

IN THE GRAND COURT OF THE CAYMAN ISLANDS

IN THE MATTER of the Companies Law (2007 Revision)

AND IN THE MATTER of Castle Holdco 4, Ltd

CAUSE NO: 121 OF 2009

CLERK OF COURT

APR 23 2009

CAYMAN ISLANDS GOVERNMENT

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**AMENDED PETITION**

Amended Pursuant to the Order of The Hon. Justice Quin dated 21 March 2009

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To: The Grand Court

THE HUMBLE AMENDED PETITION OF Castle Holdco 4, Ltd (the "**Company**") of Walker House, 87 Mary Street, George Town, Grand Cayman, Cayman Islands shows that:

**Introduction**

1 The objects of this Amended Petition are to seek:

- 1.1 the sanction of the Court pursuant to section 86 of the Companies Law (2007 Revision) (the "**Law**") to a proposed Scheme of Arrangement as amended (the "**Scheme**") between the Company and certain of its creditors (the "**Scheme Creditors**", defined further at paragraph 13 below); and
- 1.2 the confirmation of the Court, pursuant to section 16 of the Law, of the resolution of the Company's sole shareholder to reduce the Company's share capital to give effect to the Scheme, which was passed by the Company's sole shareholder by way of unanimous written resolution on 18 March 2009 as further set out at paragraph 19 below.

2 A copy of the Amended Scheme is annexed hereto as Schedule I.

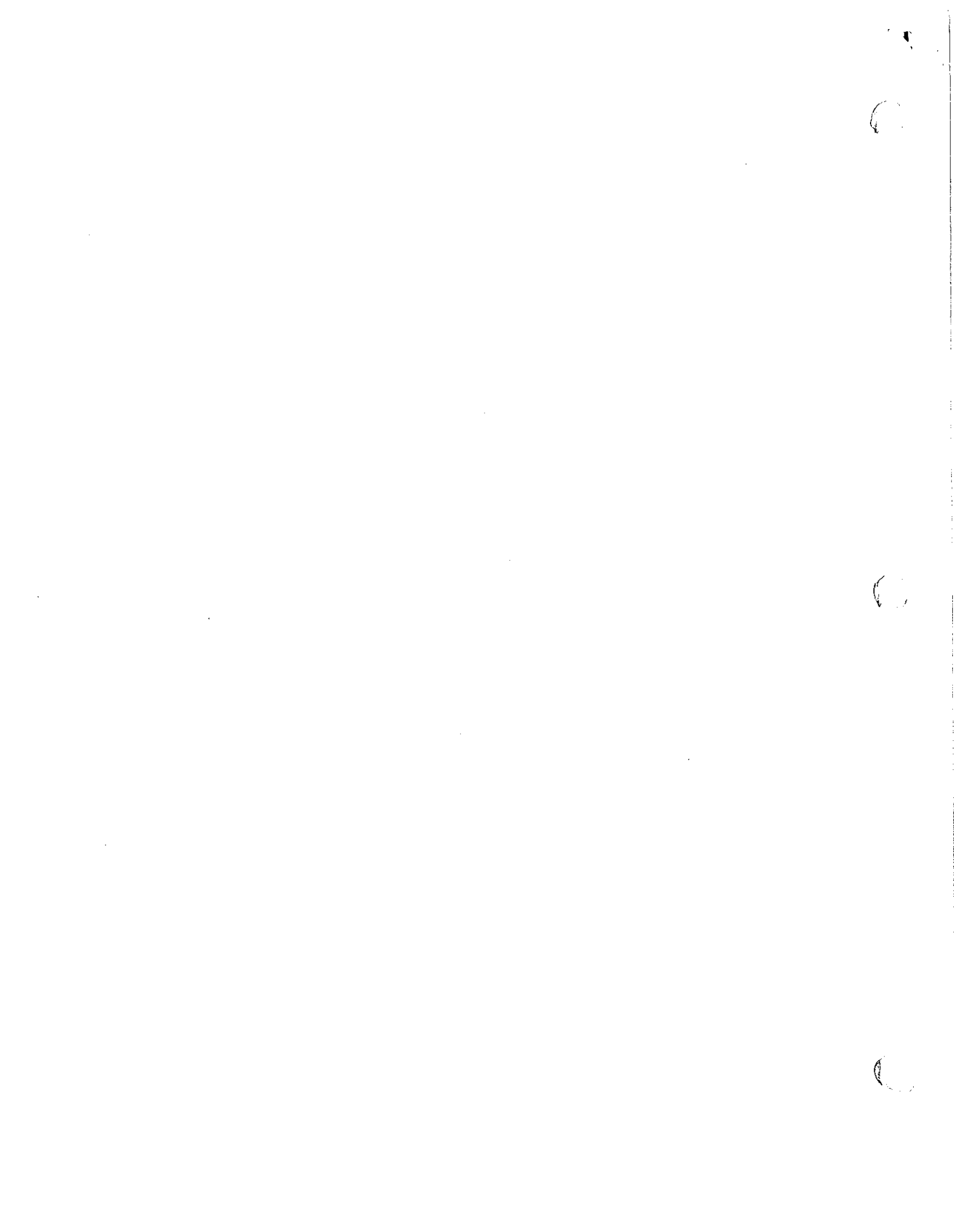


## **Background to the Company**

- 3 The Company was incorporated in the Cayman Islands on 12 February 2007 as an exempted limited liability company with registered number 182043. The Company is also registered as a foreign Company at Companies House for England and Wales.
- 4 The registered office of the Company is situated at Walker House, 87 Mary Street, George Town, Grand Cayman, Cayman Islands.
- 5 The objects for which the Company is established are unrestricted.
- 6 The authorised share capital of the Company is US\$1,000,000 divided into 100,000,000 ordinary shares of a nominal or par value of US\$0.01 each. As at the date hereof, 30,560,000 ordinary shares of the Company have been issued and are fully paid.

