

FACILITY AGREEMENT
for facilities of €200,000,000 and US\$60,000,000

dated 10 December 2005

for:

WATERFORD WEDGWOOD PLC

Agent

BANK OF AMERICA, N.A.

Co-Lead Arrangers and Joint Book Runners

BANC OF AMERICA SECURITIES LLC

and

GE LEVERAGED LOANS LIMITED

WINSTON & STRAWN
LONDON

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THIS AGREEMENT is dated **10** December 2005 and made between:

- (1) **WATERFORD WEDGWOOD PLC** (Registered in Ireland No.11861) (the “**Company**”);
- (2) **THE AFFILIATES** of the Company listed in Part I of Schedule 1 (The Original Obligors) as original borrowers (together with the Company, the “**Original Borrowers**”);
- (3) **THE AFFILIATES** of the Company listed in Part II of Schedule 1 (The Original Obligors) as original guarantors (together with the Company, the “**Original Guarantors**”);
- (4) **THE FINANCIAL INSTITUTIONS** listed under the heading “Senior Lenders” on the execution pages of this Agreement (the “**Original Senior Lenders**”);
- (5) **BANK OF AMERICA, N.A.** as the initial lender under the Senior Tranche B Facility (the “**Original Senior Tranche B Lender**”);
- (6) **BANK OF AMERICA, N.A.** as the swingline lender (the “**Swingline Lender**”);
- (7) **THE FINANCIAL INSTITUTIONS** which become Parties to this Agreement as Ancillary Facility Providers in accordance with Clause 31 (*Changes to the Lenders*) (the “**Ancillary Facility Providers**”); and
- (8) **BANK OF AMERICA, N.A.** as agent of the other Finance Parties (the “**Agent**”).

WHEREAS:

- (A) The Original Senior Lenders have agreed to make available to the Borrowers:
 - (i) certain working capital facilities (comprising a receivables financing facility, a stock finance facility, an L/C facility and a swingline facility); and
 - (ii) certain term loan facilities (comprising a property loan facility and an equipment loan facility).
- (B) The Original Senior Tranche B Lender has agreed to make a term loan facility of US\$60,000,000 available to Josiah Wedgwood & Sons Limited, Royal Doulton (UK) Limited, Waterford Crystal Limited and Waterford Wedgwood USA, Inc.
- (C) The parties have agreed to execute this Agreement to record the terms upon which the facilities will be made available.

IT IS AGREED as follows:

1 DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this Agreement:

“**Accession Letter**” means a document substantially in the form set out in Schedule 6 (*Form of Accession Letter*).

“**Additional Borrower**” means a company which becomes an Additional Borrower in accordance with Clause 32.2 (*Additional Borrowers*).

“Additional Guarantor” means a company which becomes an Additional Guarantor in accordance with Clause 32.3 (*Additional Guarantors*).

“Additional Obligor” means an Additional Borrower or an Additional Guarantor.

“Additional Subordinated Facility” means any facility provided to any Obligor which is subordinated in right of payment, in lien priority or otherwise on terms acceptable to the Majority Lenders.

“Adjusted Excess Availability” has the meaning given to it in Schedule 3 (*Reporting and Financial Undertakings: Release of Cash; Collateral; Margin Adjustments*).

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

“Agent Over-Advance Loan” a Receivables Loan or a Stock Loan made by the Agent on behalf of the Senior Lenders pursuant to Clause 5.7 (*Agent Over-Advance Loans*).

“Ancillary Accession Agreement” means an agreement substantially in the form set out in Part II of Schedule 7 (*Form of Ancillary Accession Agreement*) or any other form agreed between the Agent and the Company.

“Ancillary Facilities” means (a) any non-speculative interest rate or foreign exchange facilities (whether consisting of rate swaps, basis swaps, forward rate agreements, interest rate options, forward foreign exchange agreements, spot foreign exchange agreements, rate cap agreements, floor agreements, rate collar agreements, currency swap agreements, cross-currency rate swap agreements, currency options and any other similar arrangement, or option to enter into any such arrangement, for the purpose of protecting against or managing exposure to fluctuations in interest or exchange rates) and (b) cash management, commodity swaps, commodity hedging and other similar facilities, in each case made available to the Borrowers by an Ancillary Facility Provider up to a maximum aggregate stated or combined facility limit or exposure (calculated on a marked-to-market basis) of €15,000,000 of which not more than €5,000,000 may comprise of cash management and other similar facilities referred to in (b) above.

“Ancillary Facility Agreement” means any agreement or agreements under which an Ancillary Facility Provider agrees to make Ancillary Facilities available to the Borrowers.

“Ancillary Facility Provider” means any Senior Lender or Affiliate of a Senior Lender selected by the Company and reasonably acceptable to the Agent which provides the Ancillary Facilities.

“Australian Borrowers” means any Borrower incorporated under the laws of Australia.

“Australian Dollars” and **“A\$”** means the lawful currency of Australia.

“Australian Guarantor” means any Guarantor incorporated under the laws of any part of Australia.

“Australian Obligors” means the Australian Borrowers and the Australian Guarantors.

“Authorisation” means an authorisation, consent, approval, resolution, licence, exemption, filing, notarisation or registration.

“Available Commitment” means:

- (a) in relation to a Senior Lender, that Senior Lender's Senior Commitment LESS that Senior Lender's participation in all outstanding Utilisations in respect of the Senior Facility;
- (b) in relation to a Senior Tranche B Lender, that Senior Tranche B Lender's Senior Tranche B Commitment LESS that Senior Tranche B Lender's participation in all outstanding Utilisations in respect of the Senior Tranche B Facility.

“**Availability Limit**” means each of the limits on the utilisation of the Facilities established or referred to in Clause 6 (*Restrictions applicable to Individual Facilities*).

“**Availability Period**” means:

- (a) in relation to the Property Loan Facility, the Equipment Loan Facility and the Senior Tranche B Facility, the period from and including the date of this Agreement to and including the date falling five Business Days after such date; and
- (b) in relation to the Receivables Finance Facility, the Stock Finance Facility, the L/C Facility and the Swingline Facility, the period from and including the date of this Agreement to and including the date falling five Business Days prior to the First Repayment Date;

or (in each case) such later date as the Agent and the relevant Lenders may allow.

“**Base Rate**” means, for any day, the rate of interest in effect for such day as publicly announced from time to time by the Agent as its “prime rate” (the “prime rate” being a rate set by the Agent based upon various factors including the Agent’s costs and desired return, general economic conditions and other factors, and which is used as a reference point for pricing some loans, which may be priced at, above, or below such announced rate). Any change in the prime rate announced by the Agent shall take effect at the opening of business on the day specified in the public announcement of such change. Each interest rate based upon the Base Rate shall be adjusted simultaneously with any change in the Base Rate.

“**Base Rate Revolving Loan**” means a Revolving Loan made or to be made under the Receivables Finance Facility or the Stock Finance Facility in relation to which interest is to be calculated by reference to the Base Rate.

“**Blocked Accounts**” has the meaning given to it in the Debenture or in any other Security Document executed by any Obligor and which creates security over any bank account and, in respect of a Canadian Obligor, means a Springing Blocked Account.

“**Borrower**” means an Original Borrower or an Additional Borrower.

“**Business Day**” means a day (other than a Saturday or Sunday) on which banks are open for general business in London and New York and:

- (a) (in relation to any date for payment or purchase of a currency other than Euro) the principal financial centre of the country of that currency; or
- (b) (in relation to any date for payment or purchase of Euro) any Target Day.

“**Canadian Dollars**” and “**CS**” means the lawful currency of Canada.

“Canadian Guarantor” means any Guarantor incorporated under the laws of Canada or any Province thereof.

“Canadian Obligors” means the Canadian Guarantors.

“Capital Stock” means

- (a) with respect to any Person that is a company or corporation, any and all shares, interests, participations or other equivalents (however designated and whether or not voting) of corporate stock, including each class of Common Stock and Preferred Stock of such Person, and all options, warrants or other rights to purchase or acquire any of the foregoing; and
- (b) with respect to any Person that is not a corporation, any and all partnership, membership or other equity interests of such Person, and all options, warrants or other rights to purchase or acquire any of the foregoing.

“Cash Deposit” means the principal amount of €25,000,000 deposited by Glandore Limited with the Agent which is or is expressed to be subject to a first fixed charge under the terms of a Security Document.

“Cash Request” means a request in the form set out in Part II of Schedule 5 (*Forms of Notice and Request*).

“Charged Accounts” means the Blocked Accounts and the Other Accounts.

“CIT Facility” means a non-recourse receivables factoring and inventory financing facility made available to WC Designs under the terms of an agreement dated 5 March 1999 as amended prior to the date of this Agreement.

“Code” means the United States Internal Revenue Code of 1986, as the same now exists or may from time to time hereafter be amended, modified, recodified or supplemented, together with all governmental rules, regulations and interpretations thereunder or related thereto.

“Collateral” means all of the security provided to the Agent or the Security Trustee pursuant to the Security Documents.

“Commitment” means in relation to a Lender, its Senior Commitment or its Senior Tranche B Commitment (as the context may require).

“Common Stock” of any Person means any and all shares, interest or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person's common stock, and includes, without limitation, all series and classes of such common stock.

“Credit Card Agreements” means all agreements now or hereafter entered into by a Borrower with any Credit Card Issuer or any Credit Card Processor, as the same now exist or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced.

“Credit Card Issuer” means any person (other than any Borrower) who issues or whose members issue credit cards, including, without limitation, MasterCard or VISA bank credit or debit cards or other bank credit or debit cards issued through MasterCard International, Inc., Visa, U.S.A., Inc. or Visa International and American Express, Discover, Diners Club, Carte Blanche and other non bank credit or debit cards, including, without limitation, credit or debit

cards issued by or through American Express Travel Related Services Company, Inc. and Novus Services, Inc.

“**Credit Card Processor**” means any servicing or processing agent or any factor or financial intermediary who facilitates, services, processes or manages the credit authorization, billing transfer and/or payment procedures with respect to any of any Borrower's sales transactions involving credit card or debit card purchases by customers using credit cards or debit cards issued by any Credit Card Issuer, and shall include, without limitation, Paymentech and Capital One.

“**Credit Card Receivables**” means, collectively, all present and future rights of any Obligor to payment from any Credit Card Issuer, Credit Card Processor, including, without limitation, all MasterCard/VISA Receivables or other third party arising from sales of goods or rendition of services to customers who have purchased such goods or services using a credit or debit card and all present and future rights of any Borrower to payment from any Credit Card Issuer, Credit Card Processor or other third party in connection with the sale or transfer of accounts arising pursuant to the sale of goods or rendition of services to customers who have purchased such goods or services using a credit card or a debit card, including, but not limited to, all amounts at any time due or to become due from any Credit Card Issuer or Credit Card Processor under the Credit Card Agreements or otherwise.

“**Debenture**” means the first-ranking debenture, deed of charge or equivalent security documentation executed or to be executed by the UK Obligors in favour of the Agent.

“**Deed of Accession**” has the meaning given to it in the Debenture.

“**Default**” means an Event of Default or any event or circumstance specified in Clause 30 (*Events of Default*) which would (with the expiry of a grace period, the lapse of time, the giving of notice, the making of any determination under the Finance Documents or any combination of any of the foregoing) be an Event of Default.

“**Dilution Rate**” means the monthly value of credit notes and non-cash credits issued by a Borrower as a percentage of the monthly value of sales.

“**Documents**” means (i) in the case of a trade or commercial L/C issued in connection with the purchase of any Goods, any and all documents which represent or relate to those Goods and/or the possession of and/or ownership of and/or insurance of and/or warehousing of and/or any other dealing in or with those Goods and (ii) in the case of a standby L/C issued in order to secure the performance of an obligation or any liability arising in respect of a breach of an obligation, a demand and any other document presented by the beneficiary of such L/C.

“**EBITDA**” means, in relation to any member of the Group, for any period, its profit/(loss) after taxation for that period but (i) adding back any amounts in respect of interest, taxation, depreciation and amortisation, (ii) excluding any non-cash amount in respect of the fair value of derivatives charged/credited to profit as a result of the application of IAS 32 and IAS 39 - “accounting for derivatives”, (iii) excluding any non-cash amount charged to profit as a result of the application of IFRS 2 - “share option accounting”, (iv) excluding any exceptional or extraordinary profits (including without limitation gains on asset sales) and fiscal year ending 2006 exceptional or extraordinary losses of up to €81,600,000 in aggregate and (v) excluding any one-off charges relating to the termination of foreign exchange contracts not exceeding €2,500,000 in the aggregate for all periods after the date hereof. Notwithstanding the foregoing,

EBITDA for each of the monthly periods ending on or before 31 October 2005 shall be deemed to be the respective amounts for such monthly periods set forth in Schedule 10 (*EBITDA and Total Debt Service*).

"EI Preference Share Agreement" means the agreement dated 16 January 2004 made between, amongst others, Enterprise Ireland and Waterford Crystal Limited.

"EI Preference Shares" means the preference shares in Waterford Crystal Limited allotted to Enterprise Ireland on the terms of the EI Preference Share Agreement.

"EI Pre-emption Right" means the right of a member of the Group to purchase the EI Preference Shares prior to the EI Redemption Date on the terms set out in the EI Preference Share Agreement.

"EI Redemption Date" means the fifth anniversary of the date of the allotment of the EI Preference Shares.

"Eligible Assignee" means (a) a Senior Lender; (b) an Affiliate of a Senior Lender; and (c) any other Person (other than a natural person) approved by the Agent and, unless an Event of Default has occurred and is continuing, the Company (such approval not to be unreasonably withheld or delayed); provided that notwithstanding the foregoing, "Eligible Assignee" shall not include the Company or any member of the Group.

"Eligible Equipment" means any Equipment which is or may become subject to a first fixed legal mortgage under the terms of the Debenture or first ranking fixed security under any other Security Document.

"Eligible Receivables" has the meaning given to it in Schedule 3 (*Reporting and Financial Undertakings; Release of Cash Collateral; Margin Adjustments*).

"Eligible Stock" has the meaning given to it in Schedule 3 (*Reporting and Financial Undertakings; Release of Cash Collateral; Margin Adjustments*).

