Part B : Cattles Scheme Document**

**Part C : TLG Distribution Deed**

Dated: 2011

**Between:**

**THE GUARANTOR COMPANIES  
(as defined herein)**

**and**

**THE TLG CREDITORS (as defined herein)**

**and**

**THE CL FINANCE CREDITORS (as defined herein)**

**and**

**THE PENSION TRUSTEE (as defined herein)**

---

**TLG COMPROMISE, RELEASE AND  
DISTRIBUTION DEED**

---

This deed is dated 2011

**PARTIES:**

- (1) the Guarantor Companies;
- (2) the TLG Creditors;
- (3) the CL Finance Creditors; and
- (4) the Pension Trustee,

each as defined herein, (together, the *Parties* and each individual Guarantor Company, TLG Creditor, CL Finance Creditor and the Pension Trustee a *Party*).

**BACKGROUND:**

(A) Cattles and the Group are in the process of effecting a financial restructuring.

(B) The Guarantor Companies are all members of the Group.

(C) The TLG Creditors and CL Finance Creditors are all financial creditors of Cattles who are parties to one or more of the TLG Finance Documents, under which TLG and CL Finance owe them Guarantor Obligations.

(D) Pursuant to the financial restructuring of Cattles and the Group, the Ewbanks Scheme became effective on [●] 2011. Pursuant to the Ewbanks Scheme, the TLG Creditors, the CL Finance Creditors and Ewbanks have agreed to enter into this deed. The Guarantor Companies other than Ewbanks have separately confirmed their support for the financial restructuring of the Group, including the compromises under the Ewbanks Scheme and this deed.

(E) On 19 November 2010, TLG and the Pension Trustee (among others) entered into the Pensions Compromise Agreement, pursuant to which the Pension Trustee has agreed to enter into this deed (or a bilateral compromise with TLG of the TLG Notional Section 75 Debt).

(F) On [●], TLG Holdings transferred the entire issued share capital in TLG to CL Finance.

(G) Pursuant to this deed, the TLG Creditors' rights against TLG in connection with the Guarantor Obligations will be compromised and ultimately released. Agreed distributions from TLG will be made to the TLG Creditors in proportion to their respective TLG Creditor Claims.

(H) Further, pursuant to the Ewbanks Scheme, Ewbanks is authorised to execute and deliver this deed on behalf of the TLG Creditors and the CL Finance Creditors.

**AGREED TERMS:**

**1. DEFINITIONS AND INTERPRETATION**

1.1 In this deed the following words and expressions have the following meanings:

*Affiliate* means a subsidiary or a holding company of a person or any other subsidiary of that holding company;

*Available Dividend Amount* means an amount which is available to TLG to pay distributions and which the board of directors of TLG has decided it would, but for the provisions of clause 10.2(b), declare as a dividend;

*Business Day* means a day other than a Saturday or a Sunday on which banks are open for general business in London;

*Cattles* means Cattles plc, a company incorporated under the laws of England and Wales with company number 543610;

*Cattles Intercompany Claim* means any and all of the Liabilities owed to Cattles by TLG as at the effective date of the WFSL Creditor Scheme except any Liabilities due from TLG to Cattles under the terms of the TSA as at the effective date of the WFSL Creditor Scheme;

*CL Finance* means CL Finance Limited, a company incorporated under the laws of England and Wales with company number 01108021;



**CL Finance Creditor Claim** means any claim against CL Finance as a guarantor of the debts of Cattles, including, without limitation, any claim against CL Finance in relation to a TLG Finance Document;

**CL Finance Creditors** means any Guaranteed Creditor who is (or claims to be) a creditor of CL Finance in respect of a CL Finance Creditor Claim;

**Co-guarantors Compromise Deed** means the deed entered into by the Guarantor Companies, other than TLG, and the Guaranteed Creditors pursuant to the Ewbanks Scheme;

**Committee Confidential Information** means:

- (a) all information and documents provided to each Committee Member, as members of the TLG and CL Finance Creditors' Committee; and
- (b) all discussions at and proceedings of the meetings of the TLG and CL Finance Creditors' Committee,

save to the extent (i) such matters are already in the public domain or (ii) in relation to information known by such Committee Member (other than as a result of a breach of clause 1.4 of Schedule 3);

**Committee Member** means a member from time to time of the TLG and CL Finance Creditors' Committee;

**Court** means the High Court of Justice of England and Wales;

**Deed Effective Date** means the date that this deed becomes effective in accordance with clause 2;

**Deed of Accession** means a deed in the form set out at Schedule 6, completed and executed on behalf of an acceding TLG Creditor or CL Finance Creditor;

**Disposal Event** means a sale of shares by any company which is a member of the Group, which sale removes TLG and/or CL Finance from the Group;

**Distributable Amount** the amount, if any, by which the TLG Cash Amount exceeds £4 million;

**Distribution Period End Date** means the First Distribution Period End Date and each of the subsequent dates listed in Schedule 7;

**Ewbanks** means Ewbanks Mail Order Limited, a private limited company incorporated under the laws of England and Wales with company number 00457490;

**Ewbanks Scheme** means a scheme of arrangement under Part 26 of the Companies Act 2006 between Ewbanks and the Scheme Creditors (as defined therein) dated [●];

**Excluded Intercompany Debt** means any Intercompany Debt listed in Schedule 8;

**Final TLG Payment** means the final payment TLG makes to, or reserves for the TLG Creditors and the Pension Trustee under this deed (which may be less than the applicable Distributable Amount), which will be the payment following which TLG will have distributed to, and/or reserved for, the TLG Creditors and the Pension Trustee an aggregate amount equal to the amount of the Cattles Intercompany Claim;

**First Distribution Period End Date** means the earliest date listed in Schedule 7 which occurs after the date that is four calendar months after the Deed Effective Date;

**Group** means Cattles Holdings Limited and Compass Credit and their direct and indirect subsidiaries from time to time;

**Guaranteed Creditor** means any Scheme Creditor, as defined in the Ewbanks Scheme;

**Guarantor Companies** means each of the companies listed in Schedule 1;

**Guarantor Obligations** means any Liability owed by any Guarantor Company, as a guarantor of the debts of Cattles, to any of the Guaranteed Creditors;

**Intercompany Debt** means all present and future debts, monetary claims, monies, obligations or liabilities, whether actual or contingent, owed by TLG to any Guarantor Company or owed by any Guarantor Company to TLG, except, in each case, in connection with the Guarantor Obligations;

**Liability** means any liability of a person, whether it is present, future, prospective or contingent, whether its amount is fixed or undetermined, whether or not it involves the payment of money or performance of any act or obligation and whether it arises at common law, in equity or by statute, in England and Wales or in any other jurisdiction, or in any other manner whatsoever, including, without limitation, claims in respect of breach of contract, tort, restitution, breach of trust, financial indebtedness, guarantee or indemnity claims, claims for misrepresentation, negligence, wilful default or fraud, mis-selling claims, claims under the Financial Services and Markets Act 2000, Consumer Credit Act 1974 or Pensions Act 1995 or 2004 and any other claims which may arise ancillary to any such financial liability, but in all cases excluding:

- (a) any liability which is barred by statute or is otherwise unenforceable; or
- (b) a liability under a contract that is void or, being voidable, has been avoided;

**Obligor Companies** means TLG and CL Finance;

**Pension Fund** means the Cattles Staff Pension Fund, which was established by a trust deed dated 20 August 1952 and is currently governed by a deed of variation, removal and appointment dated 2 April 1996 (as amended from time to time);

**Pension Trustee** means Cattles Staff Pension Fund Limited, a private limited company incorporated under the laws of England and Wales with company number 03444694, which is the trustee of the Pension Fund, or its successors as trustees, or the Board of the Pension Protection Fund as its successor pursuant to the Pensions Act 2004;

**Pension Trustee Amount** means such proportion of an Available Dividend Amount as would have been paid to the Pension Trustee, had the Available Dividend Amount been a Distributable Amount and had the Final TLG Payment not yet been made;

**Pensions Compromise Agreement** means the agreement dated 19 November 2010 (as amended on 14 December 2010) between, among others, TLG and the Pension Trustee under which:

- (a) all the obligations of TLG to and in respect of the Pension Fund (including any past, present or future debts under section 75 of the Pensions Act 1995) will be compromised for a nominal sum (which will include TLG and the Pension Trustee entering into a regulated apportionment arrangement as defined in the Occupational Pension Schemes (Employer Debt) Regulations 2005 (as amended)); and
- (b) the TLG Notional Section 75 Debt will be determined and will become payable by TLG to the Pension Trustee;

**Proceedings** means any process, action, step, or other legal (or quasi legal) or judicial (or quasi judicial) proceeding (including, without limitation, any demand, arbitration, alternative dispute resolution, expert determination process, judicial review, adjudication, execution, seizure, distraint, lien, enforcement of judgment, or enforcement of any security interest or right of set-off or any proceeding for the purpose of placing a company into administration, liquidation or any insolvency, reconstruction, bankruptcy or analogous proceeding) in any jurisdiction;

**TLG** means The Lewis Group Limited, a company incorporated under the laws of Scotland, with company number SC127043;

**TLG and CL Finance Covenants** means the covenants set out in Schedule 4;

**TLG and CL Finance Creditors' Committee** means the committee representing the TLG Creditors and the CL Finance Creditors together, constituted in accordance with clause 13 and Schedule 3;

**TLG Cash Amount** means, on any Distribution Period End Date in relation to which it is calculated, the aggregate balance of all of TLG's bank accounts, not taking into account monies held in client or trust accounts or otherwise held on trust for clients, or any other person;

**TLG Compliance Report** means the report to be provided to the TLG and CL Finance Creditors' Committee in accordance with clause 3.3(d)(iii);

**TLG Creditor Claim** means any claim against TLG as a guarantor of the debts of Cattles, including, without limitation, any claim against TLG in relation to a TLG Finance Document, but ignoring the effects of clause 4.1;

**TLG Creditor** means any Guaranteed Creditor who is (or claims to be) a creditor of TLG in respect of a TLG Creditor Claim;

**TLG Deed Administrator** means a person appointed by the Obligor Companies under clause 3.1;

**TLG Deed Administrators Agreement** means the agreement by which a person agrees to be appointed as TLG Deed Administrator and to be bound by the deed and dealing with his or her remuneration, costs and expenses, to be entered into

on or prior to the Deed Effective Date between the TLG Deed Administrators and the Obligor Companies or on an appointment of subsequent TLG Deed Administrators;

**TLG Deed Claim** means a TLG Creditor Claim or the TLG Notional Section 75 Debt;

**TLG Estimated Realisable Value** means the total estimated realisable value of TLG, being the estimated realisable value of TLG's assets, less i) the costs of realisation; ii) the estimated expenses of its liquidation; and iii) an estimate of any Liabilities owed by TLG to any third party, excluding its Guarantor Obligations;

**TLG Finance Document** means any of the agreements and instruments listed in Schedule 2, each as amended, supplemented or varied from time to time;

**TLG Holdings** means Lewis Group (Holdings) Limited, a company incorporated under the laws of Scotland with company number SC154199;

**TLG Notional Section 75 Debt** means the amount of the TLG Claim (as defined in the Pensions Compromise Agreement) that TLG will owe the Pension Trustee under the Pensions Compromise Agreement, which amount is to be determined under that agreement;

**TSA** means the transitional services agreement dated 3 July 2009 between, among others, Cattles and TLG;

**Unascertained TLG Deed Claim** has the meaning given to that term in clause 7.9;

**Unascertained TLG Deed Claims Trust Fund** means a fund held in a bank account by TLG the balance of which is on trust for the purpose of making payments to TLG Creditors and/or the Pension Trustee in accordance with the terms of this deed;

**WFSL** means Welcome Financial Services Limited, a company incorporated under the laws of England and Wales with company number 00133540;

**WFSL Ascertained Scheme Claim** means the Ascertained Scheme Claim (as defined in the WFSL Creditor Scheme) of a TLG Creditor finally determined under clause 3.7.2 or 3.8 of the WFSL Creditor Scheme, to the extent it arises out of or in connection with a TLG Finance Document and including any Adjusted Claim (within the meaning of the WFSL Creditor Scheme) which relates to that Ascertained Scheme Claim; and

**WFSL Creditor Scheme** means the scheme of arrangement under Part 26 of the Act dated [•] between WFSL and certain of its creditors.

1.2 In this deed, unless the context otherwise requires or otherwise expressly provides for:

- (a) references to clauses and schedules are references to clauses and schedules of this deed;
- (b) references to a person include references to an individual, firm, partnership, company, corporation, unincorporated body of persons or any state or state agency;
- (c) references to a statute or statutory provision include references to the same as subsequently modified, amended or re-enacted from time to time;
- (d) the singular includes the plural and vice versa and words importing one gender shall include all genders;
- (e) headings to parts, clauses and schedules are for ease of reference only and shall not affect the interpretation of this deed; and
- (f) references to:
  - (i) "Sterling" or to "£" are references to the lawful currency of the United Kingdom of Great Britain and Northern Ireland from time to time;
  - (ii) "Dollars" or to "\$" are references to the lawful currency of the United States of America from time to time; and
  - (iii) "Euros" or to "€" are references to the lawful currency from time to time of member states of the European Communities that adopt or have adopted the euro as their lawful currency under the legislation of the European Community for Economic and Monetary Union.

## 2. EFFECT OF THIS DEED

2.1 The Parties hereby agree that upon its execution by or on behalf of all of the Parties this deed shall immediately be fully and effectively binding upon all of them, subject to the condition precedent in clause 2.2 having been satisfied.

2.2 The condition precedent referred to in clause 2.1 is that the Co-guarantors Compromise Deed shall have been signed by all of its parties and all conditions precedent to the Co-guarantors Compromise Deed shall have been satisfied, save for the requirement that this deed becomes effective in accordance with its terms.

### 3. THE TLG DEED ADMINISTRATORS

3.1 The Obligor Companies will appoint Christine Mary Laverty, Richard Dixon Fleming and Edward George Boyle of KPMG LLP, 8 Salisbury Square, London, EC4Y 8BB to be the TLG Deed Administrators on the Deed Effective Date, subject to their having entered into a TLG Deed Administrators Agreement. TLG and CL Finance together, with the agreement of the TLG and CL Finance Creditors' Committee, shall have the power to appoint any successors to the TLG Deed Administrators, provided that such persons are qualified in accordance with clause 3.2 and have given, and not withdrawn, their consent to act as TLG Deed Administrators.