## **Background to the Scheme**

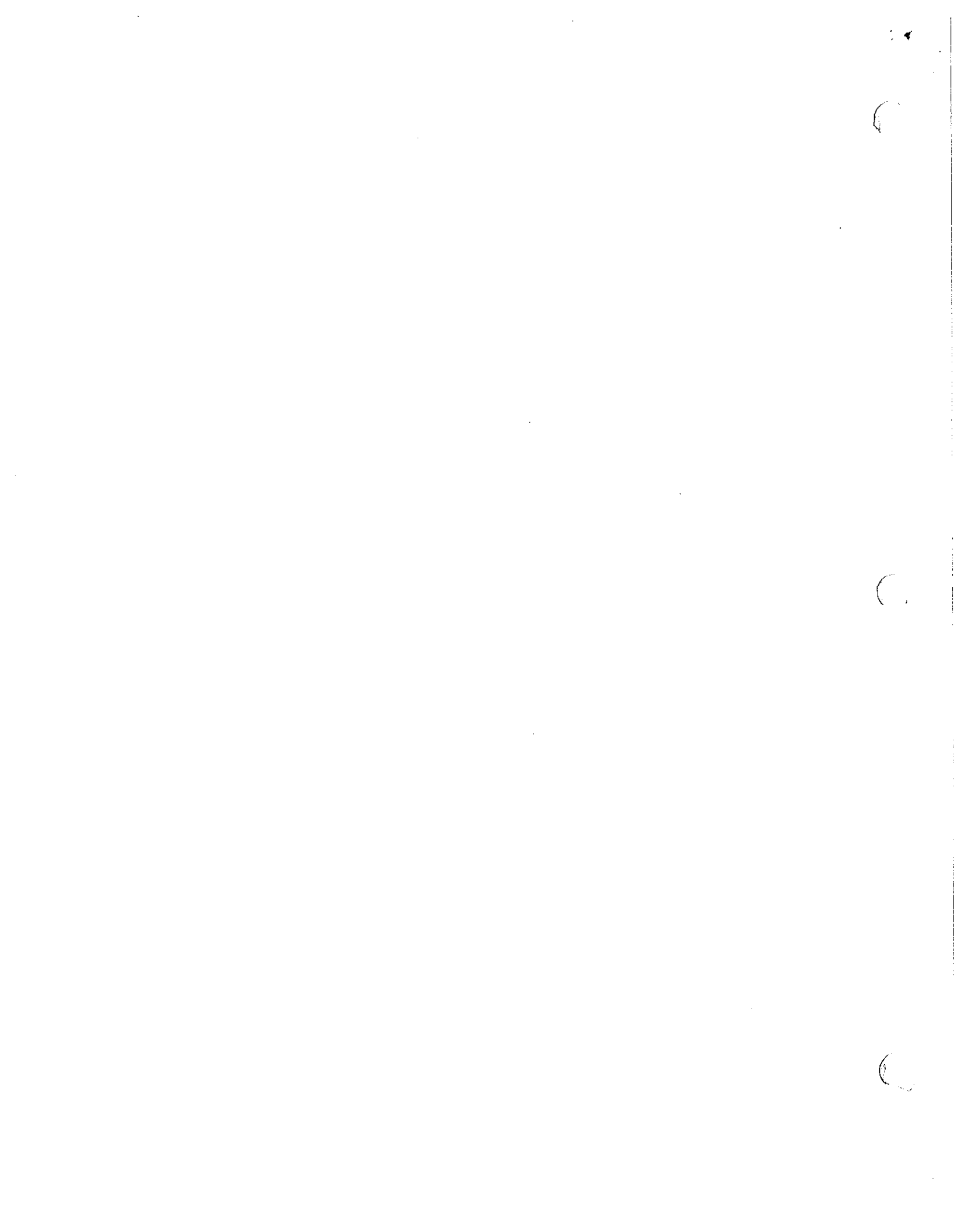
- 7 The Company was incorporated for the purpose of acquiring Countrywide plc ("**Countrywide**"), a company incorporated in England and Wales. Countrywide is an estate-agency based residential property service provider. The Company is the holding company for Countrywide and the Countrywide group.
- 8 In connection with its acquisition of Countrywide in 2007, the Company took on significant debt, comprising:
  - 8.1 a £100 million first ranking secured Revolving Credit Facility (the "**RCF**");
  - 8.2 £370 million Senior Secured Floating Rate Notes and £100 million Senior Secured Floating Rate PIK-Election Notes, subordinated on enforcement to the RCF (together, the "**FRNs**"); and
  - 8.3 £170 million 9 7/8% Senior Notes, subordinated on enforcement to the RCF and the FRNs (the "**Senior Notes**" and, together with the RCF and the FRNs, the "**Financing Arrangements**").



- 9 The Financing Arrangements are each governed by the laws of the State of New York. Further, the FRNs and the Senior Notes are publicly listed on the Irish Stock Exchange (the "ISE").

### **Objects and Mechanics of the Scheme**

- 10 The Scheme is part of a restructuring that the Company proposes to implement and will effect a compromise between the Company and its Scheme Creditors pursuant to which all obligations of the Company to those Scheme Creditors under the Financial Arrangements will be released in consideration of:
- 10.1 the issue of new A Shares and new B Shares in a fixed ratio ("**New Shares**");
  - 10.2 as applicable, new notes ("**New Notes**") which are to be listed on the ISE; and
  - 10.3 the right to participate in an additional offering of up to £37.5 million of New Shares ("**Additional Offering**").
- 11 To achieve these objects, it is proposed that the following events will occur within the restructuring (of which the Scheme forms a part):
- 11.1 the Company will cancel all of the ordinary shares in the Company by way of capital reduction (Scheme, Part B cl. 3(A)) (the "**Capital Reduction**");
  - 11.2 various inter-company liabilities will be released and extinguished (Scheme, Part B cl. 3(B));
  - 11.3 the Senior Notes will be released and exchanged for the issuance of New Shares representing 5% of the ordinary share capital of the Company (after the subsequent dilution as a result of the Equity Subscription as defined below) and the right to participate in the Additional Offering (Scheme, Part B cl. 3(C));
  - 11.4 the FRNs will be released and exchanged for (i) the issuance of New Notes having an aggregate face value of £175 million; (ii) the issuance of New Shares representing 35% of the ordinary share capital (after the subsequent dilution as a result of the