"Enforcement Action" has the meaning given to it in the Intercreditor Agreement.

"Enforcement Event" has the meaning given to it in the Intercreditor Agreement.

"Environmental Claim" means any claim, proceeding, formal notice or investigation by any person in respect of any Environmental Law.

"Environmental Law" means any applicable law, regulation, order or other ordinance or decree promulgated by any governmental authority which relates to:

- (a) the pollution or protection of the environment;
- (b) harm to or the protection of human health;
- (c) the conditions of the workplace; or
- (d) any emission or substance capable of causing harm to any living organism or the environment.

"Environmental Permits" means any permit and other Authorisation and the filing of any notification, report or assessment required under any Environmental Law for the operation of the

business of any member of the Group conducted on or from the properties owned or used by any member of the Group.

“Environmental Report” means an environmental report on the Group's properties prepared by AMEC Earth & Environmental UK Limited and dated October 2005 addressed to, and/or capable of being relied upon by, the Agent and the Lenders, including, but without limitation, a Phase II report in relation to any properties in respect of which the amount available to be borrowed under the Property Loan Facility is determined or dependent.

“Enforcement Point” has the meaning given to it in the Intercreditor Agreement.

“Equipment” has the meaning given to it in the Debenture or in any other Security Document which creates security over equipment.

“Equipment Loan” means a loan made in respect of the Equipment Loan Facility.

“Equipment Loan Facility” has the meaning given to it in Clause 2.2(a) (*The Term Loan Facilities*).

“Equipment Valuation” means the net orderly liquidation value of the Eligible Equipment carried out by an appraiser approved by the Agent on the basis of estimated restricted realisation price.

“ERISA” means the Employee Retirement Income Security Act of 1974 together with all rules, regulations and interpretations thereunder or related thereto.

“ERISA Affiliate” means any person that for purposes of Title I and Title IV of ERISA and Section 412 of the Code would be deemed at any relevant time to be a single employer with a US Obligor, pursuant to Section 414(b), (c), (m) or (o) of the Code or Section 4001 of ERISA.

“ERISA Event” means (i) any “reportable event”, as defined in Section 4043(c) of ERISA or the regulations issued thereunder, with respect to a Plan with respect to which the notice requirements have not been waived by the Department of Labor or other applicable governmental authority; (ii) the adoption of any amendment to a Plan that would require the provision of security pursuant to Section 401(a)(29) of the Code, Section 307 of ERISA, or other applicable law of any jurisdiction; (iii) the existence with respect to any Plan of an “accumulated funding deficiency” (as defined in Section 412 of the Code or Section 302 of ERISA) or an unfunded pension liability, whether or not waived; (iv) the filing pursuant to Section 412 of the Code or Section 303(d) of ERISA or under other applicable law of an application for a waiver of the minimum funding standard with respect to any Plan; (v) a complete or partial withdrawal by any Obligor or any ERISA Affiliate from a Multiemployer Plan or any other Plan or a cessation of operations which is treated as such a withdrawal or notification that a Multiemployer Plan or any other Plan is in reorganization; (vi) the filing of a notice of intent to terminate, the treatment of a Plan amendment as a termination under Section 4041 or 4041A of ERISA, or the commencement of proceedings by the Pension Benefit Guaranty Corporation or other applicable governmental authority to terminate a Plan; (vii) an event or condition which could reasonably be expected to constitute grounds under Section 4042 of ERISA or under other applicable law for the termination of, or the appointment of a trustee to administer, any Plan; (viii) the imposition of any liability under Title IV of ERISA or under other applicable law, other than the Pension Benefit Guaranty Corporation premiums due but not delinquent under Section 4007 of ERISA, or under other applicable law upon any Obligor or any ERISA Affiliate in excess of US\$

5,000,000; (ix) any other event or condition with respect to a Plan including, without limitation, any Plan maintained, or contributed to, by any ERISA Affiliate that could reasonably be expected to result in liability of any Obligor in excess of US\$ 5,000,000; or (x) any Termination Event.

“Euro”, “EUR” and “€” mean the lawful currency of the Participating Member States.

“Euro Equivalent” means in relation to any amount outstanding, denominated or expressed in a currency other than Euro, the amount in Euro which can be obtained by the Agent at the Exchange Rate on any relevant day.

“Event of Default” means any event or circumstance specified as such in Clause 30 (*Events of Default*).

“Excess Availability” has the meaning given to it in Schedule 3 (*Reporting and Financial Undertakings: Release of Cash Collateral: Margin Adjustments*).

“Exchange Rate” means the prevailing spot rate of exchange of such bank as the Agent may select for the purpose, at or around 11 am on the date on which any conversion of or calculation in any currency is to be made under this Agreement.

“Existing Group Indebtedness” means the indebtedness of the Company and its Affiliates evidenced by an agreement dated 30 September 2004 and made between (among others) the Company, Burdale Financial Limited (as agent, which has subsequently been replaced by Wachovia Bank, National Association) and the lenders named therein, as that agreement has subsequently been amended, amended and restated, or supplemented.

“Expiry Date” means, in relation to an L/C, the last day of its Term.

“Facility” means the Property Loan Facility, the Equipment Loan Facility, the Receivables Finance Facility, the Stock Finance Facility, the L/C Facility, the Swingline Facility, any Ancillary Facility and the Senior Tranche B Facility.

“Facility Office” means the office notified by a Lender to the Agent in writing on or before the date on which it becomes a Lender (or, following that date, by not less than five Business Days' written notice) as the office through which it will perform its obligations under this Agreement.

“Fee Letter” means any letter or letters dated on or about the date of this Agreement between the Agent and the Company setting out the fees payable to the Agent and/or the Senior Lenders referred to in Clause 20 (*Fees*).

“Feeder Accounts” means accounts which are charged to the Security Trustee or Agent pursuant to any Security Document but with respect to which the account - holding bank has not acknowledged any notice of the relevant Security Interest or entered into any agreement with the Agent with respect thereto.

“Finance Document” means this Agreement, the Security Documents, any document evidencing the terms of any Ancillary Facility, any L/C, the Intercreditor Agreement, any Accession Letter, any document executed pursuant to the terms of this Agreement, and any other document designated as such by the Agent and the Company.

“Finance Party” means the Agent or a Lender.

“Financial Indebtedness” means any indebtedness for or in respect of:

- (a) moneys borrowed;
- (b) any amount raised by acceptance under any acceptance credit facility;
- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with GAAP, be treated as a finance or capital lease;
- (e) receivables sold or discounted;
- (f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the marked-to-market value shall be taken into account);
- (h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution;
- (i) the principal component or liquidation preference of all Capital Stock issued by a member of the Group and which by the terms thereof could at any time prior to the First Repayment or the Second Repayment Date be (at the request of the holders thereof or by means of an option exercisable by the issuer of such Capital Stock as a result of express provisions of such Capital Stock) subject to mandatory sinking fund payments, mandatory redemption or other acceleration;
- (j) in the case of any Person, all obligations of such Person issued or assumed as the deferred purchase price of property or services purchased by such Person which would appear as liabilities on a balance sheet of such Person;
- (k) in the case of any Person, all indebtedness of another Person secured by (or for which the holder of such indebtedness has an existing right, contingent or otherwise, to be secured by) any Security Interest on, or payable out of the proceeds of production from, assets or property owned or acquired by such Person, whether or not the obligations secured thereby have been assumed by such Person;
- (l) in the case of any Person, the indebtedness of any partnership or unincorporated joint venture in which such Person is a general partner or a joint venturer to the extent such indebtedness is recourse to such Person; and
- (m) (without double-counting) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (l) above,

but excluding any indebtedness incurred by any person to its suppliers in the ordinary course of its trading activities and due within six months of the incurrence thereof.

“First Repayment Date” means the date falling 54 months after the date of this Agreement.

“Fixed Charge Coverage Ratio” means the ratio of (a) EBITDA less (i) capital expenditure (excluding capital expenditure incurred in connection with any rationalisation or reorganisation programme up to a maximum of €10,000,000) and (ii) cash taxes to (b) Total Debt Service plus dividends and other distributions to shareholders of the Company.

“Funding Lender” means Bank of America, N.A. in its individual capacity and not otherwise as a Senior Lender or the Agent and such other Senior Lender as the Agent agrees may make funds available on behalf of a Participating Lender in accordance with the terms of this Agreement.

“GAAP” means, in relation to any Obligor, International Financial Reporting Standards.

“German Borrowers” means any Borrower which is incorporated in Germany.

“German Guarantors” means any Guarantor which is incorporated in Germany.

“German Obligor” means any German Borrower and any German Guarantor.

“Goods” means all Stock, produce, inventory and/or other goods and in respect of which an L/C has been issued.

“Group” means the Company and its Subsidiaries.

“Guarantor” means an Original Guarantor or an Additional Guarantor.

“High Yield Bonds” means the approximately €166,000,000 mezzanine notes of the Company due 2010 issued on 1 December 2003.

“High Yield Bond Indenture” means the mezzanine indenture dated as of 1 December 2003 made between, among others, the Company and The Bank of New York as trustee, with respect to the High Yield Bonds as amended by a first supplemental indenture dated as of 27 July 2004, a second supplemental indenture dated as of 1 September 2004, a third supplemental indenture dated as of 30 September 2004, a fourth supplemental indenture dated 3 March 2005, a fifth supplemental indenture dated as of 17 May 2005 and the Sixth Supplemental Indenture and as otherwise amended, amended and restated or supplemented from time to time.

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

“Information Memorandum” means the document in the form approved by the Company concerning the Original Obligors which, at the request of the Company and on its behalf was prepared in relation to this transaction and distributed by Bank of America, N.A. and GE Leveraged Loans Limited as co-arrangers before the date of this Agreement.

“Intellectual Property Rights” means patents, trade marks, service marks, registered designs, applications for any of those rights, trade and business names, unregistered trade marks and service marks, copyrights, database rights, rights in designs, know how and inventions of the same or similar effect or nature as those listed above anywhere in the world.

“Intercreditor Agreement” means the Intercreditor and Security Trust Agreement dated as of the date hereof among the Company (1), the Subsidiaries named therein (2), the Agent as intercreditor agent and as security trustee (3) The Bank of New York, (4) and the Creditors named therein (5).

“**Interest Period**” means any of those periods referred to in Clause 15 (*Interest Periods - Senior Loans*) by reference to which interest is calculated on any Senior Loan or in Clause 18.1 (*Interest on unpaid sums*), provided that, save in respect of any Interest Periods relating to an unpaid sum, no Interest Period shall extend beyond the First Repayment Date.

“**Intra-Group Security Documents**” means a second charge by Rosenthal and Waterford Wedgwood USA Inc over their respective assets to secure all moneys from time to time owing by each of them to the Company, Wedgwood Limited, Statum Limited, Waterford Wedgwood GmbH, Royal Doulton UK Limited or Josiah Wedgwood & Sons Limited in respect of trade accounts payable to such companies arising in the ordinary course of business and, except in the case of Rosenthal, not overdue by 90 days or more (and in the case of Rosenthal, the Rosenthal Intra-Group Facilities).

“**Ireland**” means Ireland excluding Northern Ireland.

“**Irish Borrower**” means any Borrower which is incorporated in Ireland.

“**Irish Guarantor**” means any Guarantor which is incorporated in Ireland.

“**Irish Obligor**” means any Irish Borrower or any Irish Guarantor.

“**IRS**” means the United States Internal Revenue Service or any successor.

“**L/C**” means:

- (a) a letter of credit, performance bond, guarantee or similar assurance which is from time to time either (i) opened or issued by the Agent for the account of a Borrower or (ii) with respect to which the Agent has agreed to indemnify the issuer or to guarantee the obligations of a Borrower to such issuer, and
- (b) any indemnity issued by the Agent with respect to any of the foregoing.

“**L/C Facility**” has the meaning given to it in Clause 2.1 (*The Working Capital Facilities*).

“**L/C Exposure**” means, in relation to any L/C, the available amount of such L/C and other commitments assumed by the Agent with respect thereto.

“**L/C Limit**” means €30,000,000.

“**L/C Loan**” means a loan made in respect of the L/C Facility.

“**L/C Request**” means a request in the form set out in Part III of Schedule 5 (*Forms of Notice and Request*).

“**Lender**” means any Senior Lender, any Ancillary Facility Provider and any Senior Tranche B Lender.

“**LIBOR**” means:

- (a) the applicable Screen Rate; or
- (b) (if no Screen Rate is available for the relevant period) the arithmetic mean of the rates (rounded up to four decimal places) as supplied to the Agent at its request quoted by the Reference Banks to leading banks in the London Interbank Market,

at or about 11.00 in London on the Quotation Date for the relevant period.

“LIBOR Revolving Loan” means a Revolving Loan made or to be made under the Receivables Finance Facility or the Stock Finance Facility in relation to which interest is to be calculated by reference to LIBOR.

“Loan” includes the Equipment Loan, the Property Loan, a Receivables Loan, a Stock Loan, an L/C Loan, a Swingline Loan and a Senior Tranche B Loan.

“Majority Lenders” means a Lender or Lenders whose Commitments aggregate more than 66⅔% of the Total Commitments (or, if the Total Commitments have been permanently reduced, cancelled or suspended, a Lender or Lenders whose Commitments aggregated more than 66⅔% of the Total Commitments after giving effect to such permanent reduction, cancellation or suspension or, if the Total Commitments have been permanently reduced to zero, a Lender or Lenders whose participations in the Utilisations then outstanding in respect of the Facilities aggregate more than 66⅔% of all such Utilisations then outstanding).

Where necessary in order to give effect to this definition, the Senior Tranche B Commitment or the amounts outstanding in respect of the Senior Tranche B Loan shall be converted into Euro at the Exchange Rate.

“Majority Senior Lenders” means a Senior Lender or Senior Lenders whose Senior Commitments aggregate more than 66⅔% of the Total Senior Commitments (or, if the Total Senior Commitments have been permanently reduced, cancelled or suspended, a Senior Lender or Senior Lenders whose Commitments aggregated more than 66⅔% of the Total Senior Commitments after giving effect to such permanent cancellation, reduction or suspension or, if the Total Senior Commitments have been permanently reduced to zero, a Senior Lender or Senior Lenders whose participations in the Utilisations then outstanding in respect of the Senior Facility aggregate more than 66⅔% of all such Utilisations then outstanding).