3.2 Each of the TLG Deed Administrators appointed under clause 3.1 is, and any person appointed to succeed them in accordance with clause 3.1 must be, a licensed insolvency practitioner within the meaning of section 390 of the Insolvency Act 1986 and duly qualified in the reasonable opinion of the Obligor Companies to discharge the functions of the TLG Deed Administrators under this deed. Where more than one person has been appointed as a TLG Deed Administrator, they may exercise and perform the powers, rights, duties and functions of the TLG Deed Administrators under this deed jointly or severally.

#### 3.3 Role of the TLG Deed Administrators

- (a) The TLG Deed Administrators shall discharge the duties and responsibilities imposed upon them by clauses 5, 7, 9, 14 and 16 of this deed.
- (b) In exercising their powers and carrying out their duties under this deed, the TLG Deed Administrators shall act as agents of TLG and CL Finance.
- (c) The TLG Deed Administrators shall act in good faith with reasonable skill and care in the interests of the TLG Creditors and the CL Finance Creditors and the Pension Trustee and shall exercise their powers, duties and functions under this deed with a view to ensuring that this deed is implemented in accordance with its terms.
- (d) Without prejudice to the generality of clause 3.3(c), the TLG Deed Administrators shall in addition:
  - (i) fulfil their duties as set out in clauses 7.1 and 9 with respect to payments under this deed;
  - (ii) monitor on a basis to be agreed with the TLG and CL Finance Creditors' Committee the Obligor Companies' compliance with the TLG and CL Finance Covenants;
  - (iii) provide a written report to the TLG and CL Finance Creditors' Committee on each of TLG's and CL Finance's compliance with the TLG and CL Finance Covenants at the end of each period of every three months from the Deed Effective Date or as otherwise agreed with the TLG and CL Finance Creditors' Committee (each a ***TLG Compliance Report***);
  - (iv) so far as they are able, provide the TLG and CL Finance Creditors' Committee with such information as it may from time to time reasonably require in relation to matters of relevance to the TLG and CL Finance Creditors' Committee; and
  - (v) as soon as reasonably practicable following the Deed Effective Date, notify the TLG Creditors of the amount of the Cattles Intercompany Claim.

#### 3.4 Powers of the TLG Deed Administrators

The TLG Deed Administrators shall be entitled:

- (a) to have access to such information as they may from time to time require on the affairs of TLG and CL Finance that relate to the TLG and CL Finance Covenants and the Obligor Companies' compliance therewith;
- (b) to attend meetings of the boards of directors of TLG and CL Finance, at the TLG Deed Administrators' discretion, to receive any papers relating to those meetings and to address the boards of directors;
- (c) to delegate to or employ any person as they see fit for the carrying out of their powers, rights, duties and functions in relation to the operation of this deed and under the TLG Deed Administrators Agreement;
- (d) to request TLG or CL Finance to make any payment that is necessary for or incidental to the performance of the TLG Deed Administrators' functions;

- (e) to liaise with the TLG and CL Finance Creditors' Committee and to attend TLG and CL Finance Creditors' Committee meetings if invited;
- (f) to convene meetings of the TLG Creditors if appropriate; and
- (g) to exercise the powers expressly given to them in this deed and any other powers necessary or desirable for the full and proper implementation of this deed.

### 3.5 Vacation of office

A TLG Deed Administrator shall vacate office if he:

- (a) becomes bankrupt;
- (b) is disqualified from acting as a director under the Company Directors' Disqualification Act 1986;
- (c) is admitted to hospital because of mental disorder or is the subject of an order concerning his mental disorder made by a court having jurisdiction in England or elsewhere in such matters;
- (d) is convicted of an indictable offence or is convicted of any offence by a court having jurisdiction in any other country where that offence, if committed in England and Wales, would have been an indictable offence under English law;
- (e) resigns his office by giving 60 days' notice in writing to TLG and the TLG and CL Finance Creditors' Committee or such shorter period of notice as may be agreed by to TLG and the TLG and CL Finance Creditors' Committee or resigns his office with immediate effect by giving notice in writing to to TLG and the TLG and CL Finance Creditors' Committee if he considers that he should for professional regulatory reasons or in the event of non-payment of his fees when due and such fees have been approved by the TLG and CL Finance Creditors' Committee, a meeting of the TLG Creditors and the CL Finance Creditors or pursuant to a final order of the Court in each case pursuant to clause 3.10; or
- (f) is removed by the TLG and CL Finance Creditors' Committee, in accordance with clause 4.2(b) of Schedule 3.

### 3.6 Vacancy

If there is no TLG Deed Administrator in office, including at the Deed Effective Date, TLG and CL Finance with the agreement of the TLG and CL Finance Creditors' Committee shall forthwith fill the vacancy.

### 3.7 Liability of TLG Deed Administrators

- (a) Except to the extent required by law, no TLG Creditor or CL Finance Creditor shall be entitled to challenge the validity of any act done or omitted to be done in good faith and with due care by the TLG Deed Administrators in accordance with and to implement the provisions of this deed or the exercise by the TLG Deed Administrators in good faith and with due care of any power conferred upon them for the purposes of this deed if exercised in accordance with and to implement the provisions of this deed.
- (b) A TLG Deed Administrator shall not be liable for any loss resulting from any act he does or omits to do, unless any such loss is attributable to his own negligence, breach of statutory duty, breach of trust, fraud or dishonesty.

### 3.8 Indemnity

- (a) The TLG Deed Administrators shall be entitled to an indemnity in respect of:
  - (i) all Proceedings brought or made against them in respect of any act alleged to have been done or omitted to be done in relation to this deed by them in good faith, without negligence, breach of duty, breach of trust, fraud or dishonesty in the course of performing their duties and functions under this deed; and
  - (ii) all costs, charges, expenses and Liabilities properly incurred by the TLG Deed Administrators in the course of performing their functions under this deed to be approved by the TLG and CL Finance Creditors' Committee, such approval not to be unreasonably withheld.
- (b) If the approval required under clause 3.8(a)(ii) cannot be obtained within a reasonable period, the TLG Deed Administrators may convene a meeting of the TLG Creditors to determine the level of the TLG Deed Administrators' costs, charges, expenses and Liabilities. If approval cannot be obtained at a meeting of the TLG Creditors, the TLG Deed Administrators shall be permitted to apply, or cause TLG to apply, to the Court for directions as if Rules 2.106 to 2.108 of the Insolvency Rules 1986 applied, *mutatis mutandis*, to the TLG Deed Administrators.

- (c) In addition to the general provisions of clause 3.8(a), the TLG Deed Administrators shall be entitled to an indemnity in respect of:
- (i) any Liability incurred by them in defending any Proceedings, whether civil or criminal, in respect of any negligence, breach of statutory duty, breach of trust, fraud or dishonesty relating to the operation of this deed, where:
    - (A) judgment is given in their favour; or
    - (B) they are acquitted; and
  - (ii) any application in any such Proceedings as are referred to in clause 3.8(c)(i) where relief is granted to them by a court from liability for negligence, breach of statutory duty, breach of trust, fraud or dishonesty relating to the operation of this deed.
- (d) Any indemnity to which the TLG Deed Administrators are entitled in accordance with clause 3.8(a) or (c) shall be paid pro rata to the estimated realisable value of the remaining assets of the Obligor Companies, from the remaining assets of the Obligor Companies at that time. The Obligor Companies shall be jointly and severally liable to the TLG Deed Administrators under the terms of this clause 3.8(d).

### 3.9 Insurance

The Obligor Companies will, in consultation and as agreed with the TLG Deed Administrators:

- (a) make reasonable endeavours to purchase and maintain for the TLG Deed Administrators insurance against any liability for which the Obligor Companies would be obliged to indemnify them in accordance with clause 3.8; and
- (b) subject to clause 3.9(a), pay the costs incurred by a TLG Deed Administrator in defending Proceedings of the nature described in clause 3.8(c)(i), provided that such TLG Deed Administrator gives the Obligor Companies an undertaking to reimburse them (with interest) at the conclusion of those Proceedings, where such TLG Deed Administrator is not entitled to an indemnity under clause 3.8.

### 3.10 Remuneration and expenses of TLG Deed Administrators

The TLG Deed Administrators shall be remunerated, and shall have their reasonable costs and expenses reimbursed, by the Obligor Companies in respect of their role in this deed and all acts reasonably incidental thereto in accordance with the terms of the TLG Deed Administrators Agreement. Such remuneration is to be approved by the TLG and CL Finance Creditors' Committee and such approval shall not be unreasonably withheld. If approval cannot be obtained within a reasonable period, the TLG Deed Administrators may convene a meeting of the TLG Creditors and the CL Finance Creditors to determine the level of the TLG Deed Administrators' costs, charges, expenses and liabilities. If approval cannot be obtained at a meeting of the TLG Creditors and the CL Finance Creditors, the TLG Deed Administrators shall be permitted to apply, or cause TLG to apply, to the Court for directions as if Rules 2.106 to 2.108 of the Insolvency Rules 1986 applied, *mutatis mutandis*, to the TLG Deed Administrators.

### 3.11 Continuation of operations

Except insofar as specific functions are to be performed by the TLG Deed Administrators as set out in this section, the affairs, business and property of TLG shall continue to be managed by its board of directors. TLG, acting through the board of directors consistent with its regulatory and fiduciary responsibilities, shall remain solely responsible for the conduct of the future trading business of TLG.

## 4. COMPROMISE

4.1 Subject to clause 4.2, from the Deed Effective Date, the aggregate value of all TLG Deed Claims shall be limited to the lower of:

- (a) the TLG Estimated Realisable Value from time to time; and
- (b) the Cattles Intercompany Claim,

and each TLG Creditor Claim and the TLG Notional Section 75 Debt shall be limited to its pro rata share thereof.

4.2 If at any time after the Deed Effective Date, but before the earlier of:

- (a) a Disposal Event; and
- (b) the date of the final distribution in the liquidation of TLG,

any third party makes a valid claim against TLG or CL Finance for any Liability which would require TLG or CL Finance to pay more than £2 million or, in the case of a claim for breach of contract, £5 million (unless such payment is recoverable from a third party) the TLG and CL Finance Creditors' Committee may resolve that clauses 4.1, 5, 9, 10 and 11 of this deed shall cease to have any further effect.

## 5. RELEASE

5.1 Subject to clause 10.3, upon a Disposal Event occurring with respect to TLG or on the date on which TLG has paid all TLG Deed Claims in full or has realised its TLG Estimated Realisable Value and distributed all of the TLG Cash Amount, in accordance with the terms of this deed:

- (a) the TLG Deed Administrators shall give notice of that Disposal Event or date to the TLG Creditors and the Pension Trustee;
- (b) the total aggregate value of all Guarantor Obligations of TLG and the TLG Notional Section 75 Debt shall be equal to the total aggregate amount of the distributions made by TLG to each TLG Creditor and the Pension Trustee;
- (c) the payments made to each TLG Creditor and the Pension Trustee by TLG shall be in full and final settlement of all and any Guarantor Obligations or TLG Notional Section 75 Debt owed to that TLG Creditor or the Pension Trustee;
- (d) all Guarantor Obligations owed by TLG and the TLG Notional Section 75 Debt shall be released and forever discharged; and
- (e) all obligations of TLG under this deed shall be released and forever discharged.

## 6. INTERCOMPANY RELEASES

6.1 From the Deed Effective Date, any and all Liabilities owed in relation to, in connection with or in any way arising out of the Guarantor Obligations by TLG to any other Guarantor Company or by any Guarantor Company other than TLG to TLG shall be irrevocably waived, released, terminated and forever discharged fully and absolutely.

6.2 From the Deed Effective Date:

- (a) each Guarantor Company irrevocably waives, releases, terminates and discharges fully and absolutely TLG from any and all Intercompany Debts owed to it by TLG (excluding any Excluded Intercompany Debts); and
- (b) TLG irrevocably waives, releases, terminates and discharges fully and absolutely each Guarantor Company from any Intercompany Debts owed to it by that Guarantor Company (excluding any Excluded Intercompany Debts).

## 7. TLG DEED CLAIMS

7.1 The TLG Deed Administrators shall liaise with the Scheme Supervisors (within the meaning of the WFSL Creditor Scheme) in order to determine the value of each TLG Creditor's WFSL Ascertained Scheme Claim.

7.2 As soon as is reasonably practicable after the TLG Deed Administrators have been notified that a TLG Creditor's WFSL Ascertained Scheme Claim has been determined and of its amount, the TLG Deed Administrators shall calculate that TLG Creditor's TLG Creditor Claim based on that TLG Creditor's WFSL Ascertained Scheme Claim, and shall notify the TLG Creditor of the proposed amount of its TLG Creditor Claim.

7.3 If a TLG Creditor does not agree with the proposed amount of its TLG Creditor Claim, it shall notify the TLG Deed Administrator. If the TLG Creditor Claim of a TLG Creditor is not agreed between the TLG Creditor and the TLG Deed Administrators within 20 Business Days of the TLG Creditor being notified of the proposed amount of its TLG Creditor Claim under clause 7.2 (or such later time to which the TLG Deed Administrators and the TLG Creditor shall both agree or acquiesce) such part (if any) of the TLG Deed Claim as is not agreed shall become a ***Disputed TLG Deed Claim***. The part (if any) of the TLG Deed Claim that is agreed shall stand as the TLG Creditor's TLG Deed Claim (without prejudice to the outcome of the dispute regarding the disputed portion). The TLG Deed Administrators shall forthwith give notice to the TLG Creditor of the Disputed TLG Deed Claim.

7.4 A TLG Creditor who receives notice of a Disputed TLG Deed Claim shall be entitled within 21 days of receipt of such notice to give notice to the TLG Deed Administrator that it is appealing the Disputed TLG Deed Claim and to seek resolution of the existence or proper value of its Disputed TLG Deed Claim by means of proceedings issued in the Companies Court of the Chancery Division of the Court, as if the Disputed TLG Deed Claim were an appeal of an administrator's decision under rule 2.78 of the Insolvency Rules.

7.5 If a final judgment is given against TLG in proceedings begun under clause 7.4 then, on the date such judgment becomes incapable of further appeal, the Disputed TLG Deed Claim will have been determined at the amount of the judgment.