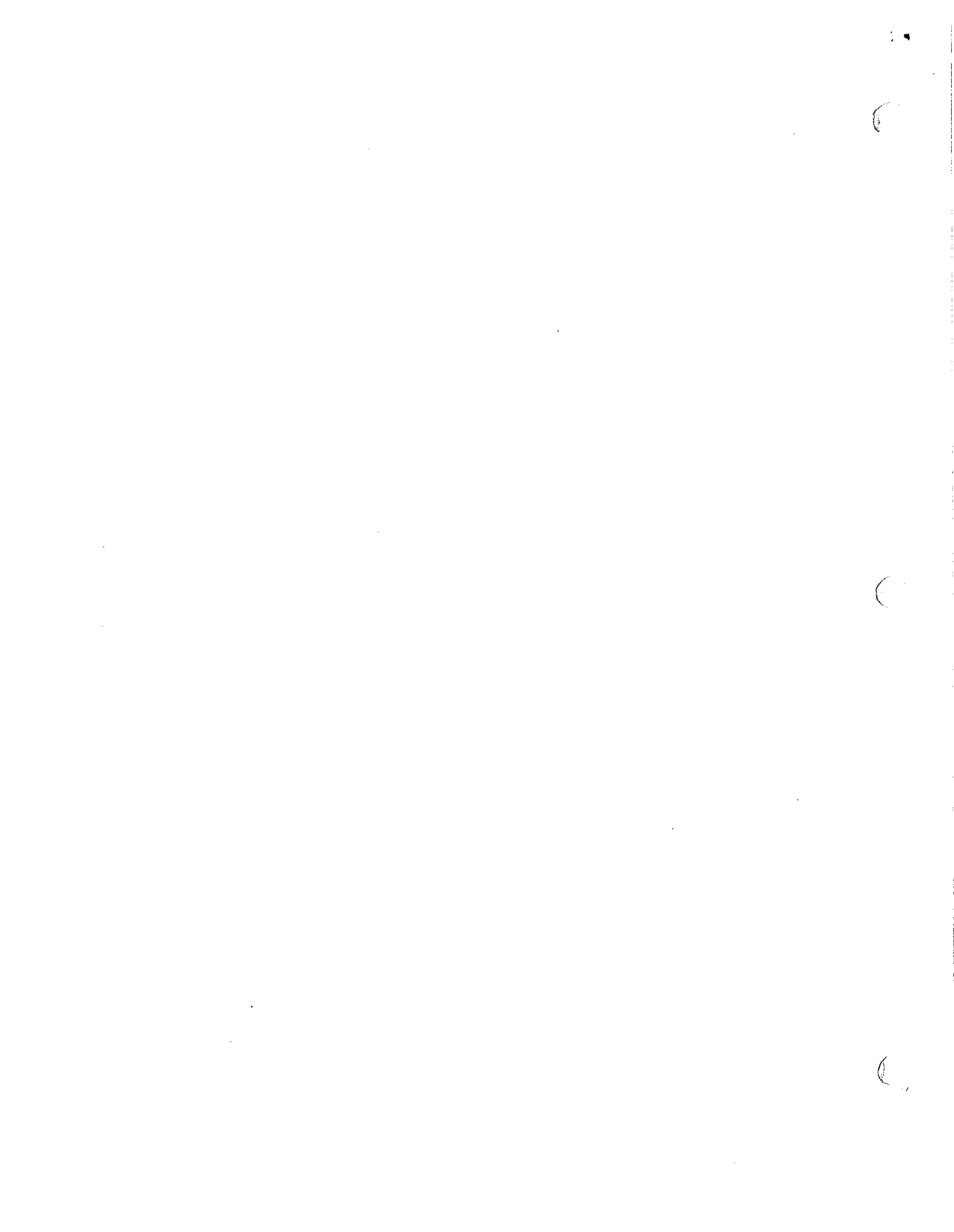


Equity Subscription as defined below); and (iii) the right to participate in the Additional Offering (Scheme, Part B cl. 3(D) and (E));

- 11.5 the RCF will be repaid in full along with any costs associated with the termination of certain hedging arrangements;
- 11.6 certain members of management will be offered the opportunity to participate in new preference shares to be issued by the Company with a liquidation preference equal to their original investment in the Countrywide group; and
- 11.7 the restructuring contemplates a new investment (in addition to the Additional Offering) of £75 million in equity capital in cash (the "**Equity Subscription**"), which will be used to fund the repayment of the RCF, the hedging liabilities under certain finance documents and the costs and expenses associated with the restructuring, as well as to provide working capital to fund ongoing operations.

#### **Scheme is Conditional upon English Schemes**

- 12 The Scheme is expressed (at Part E of the Scheme) to be conditional upon a number of matters, including without limitation:
  - 12.1 the Capital Reduction;
  - 12.2 the sanction by the High Court of Justice of England and Wales (the "**English Court**") of a parallel and identical scheme of arrangement to be proposed by the Company in England pursuant to section 895 of the Companies Act 2006 of England and Wales (the "**English Scheme**"); and
  - 12.3 the sanction by the English Court of English schemes of arrangement (which will be connected with the English Scheme) for Countrywide plc, Belanus Limited, Securemove Property Services 2005 Limited, Countrywide Estate Agents (unlimited company), Countrywide Estate Agents FS Limited, Countrywide Surveyors Limited, Countrywide Property Lawyers Limited, Slater Hogg Mortgages Limited, Countrywide Franchising Limited and Countrywide Estate Agents (South) Limited (together, the "**Guarantors**"). The FRNs and the Senior Notes are guaranteed by the Guarantors.



## Affected Creditors

13 The Scheme affects the rights of two classes of creditors of the Company, being:

13.1 all the holders of the FRNs; and

13.2 all the holders of the Senior Notes,

(together, the "**Scheme Creditors**").

For the purposes of the Scheme, a person or entity will be a holder of the FRNs or the Senior Notes (and therefore a Scheme Creditor) if the person or entity has a beneficial interest as principal in the FRNs or the Senior Notes (as applicable) held in global form through electronic book-entry systems at Euroclear and Clearstream at the Record Time (as defined in the Scheme).

## Court Meetings

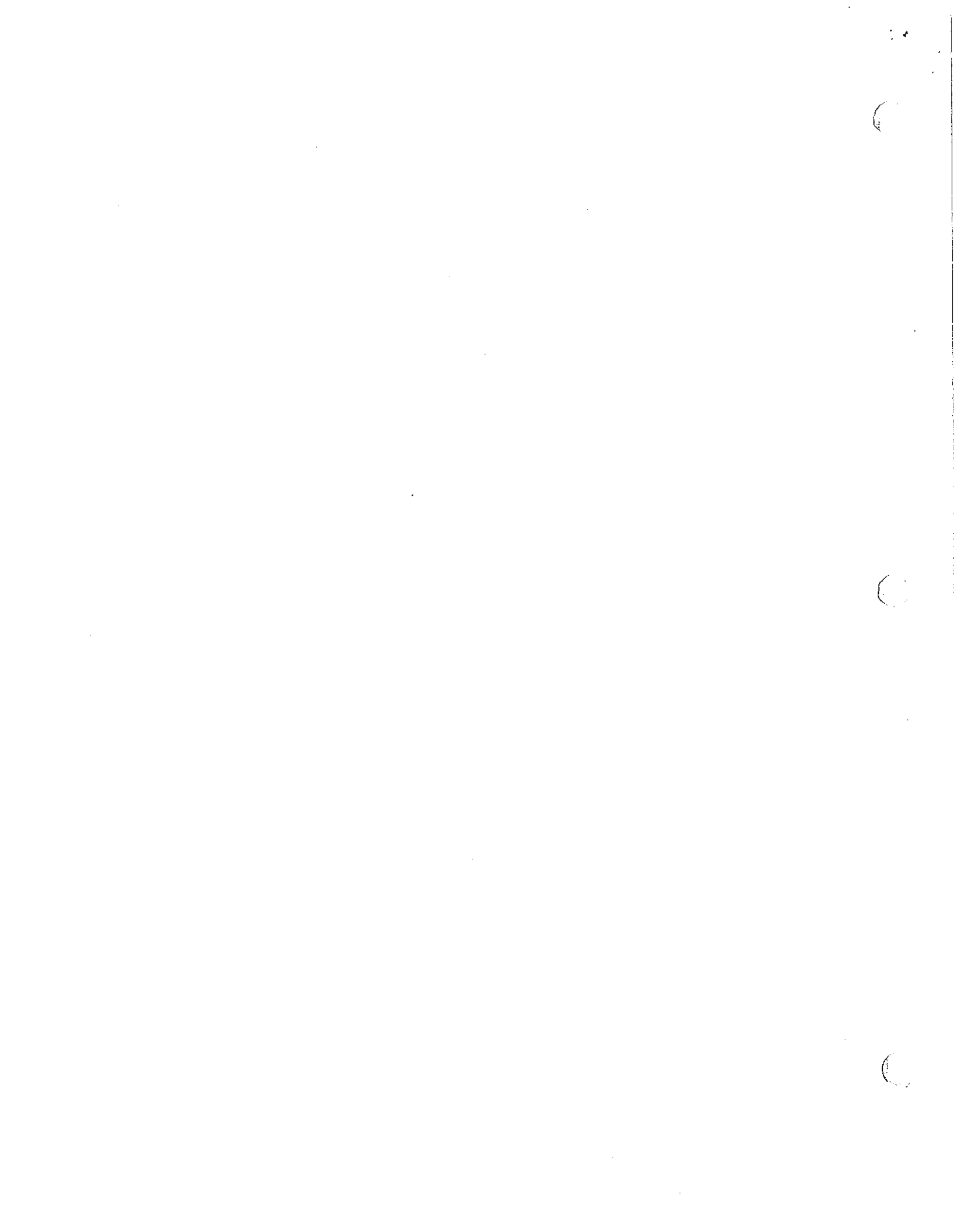
14 It is proposed to convene meetings of the holders of the FRNs and, separately, the holders of the Senior Notes for the purpose of allowing such creditors to consider and, if thought fit, approve (with or without modification) the Scheme (the "**Court Meetings**").