“Majority Senior Tranche B Lenders” means a Senior Tranche B Lender or Senior Tranche B Lenders whose Senior Tranche B Commitments aggregate more than 66⅔% of the Total Senior Tranche B Commitments (or, if the Total Senior Tranche B Commitments have been permanently reduced, cancelled or suspended, a Senior Tranche B Lender or Senior Tranche B Lenders whose Commitments aggregated more than 66⅔% of the Total Senior Tranche B Commitments after giving effect to such permanent reduction, cancellation or suspension or, if the Total Senior Tranche B Commitments have been permanently reduced to zero, a Senior Tranche B Lender or Senior Tranche B Lenders whose participations in the Utilisations then outstanding in respect of the Senior Tranche B Facility aggregate more than 66⅔% of all such Utilisations then outstanding).

“Mandatory Cost” means the cost (calculated as a percentage rate per annum) of each Lender complying with the requirements of the Bank of England and/or the Financial Services Authority and/or any other applicable regulatory authority in respect of monetary or liquidity controls or otherwise.

“Margin” means the Senior Margin or the Senior Tranche B Margin, as the context may require.

“Material Adverse Effect” means an effect which results in or is likely to result in a material adverse change in (i) the business, performance, operations or assets of either a Borrower or the Obligors collectively; or (ii) the ability of any Obligor to perform any of its respective

obligations under any of the Finance Documents; or (iii) the legality, validity, priority or enforceability of any obligations or security created by or arising under any Finance Document.

“Material Subsidiary” means, at any time, a Subsidiary of the Company on a non-consolidated basis (i) whose total assets account for 1.25 per cent or more of the total assets of the Group at such time or (ii) whose turnover for the then most recently ended twelve month accounting period accounts for 1.25 per cent or more of the total turnover of the Group for such period. For these purposes, any calculation of the total assets of a Subsidiary or of the Group shall exclude intra-Group indebtedness and investments in Subsidiaries.

“Maturity Date” means, in relation to a Receivable, the Business Day which is, or immediately succeeds, the date which is the earlier of (i) 60 days after the contractual due date for payment in respect of such Receivable and (ii) 120 days after the date of the invoice in respect of such Receivable.

“Minimum Excess Availability” means the Total Senior Facility Availability less Utilisations outstanding under the Senior Facility (other than under the Ancillary Facility).

“Mortgaged Property” means any real property which is from time to time charged in favour of the Agent or the Security Trustee pursuant to a Security Document by way of first legal mortgage (or equivalent security arrangement in any other jurisdiction).

“Multiemployer Plan” means a “multi-employer plan” as defined in Section 4001(a)(3) of ERISA which is or was at any time during the current year or the immediately preceding six (6) years contributed to by any Obligor or any ERISA Affiliate.

“Net Recovery Percentage” means the fraction, expressed as a percentage, (a) the numerator of which is the amount equal to the amount of the recovery in respect of the Stock at such time on a “net orderly liquidation value” basis as set forth in the most recent acceptable appraisal of Stock received by the Agent in accordance with this Agreement net of operating expenses, liquidation expenses and commissions, and (b) the denominator of which is the applicable original cost of the aggregate amount of the Stock subject to such appraisal.

“Net Stock Value” means the lower of the cost or market value of Stock as determined by the relevant Borrower in accordance with its customary practices and procedures (as disclosed to the Agent prior to the date of this Agreement, as may be varied from time to time with the Agent's written consent).

“Non-US Borrowers” means all Borrowers other than the US Borrowers.

“Non-US Lender” means a Lender that is organized or otherwise incorporated under the laws of a jurisdiction outside of the United States of America, any state thereof or the District of Columbia.

“Non-US LIBOR Revolving Loan” means a Revolving Loan made or to be made to a Borrower other than a US Borrower.

“Obligor” means a Borrower or a Guarantor.

“Original Euro Amount” means in relation to:

- (a) a Loan or an L/C denominated in Euro, the principal amount of that Loan or the available amount of that L/C; and

(b) a Loan or an L/C denominated in a currency other than the Euro, the Euro Equivalent of the principal amount of that Loan or the available amount of that L/C on the date on which it was or is to be drawn down or issued.

“Original Obligor” means an Original Borrower or an Original Guarantor.

“Other Accounts” has the meaning given to it in the Debenture or in any other Security Document which creates security over bank accounts.

“Outstandings” means, in relation to a Lender at any time, the Euro Equivalent of the aggregate principal amount of its share of all (if any) Utilisations including, in relation to the issuer of an L/C under this Agreement, the aggregate of its contingent liabilities in respect of any such Utilisations consisting of the issue of any L/C outstanding at that time.

“Participating Lender” means a Lender that elects to exercise its option to have certain Utilisations funded on its behalf by the Funding Lenders in accordance with Clause 5.8 (*Settlements; Funding Arrangements*).

“Participating Member State” means any Member State of the European Communities that adopts or has adopted the Euro as its lawful currency in accordance with legislation of the European Community relating to Economic and Monetary Union.

“Party” means a party to this Agreement.

“PBA” means the Pension Benefits Act (Ontario), as the same now exists or may from time to time hereafter be amended, modified, reccified or supplemented, together with all governmental rules, regulations and interpretations thereunder or related thereto.

“Permitted Currency” means Sterling, US dollars, Euro, Australian dollars, Canadian dollars and Japanese yen.

“Permitted Holders” means, collectively, (i) Sir Anthony O'Reilly and Peter John Goulandris, and (ii) any Related Person of any Permitted Holder described in the preceding paragraph (i), and any successor to any such Permitted Holder or Related Person.

“Person” means an individual, partnership, limited partnership, company, unlimited liability company, corporation, unincorporated organization, trust or joint venture, or a governmental agency or political subdivision thereof.

“Plan” means an employee benefit plan (as defined in Section 3(3) of ERISA or in the applicable laws of any other jurisdiction) which any Obligor sponsors, maintains, or to which it makes, is making, or is obligated to make contributions, or in the case of a Multiemployer Plan, or a Plan governed by the PBA, has made contributions at any time during the immediately preceding six (6) plan years.

“Preferred Stock” of any Person means any Capital Stock of such Person that has preferential rights to any other Capital Stock of such Person with respect to dividends or redemptions or upon liquidation.

“Prime Rate” means the rate from time to time quoted by Bank of America, N.A. to be its prime or equivalent rate for advances in US dollars.

“Pro Rata Share” means, subject to Clause 2.7 (*Ancillary Facility Provider*):

- (a) in relation to a Senior Lender and its participation in a Utilisation of the Senior Facility, the proportion which the Senior Commitment of that Senior Lender bears to the Total Senior Commitments immediately prior to the intended Utilisation Date (provided that, if the Senior Commitment of such Senior Lender has been terminated, the numerator of such proportion shall be the outstanding amount of such Senior Lender's participation in such Senior Loans and the denominator of such proportion shall be the aggregate amount of such Senior Loans);
- (b) in relation to a Senior Tranche B Lender and its participation in a Utilisation of the Senior Tranche B Facility, the proportion which the Senior Tranche B Commitment of that Senior Tranche B Lender bears to the Total Senior Tranche B Commitments immediately prior to the intended Utilisation Dates; and
- (c) in any other case, in relation to a Lender, the fraction (expressed as a percentage) obtained by dividing (i) such Lender's Commitment by (ii) the Total Commitments, provided that, if all of the Commitments have been terminated, the numerator of such fraction shall be the outstanding amount of such Lender's participation in the outstanding Loans and the denominator of such fraction shall be the aggregate amount of all outstanding Loans at the relevant time.

"Property Loan" means a loan made in respect of the Property Loan Facility.

"Property Loan Facility" has the meaning given to it in Clause 2.2(b) (*The Term Loan Facilities*).

"Property Valuation" means a valuation of the Mortgaged Property carried out by a valuer appointed or approved by the Agent on the basis of estimated restricted realisation value as defined in the current Statements of Asset Valuation and Practice and Guidance Notes issued by the Royal Institute of Chartered Surveyors.

"Quotation Date" means, in relation to any period for which an interest rate is to be determined, the day on which quotations would ordinarily be given by prime banks in the London Interbank Market for deposits in the currency in relation to which such rate is to be determined for delivery on the first day of that period provided that, if for any such period, quotations would ordinarily be given on more than one date, the Quotation Date for that period shall be the last of those dates.

"Receivable" means (i) any debt owing to a Borrower or any Canadian Guarantor, in respect of an invoice issued by that Borrower or any Canadian Guarantor in the course of its trade, together with all connected rights, claims, deposits and payments and (ii) any debt owing to a Borrower or any Canadian Guarantor under any letter of credit, guarantee or similar assurance of payment with respect to any such debt, invoice or connected rights (but excluding any sales or similar taxes which are held on trust for the revenue authorities in the jurisdiction concerned).

"Receivables Advance Amount" means, in respect of an Eligible Receivable, the amount produced by (i) deducting from the available amount of such Eligible Receivable the maximum discounts, credits and allowances of any nature which may be taken by or granted to such account debtor or any other person in connection with such Eligible Receivable and (ii) multiplying the resultant balance by the applicable Receivables Percentage.

“Receivables Finance Facility” has the meaning given to it in Clause 2.1(a) (*The Working Capital Facilities*).

“Receivables Loan” means a loan made in respect of the Receivables Finance Facility.

“Receivables Notice” means a notice in the form of Part I (A) of Schedule 5 (*Forms of Notice and Request*).

“Receivables Percentage” means:

- (a) in relation to an Eligible Receivable owing by an account debtor to (i) a Borrower established and carrying on business in the United Kingdom, Ireland, Canada, Australia or the United States or (ii) to a Canadian Guarantor, 85 per cent; and
- (b) in relation to any Eligible Receivable which is owing by an account debtor to a German Borrower, 80 per cent.

“Reference Banks” means such banks as may be appointed by the Agent in consultation with the Company.

“Reference Rate” means, in relation to any Loan or unpaid sum denominated in any currency on which interest is to be calculated by reference to the Reference Rate, the Agent’s reference rate for that currency being the rate from time to time set by the Agent based on various factors including the Agent’s cost of funds and desired return and general economic conditions and which is used as a reference point for pricing loans made by it in that currency.

“Reference Rate Revolving Loan” means a Revolving Loan made or to be made under the Receivables Finance Facility or the Stock Finance Facility in relation to which interest is to be calculated by reference to the Reference Rate.

“Regulation” has the meaning given to it in Clause 27.25.

“Related Fund” shall mean any person that is engaged in the business of making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business and is administered or managed by a Lender or with respect to any Lender that is a fund which invests in commercial loans and similar extensions of credit, any other fund that invests in commercial loans or similar extensions of credit and is managed by the same investment advisor as such Lender or by an Affiliate or such investment advisor.

“Related Person” with respect of any Permitted Holder means:

- (a) any controlling equityholder or majority (or more) owned Subsidiary of such Person; or
- (b) in the case of an individual, a spouse, family member or relative of such individual, any trust or partnership for the benefit of one or more such individual and any such spouse, family member or relative, or the estate, executor, administrator, committee or beneficiaries of any thereof; or
- (c) any trust, corporation, partnership or other Person for which one or more of the Permitted Holders and other Related Persons or any thereof constitute the beneficiaries, stockholders, partners or owners thereof; or Persons beneficially holding in the aggregate a majority (or more) controlling interest therein.

“Relevant Time” means, in respect of Utilisation under any of the Senior Facility, the time specified for delivery of a Utilisation Request in respect of the relevant Loan specified in Clause 5.1 (*Delivery of a Utilisation Request*).

“Repeating Representations” means each of the representations set out in Clauses 27.1 (*Status*) to Clause 27.5 (*Validity and admissibility in evidence*), Clause 27.7 (*Insolvency*), Clause 27.9 (*No Default*) to Clause 27.15 (*Retention of Title*) (other than paragraph (c) of Clause 27.12), Clause 27.18 (*No ERISA Event*) to 27.24 (*Environmental Laws*) and Clause 27.27 (*Irish Pensions*).

“Replacement Facility” means a non-recourse receivables factoring and inventory financing facility made available to WC Designs by a financier other than CIT to replace the CIT Facility, which facility shall be on substantially the same terms as the CIT Facility, and in a facility amount not exceeding US\$10,000,000, and in respect of which any guarantees therefor permitted under Clause 29.8(b)(viii) do not exceed US\$2,000,000.

“Required Lenders” means the Majority Lenders and the Majority Senior Tranche B Lenders.

“Reserves” means reserves from time to time established by the Agent (acting reasonably) to reflect (i) the full amount of any liabilities or amounts which may (by virtue of any Security Interest granted to any person other than the Agent or the Finance Parties, the provisions of the Enterprise Act 2002, any other statutory provision or otherwise in force in any jurisdiction and which grants a preference or priority in payment) rank equally with or in priority to the Security Interests granted to the Agent or the Security Trustee under the Finance Documents or to reflect any Security Interests intended to be created pursuant to the Finance Documents and which may be unavailable to the Agent or the Security Trustee in the event of an insolvency of any Obligor, (ii) the amounts believed by the Agent to represent three months of all third party warehouse costs, leased retail premises and other lease obligations and similar liabilities where there is no access agreement in force on terms satisfactory to the Agent (or, in the case of warehouses and leased premises in Germany, the amounts believed by the Agent to represent three months of such costs, obligations and liabilities of the relevant lease), (iii) the general requirement of the Lenders for a reserve of €20,000,000 in relation to Eligible Receivables and Eligible Inventory of the Borrowers other than the Borrowers which are not also Guarantors, (iv) a reserve set by the Agent in good faith with respect to the Ancillary Facilities; (v) a reserve to reflect the German trustee in bankruptcy's costs in collecting those Eligible Receivables, Eligible Inventory and Eligible Equipment owned by each German Borrower equal to 15% of the relevant Eligible Receivables, Eligible Inventory and Eligible Equipment, (vi) any reserve provided for in Clause 2.2 (*The Term Loan Facilities*), (vii) reserves for amounts secured by any liens, choate or inchoate, which rank or are capable of ranking in priority to the enforcement of the Security Interests of the Agent or the Security Trustee including, without limitation, in the good faith credit discretion of the Agent, any such amounts due and not paid for vacation pay, amounts due and not paid under any legislation relating to workers' compensation, the Canada Pension Plan or to employment insurance, all amounts deducted or withheld and not paid and remitted when due under the Income Tax Act (Canada), amounts current or past due and not paid for realty, municipal or similar taxes (to the extent impacting personal or moveable property) and all amounts required to be contributed, remitted or paid to any Plan under the PBA or any similar legislation to the extent not contributed, remitted or paid to the applicable plan as required by the PBA or any similar legislation, and (viii) a reserve equal to 100% of each L/C Exposure. The

amount of any Reserve established by the Agent shall be established by the Agent in good faith and in its reasonable credit judgement.