7.6 If a final judgment is given against the TLG Creditor in proceedings begun under clause 7.4 then, on the date such judgment becomes incapable of further appeal, (i) the Disputed TLG Deed Claim will become determined at the value determined by the final judgment; or (ii) in the case of a judgment which values the Disputed TLG Deed Claim at zero, the judgment shall give no entitlement to any payment under this deed, other than in respect of any amount already determined under clause 7.3.

7.7 If any legal or other costs are awarded against either party to the dispute, they shall be payable in full and shall not be subject to any set-off or form any part of a TLG Deed Claim.

7.8 Nothing in this clause 7 shall prevent the TLG Deed Administrator from agreeing in writing with a TLG Creditor the value of his TLG Deed Claim at any time.

7.9 If, on any Distribution Period End Date, any TLG Deed Claim has not yet been determined then, when making their payment calculations under clause 9.2, the TLG Deed Administrators shall include a reasonable and prudent estimate of such TLG Deed Claim, as though it had been determined (an *Unascertained TLG Deed Claim*), and inform TLG and the relevant TLG Creditor or the Pension Trustee (as appropriate) of the value of the Unascertained TLG Deed Claim, which shall be binding on TLG for no other purpose.

## **8. PENSION TRUSTEE**

8.1 If, before the First Distribution Period End Date, TLG shall have agreed with the Pension Trustee, as envisaged by the provisions of the Pensions Compromise Agreement (or otherwise), that it will make one or more payments to the Pension Trustee (under a separate bilateral compromise) in full and final settlement of the TLG Notional Section 75 Debt, then:

- (a) this deed shall be effective to bind all Parties other than the Pension Trustee, notwithstanding that it has not been executed by the Pension Trustee;
- (b) the TLG Notional Section 75 Debt shall not be a TLG Deed Claim for the purposes of this deed and the Pension Trustee shall not be entitled to any payment under the terms of this deed;
- (c) without limiting the generality of clause 8.1(b), references in this deed to TLG Deed Claims shall be read as references to TLG Creditor Claims and (insofar as they relate to the Pension Trustee and the TLG Notional Section 75 Debt) clauses 7.9, 9.2, 9.3, 9.5, 9.6, 10.2 and 10.3 of this deed shall cease to have any effect and other provisions shall be interpreted with any necessary modification; and
- (d) nothing in this deed, including for the avoidance of doubt clause 4.2 and the TLG and CL Finance Covenants, shall prevent TLG from using any of its assets to make such payment to the Pension Trustee as it shall have agreed.

8.2 For the avoidance of doubt, clauses 4 and 5 shall apply to the TLG Notional Section 75 Debt, but not to TLG's section 75 debt (as defined in Recital G of the Pensions Compromise Agreement), which liability shall be compromised instead in accordance with the terms of the Pensions Compromise Agreement.

## **9. DISTRIBUTIONS BY TLG**

9.1 Within five Business Days following the First Distribution Period End Date and each subsequent Distribution Period End Date TLG shall:

- (a) calculate the TLG Cash Amount;
- (b) determine whether there is a Distributable Amount;
- (c) if there is a Distributable Amount, determine what that amount is; and
- (d) inform the TLG Deed Administrators of any Distributable Amount.

9.2 Within 10 Business Days of being informed of the Distributable Amount, the TLG Deed Administrators shall calculate the payments to be made to the TLG Creditors and the Pension Trustee in order to ensure that the Distributable Amount is paid rateably to the determined value of their TLG Deed Claims, subject to clause 7.9. The TLG Deed Administrators shall then promptly give notice of those payments to TLG and, in respect of their own payments, to the Pension Trustee and each TLG Creditor. The TLG Creditors and the Pension Trustee acknowledge that the TLG Deed Administrators and not the board of directors of TLG are responsible for determining the value of the payments under this deed, in accordance with its terms.

9.3 Subject to clause 9.4, not later than five Business Days after being informed by the TLG Deed Administrators of the payments due to each of the TLG Creditors and the Pension Trustee, TLG shall make those payments from the Distributable Amount.



9.4 Where, when making their payment calculations under clause 9.2, the TLG Deed Administrators have taken account of Unascertained TLG Deed Claims, TLG shall create the Unascertained TLG Deed Claims Trust Fund, of all amounts which would have been paid under clause 9.3, if the Unascertained TLG Deed Claims had been determined TLG Deed Claims on the Distribution Period End Date.

9.5 The Unascertained TLG Deed Claims Trust Fund shall be held on trust by TLG for the benefit of the TLG Creditors and the Pension Trustee (where relevant) in respect of their Unascertained TLG Deed Claims.

9.6 If any Unascertained TLG Deed Claim subsequently becomes a determined TLG Deed Claim, the TLG Deed Administrators shall, as soon as reasonably practicable, calculate the amount which would have been paid to the TLG Creditor or Pension Trustee, as if its TLG Deed Claim had been determined on the previous Distribution Period End Dates. The TLG Deed Administrators shall notify TLG of the relevant payment required to be made to the TLG Creditor or the Pension Trustee from the Unascertained TLG Deed Claims Trust Fund and TLG shall make that payment to the TLG Creditor or Pension Trustee. If the amount reserved in the Unascertained TLG Deed Claims Trust Fund in respect of an Unascertained TLG Deed Claim exceeds the amount of the relevant TLG Deed Claim, the surplus shall be released from the Unascertained TLG Deed Claims Trust Fund into the general assets of TLG.

## **10. FINAL TLG PAYMENT**

10.1 Not more than three Business Days after it has made the Final TLG Payment, TLG shall give notice in writing to the TLG Deed Administrators and to CL Finance of its having made the Final TLG Payment.

10.2 Following the date on which the Final TLG Payment is made, if at any time TLG considers in its sole discretion that it is able and intends to declare and pay a dividend in favour of its parent, CL Finance:

- (a) it shall calculate the Available Dividend Amount;
- (b) it shall calculate the Pension Trustee Amount;
- (c) if in its sole discretion it then declares the dividend and declares such dividend to be payable in cash, it shall declare that dividend at an amount equal to the Available Dividend Amount less the Pension Trustee Amount; and
- (d) on payment in cash of the dividend referred to in (c) above to CL Finance, TLG shall pay an amount equal to the Pension Trustee Amount to the Pension Trustee,

in each case, unless a Disposal Event shall have occurred before the payment is made.

10.3 Unless otherwise agreed with the TLG Creditors and the Pension Trustee, no Party will be a party to a Disposal Event without undertaking to the TLG Creditors and the Pension Trustee that they shall each be entitled to such proportion of the proceeds of the Disposal Event as they would have been entitled to if that part of the proceeds which represents the value of TLG that was realised by the Disposal Event (net of that part of the disposal costs attributable to TLG) had been a Distributable Amount and had the Final TLG Payment not yet been made.

## **11. AGREEMENT NOT TO SUE**

Each Party agrees, on behalf of itself and on behalf of its parent, subsidiaries, successors, assigns, transferees, representatives, principals, agents, officers or directors, and save in respect of any breach of the terms of this deed, not to sue, commence, voluntarily aid in any way, prosecute or cause to be commenced or prosecuted against any other Party or its parent, subsidiaries, successors, assigns, transferees, representatives, principals, agents, officers or directors, any action, suit or other proceeding concerning the Guarantor Obligations (or any Liability of one Guarantor Company to another in relation to the Guarantor Obligations) in England and Wales or in any other jurisdiction.

## **12. WARRANTY AS TO AUTHORITY**

Each Party warrants and represents to the other Parties with respect to itself that it has the full right, power and authority to execute, deliver and perform this deed.

## **13. TLG AND CL FINANCE CREDITORS' COMMITTEE**

There shall be a committee of the TLG Creditors and the CL Finance Creditors, and that committee shall be constituted and shall act in accordance with the terms set out in Schedule 3.

#### **14. COVENANTS**

14.1 TLG Holdings, TLG and CL Finance give to the TLG Creditors and CL Finance Creditors the TLG and CL Finance Covenants set out in Schedule 4.

14.2 Subject to any contrary provisions of Schedule 4, the TLG and CL Finance Creditors' Committee shall have sole authority to take action on behalf of the TLG Creditors and CL Finance Creditors in response to any breach of the TLG and CL Finance Covenants.

14.3 If any TLG Compliance Report indicates that any of the TLG and CL Finance Covenants set out in clauses 4.3, 5 and 6 of Schedule 4 has been breached, the TLG Deed Administrators shall within ten Business Days take steps to convene a meeting of the TLG and CL Finance Creditors' Committee. Such meeting or any adjournment of that meeting may then resolve either:

- (a) to take no action in respect of the breach of covenant; or
- (b) to agree a proposal by TLG Holdings, TLG or CL Finance or recommend to TLG Holdings, TLG or CL Finance such measures as the meeting considers appropriate for the breach of covenant to be remedied and, if a recommendation is made, for the meeting to be adjourned for up to ten Business Days to allow TLG Holdings, TLG or CL Finance to decide whether to take the recommended measures.

14.4 TLG Holdings and Cattles Holdings Limited covenant that:

- (a) they shall not be a party to any transaction giving rise to a Disposal Event without the consent of the TLG and CL Finance Creditors' Committee; and
- (b) following any resolution of the TLG and CL Finance Creditors' Committee made after consultation with the TLG Deed Administrators that a transaction giving rise to a Disposal Event would be in the best interests of TLG Creditors, CL Finance Creditors and the Pension Trustee, they shall use reasonable endeavours to enter into such a transaction as soon as is reasonably practicable.

#### **15. NOTICES**

15.1 Any notice or other written communication to be given under or in relation to this deed shall be given in writing and shall be deemed to have been duly given if it is delivered by hand or sent by post to the following addresses, or such other address as shall be notified by the relevant Party from time to time:

- (a) in the case of TLG, to Mere Way, Ruddington Fields Business Park, Ruddington, Notts, NG11 6NZ and marked for the attention of Robert East, always with a copy to the TLG Deed Administrators;
- (b) in the case of the TLG Deed Administrators, to KPMG LLP, 8 Salisbury Square, London EC4Y 8BB, marked for the attention of Chris Laverty, Richard Fleming and Ed Boyle; and
- (c) in the case of any TLG Creditor or the Pension Trustee, to its last known address according to the TLG Deed Administrators.

15.2 Any notice or written communication given under this deed shall be deemed to have been delivered on the earliest of:

- (a) if delivered by hand, the first Business Day after it is delivered;
- (b) if sent by post, the second Business Day after posting if the recipient is in the country of dispatch, otherwise the seventh Business Day after posting;
- (c) if sent electronically, the first Business Day beginning after the expiration of 24 hours from the time it was sent; or
- (d) the Business Day on which the notice or communication is actually received by the recipient.

15.3 Notwithstanding anything to the contrary in this deed, any notice or communication required to be or which may be sent under this deed may, at the option of the TLG Deed Administrators or any Party be given or sent by the TLG Deed Administrators or the relevant Party in electronic form (i.e. by email or fax) to the address or number specified for that purpose by the TLG Deed Administrators or any Party.

#### **16. ASSIGNMENT**

16.1 Subject to clauses 16.2 to 16.5, TLG and the TLG Deed Administrators shall be under no obligation to recognise any assignment or transfer (or purported assignment or transfer) of the whole or any part of any Guarantor Obligations (or the benefit thereof) after the Deed Effective Date for the purposes of determining entitlements under this deed, and TLG shall have no obligations hereunder to any person other than a TLG Creditor, a CL Finance Creditor or the Pension Trustee.

16.2 Subject to clause 16.3, where the TLG Deed Administrators have received from the purported assignor and assignee of a Guarantor Obligation:

- (a) notice in writing, duly completed in the form set out in Schedule 5, of an assignment or transfer, of the whole or part of any Guarantor Obligations owed to a TLG Creditor; and
- (b) a Deed of Accession,

the TLG Deed Administrators and TLG shall agree to recognise such assignment or transfer for the purposes of TLG making distributions under this deed.

16.3 No TLG Creditor or CL Finance Creditor shall assign or transfer any Guarantor Obligation (or the benefit thereof) owed to it to any person (the *Assignee*) unless and to the extent that such TLG Creditor or CL Finance Creditor simultaneously assigns or transfers to the Assignee (i) all Guarantor Obligations (or the benefit thereof) owed to it; and (ii) all of its scheme claims against Cattles which correspond to the underlying debt which is guaranteed by the relevant Guarantor Obligations. Any other purported assignment or transfer shall be void and shall not be entitled to recognition by the TLG Deed Administrators or TLG.

16.4 An assignment or transfer shall only take effect for the purposes of this deed when the TLG Deed Administrator gives notice to the TLG Creditor and/or CL Finance Creditor and the assignee or transferee that they have recognised the assignment or transfer, such notice to be given promptly by the TLG Deed Administrator.

16.5 Any assignee or transferee in respect of a Guarantor Obligation so recognised by the TLG Deed Administrator shall be bound by the terms of this deed and shall be considered a TLG Creditor and a CL Finance Creditor for the purposes of this deed, in place of the assignor or transferor.

## **17. DISCLOSURE OF INFORMATION**

17.1 TLG Creditors and CL Finance Creditors may disclose to any of their officers, directors, employees, professional advisers, auditors and Affiliates and their Affiliates may disclose to any of their officers, directors, employees, professional advisers and auditors any information which that TLG Creditor or CL Finance Creditor has acquired under or in connection with this deed or otherwise in relation to TLG as such TLG Creditor or CL Finance Creditor considers appropriate if any person to whom such information is given undertakes to keep such information confidential and agrees not to disclose it to anyone (except that there shall be no requirement to obtain such undertaking if the recipient is subject to professional obligations to maintain the confidentiality of the information).

17.2 TLG Creditors and CL Finance Creditors may disclose to (or through) any person with whom it may enter or has entered into, any kind of transfer, assignment, participation or other agreement relating to a TLG Deed Claim any information which that TLG Creditor or CL Finance Creditor has acquired under or in connection with this deed or otherwise in relation to TLG provided such person to whom the information is to be given undertakes to keep such information confidential and agrees not to disclose it to anyone except to the extent such disclosure is:

- (a) to such professional advisers as the TLG Creditor or CL Finance Creditor considers appropriate and who (save in the case of legal advisers and auditors provided that it is made clear to them that such matters are confidential) have agreed to be bound by clause 17.1;
- (b) to HM Revenue & Customs or any other governmental, public or official body for taxation purposes;
- (c) required by law, regulation or any court, governmental or competent regulatory authority;
- (d) in relation to matters that are already in the public domain; or
- (e) in relation to information known by such person (other than as a result of a breach of this provision).