15 The resolution intended to be submitted at each of the Court Meetings is:

*"THAT this Court Meeting approves (with or without modification) the proposed Scheme of Arrangement, a print of which has been submitted to this Court Meeting and, for the purpose of identification, signed by the Chairman of this Court Meeting."*

16 It is intended that each Scheme Creditor that votes at the Court Meeting, whether in person or by proxy, shall be counted as a single Scheme Creditor for the purpose of the calculation of the "majority in number" under section 86(2) of the Law.

17 Deutsche Bank AG, London Branch, in its capacity as Common Depositary for the FRNs and the Senior Notes, and on behalf of its nominee (BT Globenet Nominees Limited) as registered holder of the FRNs and the Senior Notes has confirmed orally that it will not vote in respect of the FRNs or the Senior Notes at the Court Meetings.



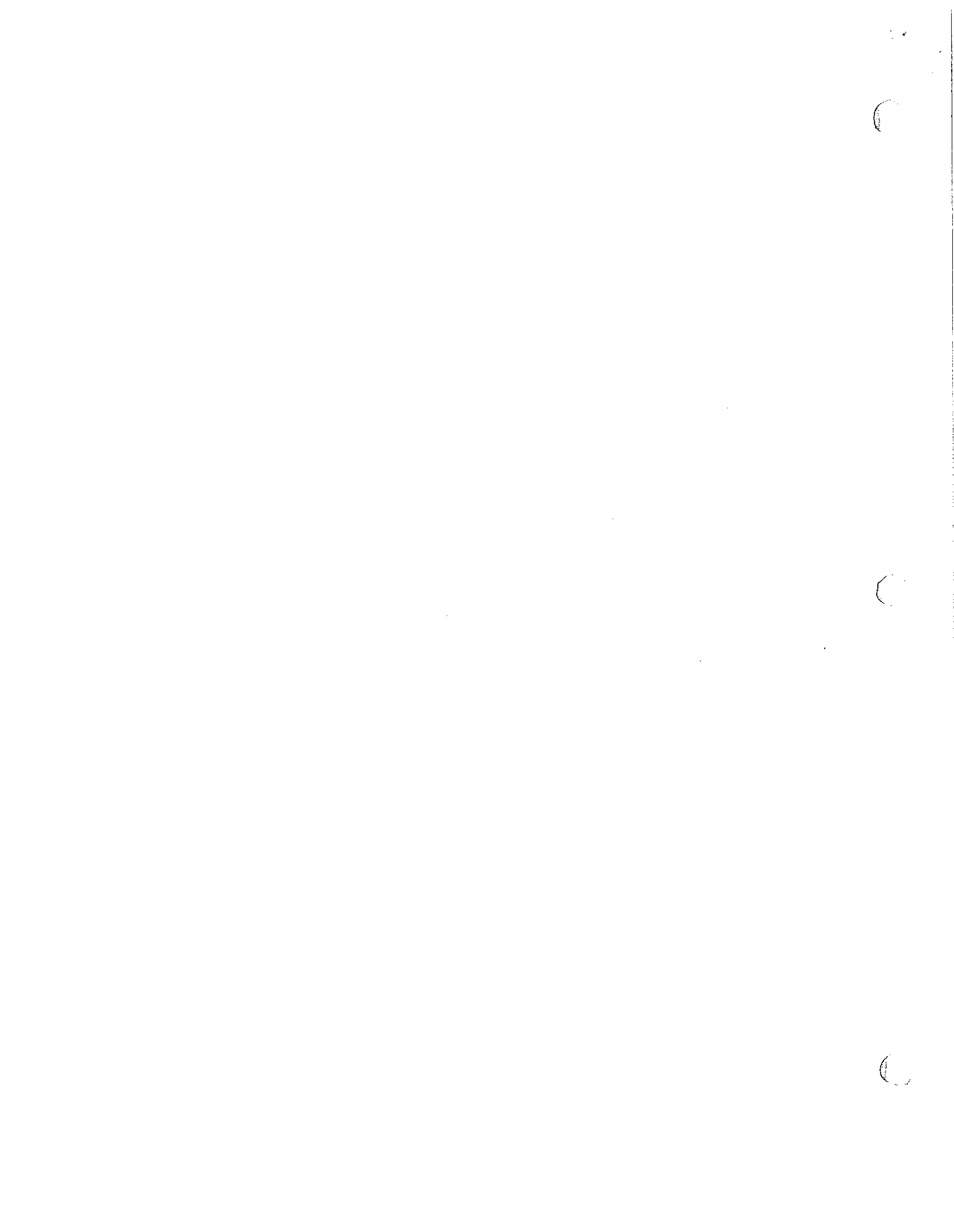
## Capital Reduction

- 18 Article 40 of the Company's Articles of Association provides that the Company may, by special resolution, reduce its share capital in any manner authorised by law.
- 19 On 18 March 2009, the Company's sole shareholder passed a special resolution by way of unanimous written resolution of the Company's sole shareholder as follows:

*THAT, for the purpose of giving effect to the Castle 4 Schemes and the Guarantor Schemes, and subject to each of the Castle 4 Schemes and the Guarantor Schemes becoming effective, the share capital of the Company be reduced by the cancellation of 30,560,000 issued ordinary shares of \$0.01 in the capital of the Company each held by Castle Holdco 3, Ltd.*

In the above resolution, the following capitalised terms bear the following meanings:

- "Court"** means the High Court of Justice of England and Wales;
- "Grand Court"** means the Grand Court of the Cayman Islands;
- "Guarantor Schemes"** means the proposed schemes of arrangement in respect of each of the Subsidiary Guarantors under section 895 of the Companies Act 2006 (as amended) as applicable in England and Wales as contemplated by the draft scheme document appended to this written resolution, with or subject to any modifications, additions or conditions approved by the Company;
- "Castle 4 Schemes"** means the proposed scheme of arrangement in respect of the Company under section 895 of the Companies Act 2006 (as amended) as applicable in England and Wales and section 86 of the Companies Law (2007 Revision) (as amended) of the Cayman Islands as contemplated by the draft scheme document appended to this written resolution, with or subject to any modifications, additions or conditions approved by the Company; and



**"Subsidiary Guarantors"** means Countrywide plc, Balanus Limited, Securemove Property Services 2005 Limited, Countrywide Estate Agents (Unlimited Company), Countrywide Estate Agents FS Limited, Countrywide Surveyors Limited, Countrywide Property Lawyers Limited, Slater Hogg Mortgages Limited, Countrywide Franchising Limited and Countrywide Estate Agents (South) Limited, each a **"Subsidiary Guarantor"**.

20 The proposed Capital Reduction does not involve:

20.1 the diminution of any liability in respect of unpaid capital;

20.2 the payment to any shareholder of any paid-up capital;

20.3 an alteration or variation to the rights attached to any class of shares; or

20.4 any change in the underlying assets, business operations, management or financial position of the Company.

21 The Company intends, immediately upon the Capital Reduction taking place, to issue share capital of the Company by the creation of the New Shares and the New C Shares (as defined in the Scheme) and to allot and issue the New Shares required to be issued under the Scheme, and additionally in connection with the Additional Equity Entitlement and the Equity Subscription (as defined in the Scheme).