“**Review Period**” means each 12 month period ending (i) on or about 31 December 2005 and (ii) on or about the last day of each ensuing calendar month.

“**Revolving Commitment**” means, as to each Senior Lender, its obligation to make Revolving Loans to the Borrowers or issue or procure the issue of L/Cs pursuant to Clause 2.1(a) of this Agreement, in an aggregate principal amount at any one time outstanding not to exceed its Pro Rata Share of the Total Revolving Commitments.

“**Revolving Loan**” means a LIBOR Revolving Loan, a Reference Rate Revolving Loan or a Base Rate Revolving Loan made or to be made by the Senior Lenders under the Receivables Finance Facility or the Stock Finance Facility.

“**Rollover Loan**” means a Receivables Loan, a Stock Loan or an L/C Loan which is:

- (a) made or to be made on the date on which an existing Loan (the “**Maturing Loan**”) is due to be repaid;
- (b) the aggregate amount of which is equal to or less than the Maturing Loan;
- (c) in the same currency as the Maturing Loan; and
- (d) made or to be made to the same Borrower for the purpose of refinancing the Maturing Loan.

“**Rosenthal**” means Rosenthal AG.

“**Rosenthal Companies**” means Rosenthal and its Subsidiaries.

“**Rosenthal Intra-Group Facilities**” means:

- (a) the intra-group facility agreement dated 26 November 2003 between Statum Limited (as lender) and Rosenthal (as borrower), as amended in an amendment agreement dated on or about the date hereof, providing for a lending facility to Rosenthal by Statum Limited of up to €22,500,000 (the “**Statum Facility**”); and
- (b) the intra-group facility agreement dated 26 November 2003 between Waterford Wedgwood GmbH (as lender) and Rosenthal (as borrower), as amended in an amendment agreement dated on or about the date hereof, providing for a lending facility to Rosenthal by Waterford Wedgwood GmbH of up to €17,500,000 (the “**WW GmbH Facility**”).

“**Rosenthal Subordinated Facility**” means the facility dated 25 June 2004 for €7,500,000 (excluding capitalised interest and other amounts capitalised) provided to Rosenthal by Anglo Irish Bank Corporation plc.

“**Screen Rate**” means the British Bankers Association Interest Settlement Rate for the relevant currency and period displayed on the appropriate page of the Telerate screen; if the agreed page is replaced or service ceases to be available, the Agent may specify another page or service displaying the appropriate rate after consultation with the Company and the Senior Lenders.

“**Second Repayment Date**” means 30 August 2010.

“**Security Documents**” includes (i) the Debenture, (ii) such further documents as may be necessary or desirable to constitute the security outlined in Part II of Schedule 2 (*Conditions Precedent*) and (iii) any other document from time to time executed by any person by way of security for the obligations of any Obligor pursuant to this Agreement, provided that any Security Interest created by any Guarantor pursuant to any Security Document, and any Security Interest created by any Obligor that is also a guarantor of the High Yield Bonds, shall also secure the obligations of such Guarantor or Obligor under the High Yield Bonds.

“**Security Interest**” means a mortgage, charge, pledge, assignment, lien or other security interest securing any obligation of any person, or any arrangement having similar effect.

“**Security Trustee**” means the Agent acting in its capacity as Security Trustee pursuant to any of the Finance Documents.

“**Senior Commitment**” means:

- (a) in relation to an Original Senior Lender, the amount stated as such beneath its name on the execution pages of this Agreement; and
- (b) in relation to any other Senior Lender, the amount of any Senior Commitment transferred to it under this Agreement.

“**Senior Debt**” means, at any time, the aggregate principal amounts of all utilisations and borrowings made and outstanding at that time under or pursuant to the Facilities.

“**Senior Facility**” means all of the Facilities, other than the Senior Tranche B Facility.

“**Senior Facility Limit**” means €200,000,000.

“**Senior Lender**” means:

- (a) any Original Senior Lender; and
- (b) any institution which becomes a party to this Agreement as a Senior Lender in accordance with Clause 31 (*Changes to the Lenders*).

“**Senior Loan**” means a Loan made in respect of the Senior Facility.

“**Senior Margin**” means:

- (a) in respect of any LIBOR Revolving Loan, any Property Loan and any Equipment Loan, 3 per cent per annum;
- (b) in respect of any Reference Rate Revolving Loan or any Swingline Loan, 3 per cent per annum; and
- (c) in respect of any Base Rate Revolving Loan, 1.5 per cent per annum,

or such other percentage as may in each case be ascertained in accordance with the provisions of paragraph (D) of Schedule 3 (*Margin Adjustment - Senior Loans*).

“**Senior Tranche B Commitment**” means:

- (a) in relation to an Original Senior Tranche B Lender, the amount stated as such beneath its name on the execution pages of this Agreement; and
- (b) in relation to any other Senior Tranche B Lender, the amount of any Senior Tranche B Commitment transferred to it under this Agreement.

“**Senior Tranche B Facility**” has the meaning given to it in Clause 2.4 (*The Senior Tranche B Facility*).

“**Senior Tranche B Facility Limit**” means US\$60,000,000.

“**Senior Tranche B Fee Letter**” means the letter agreement dated as of 8 November 2005 between the Company and the Original Senior Tranche B Lender setting out the fees payable to the Original Senior Tranche B Lender and referred to in Clause 20.8 (*Senior Tranche B Fees*).

“**Senior Tranche B Lender**” means:

- (a) any Original Senior Tranche B Lender; and
- (b) any institution which becomes a Senior Tranche B Lender in accordance with Clause 31 (*Changes to the Lenders*).

“**Senior Tranche B Loan**” means a loan in respect of the Senior Tranche B Facility.

“**Senior Tranche B Margin**” means, in respect of any interest relating to the Senior Tranche B Loan referencing LIBOR, 8.25 per cent per annum and, in respect of any interest relating to the Senior Tranche B Loan referencing Prime Rate, 7.25 per cent per annum, and in each case, such higher percentage as may be ascertained in accordance with the provisions of paragraph (E) of Schedule 3 (*Margin Adjustment - Senior Tranche B Loan*).

“**Senior Tranche B Request**” means a request in the form set out in Part V of Schedule 5 (*Forms of Notice and Request*).

“**Sixth Supplemental Indenture**” means an indenture supplemental to the High Yield Bond Indenture dated 2 November 2005, amending the terms thereof, made between, amongst others, the Company and The Bank of New York as trustee.

“**Solvency Undertaking**” means an undertaking from an Obligor to another Obligor sufficient to enable the beneficiary of that undertaking to be balance sheet solvent.

“**Springing Blocked Accounts**” means the deposit accounts of each Canadian Obligor subject to blocked account agreements providing for a “springing dominion” Security Interest executed by the Agent, the requisite Canadian Obligor and the financial institution where such accounts are maintained.

“**STB LIBOR**” means, for any Interest Period, the rate per annum equal to the British Bankers Association LIBOR Rate (“BBA LIBOR”), as published by Reuters (or other commercially available source providing quotations of BBA LIBOR as designated by the Original Senior Tranche B Lender from time to time) at approximately 11.00 a.m. on the Quotation Date for such Interest Period, for US dollar deposits (for delivery on the first day of such Interest Period) with a term equivalent to such Interest Period. If such rate is not available at such time for any reason, then the “Eurodollar Rate” for such Interest Period shall be the rate per annum determined by the Original Senior Tranche B Lender to be the rate at which deposits in US

dollars for delivery on the first day of such Interest Period in same day funds in the approximate amount of the Senior Tranche B Term Loan being made, continued or converted by Bank of America, N.A. and with a term equivalent to such Interest Period would be offered by the London Branch of Bank of America, N.A. to major banks in the London interbank Eurodollar market at their request at approximately 11.00 a.m. on the Quotation Date for such Interest Period.

“**Sterling**” and “**£**” means the lawful currency of the United Kingdom.

“**Stock**” means each Borrower's stock and inventory at any time.

“**Stock Finance Facility**” has the meaning given to it in Clause 2.1(a) (*The Working Capital Facilities*).

“**Stock Loan**” means a Loan made in respect of the Stock Finance Facility.

“**Stock Notice**” means a notice in the form of Part I (B) of Schedule 5 (*Forms of Notice and Request*).

“**Stock Percentage**” means with respect to Stock which constitutes finished goods, raw materials, retail stock and work in progress, the percentage set out in Clause 6.5 (*Allocation of Reserves and Adjustments*).

“**Subsidiary**” means a subsidiary within the meaning of Section 736 of the Companies Act 1985.

“**Swingline Facility**” has the meaning given to it in Clause 2.1(b) (*The Working Capital Facilities*).

“**Swingline Loan**” means a swingline loan made or to be made by the Swingline Lender pursuant to Clause 5.3 (*Swingline Loans*)

“**Swingline Lender**” means Bank of America, N.A. of 5 Canada Square, London E14 5AQ in its capacity as the lender of Swingline Loans

“**Swingline Limit**” means €15,000,000 (or the equivalent thereof in other Permitted Currencies).

“**Syndication Agent**” means GE Leveraged Loans Limited.

“**TARGET**” means the Trans-European Automated Real-Time Gross Settlement Express Transfer payment system.

“**Target Day**” means any day on which TARGET is open for the settlement of payments in Euro.

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

“**Tax Credit**” has the meaning given to it in Clause 21.1 (*Definitions*).

“**Tax Deduction**” has the meaning given to it in Clause 21.1 (*Definitions*).

“**Tax Payment**” has the meaning given to it in Clause 21.1 (*Definitions*).

“**Term**” means each period determined under this Agreement for which the Agent is under a liability under or with respect to an L/C.

“**Term Loan Request**” means a request in the form set out in Part V of Schedule 5 (*Forms of Notice and Request*).

“**Termination Event**” means (a) the whole or partial withdrawal of an Obligor from a Plan during a plan year; or (b) the filing of a notice of interest to terminate in whole or in part a Plan or the treatment of a Plan amendment as a termination or partial termination; or (c) the institution of proceedings by any governmental authority to terminate in whole or in part or have a trustee appointed to administer a Plan; or (d) any other event or condition which might constitute grounds for the termination of, winding up or partial termination of winding up or the appointment of trustee to administer, any Plan.

“**Total Availability**” means at any relevant time, (i) the Total Receivables Availability; PLUS (ii) the Total Stock Availability; LESS (iii) the amount of the Reserves.

“**Total Commitments**” means the aggregate of the Total Senior Commitments and the Total Senior Tranche B Commitments.

“**Total Debt Service**” means, in relation to the Group and for any period, amounts of cash interest, fees, expenses and commissions due and payable (other than fees, expenses and commissions payable in connection with the arranging and establishment of the Senior Facility and the Senior Tranche B Facility) and regularly scheduled principal payments (including any such scheduled payments under capital or finance leases) due and payable in respect of the Senior Facility, the Senior Tranche B Facility and other Financial Indebtedness of the Group in that period (other than principal payments due and payable in respect of the Receivables Finance Facility, the Stock Finance Facility, the Swingline Facility and the L/C Facility or any Ancillary Facility or any other revolving credit or overdraft facility to the extent such principal payments are immediately available for redrawing under the relevant Senior Facility or other revolving credit or overdraft facility). For the avoidance of doubt, cash interest excludes financing costs charged to the profit and loss account arising from the accounting for employee benefits under IAS 19 and leases under IAS 17 to the extent these amounts have not been added back to EBITDA. Notwithstanding the foregoing, Total Debt Service for each of the monthly periods ending on or before 31 October 2005 shall be deemed to be the respective amounts for such monthly periods set forth in Schedule 10 (*EBITDA and Total Debt Service*).

“**Total Receivables Availability**” means (i) the aggregate of the Receivables Advance Amounts of all of the Eligible Receivables PLUS (ii) the amount of the Cash Deposit.

“**Total Revolving Commitments**” means that part of the Total Senior Commitments which, immediately after the Utilisation of the Equipment Loan Facility and the Property Loan Facility (or the cancellation thereof, to the extent undrawn on the last day of the Availability Period relating thereto), is represented by and comprises the Commitments of the Senior Lenders in respect of, and available for utilisation under, the Working Capital Facilities.

“**Total Senior Commitments**” means the aggregate of the Senior Commitments of all of the Senior Lenders.

“Total Senior Facility Availability” means, at any relevant time (i) the Total Availability PLUS (ii) all amounts of principal outstanding under the Equipment Loan Facility and the Property Loan Facility.

“Total Senior Tranche B Commitments” means the aggregate of the Senior Tranche B Commitments of all the Senior Tranche B Lenders.

“Total Stock Availability” means at any time, the Stock Percentage of the Net Stock Value of Eligible Stock at such time.

“Trading Cashflow” means in relation to any Review Period or any other period, the consolidated profit before tax on ordinary activities of the Group for that period:

- (a) adding back any depreciation or amortisation;
- (b) excluding any extraordinary or exceptional profits;
- (c) deducting any capital expenditure; and
- (d) making such other reasonable adjustments as the Lender may from time to time require or approve in writing to ensure consistency year on year and which are notified to the Company prior to the commencement of the relevant accounting period.

“Transfer Certificate” means a certificate substantially in the form set out in Part I of Schedule 7 (*Form of Transfer Certificate*) or any other form agreed between the Agent and the Company.

“Transfer Date” means, in relation to a transfer, the later of:

- (a) the proposed Transfer Date specified in the Transfer Certificate; and
- (b) the date on which the Agent executes the Transfer Certificate.

“UK Borrower” means any Borrower incorporated under the laws of any part of the United Kingdom.

“UK Guarantor” means any Guarantor incorporated under the laws of any part of the United Kingdom.