## **18. SEVERABILITY**

If any provision of this deed is found to be void or unenforceable, that provision shall be deemed to be deleted from this deed and the remaining provisions of this deed shall continue in full force and effect and the Parties shall use their respective reasonable endeavours to procure that any such provision is replaced by a provision which is valid and enforceable, and which gives effect to the spirit and intent of this deed.

## **19. ENTIRE AGREEMENT**

19.1 This deed, and, where applicable to a Party, the Co-guarantors Compromise Deed and the Ewbanks Scheme constitute the entire understanding and agreement between the Parties in relation to its subject matter and supersede any prior arrangement in relation to their subject matter.

19.2 Each Party acknowledges that it has not entered into this deed in reliance wholly or partly on any representation or warranty made by or on behalf of any other Party (whether orally or in writing) other than as expressly set out in this deed.

#### **20. GOVERNING LAW AND JURISDICTION**

This deed and any non-contractual obligations arising out of or in connection with this deed shall be governed by, and construed in accordance with, the laws of England and Wales. Any dispute arising out of or in connection with, or concerning the carrying into effect of, this deed and any non-contractual obligations arising out of, or in connection with, this deed shall be subject to the exclusive jurisdiction of the Court, and the Parties hereby submit to the exclusive jurisdiction of the Court for these purposes.

#### **21. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999**

The Parties agree that the terms of this deed are not enforceable by any third party under the Contracts (Rights of Third Parties) Act 1999, save that:

- (a) the TLG Deed Administrators are intended to benefit from and may rely upon the terms of clause 3; and
- (b) the CL Finance Creditors are intended to benefit from and may rely upon the terms of clauses 3, 13 and 14, Schedule 3 and Schedule 4.

#### **22. FURTHER ASSURANCE**

The Parties shall deliver or cause to be delivered such instruments and other documents at such times and places as are reasonably necessary or desirable, and shall take any other action reasonably requested by any of the other Parties for the purpose of putting this deed into effect.

#### **23. COUNTERPARTS**

This deed may be executed in any number of counterparts, and by each Party on separate counterparts. Each counterpart is an original, but all counterparts shall together constitute one and the same instrument. Delivery of a counterpart of this deed by e-mail attachment or fax shall be an effective mode of delivery.

#### **24. VARIATION**

Any variation of this deed shall be in writing and signed by or on behalf of each Party, save that any variation with regard to clause 14 need not have the consent of the Pension Trustee, provided that such amendment does not affect the Pension Trustee.

This document has been executed as a deed and is delivered and takes effect on the date stated at the beginning of it.

**SCHEDULE 1**  
**GUARANTOR COMPANIES**

1. C L FINANCE LIMITED (company number 01108021).
2. CATTLES HOLDINGS LIMITED (company number 05976786).
3. COMPASS CREDIT LIMITED (company number 00235117).
4. DIAL4ALOAN LIMITED (company number 03958533).
5. EWBANKS MAIL ORDER LIMITED (company number 00457490).
6. LEWIS GROUP (HOLDINGS) LIMITED (company number SC154199).
7. MONEYTOPIA BANK LIMITED (company number 00215285).
8. MONEYTOPIA LIMITED (company number 00652955).
9. PROGRESSIVE FINANCIAL SERVICES LIMITED (company number 01682540).
10. RECORDPOINT LIMITED (company number 02906681).
11. SHOPACHECK LIMITED (company number 00274611).
12. STATUSCLAIM LIMITED (company number 02903444).
13. SUPREMEACCESS LIMITED (company number 02913219).
14. THE LEWIS GROUP LIMITED (company number SC127043).
15. U.K. DEBT DEFAULTERS REGISTER LTD (company number SC170934).
16. WELCOME INSURANCE SERVICES LIMITED (company number 02230654).
17. WELCOME RETAIL SERVICES LIMITED (company number 00226015).
18. WESTERNISSUE LIMITED (company number 02930977).

**SCHEDULE 2**  
**TLG FINANCE DOCUMENTS**

Any of the following documents in respect of which TLG or CL Finance owes guarantee obligations:

1. The £800 million syndicated credit facility dated 10 July 2006 between Cattles as borrower, certain of its subsidiaries as guarantors, The Royal Bank of Scotland plc as facility agent and the lenders from time to time.
2. The £500 million syndicated credit facility dated 14 July 2004 between Cattles as borrower, certain of its subsidiaries as guarantors, The Royal Bank of Scotland plc as facility agent and the lenders from time to time.
3. The £215 million syndicated credit facility dated 17 April 2008 between Cattles as borrower, certain of its subsidiaries as guarantors, The Royal Bank of Scotland plc as facility agent and the lenders from time to time.
4. The £135 million bilateral credit facility dated 30 June 2008 between Cattles as borrower, certain of its subsidiaries as guarantors and The Royal Bank of Scotland plc as lender and facility agent.
5. The £75 million bilateral credit facility dated 12 August 2004 between Cattles as borrower, certain of its subsidiaries as guarantors and The Royal Bank of Scotland plc as lender.

**SCHEDULE 3**  
**TLG AND CL FINANCE CREDITORS' COMMITTEE**

**1. CONSTITUTION OF THE TLG AND CL FINANCE CREDITORS' COMMITTEE**

1.1 The TLG and CL Finance Creditors' Committee shall consist of not less than three nor more than five persons.

1.2 The following creditors shall be the initial Committee Members:

- (a) The Royal Bank of Scotland plc;
- (b) Lloyds TSB Bank plc; and
- (c) a TLG Creditor or a CL Finance Creditor.

1.3 Subject to clause 1.4 below, the Committee Members agree to keep all Committee Confidential Information that they receive in connection with their membership of or attendance at meetings of the TLG and CL Finance Creditors' Committee completely and absolutely confidential.

1.4 Each of the Committee Members agree that they will not disclose or permit any of the Committee Confidential Information to be disclosed to any person except to the extent such disclosure is:

- (a) to any of their officers, directors, employees, auditors and Affiliates and their Affiliates may disclose to any of their officers, directors, employees and auditors as the Committee Member considers appropriate if any person to whom such information is given has agreed to be bound by clause 1.3;
- (b) to such professional advisers as the Committee Member considers appropriate and who (save in the case of legal advisers and auditors provided that it is made clear to them that such matters are confidential) have agreed to be bound by clause 1.3, to the same extent as the Committee Members;
- (c) to HM Revenue & Customs or any other governmental, public or official body for taxation purposes; or
- (d) required to be disclosed by law, regulation or any court, governmental or competent regulatory authority.

1.5 If, from time to time, there is an even number of Committee Members, the TLG and CL Finance Creditors' Committee may by majority vote choose a chairman from among their number or, in the absence of a majority, the TLG Deed Administrators shall choose a chairman. That chairman shall have the deciding vote at any meeting of the TLG and CL Finance Creditors' Committee.

1.6 Any TLG Creditor or CL Finance Creditor (whether an individual, a body corporate or a partnership) shall be eligible for subsequent appointment as a Committee Member.

1.7 Each Committee Member which is a body corporate or a partnership may, by notice in writing to the TLG and CL Finance Creditors' Committee, appoint a senior executive, other senior employee or professional adviser as its nominated representative (a *Nominated Representative*) to represent that Committee Member at any meeting of the TLG and CL Finance Creditors' Committee.

1.8 Any Committee Member or Nominated Representative who is an individual may, by notice in writing to the TLG and CL Finance Creditors' Committee, appoint a senior executive, other senior employee or professional adviser as an alternate (an *Alternate*) to attend and vote in his place at any meeting of the TLG and CL Finance Creditors' Committee.

1.9 Any Nominated Representative or Alternate shall have the same powers and shall be subject to the same duties and limitations as the Committee Member whom the Nominated Representative or Alternate represents.

**2. MEMBERSHIP OF THE TLG AND CL FINANCE CREDITORS' COMMITTEE**

2.1 The TLG and CL Finance Creditors' Committee may at any time appoint any person who is eligible to be so appointed to be a Committee Member, whether to fill a vacancy or as an additional Committee Member, so that the total number of Committee Members shall not exceed five. In appointing new Committee Members, the TLG and CL Finance Creditors' Committee shall endeavour to ensure that the composition of the TLG and CL Finance Creditors' Committee is such that it represents a proper balance of the interests of the TLG Creditors and the CL Finance Creditors as a whole.

2.2 The office of a Committee Member shall be vacated if any of the situations set out in clauses 2.3 to 2.5 applies or if that Committee Member:

- (a) resigns by notice in writing addressed to the TLG and CL Finance Creditors' Committee;
- (b) is removed from office by a vote of the majority of TLG Creditors and CL Finance Creditors;
- (c) if the Committee Member ceases to become a TLG Creditor or a CL Finance Creditor (or is found never to have been one); or
- (d) fails to attend three consecutive meetings of the TLG and CL Finance Creditors' Committee, unless the TLG and CL Finance Creditors' Committee (excluding that Committee Member) resolves by a majority of two-thirds of the Committee Members present at a meeting of the TLG and CL Finance Creditors' Committee that he should continue as a Committee Member.

2.3 In the case of an individual, the office of a Committee Member shall be vacated if that individual:

- (a) transfers or assigns the Guarantor Obligations in respect of which he is a TLG Creditor or CL Finance Creditor, in accordance with clause 16 of the deed, such that he is no longer a TLG Creditor or CL Finance Creditor;
- (b) dies;
- (c) is admitted to hospital because of mental disorder or is the subject of an order concerning his mental disorder made by a court having jurisdiction in England or elsewhere in such matters;
- (d) becomes bankrupt or is subject to an individual voluntary arrangement or analogous process under the law of any jurisdiction to which he is subject;
- (e) becomes disqualified from acting as a director under the law of any jurisdiction to which he is subject; or
- (f) is convicted of an indictable offence, other than a road traffic offence.

2.4 In the case of a body corporate or partnership, the office of a Committee Member shall be vacated if that body corporate or partnership is dissolved or has transferred or assigned the Guarantor Obligations in respect of which he is a TLG Creditor or a CL Finance Creditor, in accordance with clause 16 of the deed, such that the relevant body corporate or partnership is no longer a TLG Creditor or CL Finance Creditor.

2.5 In the case of a person appointed by the TLG Deed Administrators under clause 11.2, the office of that Committee Member shall be vacated if that person has his written consent under that clause revoked by the TLG Deed Administrators.

2.6 Any person entitled to appoint a Nominated Representative or an Alternate may from time to time revoke that appointment and appoint another Nominated Representative or Alternate by notice in writing to the TLG and CL Finance Creditors' Committee, the TLG Deed Administrators and TLG or CL Finance, as appropriate.

2.7 The appointment of a Nominated Representative or an Alternate (as the case may be) shall terminate automatically if:

- (a) his appointment is revoked by the person who appointed him; or
- (b) the person whom that Nominated Representative or Alternate represents ceases to be a Committee Member; or
- (c) the Nominated Representative or Alternate ceases to be a senior executive, senior employee or professional adviser of the Committee Member whom he represents; or
- (d) the Nominated Representative or Alternate dies, becomes bankrupt or is disqualified from acting as a director in each case under the law of any jurisdiction to which he is subject or is convicted of an indictable offence.

### **3. PROCEEDINGS OF THE TLG AND CL FINANCE CREDITORS' COMMITTEE**

3.1 TLG and CL Finance may each appoint a representative or representatives to attend any meeting of the TLG and CL Finance Creditors' Committee for the purposes of observing the meeting only. The TLG and CL Finance Creditors' Committee may resolve to remove such representatives from any meeting or part of any meeting, following which resolution, the representative shall withdraw, as resolved.

3.2 Where a majority of the TLG and CL Finance Creditors' Committee considers it appropriate, the meeting of the TLG and CL Finance Creditors' Committee may be conducted and held in such a way that persons who are not present together at the same place may attend it. Where a meeting is conducted and held in this manner, a Committee Member attends the meeting if that Committee Member is able to exercise any rights which that Committee Member may have to speak and vote at the meeting. Such meetings shall be conducted in accordance with the regime set out in rule 12A.26 of the Insolvency Rules 1986.



3.3 Save as otherwise specifically provided in the deed, the TLG and CL Finance Creditors' Committee may convene, adjourn and otherwise regulate its meetings in such manner as it considers appropriate. The quorum at any meeting of the TLG and CL Finance Creditors' Committee shall be at least 50 per cent. of the Committee Members, attending in person or by conference call, provided that if a quorum is not present within 15 minutes from the time appointed for a meeting, or if during a meeting such a quorum ceases to be present, the meeting shall stand adjourned to such time and place as may be determined by the majority of the Committee Members present and the Committee Members present at any such meeting reconvened following an adjournment shall constitute a quorum. Each Committee Member shall have one vote and, except as otherwise provided in the deed, matters arising at a meeting shall be decided by a majority of votes cast at the meeting.

3.4 The TLG and CL Finance Creditors' Committee shall meet with the TLG Deed Administrators as often as necessary and in any event following the production by the TLG Deed Administrators of a Compliance Report which indicates that one or more of the TLG and CL Finance Covenants has been breached. A meeting of the TLG and CL Finance Creditors' Committee shall be called as soon as reasonably practicable if so requested by at least two Committee Members or if the TLG Deed Administrators otherwise consider it appropriate. Except with the consent of all Committee Members, no meeting of the TLG and CL Finance Creditors' Committee may be called on less than five Business Days' notice and, except with the consent of all Committee Members, no business may be transacted at any such meeting other than that set out in the notice of that meeting.

3.5 Each Committee Member (including any Nominated Representative or Alternate) and the TLG Deed Administrators (or their representatives) shall be entitled to attend and receive notice of all meetings of the TLG and CL Finance Creditors' Committee. The TLG Deed Administrators shall be entitled to attend and speak, but not to vote, at all meetings of the TLG and CL Finance Creditors' Committee. Notwithstanding the previous provisions of this clause 3.5, if so requested by the TLG and CL Finance Creditors' Committee, the TLG Deed Administrators (or their representative(s)) shall absent themselves from all or such part of a meeting of the TLG and CL Finance Creditors' Committee as the TLG and CL Finance Creditors' Committee may specify.

3.6 The TLG and CL Finance Creditors' Committee shall ensure that proper minutes are kept of all proceedings of the TLG and CL Finance Creditors' Committee and such minutes shall at all reasonable times be open to inspection by any Committee Member. Copies of such minutes shall be sent as soon as practicable after each meeting to the TLG Deed Administrators and each Committee Member.