22 The form of minute proposed to be registered is as follows:

*The share capital of Castle Holdco, Ltd (the "**Company**") was by virtue of a special resolution by way of unanimous written resolution of the sole shareholder of the Company on 18 March 2009 (the "**Special Resolution**") and with the confirmation of an order of the Grand Court of the Cayman Islands dated [ ] 2009 (the "**Order**") reduced from US\$[ ] represented by an authorised share capital of US\$1,000,000 divided into 100,000,000 ordinary shares of a nominal or par value of US\$0.01 each (of which 30,560,000 ordinary shares had been issued and fully paid) to US\$0 represented by an authorised share capital of US\$1,000,000 divided into 100,000,000*

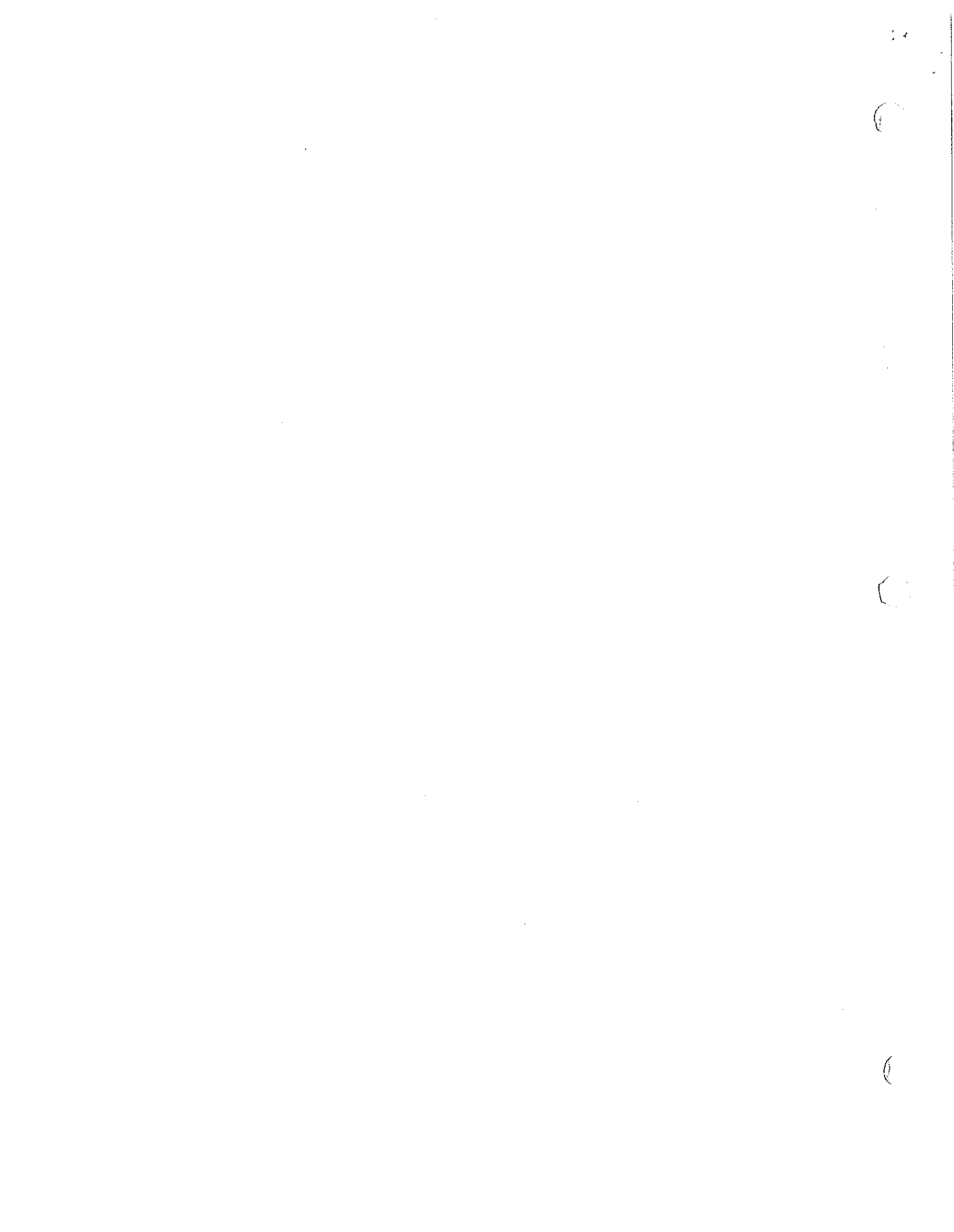


*ordinary shares of a nominal or par value of US\$0.01 each. A further unanimous written resolution of the sole shareholder of the Company on [ ] 2009 (together with the Special Resolution, the "**Resolutions**") provides that subject to and forthwith upon such reduction of capital taking effect, the share capital of the Company be increased to US\$[ ] by the issue of [ ] ordinary shares of a nominal or par value of US\$0.01 each.*

*By virtue of a Scheme of Arrangement sanctioned by an order of the Grand Court of the Cayman Islands dated [ ] 2009, the Order and the Resolutions, the capital of the Company at the time of the registration of this minute is accordingly US\$ US\$1,000,000 divided into 100,000,000 ordinary shares of a nominal or par value of US\$0.01 each."*

#### **Application**

- 23 The Company intends to apply for the following orders and directions:
- 23.1 That the relevant classes of creditors of the Company affected by the Scheme are those referred to at paragraph 13 above;
  - 23.2 That the Company be at liberty to convene the Court Meetings referred to at paragraph 14 above;
  - 23.3 That the provisions of Section 15(2) of the Companies Law be dispensed with.
  - 23.4 As to the mode of delivery of, among other things, an explanatory memorandum and proxy form to, among others, the holders of the FRNs and the Secured Notes;
  - 23.5 As to the appointment of a chairman of the Court Meetings, and for directions that the chairman of the Court Meetings should report the result thereof to the Court.



**YOUR PETITIONER THEREFORE HUMBLY PRAYS:**

- (1) That the Scheme be sanctioned by the Court so as to be binding on each party thereto.
- (2) That the reduction of the share capital of the Company proposed to be effected by the special resolution set out at paragraph 19 above be confirmed and that the form of minute set out at paragraph 22 above be approved by the Court.
- (3) That, to this end, all necessary inquiries may be made and directions may be made and given.
- (4) Such further or other relief as the Court shall see fit.