“UK Obligor” means the UK Borrowers and the UK Guarantors.

“US Borrower” means any Borrower that is organised under the laws of any jurisdiction in the United States of America, any state thereof or the District of Columbia.

“US Dollars” and **“US\$”** means the lawful currency of the United States of America.

“US Guarantors” means any Guarantor that is organised under the laws of any jurisdiction in the United States of America, any state thereof or the District of Columbia.

“US Lender” means a Senior Lender that is organised under the laws of the United States of America, any state thereof or the District of Columbia.

“US Obligors” means the US Borrowers and the US Guarantors.

“US LIBOR Revolving Loan” means a Revolving Loan made or to be made to a US Borrower.

“**US Tax**” means any federal, state, local income, gross receipts, license, premium, windfall profits, customs duties, capital stock, franchise, profits, withholding, social security (or similar), real property, personal property, sales, use, registration, value added, alternative or add-on minimum, estimated or other tax of any kind whatsoever, imposed by the United States of America including any interest, penalty or addition thereto, whether disputed or not.

“**Utilisation**” means a utilisation of a Facility.

“**Utilisation Date**” means the date on which a Utilisation is made.

“**Utilisation Request**” includes (as the context may require) a Cash Request, an L/C Request, a Term Loan Request and a Senior Tranche B Request.

“**VAT**” means value added tax as provided for in the Value Added Tax Act 1994 and any other tax of a similar nature.

“**WC Designs**” means Ashling Corporation and its Subsidiary WC Imports Inc, together trading as WC Designs.

“**WW Subordinated Facility**” means the facility for up to €32,500,000 (excluding capitalised interest and other amounts capitalised) dated on or about 28 May, 2004 provided to the Company by Anglo Irish Bank Corporation plc.

“**Working Capital Facilities**” means the Facilities described in Clause 2.1 (*The Working Capital Facilities*).

“**Yen**” means the lawful currency of Japan.

1.2 Construction

- (a) Unless a contrary indication appears, any reference in this Agreement to:
- (i) the “**Agent**”, the “**Security Trustee**”, any “**Finance Party**” or any “**Obligor**” shall be construed so as to include its successors in title, permitted assigns and permitted transferees;
 - (ii) “**assets**” includes present and future properties, revenues and rights of every description;
 - (iii) a “**Finance Document**” or any other agreement or instrument is a reference to that Finance Document or other agreement or instrument as amended, modified, supplemented, replaced, amended and restated or novated;
 - (iv) “**indebtedness**” includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;
 - (v) a “**person**” includes any person, firm, company, corporation, government, state or agency of a state or any association, trust or partnership (whether or not having separate legal personality) or two or more of the foregoing;
 - (vi) a “**regulation**” includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental,

intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;

(vii) a “month” means a period starting on one day in a calendar month and ending on the numerically corresponding day in the next calendar month, but (i) if such numerically corresponding day is not a Business Day, then such period shall end on the preceding Business Day and (ii) if there is no numerically corresponding day, such period shall end on the last Business Day in that month;

(viii) the singular includes the plural and vice versa;

(ix) a provision of law is a reference to that provision as amended or re-enacted; and

(x) a time of day is a reference to London time.

(b) Clause and Schedule headings are for ease of reference only.

(c) A Default or an Event of Default is *continuing* if it has not been remedied or waived.

(d) References in this Agreement to any matter concerning the financial statements of an Obligor or any calculation required to be made in relation thereto shall be construed or made with reference to GAAP as at the date of this Agreement.

1.3 **Third party rights**

Save as expressly provided in this Agreement, a person who is not a Party has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy the benefit of any term of this Agreement.

1.4 **Currency Equivalents**

Where there is a reference in this Agreement to any amount, limit or threshold expressed in a currency other than Euro, in ascertaining whether or not that amount, limit or threshold has been attained, exceeded or achieved, an amount denominated in a currency other than Euro shall be counted on the basis of the equivalent in Euro, at the Exchange Rate.

1.5 **Acknowledgment of Debt**

(a) Notwithstanding any other provision of any Finance Document, each Lender agrees to advance to the Original Borrowers (other than Rosenthal) €100 on the date of this Agreement, receipt of which amount is acknowledged by the Original Borrowers (other than Rosenthal). The Parties agree that no interest will be payable on this advance amount and that, notwithstanding any other provision of any other Finance Document, this amount must not be repaid until the Lenders have received payment in full and final settlement of all other amounts owed to them under the Finance Documents and the Lenders have no further actual or contingent obligations under the Finance Documents.

(b) The Original Borrowers (other than the Rosenthal Companies) acknowledge that they are indebted to the Lenders for the principal amount of the Loans from time to time and the principal amount advanced in accordance with paragraph (a) above.

2 **THE FACILITIES**

2.1 **The Working Capital Facilities**

(a) Subject to the terms of this Agreement, and during the applicable Availability Period, the Senior Lenders make available to the Borrowers:

- (i) a receivables finance facility (the “**Receivables Finance Facility**”) pursuant to which the Senior Lenders will from time to time make Loans denominated in Permitted Currencies to the Borrowers calculated by reference to the value of Eligible Receivables;
 - (ii) a stock finance facility (the “**Stock Finance Facility**”) pursuant to which the Senior Lenders will from time to time make Loans denominated in Permitted Currencies to the Borrowers calculated by reference to the value of Eligible Stock; and
 - (iii) a letter of credit facility (the “**L/C Facility**”) of up to €30,000,000 (or the Euro Equivalent in Permitted Currencies) pursuant to which the Senior Lenders will from time to time (i) issue or procure the issuance of L/Cs for the account of the Borrowers or (ii) make Loans in Euros (or the Euro Equivalent in Permitted Currencies) to the Borrowers pursuant to Clause 6.9 (*Deemed Utilisations*), calculated, together with the Receivables Loans, by reference to the value of Eligible Receivables, and calculated, together with the Stock Loans, by reference to the value of Eligible Stock.
- (b) Subject to the terms of this Agreement and during the applicable Availability Period, the Senior Lenders will also make available to the UK Borrowers, the Irish Borrowers and the German Borrowers, a swingline facility (the “**Swingline Facility**”) of up to €15,000,000, pursuant to which the Swingline Lender will make Swingline Loans (to be denominated in US dollars, Euro and/or Sterling in the case of Swingline Loans made to UK Borrowers or Irish Borrowers, and to be denominated in Euros and/or US dollars in the case of Swingline Loans made to German Borrowers). The Swingline Lender will make each Swingline Loan subject to its reimbursement by the Senior Lenders on the terms set out in this Agreement. The Swingline Loans will be made available to the Borrowers as part of, and will reduce availability under, the Receivables Finance Facility.

2.2 The Term Loan Facilities

Subject to the terms of this Agreement and during the applicable Availability Period, the Senior Lenders make available:

- (a) to Josiah Wedgwood & Sons Limited, Waterford Crystal (Manufacturing) Limited, Waterford Crystal Limited, Rosenthal and any other Borrower which owns Equipment approved by the Agent for the purposes of this Clause 2.2(a), an Equipment Loan denominated in Euro such that the aggregate of the Equipment Loans shall not exceed the lesser of (x) 80 per cent of the Equipment Valuation delivered to the Agent prior to the date of this Agreement and (y) €6,000,000 (the “**Equipment Loan Facility**”); and
- (b) to Josiah Wedgwood & Sons Limited, Waterford Crystal Limited, Waterford Crystal (Manufacturing) Limited and any other Borrower which owns property approved by the Agent for the purposes of this Clause 2.2(b), a Property Loan denominated in Euro such that the aggregate of the Property Loans shall not exceed the lesser of (x) 75 per cent of the Property Valuation delivered to the Agent prior to the date of this Agreement and (y) €26,200,000 (the “**Property Loan Facility**”) less such Reserves as the Agent considers appropriate in good faith and in its reasonable credit judgement.

2.3 **The Ancillary Facilities**

- (a) Subject to the terms of this Agreement and to the terms of separate facility letters or agreements separately concluded between them, the Ancillary Facility Provider agrees to make the Ancillary Facilities available to the Borrowers.
- (b) Amounts owing in respect of the Ancillary Facilities shall rank pari passu in right of payment with amounts owing in respect of the other Facilities.

2.4 **The Senior Tranche B Facility**

Subject to the terms of this Agreement, and during the applicable Availability Period, the Original Senior Tranche B Lender agrees to make available a term loan facility (the “**Senior Tranche B Facility**”) of US\$60,000,000 pursuant to which the Original Senior Tranche B Lender will make term loans to the following Borrowers in the following amounts:

<u>Name of Borrower</u>	<u>Amount of Senior Tranche B Loan</u>
Josiah Wedgwood & Sons Limited	US\$ 15,000,000
Royal Doulton (UK) Limited	US\$ 10,000,000
Waterford Crystal Limited	US\$ 15,000,000
Waterford Wedgwood USA, Inc.	US\$ 20,000,000

2.5 **Finance Parties' rights and obligations**

- (a) In the case of the Senior Facility, the obligation of each Senior Lender shall be to contribute its Pro Rata Share of each Utilisation of the Senior Facility.
- (b) In the case of the Senior Tranche B Facility, the obligation of each Senior Tranche B Lender shall be to contribute its Pro Rata Share of each Utilisation of the Senior Tranche B Facility.
- (c) The obligations of each Finance Party under the Finance Documents are several and not joint. Failure by a Finance Party to perform its obligations under the Finance Documents does not affect the obligations of any other party under the Finance Documents. No Finance Party is responsible for the obligations of any other Finance Party under the Finance Documents.
- (d) The rights of each Finance Party under or in connection with the Finance Documents are separate and independent rights and any debt arising under the Finance Documents to a Finance Party from an Obligor shall be a separate and independent debt.
- (e) A Finance Party may, except as otherwise stated in the Finance Documents, separately enforce its rights under the Finance Documents.

2.6 **Rosenthal's rights and obligations**

For the avoidance of doubt and notwithstanding any provision to the contrary in any Finance Document, the Parties agree that Rosenthal Companies shall not be responsible for the obligations (including payment and/or indemnity obligations) of any other Obligor under the Finance Documents. In particular, for the purposes of Clause 12.3 (*Order of Application - Enforcement Point*), no amount derived from an Eligible Receivable owing to a Rosenthal Company shall be applied for any purpose other than the repayment of amounts owing by Rosenthal Companies under the Finance Documents.

2.7 **Ancillary Facility Provider**

- (a) An institution may become an Ancillary Facility Provider by delivering to the Agent a duly completed Ancillary Accession Agreement.
- (b) The Ancillary Facility Provider is a Lender for the purposes of this Agreement, but it shall be left out of account in determining the Majority Lenders or the Majority Senior Lenders on any given occasion or for the purposes of determining any Pro Rata Share.

3 **PURPOSE**

3.1 **Purposes**

Each Borrower shall apply all amounts borrowed or raised by it in respect of the Facilities:

- (a) for the purpose of repaying the Existing Group Indebtedness in full;
- (b) to service its and the Group's working capital needs, including for capital expenditures and general corporate purposes; and
- (c) for the purpose of paying that Borrower's fees and expenses associated with the Facilities,

provided that the Senior Tranche B Facility shall only be used for the purpose set out in paragraph (a) above.

3.2 **Monitoring**

No Finance Party is bound to monitor or verify the application of any amount borrowed pursuant to this Agreement. A contravention of Clause 3.1 (*Purpose*) shall not affect the obligations of the Obligors under the Finance Documents.

4 **CONDITIONS OF UTILISATION**

4.1 **Initial conditions precedent**

Subject to Clause 29.38 (*Conditions Precedent*), no Borrower may deliver a Utilisation Request in respect of any Facility unless the Agent has received, and the Original Senior Tranche B Lender shall be satisfied that the Agent has received, all of the documents and other evidence listed in Part I of Schedule 2 (*Conditions precedent*) in form and substance reasonably satisfactory to the Agent and the Original Senior Tranche B Lender.

4.2 **Further conditions precedent**

The Lenders will only be obliged to comply with the terms of a Utilisation Request if on the date on which it is given and on the proposed Utilisation Date:

- (a) in the case of a Rollover Loan, no Event of Default is continuing or would result from the proposed Utilisation or, in the case of any other Utilisation, no Default is continuing or would result from the proposed Utilisation;
- (b) the Repeating Representations are true in all material respects with reference to the facts and circumstances then subsisting; and
- (c) such Utilisation will not cause any Availability Limit to be exceeded.

For the avoidance of doubt, but without prejudice to the rights of the Agent under Clause 5.7 (*Agent Over-Advance Loans*) and the obligation of the Senior Lenders to do so in accordance

with the terms of this Agreement, any decision whether or not to advance any Senior Loan to any Borrower is for the Senior Lenders only.

5 UTILISATION

5.1 Delivery of a Utilisation Request

- (a) A Borrower may utilise the Receivables Finance Facility, the Stock Finance Facility and the L/C Facility by delivery to the Agent of a duly completed Utilisation Request with respect to the relevant Facility:
- (i) in the case of a Non-US LIBOR Revolving Loan, not later than 11.00 a.m. (Central Standard Time) on the third Business Day before the proposed Utilisation Date;
 - (ii) in the case of a US LIBOR Revolving Loan, not later than 11.00 a.m. (Central Standard Time) on the third Business Day before the proposed Utilisation Date;
 - (iii) in the case of a Reference Rate Revolving Loan, not later than 11.00 a.m. on the second Business Day before proposed Utilisation Date;
 - (iv) in the case of a Base Rate Revolving Loan, not later than 11.00 a.m. (Central Standard Time) on the second Business Day before proposed Utilisation Date;
 - (v) in the case of a Swingline Loan, not later than 11.00 a.m. on the proposed Utilisation Date; and
 - (vi) in the case of the issue of an L/C, not later than 11.00 a.m. (Central Standard Time) on the second Business Day before the proposed Utilisation Date,

and in the case of the first Utilisation in respect of any of the Receivables Finance Facility, the Stock Finance Facility or the L/C Facility, not later than 11.00 a.m. (Central Standard Time) on the second Business Day before the proposed Utilisation Date therefor.