3.7 A resolution in writing agreed to by all Committee Members for the time being shall be valid and effective as if passed at a meeting of the TLG and CL Finance Creditors' Committee duly convened and held. Each Committee Member may signify his agreement to a proposed written resolution when the TLG and CL Finance Creditors' Committee receives from him a document identifying the resolution to which it relates and indicating his agreement to the resolution. The document may be sent to the members of the TLG and CL Finance Creditors' Committee in hard copy form or in electronic form.

#### **4. POWERS**

4.1 The TLG and CL Finance Creditors' Committee shall have all the powers necessary or desirable to enable them to discharge their duties and responsibilities under the deed including without limitation in connection with their taking decisions and/or exercising discretion.

4.2 The TLG and CL Finance Creditors' Committee shall be entitled:

- (a) to require at least one of the TLG Deed Administrators to attend any meeting of the TLG and CL Finance Creditors' Committee;
- (b) by a resolution passed by at least three-fourths by number (rounded up to the nearest whole number) of all the Committee Members to call upon a TLG Deed Administrator to resign, provided that each such TLG Deed Administrator and each Committee Member have been given at least 20 Business Days' notice of the proposed resolution and of the reasons why the resolution is to be put to the TLG and CL Finance Creditors' Committee and have been given a reasonable opportunity to make representations at the meeting at which the resolution is proposed. If the TLG Deed Administrator declines to resign within five Business Days of a resolution of the TLG and CL Finance Creditors' Committee calling for his resignation a resolution requiring his removal shall be put before a meeting of the TLG Creditors and CL Finance Creditors and, if passed, the TLG Deed Administrator shall vacate their position; and
- (c) upon removal of a TLG Deed Administrator or if a TLG Deed Administrator ceases to hold office for any other reason, to appoint any person qualified to act under clause 3.2 of the deed to be a TLG Deed Administrator in their place.

4.3 The TLG and CL Finance Creditors' Committee shall be entitled to engage such legal and financial advisers from time to time as is reasonable in order to assist them in carrying out their functions as the TLG and CL Finance Creditors' Committee. At any particular time, the TLG and CL Finance Creditors' Committee may only engage one legal adviser in any jurisdiction

and one financial adviser. Reasonable costs of such advisers will be paid by TLG and CL Finance within 10 Business Days of demand.

4.4 The TLG and CL Finance Creditors' Committee and the Obligor Companies shall use reasonable endeavours to ensure that there are at least two duly qualified TLG Deed Administrators in office at all times.

4.5 For the avoidance of doubt and subject to clause 2.2(c), a Committee Member may transfer, assign or sub-participate the whole or part of any Guarantor Obligations in respect of which they are a TLG Creditor or CL Finance Creditor in accordance with clause 16 of the deed.

## **5. MAJORITY TLG CREDITOR AND CL FINANCE CREDITORS' INSTRUCTIONS**

5.1 The TLG and CL Finance Creditors' Committee shall (i) be entitled to exercise or refrain from exercising any right, power, authority or discretion vested in it as the TLG and CL Finance Creditors' Committee as it thinks fit and in any event to act in accordance with any instructions given to it by a majority of the TLG Creditors and the CL Finance Creditors; and (ii) not be liable (nor shall any of its members) for any act (or omission) if it acts (or refrains from taking any action):

- (a) in accordance with an instruction of a majority of the TLG Creditors and the CL Finance Creditors; or
- (b) in good faith.

5.2 For the purposes of clause 5.1, a majority means a simple majority by value of the aggregate TLG Creditor Claims and CL Finance Creditor Claims of the TLG Creditors and CL Finance Creditors.

## **6. DUTIES**

6.1 Each Committee Member, each Nominated Representative, and each Alternate shall (and each Committee Member shall procure that any Nominated Representative or Alternate appointed by it or any Alternate appointed by its Nominated Representative shall), in performing their functions as such in relation to the deed, act bona fide in what such person considers to be the interests of the TLG Creditors and CL Finance Creditors as a whole. For the avoidance of doubt (but without prejudice to its specific powers as set out by the deed) it shall not be the duty of the TLG and CL Finance Creditors' Committee to monitor the carrying out of the deed or the activities of the TLG Deed Administrators.

6.2 It shall be the duty of each Committee Member who is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with TLG or CL Finance (other than any which arises as a result of the provisions of the deed) to declare (or procure that its Nominated Representative or Alternate or its Nominated Representative's Alternate shall declare) the nature of his or its interest at a meeting of the TLG and CL Finance Creditors' Committee where that contract or arrangement is under consideration. For this purpose a general notice given to the TLG and CL Finance Creditors' Committee to the effect that a Committee Member is an associate (within the meaning of section 435 of the Insolvency Act 1986) of a specified company or firm and is to be regarded as interested in any such contract or arrangement with that company or firm shall be deemed a sufficient declaration of interest in relation to any such contract or arrangement. Such a Committee Member shall not be counted in the quorum, shall not be entitled to vote in relation to any matter relating specifically to any such contract, shall retire from the meeting for so long as the matter is discussed and voted upon and shall not receive any information, nor be entitled to inspect any part of the minutes of a meeting or the TLG and CL Finance Creditors' Committee, relating thereto.

6.3 Each Nominated Representative or Alternate shall be entitled to report to the Committee Member appointing him on the proceedings of the TLG and CL Finance Creditors' Committee and, so far as necessary for that purpose, to disclose confidential information of TLG and CL Finance to those officers, employees and professional advisers of that member or appointer who need to know it in connection with (where a Nominated Representative or Alternate is disclosing information) the performance of his or its responsibilities as a Committee Member, provided that such information does not to his or its knowledge (after due enquiry) relate to any matter where any such appointer has an interest in conflict with TLG or CL Finance (other than a general conflict arising as the result of the status of Committee Member or the appointers of a Nominated Representative or Alternate as TLG Creditors or CL Finance Creditors). Each Committee Member shall, and shall procure that its Nominated Representative or Alternate or its Nominated Representative's Alternate and its officers, employees and professional advisers shall, preserve the confidentiality of such information and shall use such information only for the purposes of their performing their responsibilities and functions (or their Nominated Representative's or Alternate's or their Nominated Representative Alternate's responsibilities and functions) in relation to the TLG and CL Finance Creditors' Committee.

## **7. RESPONSIBILITY**

7.1 No TLG Creditor, CL Finance Creditor or TLG Deed Administrator and neither TLG nor CL Finance shall be entitled to challenge the validity of any act done or omitted to be done in good faith by any Committee Member (or Nominated Representative or Alternate) (aside in respect of the TLG Deed Administrators pursuant to clause 3.7 of the deed) in accordance with and to implement the provisions of the deed or the exercise by any such Committee Member (or Nominated Representative or Alternate) in good faith of any power conferred upon it or him by or for the purposes of the deed if exercised in accordance with and to implement the provisions of the deed and no such Committee Member (or Nominated Representative or Alternate) shall be liable for any loss or damage unless such loss or damage is attributable to its or his fraud.

7.2 No Committee Member (or Nominated Representative or Alternate) will be liable for any action taken by it or him (or any inaction) under or in connection with the deed, unless directly caused by its bad faith or wilful misconduct.

7.3 For the avoidance of doubt, the TLG and CL Finance Creditors' Committee will have no fiduciary duties and will owe no duty of care to TLG or CL Finance or to any of the Guaranteed Creditors.

## **8. VALIDATION OF ACTS**

All acts done by the TLG and CL Finance Creditors' Committee or any member of the TLG and CL Finance Creditors' Committee or any person acting as a Committee Member or as a Nominated Representative or Alternate shall, notwithstanding that it is afterwards discovered there was some defect in the appointment of a Committee Member or person acting as aforesaid, or that any of them were disqualified, be valid if every such person had been duly appointed and qualified.

## **9. EXPENSES**

Each member of the TLG and CL Finance Creditors' Committee, each Nominated Representative and each Alternate shall be entitled to be reimbursed by Obligor Companies from the assets of the Obligor Companies upon written demand to the Obligor Companies for their reasonable out of pocket expenses incurred in attending meetings of the TLG and CL Finance Creditors' Committee, or otherwise engaged on TLG and CL Finance Creditors' Committee business, provided that such meetings are held in London or in such other place as the TLG Deed Administrators may from time to time agree. Where a Committee Member, its Nominated Representative or any Alternate appointed by the Committee Member must travel to attend a TLG and CL Finance Creditors' Committee meeting in London (or such other place as the TLG Deed Administrators have agreed), that Committee Member, Nominated Representative or Alternate shall (and any such Committee Member shall procure that such Nominated Representative or Alternate shall) use all reasonable endeavours to appoint as its Nominated Representative or Alternate (as the case may be) for that meeting an individual who is based in the locality of the venue of that TLG and CL Finance Creditors' Committee meeting. Where the cost of an air fare is so permitted, it shall be the cost of an economy class fare only.

## **10. FEES**

TLG agrees to pay each Committee Member a fee of £5,000 plus VAT which shall be paid quarterly in arrears to each Committee Member until the date on which the appointment of that Committee Member is terminated in accordance with the terms of this deed. The first payment shall be due on the last Business Day of the first whole calendar month falling three months after the Deed Effective Date. Each subsequent payment is due on the last Business Day of each calendar month at three monthly intervals. No part of any fee will be refunded if an appointment does not continue for the whole month concerned.

## **11. TLG AND CL FINANCE CREDITORS' COMMITTEE – VACANCIES**

11.1 If at any time there are less than three members of the TLG and CL Finance Creditors' Committee, the TLG and CL Finance Creditors' Committee may continue to exercise all its functions under the deed (other than those provided for in clause 4.2(b)) for a period of 28 days, during which time the remaining Committee Members shall endeavour to fill the vacancies on the TLG and CL Finance Creditors' Committee.

11.2 If the TLG and CL Finance Creditors' Committee fails to fill vacancies on the TLG and CL Finance Creditors' Committee within such period of 28 days, the TLG Deed Administrators shall use all reasonable endeavours to appoint, within a further 14 days, such additional TLG Creditors or CL Finance Creditors to the TLG and CL Finance Creditors' Committee as are required to fill such vacancies.

**SCHEDULE 4**  
**TLG AND CL FINANCE COVENANTS**

**Objective of the Covenants**

The overriding objective of the covenants set out in this schedule are for the Obligors to meet or exceed the Original Forecast.

**1. DEFINITIONS**

In this Schedule:

**Actual Net Free Cash** means, for any period, the actual Net Free Cash for that period.

**Calculation Certificate** means a certificate substantially in the form of Annex 1.

**Calculation Date** means the last Business Day in each of January, April, July and October provided that the first Calculation Date shall only occur following the first Quarter Date which occurs at least three months after the Effective Date (as defined in the WFSL Creditor Scheme).

**Calculation Period** means:

- (a) in respect of the first Calculation Date, the preceding Quarter; and
- (b) in respect of any other Calculation Date, the preceding two Quarters.

**Clause** means a clause of this Schedule, unless the context requires otherwise;

**Cumulative Actual Net Free Cash** means, in respect of any Calculation Date, all the Actual Net Free Cash generated between:

- (a) the first day of the month following the month in which the Effective Date (as defined in the WFSL Creditor Scheme) occurs; and
- (b) the Quarter Date immediately preceding that Calculation Date.

**Cumulative Forecast Net Free Cash** means, in respect of any Calculation Date, all the Forecast Net Free Cash forecast to be generated between:

- (a) the first day of the month following the month in which the Effective Date (as defined in the WFSL Creditor Scheme) occurs; and
- (b) the Quarter Date immediately preceding that Calculation Date.

**Cumulative Net Free Cash Percentage** means each percentage calculated for the purposes of paragraph (d) of Clause 4.1 (Calculations).

**Divergence Certificate** means a certificate substantially in the form of Annex 2.

**Financial Indebtedness** means any indebtedness for or in respect of:

- (a) moneys borrowed;
- (b) any acceptance credit (including any dematerialised equivalent);
- (c) any bond, note, debenture, loan stock or other similar instrument;
- (d) any redeemable preference share;
- (e) any agreement treated as a finance or capital lease in accordance with generally accepted accounting principles in the jurisdiction of incorporation of the company except in the ordinary course of business;
- (f) receivables sold or discounted (otherwise than on a non-recourse basis);
- (g) the acquisition cost of any asset to the extent payable after its acquisition or possession by the party liable where the deferred payment is arranged primarily as a method of raising finance or financing the acquisition of that asset;
- (h) any derivative transaction protecting against or benefitting from fluctuations in any rate or price (and, except for non-payment of an amount, the then mark to market value of the derivative transaction will be used to calculate its amount);

- (i) any other transaction (including any forward sale or purchase agreement) which has the commercial effect of a borrowing;
- (j) any counter-indemnity obligation in respect of any guarantee, indemnity, bond, letter of credit or any other instrument issued by a bank or financial institution; or
- (k) any guarantee, indemnity or similar assurance against financial loss of any person in respect of any item referred to in the above paragraphs.

**Financial Model** means the financial model used by the Obligors to prepare the Original Forecast as amended pursuant to Clause 3.2 (Changes).

**Financial Year** means each period beginning on 1st January and ending on the next 31 December.

**Forecast** means the latest of the Original Forecast and each Updated Forecast.

**Forecast Net Free Cash** means, for any period, the forecast Net Free Cash for that period as set out in the relevant Forecast.

**Net Free Cash** means, in respect of any period, the amount shown as the Obligors' net operating cash generation in the Financial Model.

For the avoidance of doubt, Net Free Cash does not include:

(i) intercompany amounts paid or received by an Obligor to or from another member of the Group other than amounts paid or received by an Obligor to or from WFSL on an arms length basis as payment for collection services and other items in the ordinary course of business provided to or from WFSL by that Obligor;

(ii) receipts by an Obligor held on trust for third parties as client money and payments to said third parties of money held on trust.

**Net Free Cash Percentage** means each percentage calculated for the purposes of paragraph (c) of Clause 4.1 (Calculations).

**Obligor** means TLG, TLG Holdings and CL Finance.

**Original Forecast** means the 2010 (6+6) Plan financial forecast prepared by the Obligors in respect of their Financial Years 2011 to 2013.

**Quarter** means each period of three months ending on a Quarter Date.

**Quarter Date** means 31 March, 30 June, 30 September and 31 December in each year.

**Security Interest** means any mortgage, pledge, lien, charge, assignment, hypothecation or security interest or any other agreement or arrangement having a similar effect.