Dated this 19th of March 2009

Redated this 23rd of April 2009

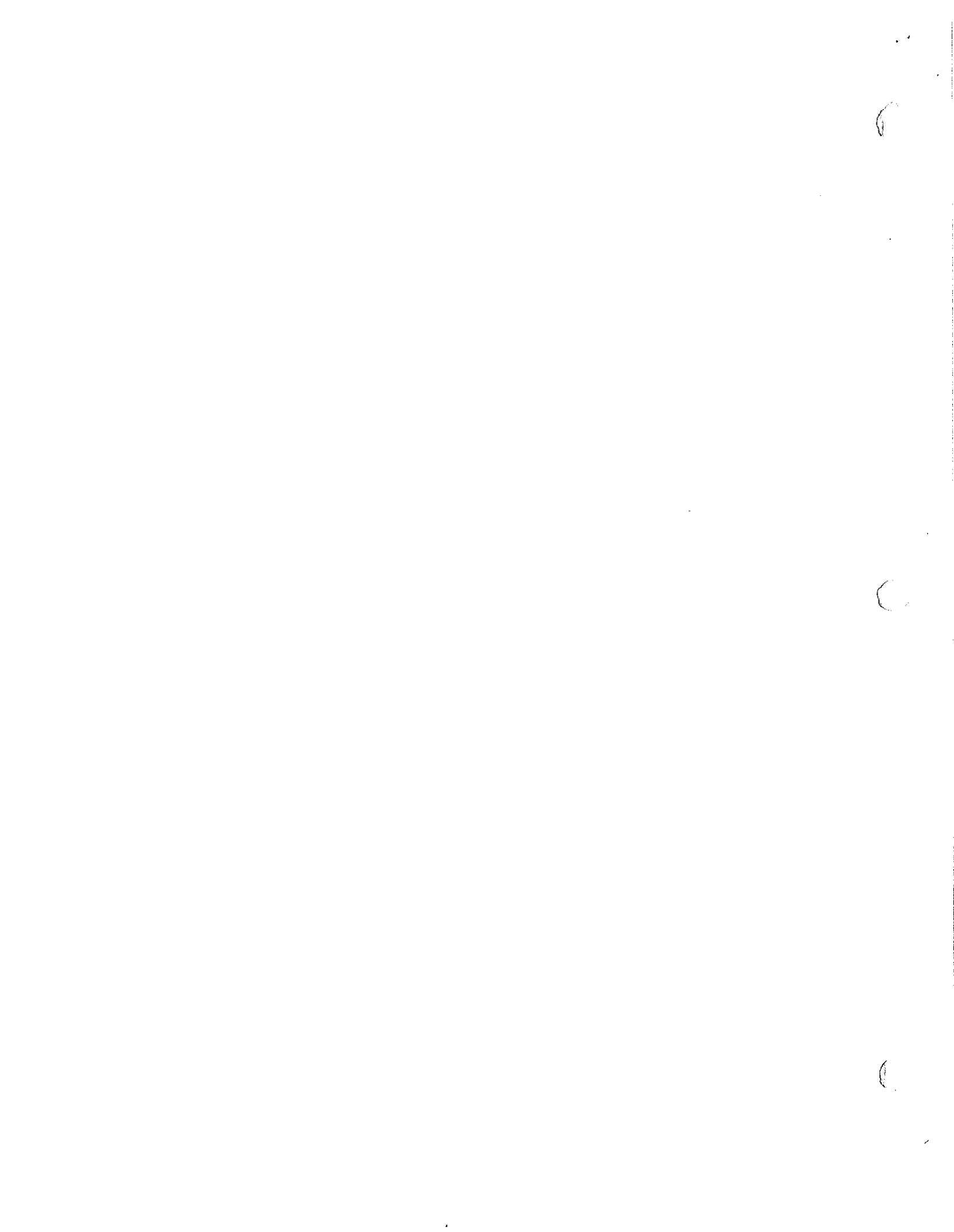
MAPLES AND CALDER  
**Maples and Calder**

**Note: This Amended Petition is not intended to be served.**

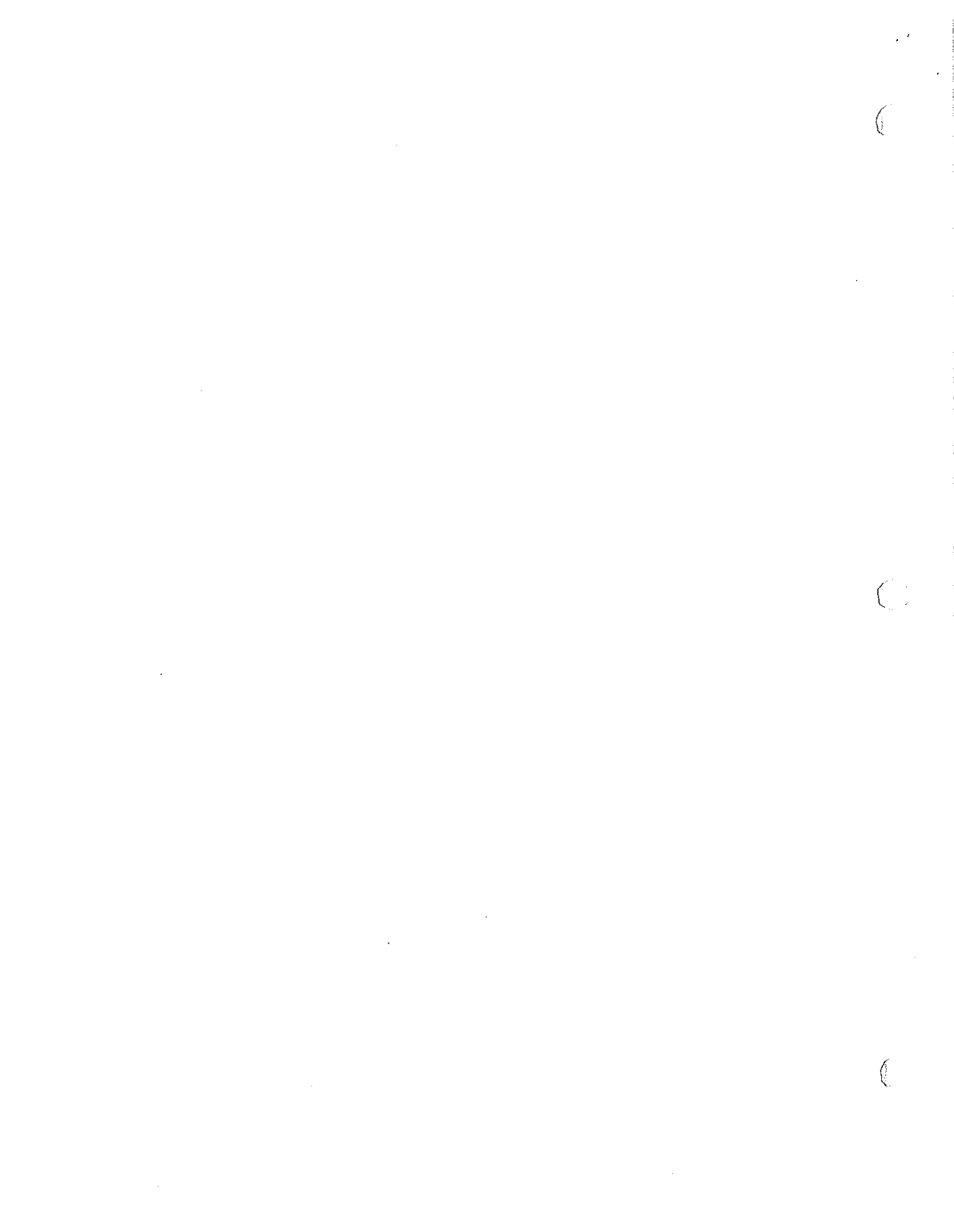
**ENDORSEMENT**

This Amended Petition has been presented to the Cayman Islands on the 19th-23rd day of March April 2009 and will be heard by the Grand Court of the Cayman Islands on the 7th day of May 2009 at 10:00 o'clock in the fore/after noon (or as soon thereafter as the Amended Petition can be heard).