- (b) A Borrower may utilise the Property Loan Facility and the Equipment Loan Facility by delivery to the Agent of a duly completed Utilisation Request, which must be expressed in Euro, with respect to the relevant Facility not later than 11.00 a.m. on the second Business Day before the proposed Utilisation Date (and in the case of the first Utilisation under either such Facility, by 8.00 a.m. (Eastern Standard Time) on the second Business Day before the proposed Utilisation Date).
- (c) A Borrower may utilise the Senior Tranche B Loan Facility by delivery to the Original Senior Tranche B Lender of a duly completed Senior Tranche B Request not later than 8.00 a.m. (Eastern Standard Time) on the second Business Day immediately before the proposed Utilisation Date, and in respect of any such Utilisation Request:
- (i) the proposed Utilisation Date for the making of such Senior Tranche B Loan must be a Business Day within the Availability Period for the Senior Tranche B Loan Facility; and
 - (ii) the Utilisation Request must be expressed in United States dollars and must be an amount equal to the aggregate principal amount of the Senior Tranche B Facility.

5.2 **Revolving Loans**

Subject to the terms of this Agreement, a Revolving Loan will be made by the Senior Lenders to a Borrower on its request if:

- (a) not later than the Relevant Time for the making of such LIBOR Revolving Loan, Reference Rate Revolving Loan or Base Rate Revolving Loan (or such later time as the Agent may agree prior to the proposed date for the making of such Revolving Loan), the Agent has received from the relevant Borrower a duly completed Utilisation Request in respect of such Revolving Loan;
- (b) the proposed Utilisation Date for the making of such Revolving Loan is a Business Day within the Availability Period for the Working Capital Facilities;
- (c) the Utilisation Request is expressed in a Permitted Currency and:
 - (i) if in Sterling, in a minimum amount of £3,000,000 and an integral multiple of £1,000,000;
 - (ii) if in US dollars, in a minimum amount of US\$5,000,000 and an integral multiple of US\$1,000,000;
 - (iii) if in Euro, in a minimum amount of €5,000,000 and an integral multiple of €1,000,000;
 - (iv) if in Australian dollars, in a minimum amount of A\$3,000,000 and an integral multiple of A\$1,000,000;
 - (v) if in Canadian dollars, in a minimum amount of C\$3,000,000 and an integral multiple of C\$1,000,000; and
 - (vi) if in Japanese yen, in a minimum amount of Yen 600,000,000 and an integral multiple of Yen60,000,000,

which is, in each case, less than or equal to the amount of Total Availability;

- (d) if the Revolving Loan is to be made pursuant to Clause 8.2 (*Repayment of Swingline Loans by Lenders*), the Utilisation Request is expressed in an amount equal to the Original Euro Amount of the aggregate principal amount of the Swingline Loans then outstanding which is less than or equal to the amount of Total Availability;
- (e) the proposed Interest Period in respect of such Revolving Loan is a period of 1, 2 or 3 months (or such other period as the Agent may agree) ending on or before the First Repayment Date.

5.3 **Swingline Loans**

Subject to the terms of this Agreement, a Swingline Loan will be made by the Swingline Lender to a Borrower on its request if:

- (a) not later than the Relevant Time for the making of such Swingline Loan (or such later time as the Agent may agree prior to the proposed date for the making of such Swingline Loan), the Agent has received from the relevant Borrower a Utilisation Request in respect of that Swingline Loan;

- (b) the proposed Utilisation Date for the making of the Swingline Loan is a Business Day within the Availability Period for the Working Capital Facilities;
- (c) the Utilisation Request is expressed in a Permitted Currency which is Sterling, US dollars or Euro and:
 - (i) if in Sterling, in a minimum amount of £25,000 and an integral multiple of £25,000;
 - (ii) if in US dollars, in a minimum amount of US\$50,000 and an integral multiple of US\$50,000; and
 - (iii) if in Euro, in a minimum amount of €50,000 and an integral multiple of €50,000,which is, in each case, less than or equal to the Swingline Loan Limit.

5.4 **Completion of a Utilisation Request**

- (a) Each Utilisation Request is irrevocable and will not be regarded as having been duly completed unless:
 - (i) the proposed Utilisation Date is a Business Day within the Availability Period applicable to the Facility in question;
 - (ii) the Utilisation request complies with the terms of Clause 6 (*Restrictions applicable to Individual Facilities*) and with all other relevant provisions of this Agreement; and
 - (iii) the Utilisation Request is expressed in a Permitted Currency (and in the case of the Senior Tranche B Loan Facility, must be for United States dollars) and it otherwise complies with (and contains the information and enclosures required by) the applicable form of Utilisation Request.
- (b) The relevant Borrower will deliver the form of Utilisation Request appropriate to the desired form of Utilisation.
- (c) Only one Utilisation may be requested in each Utilisation Request.

5.5 **Reutilisation**

Subject to the terms of this Agreement, the Receivables Finance Facility, the Stock Finance Facility, the L/C Facility and the Swingline Facility are of a revolving nature and amounts recovered or repaid in respect of those Facilities may accordingly be redrawn. For this purpose, amounts received in respect of the Receivables Finance Facility, the Stock Finance Facility, the L/C Facility and the Swingline Facility will be applied in reduction of the relevant Obligor's liabilities then due on the Business Day of actual receipt by the Agent. Amounts recovered or repaid in respect of the Equipment Loan, the Property Loan or the Senior Tranche B Loan shall not be available to be reborrowed.

5.6 **Lenders' obligations**

- (a) If the conditions set out in this Agreement have been met, each Lender shall comply with the terms of a duly completed Utilisation Request on the applicable Utilisation Date by making available its participation in the requested Utilisation in accordance with the terms of this Agreement.

- (b) The amount of each Lender's participation in each Utilisation in which it is required to participate, or in any amount to be reimbursed to the Swingline Lender following any non-payment by a Borrower of any amount due in respect of a Swingline Loan, will be an amount equal to its Pro Rata Share of that Utilisation or (as the case may be) the amount so to be reimbursed.
- (c) The Agent may elect, at its option, to settle each Swingline Loan on a weekly basis. If the Agent so elects, it shall notify each Senior Lender no later than 11.00 a.m. on the second Business Day prior to the date for settlement of each Swingline Loan of the amount of that Swingline Loan and of that Senior Lender's participation in that Swingline Loan.
- (d) The Agent shall notify each relevant Lender, in the case of the funding by the Lenders of any Utilisation other than the funding by them of any Swingline Loan, no later than 3 hours after it receives the relevant Utilisation Request delivered to it by a Borrower in accordance with Clause 5.1 (*Delivery of a Utilisation Request*) of the amount of that Utilisation so requested and of that Lender's participation in that Utilisation.

5.7 Agent Over-Advance Loans

- (a) Subject to the following Sub-Clauses of this Clause 5.7, notwithstanding that a Default or an Event of Default is continuing or would result from any proposed Utilisation requested by a Borrower and/or that the Lenders would not otherwise be obliged to comply with the terms of a Utilisation Request in accordance with Clause 4.2 (*Further conditions precedent*), upon receipt by the Agent of a Utilisation Request from any Borrower (and notwithstanding that delivery and completion thereof may not accord strictly with the requirements of Clause 5.1 (*Delivery of a Utilisation Request*) or Clause 5.4 (*Completion of a Utilisation Request*)) the Agent in its discretion may permit Utilisations by way of Agent Over-Advance Loans regardless of the conditions for Utilisation in this Agreement.
- (b) If the Agent permits and makes any Agent Over-Advance Loan it may do so subject to such limits and/or subject to the allocation of such reserves and the making of such adjustments as it determines in its discretion, notwithstanding any of the restrictions contained in Clause 6 (*Restrictions Applicable to Individual Facilities*).
- (c) If the Agent makes an Agent Over-Advance Loan pursuant to or in respect of any Utilisation Request by any Borrower, the Agent Over-Advance Loan so made shall be designated, as the Agent determines in its discretion, as a Receivables Loan or a Stock Loan and the other provisions of this Agreement (as to interest, repayment and otherwise) shall apply to such Agent Over-Advance Loan accordingly.
- (d) For the avoidance of doubt, but without in any way limiting Sub-Clause (c) of this Clause 5.7, each and any such Agent Over-Advance Loan made by the Agent under this Agreement is for the account of the Senior Lenders and at their risk. The Agent shall give notice to the Senior Lenders of any Agent Over-Advance Loan so made by it pursuant to this Clause 5.7 and each Senior Lender shall thereupon make available to the Agent its participation in such Agent Over-Advance Loan according to, and by reference to its Pro Rata Share thereof. The obligation of the Senior Lenders to pay such amounts shall be unconditional in all respects and shall not be affected by the existence of any Default or any Event of Default, the failure of the Borrower to comply with any of the

conditions to drawdown associated therewith, the deficiency of any Utilisation Request relating thereto or any other matter whatsoever.

- (e) Notwithstanding the foregoing Sub-Clauses of this Clause 5.7, the making of any Agent Over-Advance Loan hereunder is subject to the following conditions:
- (i) Utilisations comprising Agent Over-Advance Loans shall not at any time exceed €10,000,000;
 - (ii) Utilisations comprising Agent Over-Advance Loans which, if made, and when aggregated with other outstanding Receivables Loans, Stock Loans, L/C Loans and Swingline Loans, plus the aggregate principal amount outstanding of all L/C Exposures, Property Loans and Equipment Loans (without double-counting), would exceed Total Senior Facility Availability by an amount over €5,000,000 may not be made unless the Agent has given not less than two Business Days' notice thereof to the Original Senior Tranche B Lender and the Original Senior Tranche B Lender has not notified the Agent of its objection to such Agent Over-Advance Loan within that two Business Day period;
 - (iii) Utilisations comprising Agent Over-Advance Loans which, if made, and when aggregated with other outstanding Receivables Loans, Stock Loans, L/C Loans and Swingline Loans, plus the aggregate principal amount outstanding of all L/C Exposures, Property Loans and Equipment Loans (without double-counting), would exceed the Senior Facility Limit by any amount may not be made without the prior consent of the Original Senior Tranche B Lender unless:
 - (A) that Agent Over-Advance Loan will constitute Senior Debt as defined under, and that the making of such Agent Over-Advance Loan will not breach the terms and provisions of, or constitute a default under, the High Yield Bonds or the High Yield Bond Indenture; and
 - (B) that Agent Over-Advance Loan, when aggregated with any other Agent Over-Advance Loans outstanding at that time, does not in any event exceed the Senior Facility Limit in a principal amount of more than €5,000,000;
 - (iv) Agent Over-Advance Loans may not be outstanding for more than 60 days in any period of 120 consecutive days;
 - (v) the authority of the Agent to make Agent Over-Advance Loans to the Borrowers may be revoked by the Majority Senior Lenders giving not less than five (5) Business Days' written notice thereof to the Agent, but without prejudice to any Agent Over-Advance Loans made prior to the date of such revocation, and the authority of the Agent so to make, or to have made, any Agent Over-Advance Loans prior to that date; and
 - (vi) the aggregate principal amount outstanding of all Agent Over-Advance Loans, together with all other outstanding Receivables Loans, Stock Loans, L/C Loans and Swingline Loans plus the aggregate principal amount outstanding of all L/C Exposures, Property Loans and Equipment Loans (without double counting), shall not at any time exceed the Senior Facility Limit except with prior consent of all of the Senior Lenders.

5.8 **Settlements; Funding Arrangements**

The provisions of Schedule 4 (*Provisions applicable to Participating Lenders and the Administration of the Senior Facility*) shall have effect in relation to the Participating Lenders.

6 **RESTRICTIONS APPLICABLE TO INDIVIDUAL FACILITIES**

6.1 **Property and Equipment Loan Facilities**

The Property Loan Facility and the Equipment Loan Facility must each be drawn down in full in one amount before the end of the applicable Availability Period.

6.2 **Senior Tranche B Facility**

The Senior Tranche B Facility must be drawn down in full in one amount before the end of the applicable Availability Period.

6.3 **Overall Facility Limits**

- (a) Subject as provided and permitted in Clause 5.7 (*Agent Over-Advance Loans*) (and in that regard, in particular, to compliance with Sub-Clause (e)(iii) thereof), the aggregate principal amount outstanding of (i) all Receivables Loans, (ii) all Stock Loans, (iii) all Revolving Loans, (iv) all L/C Exposures, (v) all L/C Loans, (vi) all Swingline Loans, (vii) all Property Loans, (viii) all Equipment Loans and (ix) all Agent Over-Advance Loans (without double counting) shall not at any time exceed the Senior Facility Limit.
- (b) The aggregate principal amount of the outstanding Senior Tranche B Loan shall not at any time exceed the Senior Tranche B Facility Limit.

6.4 **Specific Facility Limits**

- (a) Subject as provided and permitted in Clause 5.7 (*Agent Over-Advance Loans*), the aggregate principal amount of (i) all Receivables Loans, (ii) all Stock Loans, (iii) all L/C Exposures, (iv) all L/C Loans, (v) all Swingline Loans and (vi) all Agent Over-Advance Loans shall not at any time exceed the Total Availability.
- (b) The aggregate principal amount of all outstanding Receivables Loans shall not at any time exceed the Total Receivables Availability.
- (c) The aggregate principal amount of all outstanding Stock Loans shall not at any time exceed the Total Stock Availability.
- (d) The aggregate principal amount of (i) all outstanding Receivables Loans, (ii) all outstanding Stock Loans, (iii) all outstanding L/C Exposures and (iv) all L/C Loans shall not at any time exceed the sum of the Total Receivables Availability plus the Total Stock Availability.
- (e) The aggregate principal amount of (i) all outstanding L/C Exposures and (ii) all L/C Loans shall not at any time exceed the L/C Limit.
- (f) The aggregate principal amount of all outstanding Swingline Loans shall not at any time exceed the Swingline Limit.
- (g) The principal amount outstanding in respect of the Property Loans shall not at any time exceed the limits established pursuant to Clause 2.2(b) (*The Term Loan Facilities*).
- (h) The principal amount outstanding in respect of the Equipment Loans shall not at any time exceed the limit established pursuant to Clause 2.2(a) (*The Term Loan Facilities*).