**Terminal Value** means the terminal valuation of the Obligors as at 31 December 2013 of £50.9m as ascribed to the Obligors by WFSL and Lexicon Partners Limited in September 2010.

**Threshold** means the (i) total Net Free Cash in, and for the period of, the Original Forecast and; (ii) the Terminal Value.

**Updated Forecast** means each forecast for the Obligors accepted by the TLG Deed Administrators in accordance with Clause 2 (Forecast).

**Updated Terminal Value** means the terminal valuation of the Obligors as at 31 December 2013 ascribed to the Obligors by an independent valuation expert (using the same methodology by which the Terminal Value was calculated) and accepted by the Obligors and the TLG Deed Administrators.

## 2. FORECAST

### 2.1 Delivery of Updated Forecasts

- (a) Subject to paragraph (b) below, on or before 31 October in each Financial Year and if required in accordance with Clause 4.3, the Obligors must deliver to the TLG Deed Administrators and the TLG and CL Finance Creditors' Committee a draft Updated Forecast.
- (b) The Obligors need not deliver to the TLG Deed Administrators and the TLG and CL Finance Creditors' Committee a draft Updated Forecast pursuant to paragraph (a) above if it has delivered a draft Updated Forecast to the TLG Deed

Administrators and the TLG and CL Finance Creditors' Committee in accordance with paragraph (a) above) within the previous two months.

## 2.2 Basis and Form

Each draft Updated Forecast must be:

- (a) prepared using the Financial Model and otherwise on the same basis and covering the same period of time (Financial Years 2011-2013) as the Original Forecast; and
- (b) delivered to the TLG Deed Administrators and the TLG and CL Finance Creditors' Committee in electronic format and summary outputs in hard copy.

## 2.3 Acceptance of draft Updated Forecast

- (a) Within ten Business Days of receiving a draft Updated Forecast, the TLG Deed Administrators, in consultation with the TLG and CL Finance Creditors' Committee, must promptly notify the Obligors whether they accept that draft as being prepared in accordance with this Schedule.
- (b) If a draft Updated Forecast is not accepted pursuant to paragraph (a) above, the TLG Deed Administrators, the TLG and CL Finance Creditors' Committee and the Obligors must consult, in good faith, and use all reasonable endeavours to agree changes to the draft such that it can be accepted pursuant to paragraph (a) above as soon as practicable and, in any event, within five Business Days of the TLG Deed Administrators notifying the Obligors that the draft Updated Forecast is not accepted.
- (c) the Obligors shall deliver a copy of each Updated Forecast to the TLG and CL Finance Creditors' Committee within five Business Days of it being accepted pursuant to this Clause.

## 2.4 Divergence Certificate

Within two Business Days of an Updated Forecast being accepted pursuant to Clause 2.3 (Acceptance of draft Updated Forecast), the Obligors must deliver to the TLG Deed Administrators a Divergence Certificate setting out the aggregate Actual Net Free Cash and the Forecast Net Free Cash in the last Updated Forecast as a percentage of the aggregate Net Free Cash in the Original Forecast (the **Total Net Free Cash Percentage**)

## 3. FINANCIAL MODEL

### 3.1 Inconsistency

If any term of this Schedule is inconsistent with the Financial Model, the Schedule will prevail.

### 3.2 Changes

- (a) Without imposing any verification obligation on the TLG Deed Administrators, the TLG Deed Administrators and the Obligors may each make proposals for changes to the Financial Model which they believe in good faith are necessary for:
  - (i) the accurate calculation of the percentages and amounts to be calculated under this Schedule; or
  - (ii) the accurate projection of Forecast Net Free Cash.

Any proposal made under this subclause must be accompanied by reasons for that proposal.

- (b) If the TLG Deed Administrators and the Obligors are unable to agree on any change referred to above within 15 Business Days from the date on which the change is proposed, the relevant change shall not be made.

## 4. QUARTERLY TESTING

### 4.1 Calculations

On each Calculation Date, the Obligors must deliver to the TLG Deed Administrators a Calculation Certificate setting out:

- (a) the Forecast Net Free Cash for the relevant Calculation Period;
- (b) the Actual Net Free Cash for the relevant Calculation Period;
- (c) the Actual Net Free Cash for the relevant Calculation Period as a percentage of the Forecast Net Free Cash for the relevant Calculation Period (the **Net Free Cash Percentage**); and
- (d) the Cumulative Actual Net Free Cash as a percentage of Cumulative Forecast Net Free Cash (the **Cumulative Net Free Cash Percentage**).

#### 4.2 Stage One Trigger Event

- (a) If on any Calculation Date the Net Free Cash Percentage is less than 95 per cent. (a **Stage One Trigger Event**), the Obligors must within five Business Days of that Calculation Date produce a remedial plan (each a **Remedial Plan**) for the TLG Deed Administrators detailing how the relevant deficit in Actual Net Free Cash can be cured by the next Calculation Date.
- (b) Any deficit in Actual Net Free Cash which is the subject of a Remedial Plan shall be added to the aggregate Forecast Net Free Cash amount used to calculate the Net Free Cash Percentage at the next Calculation Date.
- (c) If, on any Calculation Date the Net Free Cash Percentage or the Cumulative Net Free Cash Percentage is greater than 110 per cent., the Obligors must within five Business Days of that Calculation Date produce an explanation (each an **Explanation**) to the satisfaction of the TLG Deed Administrators setting out the reasons for the Net Free Cash Percentage or the Cumulative Net Free Cash Percentage (as the case may be) exceeding 110 per cent.

#### 4.3 The Obligors Valuation

- (a) If:
  - (i) the Obligors do not produce a Remedial Plan or an Explanation as required under Clause 4.2 to the satisfaction of the TLG Deed Administrators or the TLG Deed Administrators conclude that the relevant over-performance is due to early settlements; or
  - (ii) a Stage One Trigger Event as set out in Clause 4.2(a) occurs on two consecutive Calculation Dates; or
  - (iii) on any Calculation Date (other than the first Calculation Date) the Cumulative Net Free Cash Percentage is less than 100 per cent.; or
  - (iv) requested by the TLG Deed Administrators; or
  - (v) any Total Net Free Cash Percentage is less than 100 per cent.

the Obligors must, within three Business Days of the relevant request or Calculation Date (as the case may be), engage and instruct a valuer and make reasonable endeavours to provide to the TLG and CL Finance Creditors' Committee an Updated Terminal Value and an Updated Forecast within fifteen Business Days of the date the valuer is engaged.

- (b) If the Forecast Net Free Cash in, and for the period of, any Updated Forecast plus the related Updated Terminal Value is less than 100 per cent. but equal to or greater than 90 per cent. of the Threshold for the same period, the Obligors must, within four weeks of the relevant request or Calculation Date (as the case may be), prepare a report (to the satisfaction of the TLG Deed Administrators) to the TLG and CL Finance Creditors' Committee setting out the reasons for the shortfall and the amended strategic proposals and forecasts for the Obligors. The TLG and CL Finance Creditors' Committee may amend the strategic proposals, the covenants, or require the Company to accept new strategic proposals for the Obligors.
- (c) If the Forecast Net Free Cash in, and for the period of, any Updated Forecast plus the related Updated Terminal Value is less than 90 percent of the Threshold for the same period, the Obligors must, within four weeks of the relevant request or Calculation Date (as the case may be), prepare a report (to the satisfaction of the TLG Deed Administrators) to the TLG Creditors and CL Finance Creditors setting out the reasons for the shortfall and the amended strategic proposals and forecasts for the Obligors. The TLG Creditors and CL Finance Creditors may amend the strategic proposals, the covenants or require the Company to accept new strategic proposals for the Obligors.

### 5. SETTLEMENT

TLG must agree with the TLG Deed Administrator some settlement policy guidelines within two months of the Effective Date (as defined in the WFSL Creditor Scheme) and comply with those settlement policy guidelines and not make any changes to those guidelines without the consent of the TLG and CL Finance Creditors' Committee.

### 6. OTHER COVENANTS

#### 6.1 Negative pledge

- (a) Except as provided below, no Obligor may create or allow to exist any Security Interest on any of its assets.
- (b) Paragraph (a) does not apply to any lien arising by operation of law and in the ordinary course of trading.
- (c) No Obligor may:
  - (i) sell, transfer or otherwise dispose of any of its assets on terms where such asset is, or such assets are, or may be leased to or re-acquired or acquired by it or any of its related entities unless in the ordinary course of trading;

- (ii) sell, transfer or otherwise dispose of any of its receivables on recourse terms unless in the ordinary course of trading;
- (iii) 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
- (iv) enter into any other preferential arrangement having a similar effect,

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

## **6.2 Financial Indebtedness**

No Obligor may, without the prior consent of the TLG and CL Finance Creditors' Committee, incur any Financial Indebtedness.

## **6.3 Mergers**

No Obligor may, without the prior consent of the TLG and CL Finance Creditors' Committee, enter into any amalgamation, demerger, merger or reconstruction.

## **6.4 Acquisitions**

No Obligor may, without the prior consent of the TLG and CL Finance Creditors' Committee, make any acquisition or investment in an aggregate amount exceeding £250,000 in any 12 month period. This Clause shall not apply to investment already included in the Original Forecast.

## **6.5 Change of business**

No Obligor may, without the prior consent of the TLG and CL Finance Creditors' Committee:

- (a) carry on any business other than the business carried on the Effective Date (as defined in the WFSL Creditor Scheme); or
- (b) make any substantial change to the general nature of its business from that carried out on the Effective Date (as defined in the WFSL Creditors Scheme).

## **6.6 Disposals**

- (a) Except as set out in paragraph (b) below, no Obligor may, without the prior consent of the TLG and CL Finance Creditors' Committee, either in a single transaction or in a series of transactions and whether related or not, dispose of all or any part of its assets.
- (b) Paragraph (a) above does not apply to any disposal in the ordinary course of business which is for cash where the book value of the assets being disposed of, when aggregated with the book value of any other assets disposed of by the Obligors pursuant to this paragraph, is not greater than £250,000.

## **6.7 Liabilities**

No Obligor may, without the prior consent of the TLG and CL Finance Creditors' Committee, incur any liability (other than to the extent that the new liability replaces an existing liability on the same terms) after the Effective Date (as defined in the WFSL Creditor Scheme) if such liability, when aggregated with all other liabilities incurred by the Obligors in the previous 12 months, is greater than £1,000,000. This clause shall not apply to any liability incurred in relation to the holding of client monies on trust.

## **6.8 Operating expenditure**

The Obligors may not, without the prior consent of the TLG and CL Finance Creditors' Committee, incur operating expenditure not referred to in the relevant Forecast in an aggregate amount exceeding £1,000,000 in any 12 month period.

## **6.9 Lending**

No Obligor may be the creditor in respect of any form of credit to any person other than in the ordinary course of its trading.



#### 6.10 Dividends

- (a) Subject to (b) below, no Obligor may, other than in accordance with the express terms of this deed:
- (i) declare, make or pay any dividend (or interest on any unpaid dividend), charge, fee or other distribution (whether in cash or in kind) on or in respect of its share capital (or any class of its share capital);
  - (ii) repay or distribute any dividend or share premium reserve; or
  - (iii) pay any management, advisory or other fee to or to the order of its shareholders unless in the ordinary course.
- (b) Following the Final TLG Payment, TLG shall not retain any assets available for distribution (within the meaning of section 830 of the Companies Act 2006), which would cause the net assets of TLG to exceed £11.8 million, or any other figure agreed with the TLG and CL Finance Creditors' Committee, following consultation with the TLG Deed Administrators.

#### 6.11 Wind-down

Subject to the terms of this deed (including without limitation covenants and undertakings of the Obligors in respect of expenditures), the Obligors shall, unless otherwise agreed with the TLG and CL Finance Creditors' Committee, seek to develop the Obligors' business with a view to its sale no later than three months after 31 December 2013. The Obligors shall consult with the TLG and CL Finance Creditors' Committee in connection with such prospective development and sale and any proposed change in strategy.

**ANNEX 1**  
**FORM OF CALCULATION CERTIFICATE**

[On the letterhead of the Obligors]

To: The TLG Deed Administrators

Dear Sirs,

Capitalised terms defined in the compromise, release and distribution deed dated [●] 2011 between the Guarantor Companies, the TLG Creditors, the CL Finance Creditors and the Pension Trustee (each as defined therein) have, unless expressly defined in this certificate, the same meaning in this certificate.

This is the Calculation Certificate for the Calculation Date occurring on [            ]. It relates to the Calculation Period ending on [            ].

<b>Relevant figures for the Calculation Period</b>	
Forecast Net Free Cash	
Actual Net Free Cash	
Net Cash Free Percentage	
Cumulative Net Free Cash Percentage	

Attached to this certificate are details of our calculations of the above figures.

We hereby confirm that none of the settlement and other covenants set out in Clause 5 and 6 in Schedule 4 have been breached in the Calculation Period.

Yours faithfully,

\_\_\_\_\_  
\_\_\_\_\_  
For the Obligors

**ANNEX 2**  
**FORM OF DIVERGENCE CERTIFICATE**

[On the letterhead of the Obligors]

To: The TLG Deed Administrators

Dear Sirs,

Capitalised terms defined in the compromise, release and distribution deed dated [●] 2011 between the Guarantor Companies, the TLG Creditors, the CL Finance Creditors and the Pension Trustee (each as defined therein) have, unless expressly defined in this certificate, the same meaning in this certificate.

This is the Divergence Certificate in relation to the Updated Forecast dated [        ].

<b>Relevant figure for the Calculation Period</b>	
Total Net Free Cash Percentage	

Attached to this certificate are details of our calculations of the above figures.

Yours faithfully,

---

For the Obligors

**SCHEDULE 5**

**FORM OF NOTICE OF ASSIGNMENT OR TRANSFER**

To: TLG

Copy to: The TLG DEED ADMINISTRATORS

From: [THE TLG CREDITOR OR CL FINANCE CREDITOR WHICH HAS ASSIGNED ITS INTEREST]  
(*Assignor*)

**Compromise, release and distribution deed dated [•] 2011 between the Guarantor Companies, the TLG Creditor, the CL Finance Creditors and the Pension Trustee, each as defined therein (the *TLG Compromise Deed*)**

1. We refer to the TLG Compromise Deed. This is a Notice of Assignment. Terms defined in the TLG Compromise Deed have the same meanings when used in this Notice of Assignment.