This Amended Petition was presented by Maples and Calder, attorneys for the Petitioner, whose address for service is PO Box 309, Uglund House, Grand Cayman, KY1-1104, Cayman Islands. (Ref: AAG/CPL/649671/16307714)



**Schedule I**  
**Amended Scheme of Arrangement**



PART 9(A)  
THE CASTLE 4 SCHEME

IN THE HIGH COURT OF JUSTICE  
CHANCERY DIVISION  
COMPANIES COURT

No. [ ]

IN THE MATTER OF CASTLE HOLDCO 4, LTD.

and

IN THE MATTER OF THE COMPANIES ACT 2006

IN THE GRAND COURT  
OF THE CAYMAN ISLANDS

~~Case~~Cause No. [ ]

IN THE MATTER OF CASTLE HOLDCO 4, LTD.

and

IN THE MATTER OF THE COMPANIES LAW (2007 REVISION)

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SCHEME OF ARRANGEMENT

(under 895 of the Companies Act 2006 of England and Wales and  
under section 86 of the Companies Law (2007 Revision))

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BETWEEN:

CASTLE HOLDCO 4, LTD.

(a company incorporated with limited liability under the laws of the Cayman Islands with  
registered number 182043)

and

THE SCHEME CREDITORS (as herein defined)

**PART A  
PRELIMINARY**

**DEFINITIONS**

- A In this Scheme, unless the context otherwise requires or unless otherwise expressly provided for, the following capitalised expressions shall bear the following meanings:
- “Account Holder”** has the meaning given to it in recital (H)(iii);
- “Account Holder Letter”** means ~~the form of account holder letter in the form set out in Appendix 5 of the Explanatory Statement~~ Scheme Document;
- “Additional Equity Entitlement”** means the rights of Scheme Creditors to participate in the Additional Offering in accordance with this Scheme;
- “Additional Offering”** means the additional offering pursuant to which Scheme Creditors may subscribe at par value for, in aggregate, £37.5 million of New A Shares and New B Shares, in the Agreed Ratio, as part of this Scheme;
- “Additional Shares”** means the New Shares (in the Agreed Ratio) to be offered pursuant to the Additional Offering;
- “Agreed Ratio”** means the ratio of one New A Share to one New B Share;
- “Alchemy”** means Alchemy Special Opportunities LP;
- “Allowed Proceedings”** means any Proceeding by a Scheme Creditor to enforce its rights under this Scheme where the Company fails to perform its obligations under this Scheme. For the avoidance of doubt, no claim against the Expert shall be an Allowed Proceeding;
- “Amended Articles”** means the amended articles of association of the Company, a summary of which is set out in Schedule ~~43~~;
- “Apollo”** means Apollo Management, L.P.;
- “Apollo Funds”** means AIF VI Euro Holdings, L.P. and AAA Investments, L.P.;
- “Business Day”** means any day on which banks are open for business ~~in the City of London~~ generally (other than solely for the trading and settlement of euros) in the City of

London and the Cayman Islands;

- "Castle 1"** means Castle Holdco 1, Ltd., an exempted company incorporated in the Cayman Islands under registered number 182042 and having its registered office at the offices of Walkers SPV Limited, Walker House, 87 Mary Street, George Town, Grand Cayman, KY1-9002, Cayman Islands;
- "Castle 2"** means Castle Holdco 2, Ltd., an exempted company incorporated in the Cayman Islands under registered number 182041 and having its registered office at the offices of Walkers SPV Limited, Walker House, 87 Mary Street, George Town, Grand Cayman, KY1-9002, Cayman Islands;
- "Castle 3"** means Castle Holdco 3, Ltd., an exempted company incorporated in the Cayman Islands under registered number 182044 and having its registered office at the offices of Walkers SPV Limited, Walker House, 87 Mary Street, George Town, Grand Cayman, KY1-9002, Cayman Islands;
- "Castle Companies"** means Castle 1, Castle 2 and Castle 3;
- "Cayman Companies Law"** means the Companies Law (2007 Revision) (as amended) as applicable in the Cayman Islands;
- "Claim"** means all and any actions, causes of action, claims, counterclaims, suits, debts, sums of money, accounts, contracts, agreements, promises, contribution, indemnification, damages, ~~judgements~~ judgments, executions, demands or rights whatsoever or howsoever arising, whether present, future, prospective or contingent, known or unknown, whether or not for a fixed or unliquidated amount, whether or not involving the payment of money or the performance of an act or obligation, whether arising at common law, in equity or by statute in England and Wales, New York, the Cayman Islands or in any other jurisdiction or in any other manner whatsoever, and **"Claims"** shall be construed accordingly;
- "Claim Time"** means 5.00 p.m. (London time) on [●] 2009;
- "Clearing Systems"** means Euroclear and Clearstream;
- "Clearstream"** means Clearstream Banking, société anonyme;

<b>"Common Depositary"</b>	means Deutsche Bank AG, London Branch in its capacity as common depositary for the FRNs and the Senior Notes and its nominee BT GlobeNet Nominees Limited as registered holder of the FRNs and Senior Notes;
<b>"Companies Act"</b>	means the Companies Act 2006 (as amended) as applicable in England and Wales;
<b>"Company" or "Castle 4"</b>	means Castle Holdco 4, Ltd., an exempted company incorporated with limited liability and registered under the laws of the Cayman Islands with registered number 182043 and having its registered office at the offices of Walkers SPV Limited, Walker House, 87 Mary Street, George Town, Grand Cayman, KY1-9002, Cayman Islands;
<b>"Conditions"</b>	means the conditions to the Scheme set out in Part E of this Scheme;
<b>"Countrywide plc" or "Countrywide"</b>	means Countrywide plc, a company incorporated in England and Wales with registration number 04947152 and registered office at 17 Duke Street, Chelmsford, Essex, CM1 1HP;
<b>"Court Orders"</b>	means: <ul style="list-style-type: none"> <li>(a) office copies of the orders of the Court and the Grand Court sanctioning this Scheme; and</li> <li>(b) office copies of the Court sanctioning each of the Guarantor Schemes;</li> </ul>
<b>"Court"</b>	means the High Court of Justice of England and Wales;
<b>"Debt-for-Equity Exchange"</b>	means the full and effective release of all Scheme Claims of the Scheme Creditors (save, in the case of holders of FRNs, Scheme Claims in respect of the Relevant Portion) against the Company, the issue of New Shares to the Scheme Creditors and the Company's grant of the right to subscribe for additional New Shares to Scheme Creditors pursuant to the Additional Equity Entitlement, in each case on the terms set out in this Scheme;
<b><u>"Deed of Release" or "Deeds of Release"</u></b>	means <u>the form of deed of release between the Company, the Castle Companies and the Scheme</u>

Creditors as set out in Schedule 5:**“Deeds of Transfer and Settlement”**

means:

- (a) the deed of transfer and settlement to be entered into between Castle 2, Castle 3, Castle 4 and Countrywide plc pursuant to which, among other things, Castle 2 will transfer the IC Loan 2 and the IC Loan 3 to Castle 3;
- (b) the deed of transfer and settlement to be entered into between Castle 1, Castle 2, Castle 3 and Countrywide plc pursuant to which, among other things, Castle 1 will transfer the IC Loan 1 to Castle 2 and Castle 2 will transfer the IC Loan 1 to Castle 3;
- (c) the deed of release and settlement to be entered into between Castle 2 and Castle 3 in relation to the IC Loan 5; and
- (d) any other documentation relating to the release, transfer, settlement and/or reorganisation of the Inter-Company Loans to be entered into between any of the Castle Companies, the Company and/or Countrywide plc on or before the Effective Date;