- (i) The aggregate of the principal amounts advanced with reference to the Eligible Stock and the Eligible Receivables of the Australian Borrowers shall not at any time exceed €10,000,000 or the Euro Equivalent thereof.
- (j) No Utilisation shall be made to the extent that it would result in the principal amount outstanding in respect of the Facilities exceeding the amount permitted to be borrowed under the terms of Section 4.3 of the High Yield Bond Indenture as shown in the then most recent legal opinion delivered to the Agent for the purposes of this Sub-Clause.

6.5 Allocation of Reserves and Adjustments

- (a) The Reserve of €20,000,000 described in part (iii) of the definition of “Reserves” set out in Clause 1 (*Definitions and Interpretation*) shall in the first instance be allocated to the Total Stock Availability and the Total Receivables Availability attributable to those Borrowers (in any event excluding Borrowers which are not also Guarantors) as the Agent may determine in good faith in its reasonable credit judgement.
- (b) The Agent acting in good faith and using its reasonable credit judgement may from time to time:
 - (i) reduce the Receivables Advance Amount applicable to the Receivables of a particular Borrower or Canadian Guarantor to reflect the fact that the Dilution Rate for that Borrower or Canadian Guarantor exceeds 5 percent (provided that (x) the reduction in the Receivables Advance Amount shall be pro rata to the Dilution Rate and (y) to the extent to which the Dilution Rate exceeds 10 per cent, the reduction in the Receivables Advance Amount shall be twice the Dilution Rate in excess of 10 per cent);
 - (ii) reduce the Total Stock Availability (or any component of it) to reflect any reduction in the rate of turnover, quality, liquidation value or other matter affecting patterns of sale; and
 - (iii) allocate the Reserves among the Borrowers in such proportions as the Agent may deem appropriate.
- (c) In the event that the aggregate of Utilisations outstanding by all Borrowers under the Stock Finance Facility exceeds that amount which is equal to a Net Recovery Percentage of 65% (in the period of 1 January to 31 August in any year, or in the period of 1 January to 30 June only in any year if a third party appraisal of Stock justifies a rate of 70% for the months of July and August in such year and if agreed by the Majority Lenders) or of 70% (in the period of 1 September to 31 December in any year, or in the period 1 July to 31 December in any year if a third party appraisal of Stock justifies a rate of 70% for the months of July and August in such year and if agreed by the Majority Lenders) of the aggregate of finished goods, raw materials, retail stock and work in progress of all Borrowers at any time, the Agent may, in its discretion, make such additional reserves in respect of the Senior Facility and allocate those reserves to such Borrowers as it considers appropriate, acting in good faith and using its reasonable credit judgement.

6.6 Corporate Sub-Limits

- (a) Without prejudice to the generality of the Agent's powers under Clause 6.5 (*Allocation of Reserves and Adjustments*), individual Borrowers may only request Utilisations of the Receivables Finance Facility, the Stock Facility, the L/C Facility and the Swingline

Facility in reliance on the availability derived from Eligible Receivables owing to, or Eligible Stock owned by, that particular Borrower.

- (b) In respect of Utilisations by, respectively, Waterford Wedgwood USA, Inc., and Royal Doulton USA, Inc., in determining the Utilisations which either such US Borrower may make, the Agent shall take into account and those US Borrowers may derive availability for, in the case of Waterford Wedgwood USA, Inc., the Eligible Receivables owing to, or Eligible Stock owned by, Waterford Wedgwood Canada Inc., and in the case of Royal Doulton USA, Inc., the Eligible Receivables owing to, or Eligible Stock owned by, Royal Doulton Canada Limited.

6.7 Currency Sub-Limits

- (a) The maximum principal amount of Utilisations outstanding hereunder at any time denominated in Canadian dollars shall not exceed C\$5 million.
- (b) The maximum principal amount of Utilisations outstanding hereunder at any time denominated in Australian dollars shall not exceed C\$3 million.
- (c) The maximum principal amount of Utilisations outstanding hereunder at any time denominated in Japanese Yen shall not exceed Yen 3 billion.

6.8 Prohibition on Utilisations

No Utilisation may be made if it would cause any of the limits referred to in this Clause 6 to be exceeded.

6.9 Deemed Utilisations

If the Agent makes any payment pursuant to or in respect of any L/C, the Obligor for whose account such payment was made shall be deemed on the date of such payment to have received the proceeds of a Utilisation. A Utilisation so deemed to be made shall be deemed to be a Revolving Loan (being a Reference Rate Revolving Loan to a Non-US Borrower and a Base Rate Revolving Loan to a US Borrower) and the other provisions of this Agreement (as to interest, repayment and otherwise) shall apply to such Utilisation accordingly. The Agent shall give notice to the Senior Lenders of any Utilisation deemed to be made pursuant to this Clause 6.9 and the Senior Lenders shall thereupon make available to the Agent their respective participations in such Utilisation as if a Cash Request had been given in relation to the amount concerned. The obligation of the Senior Lenders to pay such amounts shall be unconditional in all respects and shall not be affected by the existence of an Event of Default or any other matter whatsoever.

7 RECEIVABLES FINANCE AND STOCK FINANCE FACILITIES

7.1 Delivery of Notices

- (a) Each Borrower shall deliver a duly completed Receivables Notice to the Agent on a weekly basis.
- (b) Each Borrower shall deliver a duly completed Stock Notice to the Agent on a monthly basis.

7.2 Determination of Receivables Advance Amount, Total Receivables Availability and Total Stock Availability

The Agent acting reasonably shall determine (a) the Receivables Advance Amount and the Total Receivables Availability on the basis of the Receivables Notices and (b) the Total Stock

Availability on the basis of the Stock Notices, and in each case on the basis of information provided by the Company or the relevant Borrower and will (upon request) advise the Senior Lenders and the relevant Borrower of such determination.

7.3 Order of Application

- (a) Any amounts paid by the Senior Lenders pursuant to a Cash Request shall be deemed to be applied (firstly) in the drawing of a Receivables Loan and (secondly) in the drawing of a Stock Loan.
- (b) A Receivable which is otherwise an Eligible Receivable shall cease to be an Eligible Receivable on the earlier of (i) the date on which the relevant account debtor pays such Receivable and (ii) the Maturity Date.

8 PROVISIONS CONCERNING SWINGLINE LOANS

8.1 Notification

The Swingline Lender shall notify the Agent and the Lenders at the end of each week of the net amount of Swingline Loans then outstanding.

8.2 Repayment of Swingline Loans

The principal amount of the Swingline Loans denominated in any currency shall be repaid on a daily basis by the transfer of the relevant amount from a Blocked Account to any loan account denominated in that currency maintained by the relevant Borrower with the Agent as contemplated in Clause 36.6 (*Debit to Loan Account*) or otherwise on demand by the Swingline Lender, any such credit balance denominated in any particular currency to be applied first to the unpaid principal amount of Swingline Loans denominated in the same currency and thereafter in or towards repayment of the unpaid principal amount of any Swingline Loans denominated in any other currency, the manner and extent of such application to be at the Agent's discretion.

8.3 Refunding of Swingline Loans by the Lenders

The Agent will not less than weekly and may, at any time in its sole and absolute discretion or upon request of the Swingline Lender, on behalf of the relevant Borrower (which hereby irrevocably directs the Agent to act on its behalf in this respect), give notice to the Lenders (including the Swingline Lender) requiring that they make a Reference Rate Revolving Loan to the Borrower in an amount either (a) equal to the aggregate principal amount of the Swingline Loans then outstanding together with all interest accrued thereon but unpaid equal to such amount or (b) which will repay the Swingline Loans then outstanding together with all interest accrued thereon but unpaid so that the unpaid principal amount of the Swingline Loans outstanding thereafter is in an amount up to but not exceeding €4,000,000. Interest on any such Reference Rate Revolving Loan shall be calculated and payable in accordance with the provisions of Clause 15 (*Interest - Senior Loans*).

8.4 Application of Reference Rate Revolving Loans and Base Rate Revolving Loans to Refund Swingline Loans

Regardless of whether the conditions in this Agreement for the making of Revolving Loans are then satisfied, each Lender shall make its share of any Reference Rate Revolving Loan or (as the case may be) any Base Rate Revolving Loan referred to in Clause 8.3 (*Refunding of Swingline Loans by the Lenders*) available to the Agent for the benefit of the Swingline Lender on the date notice of the requirement for any such Reference Rate Revolving Loan or (as the case may be) such Base Rate Revolving Loan is given to the Lenders.

9 **SENIOR TRANCHE B FACILITY**

9.1 **Drawdown of Senior Tranche B Facility**

The Company may draw down the Senior Tranche B Facility in accordance with the other provisions of this Agreement.

9.2 **Ranking**

The Senior Tranche B Loan ranks pari passu in right of payment to the Senior Facility.

10 **PROVISIONS CONCERNING L/Cs**

10.1 **Delivery of L/C Requests**

No L/C Request may be delivered unless the form and content of the requested L/C has previously been approved by the Agent.

10.2 **Restriction Against Issue of L/Cs**

- (a) The Agent shall itself issue L/Cs, unless it otherwise determines in its discretion not to do so, in which case it shall arrange for them to be issued by other financial institutions in accordance with the terms of this Agreement.
- (b) The Agent is not obliged to issue or arrange the issue of any L/C if the Agent determines that this would result in the breach of any applicable law or regulation.
- (c) Without limiting the generality of paragraph (b) above, no L/C shall be issued to an Irish resident beneficiary or for the account of an Irish Borrower except by an institution which is licensed or otherwise authorised for that purpose in Ireland.

10.3 **Payment of L/Cs against demand**

A Borrower which requests the Agent to arrange the issue of an L/C:

- (a) authorises the Agent to pay any claim made or purported to be made under such L/C or any indemnity given by the Agent in respect thereof and which appears on the face of it to be in order (a "claim");
- (b) undertakes immediately and unconditionally on demand (i) to pay to the Agent an amount equal to the amount of any claim and (ii) to indemnify the Agent against any cost, loss or liability incurred by the Agent in connection with the L/C or its performance or any other matter relating thereto;
- (c) acknowledges that (i) the Agent is not obliged to carry out any investigation or to seek any confirmation from such Borrower or any other person before paying a claim, (ii) the Agent will deal in Documents only and will thus not be concerned with any matters concerning any Goods or other issues relating to the underlying transaction or underlying obligation (as the case may be) and (iii) such Borrower will be bound by any action taken by the Agent in good faith in relation to any L/C (including any decision to amend or extend the L/C and any interpretation of the terms or effect of any L/C, but not including any decision to increase the amount of any L/C); and
- (d) acknowledges that its obligations of payment and reimbursement under this Clause 10.3 will not be in any way prejudiced, affected or diminished by (i) any unenforceability of, or amendment to or extension of, any L/C or any other document or security, (ii) the validity, legitimacy or accuracy of any document or claim submitted pursuant to any L/C or any action taken or omitted with respect thereto or (iii) any other matter or thing

which (but for this provision) might otherwise have the effect of diminishing or extinguishing such Borrower's liability pursuant to this Clause 10.3.

11 CURE RIGHTS

11.1 Cure Defaults

The Agent (acting in the name of and on behalf of, the relevant Obligor) may, at its option and upon notice to the Company to that effect:

- (a) cure any default by any Obligor under any agreement with respect to a Receivable or under any other agreement with a third party as the Agent may consider necessary to facilitate the collection of Receivables or to facilitate access to any security under any of the Security Documents;
- (b) make any payment, reach any settlement or compromise, issue, make or pay any bond, appeal any judgment against an Obligor or take any other action it may deem necessary to prevent any repossession, seizure, execution, attachment or similar process against any plant, machinery or other asset of an Obligor which might impair the security (or the enforcement of any security) granted to the Agent or the Security Trustee under any Security Document; and
- (c) discharge any Taxes and any other Security Interests from time to time subsisting with respect to any asset of any Obligor.

12 REPAYMENT

12.1 Repayment of Revolving Loans and Swingline Loans

- (a) Each Borrower shall repay each LIBOR Revolving Loan made to it, together with accrued but unpaid interest thereon, on the last day of the Interest Period applicable to that Loan.
- (b) Each Borrower may repay each Reference Rate Revolving Loan, each Base Rate Revolving Loan and each Swingline Loan made to it, together with accrued but unpaid interest thereon, at any time.
- (c) Each Borrower shall, in any event, repay the outstanding principal balance of all Revolving Loans and Swingline Loans made to it, plus all accrued but unpaid interest thereon, upon the termination of this Agreement for any reason.
- (d) In addition, and without limiting the generality of the foregoing, the relevant Borrower shall pay to the Agent, on demand, the amount by which the Original Euro Amount of the unpaid principal balance of any Revolving Loans, any L/C Loans and any Swingline Loans when aggregated with the Original Euro Amount of the maximum available amount of all L/Cs then outstanding (together "**contingency outstandings**") at any time exceeds the Total Availability, with Total Availability being determined for this purpose as if the amount of the Revolving Loans, the L/C Loans and the Swingline Loans and contingency outstandings were zero. Subject to the other terms of this Agreement and to availability, Revolving Loans and Swingline Loans may be re-borrowed.
- (e) The Agent may deduct from payments in respect of Receivables made by account debtors or any of the Obligors into a Blocked Account (excluding Springing Blocked Accounts, unless, at such time, the Agent is enforcing the guarantees of the Canadian

Obligors) amounts owing, and due for payment, in respect of any Revolving Loan or Swingline Loan. The deductions so made shall be applied in accordance with Clause 12.2 (*Order of Application*).