2. The Assignor confirms by signing this Notice below that, on [DATE], it validly assigned and/or transferred the whole of the Guarantor Obligations owed to it by TLG and/or CL Finance and Cattles to [NAME OF ASSIGNEE] of [ADDRESS AND, IF RELEVANT, REGISTERED COMPANY NUMBER].

\_\_\_\_\_  
Assignor

\_\_\_\_\_  
Date

**SCHEDULE 6**  
**FORM OF DEED OF ACCESSION**

To: TLG  
Copy to: The DEED ADMINISTRATORS  
From: [            ]  
Date: [            ]

**Compromise, release and distribution deed dated [●] 2011 between the Guarantor Companies, the TLG Creditor, the CL Finance Creditors and the Pension Trustee, each as defined therein (the *TLG Compromise Deed*)**

1. We refer to the TLG Compromise Deed. This is a Deed of Accession. Terms defined in the TLG Compromise Deed have the same meaning when used in this Deed of Accession.
2. We [NEW TLG CREDITOR AND/OR CL FINANCE CREDITOR] of [ADDRESS/REGISTERED OFFICE] agree to become a TLG Creditor and/or CL Finance Creditor and to be bound by the terms of the TLG Compromise Deed as a TLG Creditor and/or CL Finance Creditor.
3. We confirm that on [DATE] we obtained by way of assignment from [ASSIGNOR] all of [ASSIGNOR]'s interest in TLG's or CL Finance's Guarantor Obligations in relation to the TLG Finance Documents referred to below.

**TLG FINANCE DOCUMENTS**

[INSERT LIST OF TLG FINANCE DOCUMENTS IN RESPECT OF WHICH GUARANTOR OBLIGATIONS HAVE BEEN ASSIGNED (SEE SCHEDULE 2 TO THE TLG COMPROMISE DEED)]

4. Our address for notices for the purposes of the TLG Compromise Deed is [INSERT ADDRESS AND CONTACT DETAILS].
5. This Deed of Accession and any non-contractual obligations arising out of or in connection with it shall be governed by, and construed in accordance with, the laws of England and Wales. Any dispute arising out of or in connection with, or concerning the carrying into effect of, this Deed of Accession and any non-contractual obligations arising out of or in connection with it shall be subject to the exclusive jurisdiction of the Court, and the Parties hereby submit to the exclusive jurisdiction of the Court for these purposes.

This document has been executed as a deed and is delivered and takes effect on the date stated at the beginning of it.

Executed as a deed by [NEW TLG CREDITORS AND/OR CL FINANCE CREDITOR]

acting by [NAME], a director, in the presence of

Name	_____	Director
Address	_____	
	_____	
Occupation	_____	Witness

[Or other appropriate execution of the document as a deed in accordance with English law]

**SCHEDULE 7**  
**DISTRIBUTION PERIOD END DATES**

This schedule of Distribution Period End Dates can be extended to include later Distribution Period End Dates with the consent of the TLG Deed Administrators and with the agreement of the TLG and CL Finance Creditors' Committee.

3 July 2011	27 May 2012	28 April 2013
31 July 2011	1 July 2012	26 May 2013
28 August 2011	29 July 2012	30 June 2013
2 October 2011	26 August 2012	28 July 2013
30 October 2011	30 September 2012	25 August 2013
27 November 2011	28 October 2012	29 September 2013
1 January 2012	25 November 2012	27 October 2013
29 January 2012	30 December 2012	24 November 2013
26 February 2012	27 January 2013	29 December 2013
1 April 2012	24 February 2013	
29 April 2012	31 March 2013	

**SCHEDULE 8**

**EXCLUDED INTERCOMPANY DEBTS**

Intercompany Debts owed between CL Finance and TLG

Signatures

Executed as a deed by C L FINANCE LIMITED

acting by [NAME], a director, in the presence of

Name \_\_\_\_\_  
Director  
Address \_\_\_\_\_  
\_\_\_\_\_  
Occupation \_\_\_\_\_  
Witness

Executed as a deed by CATTLES HOLDINGS LIMITED

acting by [NAME], a director, in the presence of

Name \_\_\_\_\_  
Director  
Address \_\_\_\_\_  
\_\_\_\_\_  
Occupation \_\_\_\_\_  
Witness

Executed as a deed by COMPASS CREDIT LIMITED

acting by [NAME], a director, in the presence of

Name \_\_\_\_\_  
Director  
Address \_\_\_\_\_  
\_\_\_\_\_  
Occupation \_\_\_\_\_  
Witness



Executed as a deed by DIAL4ALOAN LIMITED

acting by [NAME], a director, in the presence of

Name \_\_\_\_\_  
Director  
Address \_\_\_\_\_  
\_\_\_\_\_  
Occupation \_\_\_\_\_  
Witness

Executed as a deed by EWBANKS MAIL ORDER LIMITED

acting by [NAME], a director, in the presence of

Name \_\_\_\_\_  
Director  
Address \_\_\_\_\_  
\_\_\_\_\_  
Occupation \_\_\_\_\_  
Witness

Executed as a deed by LEWIS GROUP (HOLDINGS) LIMITED

acting by [NAME], a director, in the presence of

Name \_\_\_\_\_  
Director  
Address \_\_\_\_\_  
\_\_\_\_\_  
Occupation \_\_\_\_\_  
Witness

Executed as a deed by MONEYTOPIA BANK LIMITED

acting by [NAME], a director, in the presence of

Name \_\_\_\_\_ Director  
Address \_\_\_\_\_  
Occupation \_\_\_\_\_  
Witness

Executed as a deed by MONEYTOPIA LIMITED

acting by [NAME], a director, in the presence of

Name \_\_\_\_\_ Director  
Address \_\_\_\_\_  
Occupation \_\_\_\_\_  
Witness

Executed as a deed by PROGRESSIVE FINANCIAL SERVICES LIMITED

acting by [NAME], a director, in the presence of

Name \_\_\_\_\_ Director  
Address \_\_\_\_\_  
Occupation \_\_\_\_\_  
Witness

Executed as a deed by RECORDPOINT LIMITED

acting by [NAME], a director, in the presence of

Name \_\_\_\_\_  
Director  
Address \_\_\_\_\_  
\_\_\_\_\_  
Occupation \_\_\_\_\_  
Witness

Executed as a deed by SHOPACHECK LIMITED

acting by [NAME], a director, in the presence of

Name \_\_\_\_\_  
Director  
Address \_\_\_\_\_  
\_\_\_\_\_  
Occupation \_\_\_\_\_  
Witness

Executed as a deed by STATUSCLAIM LIMITED

acting by [NAME], a director, in the presence of

Name \_\_\_\_\_  
Director  
Address \_\_\_\_\_  
\_\_\_\_\_  
Occupation \_\_\_\_\_  
Witness

Executed as a deed by SUPREMEACCESS LIMITED

acting by [NAME], a director, in the presence of

Name \_\_\_\_\_  
Director  
Address \_\_\_\_\_  
Occupation \_\_\_\_\_  
Witness

Executed as a deed by THE LEWIS GROUP LIMITED

acting by [NAME], a director, in the presence of

Name \_\_\_\_\_  
Director  
Address \_\_\_\_\_  
Occupation \_\_\_\_\_  
Witness

Executed as a deed by U.K. DEBT DEFAULTERS REGISTER LIMITED

acting by [NAME], a director, in the presence of

Name \_\_\_\_\_  
Director  
Address \_\_\_\_\_  
Occupation \_\_\_\_\_  
Witness

Executed as a deed by WELCOME INSURANCE SERVICES LIMITED

acting by [NAME], a director, in the presence of

Name \_\_\_\_\_  
Director  
Address \_\_\_\_\_  
\_\_\_\_\_  
Occupation \_\_\_\_\_  
Witness

Executed as a deed by WELCOME RETAIL SERVICES LIMITED

acting by [NAME], a director, in the presence of

Name \_\_\_\_\_  
Director  
Address \_\_\_\_\_  
\_\_\_\_\_  
Occupation \_\_\_\_\_  
Witness

Executed as a deed by WESTERNISSUE LIMITED

acting by [NAME], a director, in the presence of

Name \_\_\_\_\_  
Director  
Address \_\_\_\_\_  
\_\_\_\_\_  
Occupation \_\_\_\_\_  
Witness

**GUARANTEED CREDITORS**

Executed as a deed by EWBANKS MAIL ORDER LIMITED

acting by [NAME], a director, for and on behalf of THE TLG CREDITORS  
AND THE CL FINANCE CREDITORS as authorised under the terms of  
the Ewbanks Scheme in the presence of

Name \_\_\_\_\_  
\_\_\_\_\_  
Director

Address \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Occupation \_\_\_\_\_  
\_\_\_\_\_  
Witness

**THE PENSION TRUSTEE**

Executed as a deed by CATTLES STAFF PENSION FUND LIMITED

acting by [NAME], a director, in the presence of

Name \_\_\_\_\_  
\_\_\_\_\_  
Director

Address \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

Occupation \_\_\_\_\_  
\_\_\_\_\_  
Witness

**Part D TLG Bilateral Deed**

2011

**THE LEWIS GROUP LIMITED**  
**CATTLES STAFF PENSION FUND LIMITED**

---

**DEED OF COMPROMISE  
OF THE NOTIONAL SECTION 75 DEBT  
RELATING TO THE CATTLES STAFF  
PENSION FUND**

---



**DEED OF COMPROMISE** made on this            day of            2011

**BETWEEN**

- (1) **THE LEWIS GROUP LIMITED** (company number SC127043) whose registered office is at Rowan House, 70 Buchanan Street, Glasgow, G1 3JF (**TLG**); and
- (2) **CATTLES STAFF PENSION FUND LIMITED** (company number 3444694) whose registered office is at Kingston House, Centre 27 Business Park, Woodhead Road, Birstall, Batley, WF17 9TD (the **Trustee**).

**WHEREAS**

(A) The parties to this Deed (together the **Parties**, and each a **Party**), amongst others entered into a compromise deed dated 19 November 2010 (as amended on [ ] December 2010 (the **Compromise Deed**) relating to the Cattles Staff Pension Fund (the **Scheme**) which was established by a trust deed dated 20 August 1952.

(B) This Deed is supplemental to the Compromise Deed.

(C) The Parties wish to compromise the TLG Claim (as defined in the Compromise Deed) as set out in this Deed, which provides for the Trustee to receive a lump sum payment from TLG (which has been agreed by TLG and the Trustee as payment which will treat the Trustee pro rata to TLG's guarantee creditors).

(D) The Parties have agreed that this Deed shall be the TLG Compromise (as defined in and for the purposes of both the Compromise Deed and the WFSL Creditor Scheme (as defined in the Compromise Deed)).

**IT IS AGREED THAT:**

**1. DEFINITIONS AND INTERPRETATION**

1.1 In this Deed, unless the context otherwise requires (and save to the extent otherwise defined herein) defined terms shall have the same meaning as in the Compromise Deed.

1.2 Except where the context otherwise requires, any reference to an enactment or regulation is a reference to it as already amended and includes a reference to any repealed enactment or regulation which it may re-enact or otherwise replace, with or without amendment, and to any future re-enactment, replacement and/or amendment of it.

1.3 Except where the context otherwise requires, the singular shall include the plural (and vice versa) and words importing the masculine gender shall include the feminine gender.

1.4 The headings in this Deed shall not affect its interpretation.

**2. EFFECT OF THIS DEED**

The Parties hereby agree that upon its execution by or on behalf of all of the Parties this deed shall immediately be fully and effectively binding upon all of them.

**3. LUMP SUM PAYMENT**

3.1 On or before the fifth Business Day after the due carrying out of the actions envisaged in clause 2 and sub-clause 3.1 of the Compromise Deed, TLG shall procure the payment of £220,000 to the Trustee by electronic funds transfer (for same day value) to the credit of the Trustee Account.

3.2 The Trustee shall provide written acknowledgement of receipt of the payment in clause 3.1 to TLG as soon as reasonably practicable.

**4. FULL AND FINAL SETTLEMENT OF TLG CLAIM**

4.1 The Trustee accepts the payment in clause 3.1 in full and final settlement of the TLG Claim and releases TLG absolutely from all liabilities, claims and demands of any nature whatsoever, whether actual or contingent, whether in contemplation or not, known or unknown, which it may have to the Trustee in relation to the TLG Claim. The settlement and release in this clause shall take effect immediately upon receipt by the Trustee of the payment in clause 3.1.

4.2 For the avoidance of doubt, clause 4.1 shall not apply to TLG's section 75 debt (as defined in Recital G of the Compromise Deed), which liability shall be compromised in accordance with the terms of the Compromise Deed.

#### **5. ASSIGNMENT**

No Party shall, or shall purport to:

- (a) assign, whether absolutely or by way of security, all or any part of its rights or benefits under this Deed to any third party; or
- (b) assign, transfer, delegate or subcontract any of its duties, liabilities or obligations under this Deed to any third party,

save that the Trustee may assign all or any part of its rights to the Board of the Pensions Protection Fund (in accordance with the Pensions Act 2004) or to a successor as trustee of the Scheme.

#### **6. FURTHER ASSURANCES**

Each Party shall, at the cost of the Party requiring such action (other than in respect of those actions specified in this Deed), take all such further actions and execute all such further documents as the other Parties may from time to time reasonably require in order to give the requesting Party the full benefit of all of the provisions of this Deed.

#### **7. NOTICES**

Any notice or other communication to be made or given under this Deed shall be made or given in the same manner and with the same effect as in the Compromise Deed.

#### **8. WHOLE AGREEMENT**

8.1 This Deed (together with the Compromise Deed) sets out the whole agreement between the Parties relating to the subject matter of this Deed and supersedes any prior agreement (whether oral or written) relating to the subject matter of this Deed.

8.2 It is agreed that:

- (a) no Party shall have any claim or remedy in respect of any statement, representation, warranty or undertaking, made by or on behalf of any other Party in relation to the subject matter of this Deed which is not expressly set out in this Deed (and any document referred to in it). The Trustee acknowledges that neither TLG nor any person on its behalf (including any officer of either of them) is under any duty (save as set out in this Deed or any document, to be entered into in connection with this Deed) to disclose any fact, matter or future intention relating to TLG or any member of the Group, their assets, liabilities, profits or losses; and
- (b) except for any liability in respect of a breach of this Deed or any document referred to in it, no Party shall owe any duty of care or have any liability in tort or otherwise to the other Party in relation to the subject matter of this Deed.

8.3 This clause 8 shall not exclude any liability for, or remedy in respect of, fraudulent misrepresentation.

#### **9. WAIVERS, RIGHTS AND REMEDIES**

No failure or delay by either Party in exercising any right or remedy provided by law or under this Deed (or any document referred to in it) shall impair such right or remedy or operate or be construed as a waiver or variation of it or preclude its exercise at any subsequent time and no single or partial exercise of any such right or remedy shall preclude any further exercise of it or the exercise of any other remedy.

#### **10. COUNTERPARTS**

This Deed may be executed in any number of counterparts, and by each party on separate counterparts. Each counterpart is an original, but all counterparts shall together constitute one and the same instrument. Delivery of a counterpart of this Deed by e-mail attachment or telecopy shall be an effective mode of delivery.

#### **11. VARIATIONS**

11.1 No variation of this Deed shall be valid unless it is in writing and signed by or on behalf of each of the parties to this Deed. Such variation need not be executed as a deed.

11.2 The rights of the Parties to agree any variation under this Deed are not subject to the consent of any person that is not a party to this Deed.

## **12. INVALIDITY**

Each of the provisions of this Deed is severable. If any such provision is held to be or becomes invalid or unenforceable in any respect under the law of any jurisdiction, it shall have no effect in that respect and the parties shall use all reasonable efforts to replace it in that respect with a valid and enforceable substitute provision the effect of which is as close to its intended effect as possible.

## **13. NO THIRD PARTY ENFORCEMENT RIGHTS**

This Deed is not intended to, nor shall it, create any rights, entitlements, claims or benefits enforceable by any person that is not a party to it. No other person shall derive any benefit or have any rights, entitlement or claim in relation to this Deed by virtue of the Contracts (Rights of Third Parties) Act 1999.

## **14. GENERAL**

14.1 This Deed is delivered by each party when (and shall not have effect until) it is dated.

14.2 This Deed is governed by, and shall be interpreted according to, the laws of England. The English courts shall have exclusive jurisdiction in relation to all disputes arising out of or in connection with this Deed, including disputes arising out of or in connection with: (i) the creation, validity, effect, interpretation, performance or non-performance of, or the legal relationships established by, this Deed; and (ii) any non-contractual obligations arising out of or in connection with this Deed. For such purposes each party irrevocably submits to the jurisdiction of the English courts.

**EXECUTED** as a deed

**EXECUTED** as a deed by )  
**THE LEWIS GROUP LIMITED** )  
acting by )  
a director and its secretary )  
or two directors or a director )  
in the presence of a witness )

Director

Witness

Witness full name

Witness address

**EXECUTED** as a deed by )  
**CATTLES STAFF PENSION** )  
**FUND LIMITED** acting by )  
a director and its secretary )  
or two directors )

Director

Director / Secretary

**SCHEDULE 10**

**Confirmation from Trustee for purposes of clause 2.1(f)**

[On Trustee headed notepaper]

To: Cattles plc  
Welcome Financial Services Limited  
The Lewis Group Limited

Dear Sirs

**Compromise Deed dated [ ] 2010 (as amended) (the *Compromise Deed*) Confirmation of satisfaction of condition precedent at clause 2.1(f)**

Terms defined in the Compromise Deed shall have the same meaning when used in this letter.

We refer to the final forms of:

1. the Cattles Scheme Document (document reference LON[ ]/[ ]);
2. the WFSL Scheme Document (document reference LON[ ]/[ ]); and
3. [the TLG Distribution Deed (document reference LON[ ]/[ ]),]

which have been provided to the Trustee.

For the purposes of the condition precedent at clause 2.1(f) of the Compromise Deed, the Trustee hereby confirms that (in the opinion of the Trustee) there has been no amendment made by the Company to the form of those documents (when compared with the versions attached to the Compromise Deed at Schedule 9) which would result in either:

- (a) the Trustee's rights under the Cattles Scheme Document, the WFSL Scheme Document [or the TLG Distribution Deed] relating to how its claim is to be valued and ascertained being altered; and/or
- (b) the other rights of the Trustee (whether to receive payment or otherwise) under the Cattles Scheme Document, the WFSL Scheme Document [or the TLG Distribution Deed] being materially different from the other Cattles Scheme Creditors, WFSL Scheme Creditors or TLG Creditors respectively,

[save with the agreement of the Trustee (with this letter constituting the written agreement of the Trustee for the purposes of clause 2.1(f)).

Yours faithfully

[name]

For and on behalf of Cattles Staff Pension Fund Limited

**EXECUTED** as a deed

**EXECUTED** as a deed by )  
**CATTLES PLC** )  
acting by )  
a director and its secretary )  
or two directors )

Director  
Director / Secretary

**EXECUTED** as a deed by )  
**WELCOME FINANCIAL SERVICES** )  
**LIMITED** acting by )  
a director and its secretary )  
or two directors )

Director  
Director / Secretary

**EXECUTED** as a deed by )  
**THE LEWIS GROUP LIMITED** )  
acting by )  
a director and its secretary )  
or two directors )

Director  
Director / Secretary

**EXECUTED** as a deed by )  
**CSP LEEDS LIMITED** )  
acting by )  
its sole director )

Director  
Witness  
Witness full name  
Witness address

**EXECUTED** as a deed by )  
**CATTLES STAFF PENSION** )  
**FUND LIMITED** acting by )  
a director and its secretary )  
or two directors )

Director  
Director / Secretary

[THIS PAGE INTENTIONALLY LEFT BLANK]

**SCHEDULE 8 TO THE SCHEME**  
**EXCLUDED TRADE CREDITORS**

For the avoidance of doubt, nothing in this Scheme shall prevent any Excluded Trade Creditor from being a Scheme Creditor in respect of Scheme Liabilities.

ABERCORN COMMUNICATIONS LTD

ALAN MCWALTER

ALD AUTOMOTIVE

ALIXPARTNERS LTD

ALLEN & OVERY LLP

AMERIAL LTD

ANLABY WINDOW CLEANING SERVICES

AON LIMITED

ARGYLL

ASHURST LLP

AVIVA OCCUPATIONAL HEALTH UK LIMITED

BAKER TILLY RESTRUCTURING AND RECOVERY LLP

BARCLAYS IN RESPECT OF ALL EQUIPMENT LEASE SCHEDULES UNDER THE BARCLAYS MASTER EQUIPMENT LEASE DATED 10 JANUARY 2003 BETWEEN BARCLAYS MERCANTILE BUSINESS FINANCE LTD AND CATTLES PLC

BDO LLP

BERWIN LEIGHTON PAISNER

BLACKROCK ADVISORS (UK) LTD

BLOOMBERG L.P.

BRITISH CHEQUE CASHERS ASSOCIATION

BRITISH GAS TRADING LTD

BRITISH RED CROSS

BUCK CONSULTANTS

BUPA WELLNESS

BURSON MARSTELLER

C H WOOD SECURITY (BFD) LTD

CANADA LIFE

CHEQUERS LTD

CHUBB EMERGENCY RESPONSE

CHUBB FIRE LTD

CLIFFORD CHANCE LLP

COLENZO PROPERTY SERVICES LLP

COLLINSON GRANT LTD

COMPANIES HOUSE

COMPUTERSHARE SERVICES PLC

CONTROL RISKS

DAVID HAXBY

DC ADVISORY PARTNERS LIMITED



DELOITTE LLP  
DENTON WILDE SAPTE LLP  
DIXON TURNER WALLCOVERINGS  
DUFF & PHELPS  
ERNST & YOUNG LLP  
EVERSHEDS  
EXPERIAN  
FARRER & CO LLP  
FINANCIAL DYNAMICS LIMITED  
FINANCIAL SERVICES AUTHORITY  
FINANCIAL TIMES LTD  
FITCH RATING LTD  
FRANK DEE  
FRESHFIELDS BRUCKHAUS DERINGER  
FTI CONSULTING LTD  
GEMTEC LTD  
GEORGINA MILLS  
GRANT THORNTON UK LLP  
GREENSTAR LTD  
HALLIWELLS  
HEMSCOTT GROUP LTD  
HERBERT SMITH LLP  
INFORMATION COMMISSIONERS OFFICE  
KATIE WHARRAM  
KENNEDYS  
KINGSTON HOUSE – COLENZO PROPERTY SERVICES LLP  
KINGSTON HOUSE – HELMSLEY SECURITIES LTD  
KIRKLEES METROPOLITAN COUNCIL  
KPMG LLD  
LAWRENCE GRAHAM LLP  
LAZARD & CO., LTD  
LEXICON PARTNERS LTD  
LEXISNEXIS UK  
LINKLATERS LLP  
LONDON STOCK EXCHANGE  
LUCID ISSUER SERVICES LTD  
MACH ONE LOGISTICS LIMITED  
MASTERLEASE  
MEETING ZONE  
MICROSOFT  
NEOPOST LTD  
OLIVER MARKETING LTD

ONE OFF ACCOUNT  
OPAL TELECOM  
ORANGE PERSONAL COMMUNICATIONS  
ORBIS MONITORING SERVICES LTD  
OSMOND GROUP LTD  
OVERDRIVE  
OYEZSTRAKER OFFICE SUPPLIES LTD  
P H S GROUP LTD  
PAMELA ISAAC  
PENSION & BENEFIT SERVICES LTD  
PINNACLE GRAPHIC DESIGN LTD  
PKF UK LLP  
PRACTICAL LAW COMPANY  
PRECISION IR LTD  
QUINN EMANUEL  
REPUTATIONINC LIMITED  
ROYAL MAIL  
SAFETY MEDIA LTD  
SOUTH DERBYSHIRE DISTRICT COUNCIL  
SQUIRREL STORAGE LIMITED  
STRUCTURED FINANCIAL MANAGEMENT LTD  
T D TRAVEL GROUP  
TALBOT HUGHES MCKILLOP  
TNT UK LTD  
TOWERS WATSON  
VODAFONE LIMITED  
WALKER MORRIS  
WRIGLEYS SOLICITORS LLP  
ZOLFO COOPER LLP

[THIS PAGE INTENTIONALLY LEFT BLANK]

## **SCHEDULE 9 TO THE SCHEME COVENANTS**

### **1. COVENANTS**

#### **1.1 Negative pledge**

- (a) Except as provided below, the Company must not create or allow to exist any Security Interest on any of its assets. Paragraph (a) does not apply to any lien arising by operation of law and in the ordinary course of trading.
- (b) The Company must not:
- (i) sell, transfer or otherwise dispose of any of its assets on terms where it is or may be leased or re-acquired or acquired by it or any of its related entities;
  - (ii) sell, transfer or otherwise dispose of any of its receivables on recourse terms;
  - (iii) 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
  - (iv) enter into any other preferential arrangement having a similar effect,

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

#### **1.2 Financial Indebtedness**

The Company must not, without the prior consent of the Creditors' Committee, incur any Financial Indebtedness.

#### **1.3 Mergers**

The Company must not, without the prior consent of the Creditors' Committee, enter into any amalgamation, demerger, merger or reconstruction.

#### **1.4 Acquisitions**

The Company must not, without the prior consent of the Creditors' Committee, make any acquisition or investment.

#### **1.5 Change of business**

The Company must not, without the prior consent of the Creditors' Committee:

- (a) carry on any business other than the business carried on the Effective Date; or
- (b) make any substantial change to the general nature of the business of the Company from that carried out on the Effective Date.

#### **1.6 Disposals**

The Company must not, without the prior consent of the Creditors' Committee, either in a single transaction or in a series of transactions and whether related or not, dispose of all or any part of its assets.

#### **1.7 Liabilities**

The Company must not, without the prior consent of the Creditors' Committee, incur any Liability (other than (i) to the extent that the new Liability replaces an existing Liability on the same terms or (ii) is in respect of the remuneration, costs, expenses and disbursements of the Scheme Supervisors) after the Effective Date if such Liability, when aggregated with all other Liabilities incurred by the Company in the previous 12 months, is greater than £1,000,000.

#### **1.8 Operating Expenditure**

The Company must not, without the prior consent of the Creditors' Committee, incur operating expenditure not referred to in the relevant Company's Forecast in an aggregate amount exceeding £1,000,000 in any 12 month period.

#### **1.9 Excluded Liabilities**

The Company must not, without the prior consent of the Creditors' Committee, pay in excess of £1,000,000 in any 12 month period in respect of Excluded Liabilities (although excluding from this amount any sums paid in respect of and in connection

with (i) the Outwards Claims Litigation and (ii) the remuneration, costs, expenses and disbursements of the Scheme Supervisors).

#### **1.10 Properties**

The Company must not, terminate a lease in respect of an Excluded Lease Liability or, dispose of a property, of which the current tenant is a member of the Group.

#### **1.11 Lending**

The Company must not be the creditor in respect of any form of credit to any person.

#### **1.12 No Dividend**

The Company may not:

- (a) declare, make or pay any dividend (or interest on any unpaid dividend), charge, fee or other distribution (whether in cash or in kind) on or in respect of its share capital (or any class of its share capital);
- (b) repay or distribute any dividend or share premium reserve; or
- (c) pay any management, advisory or other fee to or to the order of the shareholders of the Company.

**SCHEDULE 10 TO THE SCHEME**  
**SCHEMED DIRECTORS**

1. Adrian Cummings
2. Ian Cummine
3. James Corr
4. John Blake
5. Mark Collins
6. Michael Belcher
7. Peter Miller

[THIS PAGE INTENTIONALLY LEFT BLANK]

**SCHEDULE 11 TO THE SCHEME**  
**SCHEMED LEASE LIABILITIES**

Any Liability of the Company, including without limitation liability for rent (including sums becoming due as a result of the determination of rent review) service charges, insurance rents and other outgoings, liability for repairs and dilapidations, and whether falling due for payment before, on or after the Record Date and whether payable by the Company as tenant, guarantor, former tenant, former guarantor or otherwise) in relation to any lease which falls into any one or more of the following categories:

- (a) which has as at the Record Date terminated (whether by effluxion of time, surrender, forfeiture or otherwise);
- (b) of which the current tenant is not a member of the Group as at 31 October 2010;
- (c) which has been assigned by the tenant and the assignee is not a member of the Group;
- (d) of which the tenant has sub-let the whole of the demised premises and the sub-tenant is not a member of the Group; or
- (e) (whether or not falling into one of the above categories) Unit 1, Edinburgh Interchange, Edinburgh.



[THIS PAGE INTENTIONALLY LEFT BLANK]