12.2 Order of Application

- (a) Prior to the Enforcement Point, any monies received by the Agent pursuant to Clause 12.1 (*Repayment of Revolving Loans and Swingline Loans*) from an Obligor or deducted by the Agent from any Blocked Account (other than for which provision is made for the application of those monies pursuant to Clause 13.6 (*Mandatory Prepayments*)) shall be applied in the following order:
 - (i) first, in payment of any fees, expenses or indemnities then due to the Agent or a Senior Lender;
 - (ii) secondly, to pay interest due in respect of any Senior Loans (other than in respect of the Ancillary Facilities) (pro rata among any such Senior Loans in respect of which interest has fallen due on or prior to the date of such receipt and on a pari passu basis);
 - (iii) thirdly, to pay any principal then due in respect of any of the Senior Loans and to pay or prepay any amounts then owing in respect of the Ancillary Facilities, up to the amount of any Reserve established in connection therewith (pro rata among such Senior Loans and the Ancillary Facilities and on a pari passu basis);
 - (iv) fourthly, in payment of any other amounts owing under the Finance Documents (taking no account for this purpose of the Reserve referred to in Sub-Clause (a)(iii) above), pro rata among all Senior Loans and the Ancillary Facilities and on a pari passu basis; and
 - (v) fifthly, by way of refund of amounts paid by account debtors in respect of Receivables and which remain due to the relevant Borrower following the application of this Clause 12.2, in payment to the relevant Borrower by credit to such Other Account as it may specify.
- (b) Where necessary in order to give effect to the provisions of this Clause 12.2 (*Order of Application*), any amount outstanding or received in a currency other than Euro shall be converted into Euro at the Exchange Rate.
- (c) Notwithstanding the provisions of Sub-Clause (a) above:
 - (i) amounts received from a UK Obligor shall be applied first to amounts owing by that or any other UK Obligor;
 - (ii) amounts received from an Irish Obligor shall be applied first to amounts owing by that or any other Irish Obligor;
 - (iii) amounts received from a US Obligor shall be applied first to amounts owing by that or any other US Obligor;
 - (iv) amounts received from a German Obligor shall be applied first to amounts owing by that German Obligor;

- (v) amounts received from a Canadian Obligor shall be applied first to amounts owing by that Canadian Obligor or any US Borrower; and
- (vi) amounts received from an Australian Obligor shall be applied first to amounts owing by that Australian Obligor.

12.3 Order of Application - Enforcement Point

Following the Enforcement Point, the order of distribution of moneys received or held by the Agent shall be governed by Clause 10 (*Post-Enforcement Distributions*) of the Intercreditor Agreement.

12.4 Currencies

Where (i) any amount is held or is to be applied by the Agent in reduction of amounts owing under this Agreement and (ii) the relevant amounts are denominated in different currencies, the Agent may apply the amounts so held or to be applied in the purchase of the latter currency at such rate (including commissions) as the Agent (acting reasonably) may deem to be appropriate. Alternatively, the Agent may hold those funds pending receipt of the Company's instructions.

12.5 Repayment of Term Loans

- (a) Each Borrower to which an Equipment Loan is made shall repay that Equipment Loan in accordance with the terms of this Clause 12.5(a). Commencing on 1 February 2006 and the first day of each subsequent calendar month thereafter, each such Borrower shall repay an instalment equal to 1.19 per cent of its Equipment Loan. On the First Repayment Date, each such Borrower shall repay the outstanding balance of its Equipment Loan in full.
- (b) Each Borrower to which a Property Loan is made shall repay that Property Loan in accordance with the terms of this Clause 12.5(b). Commencing on 1 February 2006 and the first day of each subsequent calendar month thereafter, each such Borrower shall repay an instalment equal to 1.19 per cent of the Property Loan. On the First Repayment Date, each such Borrower shall repay the outstanding balance of its Property Loan in full.

12.6 Repayments and Facility Limits

- (a) Each relevant Borrower shall from time to time on demand of the Agent make such prepayments as may be necessary to ensure that its Equipment Loan at no time exceeds 80 per cent of the then most recent Equipment Valuation.
- (b) Each relevant Borrower shall from time to time on demand of the Agent make such prepayments as may be necessary to ensure that its Property Loan at no time exceeds 75 per cent of the then most recent Property Valuation.
- (c) Any amounts repaid pursuant to (a) or (b) above shall be applied against the relevant repayment instalments under Clause 12.5 (*Repayment of Term Loans*) in reverse order of maturity.
- (d) If at any time and for any reason (whether by reason of any Receivables ceasing to be Eligible Receivables, any Stock ceasing to be Eligible Stock, by reason of any fluctuation in the rate of exchange of any currency as against the Euro, whether affecting the Euro Equivalent of any outstanding Utilisations, the Euro Equivalent value of any Receivables or any Stock, or otherwise howsoever) any outstanding Utilisations cause any limit on any of the Facilities or any other Availability Limit to be exceeded, then the

Company will immediately repay or procure the repayment of such amounts (together with accrued interest on such amounts) as may be necessary to remedy the position. If necessary for that purpose, the Company shall also provide or procure the provision to the Agent of security in cash pursuant to a Security Document in respect of any contingent obligations assumed by the Agent pursuant to this Agreement.

12.7 Final Repayment

- (a) On the First Repayment Date, the Company will pay (or procure payment) to the Agent in full all outstanding amounts and unpaid liabilities owing to the Senior Lenders under the Finance Documents (whether by way of principal, interest, commission, fees, costs, expenses or otherwise) and shall pay to the Agent such amount as is necessary to provide full cash collateral for any outstanding obligations (contingent or otherwise) assumed by the Agent pursuant to the terms of this Agreement. The provisions of this Sub-Clause (a) shall not apply to amounts owing solely in respect of the Ancillary Facilities.
- (b) On the Second Repayment Date, the Company will pay (or procure payment) to the Agent in full all outstanding amounts and unpaid liabilities under the Finance Documents (whether by way of principal, interest, commission, fees, costs, expenses or otherwise) which then remain owing to the Senior Tranche B Lenders in respect of the Senior Tranche B Loan.
- (c) Each Borrower will pay (or procure payment) to the Ancillary Facility Provider of all amounts from time to time due from that Borrower in respect of the Ancillary Facilities in accordance with their terms.

12.8 Collection of Receivables

With respect to the collection of Receivables, each Obligor undertakes with the Agent and the Lenders as follows:

- (a) it will collect and hold the proceeds of such Receivables as agent and trustee for the Agent and immediately pay all amounts so received into a Blocked Account and not otherwise deal in or dispose of any such proceeds (provided that a Canadian Obligor may do so in the ordinary course of its business until and unless, after the occurrence of an Event of Default, the Agent serves a notice to the applicable Canadian bank at which the relevant Blocked Account is maintained that the Agent has dominion over that Blocked Account pursuant to its “springing dominion” Security Interest);
- (b) if any account debtor makes a payment into any account which is not a Blocked Account, it will immediately upon becoming aware of such payment (i) transfer the relevant amounts to a Blocked Account immediately the balance in that other account exceeds US\$10,000, (ii) not otherwise deal or dispose of any such payment, and (iii) direct the relevant account debtor to make future payments to a Blocked Account;
- (c) the payments and collections described in (a) and (b) above shall be carried out on a daily basis or (following an Event of Default) at such other intervals as the Agent may require (subject as provided in the case of any Canadian Obligor and its Blocked Account as described in Sub-Clause (a) above);
- (d) it will not grant any credit, discount or similar allowance in respect of any Receivable except in the ordinary course of business in accordance with its normal policies or with the Agent's consent;

- (e) it will indemnify the Agent on demand against any liability incurred to any bank or person involved in the operation of a Blocked Account.

12.9 Business Days

If any payment under any Finance Document would otherwise be due on a day which is not a Business Day, it will be due on the next Business Day or (if that Business Day falls in the following month) on the preceding Business Day. This provision shall not apply to the Ancillary Facilities.

12.10 Calculation of Interest

All interest and commitment fee under this Agreement shall be calculated on the basis of actual days elapsed and a 365 day year (in the case of Sterling or Australian Dollars) or a 360 day year (in any other case). For the purposes of calculating interest, any repayments received in respect of the Facilities concerned shall be credited to the relevant Facility in accordance with arrangements agreed between the Company and the Agent for that purpose.

12.11 Certificates and Determinations

Any certification or determination by a Finance Party of a rate or amount under any Finance Document is, in the absence of manifest error, prima facie evidence of the matters to which it relates.

12.12 Cash Collateral

Any amount to be provided under this Agreement by way of cash collateral in respect of any contingent liability shall stand charged to the Security Trustee pursuant to a Security Document. Withdrawals from such account may only be made in order to pay amounts owing to the Agent in respect of the liability concerned. After such liability has expired or has been settled to the satisfaction of the Agent, any remaining balance shall be applied (i) in settlement of any other amounts then owing to the Agent under any Finance Documents and (ii) in repayment to the Obligor which provided such cash collateral.

13 CANCELLATION, VOLUNTARY AND MANDATORY PREPAYMENT

13.1 Illegality

If it becomes unlawful in any applicable jurisdiction for any Senior Lender to perform or maintain any of its obligations as contemplated by this Agreement then that Senior Lender may notify the Agent, which shall in turn notify the Company to that effect. The Commitment of that Senior Lender shall thereupon be cancelled and the Borrowers to which outstanding Utilisations have been made or contributed to by that Senior Lender shall upon demand (i) pay to the Agent for the account of that Senior Lender all amounts then owing by them under this Agreement to that Senior Lender (including any accrued interest, fees and other amounts) and (ii) provide cash cover to that Senior Lender in respect of all L/Cs or other contingent obligations assumed at the request of that Borrower. A Senior Lender affected by this Clause 13.1 shall endeavour to mitigate the impact thereof in accordance with Clause 24.1 (*Mitigation*).

13.2 Voluntary cancellation

The Company may, if it gives the Agent not less than 10 Business Days' prior notice, cancel the whole or any part of a Senior Facility whereupon such Senior Facility shall be cancelled to the extent stated in such notice. No cancellation notice may be given in respect of amounts represented by outstanding Utilisations.

13.3 Voluntary Prepayment of Senior Loans

Any Borrower to which a Senior Loan has been made may, if it gives the Agent not less than 10 Business Days' (or such shorter period as the Majority Lenders may agree) prior notice, prepay the whole or any part of a Senior Loan (but if in part, being an amount that reduces the Euro Equivalent of that Senior Loan by a minimum amount of €3,000,000 or its equivalent in any other Permitted Currency).

13.4 Voluntary Prepayment of Senior Tranche B Loan

(a) Subject to Sub-Clause (b) below, a Borrower to which the Senior Tranche B Loan has been made may, if it gives the Agent not less than five Business Days' (or such shorter period as the Majority Senior Lenders may agree) prior notice, voluntarily prepay the whole or any part of the Senior Tranche B Loan (but if in part being an amount that reduces the Euro Equivalent of the Senior Tranche B Loan by a minimum amount of US \$1,000,000 or its equivalent in any other Permitted Currency).

(b) Prior to the Senior Facility being repaid in full and all of the Senior Commitments being terminated and cancelled fully and finally, the Senior Tranche B Loan may only be prepaid pursuant to Sub-Clause (a) above with the prior consent of the Majority Senior Lenders, the Agent and the Syndication Agent, for so long as they are Lenders.

13.5 Right of Prepayment and Cancellation in relation to a single Lender

(a) If :

(i) any sum payable to any Senior Lender by an Obligor is required to be increased under Clause 21.2 (*Tax gross-up*); or

(ii) any Senior Lender claims indemnification from the Company under Clause 21.3 (*Tax Indemnity*) or Clause 22.1 (*Increased Costs*), then in each case the Company may, whilst the circumstances giving rise to the requirement or indemnification continues, give the Agent notice of cancellation of the Senior Commitment of that Senior Lender and its intention to procure the repayment of that Senior Lender's participation in the Utilisations.

(b) On receipt of a notice referred to in paragraph (a) above, the Senior Commitment of that Senior Lender shall thereupon be reduced to zero.

13.6 Mandatory Prepayments

(a) Upon the occurrence of the sale of all or substantially all of the assets of the Group whether in a single transaction or a series of related transactions, the Facilities will be cancelled and all outstanding Utilisations together with accrued interest, and all other amounts accrued under the Finance Documents, shall become immediately due and payable.

(b) For the purposes of the following Sub-Clauses of this Clause 13.6 (*Mandatory Prepayments*):

(i) "**Collateral Insurance Proceeds**" means Insurance Proceeds received from any insurance for the loss or destruction of, or damage to, any assets the subject of any Security Interest under any Security Document.

(ii) "**Debt Proceeds**" means the proceeds of any Financial Indebtedness of any member of the Group incurred after the date of this Agreement permitted

pursuant to Clause 29.8 (*Financial Indebtedness*) except for Excluded Debt Proceeds.

- (iii) **“Disposal”** means a sale, lease, licence, transfer, loan or other disposal by a person of any asset, undertaking or business (whether by a voluntary or involuntary single transaction or series of transactions).
- (iv) **“Disposal Proceeds”** means the consideration receivable by any member of the Group (including any amount receivable in repayment of intercompany debt) for any Disposal made by any member of the Group except for Excluded Disposal Proceeds and after deducting:
 - (A) reasonable expenses incurred by any member of the Group with respect to that Disposal to persons who are not members of the Group; and
 - (B) any Tax incurred and required to be paid by the seller in connection with that Disposal (as reasonably determined by the seller, on the basis of existing rates and taking account of any available credit, deduction or allowance).
- (v) **“Equity Proceeds”** means the proceeds of any issue of shares, capital stock, preference shares or other interest in the nature of equity in the capital of the Company except for Excluded Equity Proceeds received after the date of this Agreement after deducting reasonable expenses incurred by any member of the Group with respect to such issue of equity to persons who are not members of the Group.
- (vi) **“Excluded Debt Proceeds”** means Debt Proceeds represented by:
 - (A) amounts on a cumulative basis not exceeding €25,000,000 or its equivalent in other currencies in aggregate incurred by Subsidiaries of the Company incorporated in Indonesia and/or Japan in respect of, and by reference to, whose assets, properties or undertaking no Loans are made under this Agreement;
 - (B) credit provided or loans made directly or indirectly by the Permitted Holders to any Subsidiary of the Company provided such credit or loans are subordinated to the Loans and otherwise on terms and subject to conditions acceptable to the Agent; and
 - (C) credit provided or loans made to any member of the Group as permitted in Clause 29.8(a) (*Financial Indebtedness*) and Clause 29.9 (*Making Loans*).
- (vii) **“Excluded Disposal Proceeds”** means Disposal Proceeds represented by
 - (A) sales of Stock in the ordinary course of trading; and
 - (B) any disposal permitted under Clause 29.4(b)(i) to 29.4(b)(iv), 29.4(b)(vi) (but only (A) thereof), 29.4(b)(vii) (but for the avoidance of doubt such disposal proceeds shall be Debt Proceeds or Equity Proceeds (as applicable) for the purposes of this Clause 13.6 unless they are Excluded