**“Deed of Undertaking”**means a deed of undertaking substantially in the form set out in Schedule 34;**“Designated Recipient”**means any single entity that is affiliated with a Scheme Creditor that is designated by such Scheme Creditor in accordance with a valid Account Holder Letter as the recipient of any or all of the New Shares otherwise to be issued to such Scheme Creditor, subject to limitations in accordance with applicable securities laws and under the Amended Articles and provided that a Scheme Creditor may designate only one such entity and if such entity is a nominee holder it may only hold on behalf of one beneficial holder;**“Distribution Agent”**means ~~[•]~~ Deutsche Bank AG, London Branch as distribution agent pursuant to the Distribution Agreement and any successor from time to time;**“Distribution Agreement”**means the escrow and distribution agreement ~~substantially in the form set out in Appendix 4 of the~~

~~Explanatory Statement~~ to be entered into by or before the Claim Time by, amongst other parties, the Company, the Distribution Agent and the ~~Escrow Agent~~ Lucid, the expected terms of which are summarised in Appendix 4 of the Scheme Document;

**“Effective Date”**

means the date on which the Schemes become effective in accordance with their respective terms;

**“Entitlement Claim”**

means:

- (a) in the case of an FRN Scheme Creditor, the amount calculated as at the Record Time of (i) outstanding principal, (ii) interest due and owing, (iii) interest accrued but unpaid, and (iv) to the extent applicable, any accrued but unpaid default interest, in each case owed to that FRN Scheme Creditor in respect of the FRNs held by that FRN Scheme Creditor ~~at~~ at the Record Time; and
- (b) in the case of a Senior Note Scheme Creditor, the amount calculated as at the Record Time of (i) outstanding principal, (ii) interest due and owing, (iii) interest accrued but unpaid, and (iv) to the extent applicable, any accrued but unpaid default interest, in each case owed to that Senior Note Scheme Creditor in respect of the Senior Notes held by that Senior Note Scheme Creditor at the Record Time,

which shall be used, in each case, for the purposes of determining such Scheme Creditor's entitlement to Scheme Consideration and the number of votes that such Scheme Creditor shall be entitled to cast at the Scheme Class Meetings;

**“Equity Subscribers”**

means the Apollo Funds, the Oaktree Funds, Alchemy and Polygon and their designated affiliates;

**“Equity Subscription”**

means the subscription of New Shares by the Equity Subscribers pursuant to the terms of the Equity Subscription Agreement;

**“Equity Subscription Agreement”**

means the agreement entered into by the Equity Subscribers on [●] 2009 pursuant to which the Equity Subscribers agree, conditional upon, inter alia, the Schemes becoming effective, to subscribe for, New

Shares;

**"Escrow Agent"**

means ~~[\*] as escrow agent pursuant to the Distribution Agreement and any successor from time to time;~~

**"Euroclear"**

means Euroclear Bank S.A./N.V., as operator of the Euroclear clearing system;

**"Existing Finance Documents"**

means the Senior Revolving Facility Agreement, the ~~FRN Indenture, the Senior Notes Indenture,~~ the documentation creating the Hedging Liabilities, the FRN Indenture, the Senior Notes Indenture, the Intercreditor Agreement, the Security Documents and related documentation;

**"Existing Shares"**

means the ~~existing~~ 30,560,000 issued ordinary shares of USD 0.01 each in the capital of the Company, being all of the issued shares in the Company;

**"Expert"**

means such bank(s) or other financial institution(s) as the Company may, in its absolute discretion, select to act as expert(s) to determine the amounts owing to Senior Note Scheme Creditors (if such amounts cannot be agreed between the Company and any of the Senior Note Scheme Creditors) and/or the amount owing to FRN Scheme Creditors (if such amounts cannot be agreed between the Company and any of the FRN Scheme Creditors);

**"Explanatory Statement"**

means the explanatory statement of the Company and the Subsidiary Guarantors relating to the Schemes issued in accordance with section 897 of the Companies Act and section 86 of the Cayman Companies Law, as amended from time to time;

**"FRNs"**

means the Company's £370 million Senior Secured Floating Rate Notes due 2014 and the £100 million Senior Secured Floating Rate PIK Election Notes due 2014, each as constituted by the FRN Indenture;

**"FRN Indenture"**

means the indenture dated 9 May 2007 relating to the FRNs and entered into by the Company, certain of its Subsidiaries as guarantors, Deutsche Trustee Company Limited as Trustee, Deutsche Bank AG, London Branch as Security Agent, Principal Paying Agent and Transfer Agent, Deutsche Bank Luxembourg S.A. as Registrar and Deutsche International Corporate Services (Ireland) Limited as

Irish Paying Agent and Transfer Agent (each as defined therein);

- “FRN Obligations”** means the Liabilities of the Company in respect of the FRNs;
- “FRN Scheme Claims”** means any claim or right in respect of any Liability of the Company to any person arising directly or indirectly out of, in relation to or in connection with the FRN Obligations and/or the Security Documents (to the extent such Security Documents relate to the FRN Obligations), in each case including any Liability of the Company in respect of any loss or damage suffered or incurred as a result of, or in connection with, such Liability, whether arising before, ~~on~~ or after the Record Time by reason of a Liability of the Company incurred on or before that ~~date~~time, and including, for the avoidance of doubt, any and all interest, PIK interest, premium, principal, make whole amounts, fees and commissions accruing on, or payable in respect to, or any other accretions whatsoever arising in respect of, such claims or rights whether before, ~~on~~ or after the Record Time;
- “FRN Scheme Consideration”** means:
- (a) the FRN Shares;
  - (b) the New Notes; and
  - (c) the Additional Equity Entitlement;
- “FRN Scheme Creditors”** means persons with a beneficial interest as principal in the FRNs held in global form through the Clearing Systems ~~on~~at the Record Time;
- “FRN Shares”** means the 43,316,831 fully paid New B Shares and the 43,316,831 fully paid New A Shares to be issued to the FRN Scheme Creditors (or their respective Designated Recipients);
- “FSMA”** means the Financial Services and Markets Act ~~2000, 2000~~ (as amended), as applicable in England and Wales;
- “Global Bond”** has the meaning given to it in Recital H(ii);
- “Grand Court”** means the Grand Court of the Cayman Islands;

- "Group"** means the Company and its Subsidiaries from time to time;
- "Guarantor Schemes"** means the schemes of arrangement in respect of each of the Subsidiary Guarantors under section 895 of the Companies Act substantially in the ~~form~~ form set out in Part 9(B) of the ~~Explanatory~~ Statement Scheme Document, with or subject to any modifications, additions or conditions that are consented to by the relevant Subsidiary Guarantor and that the Court may ~~think fit to approve or impose~~ and ~~that~~ the relevant Subsidiary Guarantor and its Guarantor Scheme Creditors may approve in accordance with the terms of such scheme;
- "Hedging Liabilities"** means the ~~hedging liabilities~~ under the hedging arrangements entered into by the Company in relation to the Existing Finance Documents;
- "IC Loan 1"** means the inter-company loan between Castle 1 as lender and Countrywide plc as borrower ~~dated 28 February 2009~~ dated 28 February 2007 ~~which was advanced during~~ which was advanced during ~~September 2007~~ September 2007 with an outstanding principal amount of approximately £2.2 million;
- "IC Loan 2"** means the inter-company loan between Castle 2 as lender and Castle 4 as borrower ~~dated 28 February 2009~~ dated 28 February 2007 ~~which was advanced during~~ which was advanced during ~~May 2007~~ May 2007 with an outstanding principal amount of approximately £170 million;
- "IC Loan 3"** means the inter-company loan between Castle 2 as lender and Countrywide plc as borrower ~~dated 28 February 2009~~ dated 28 February 2007 ~~which was advanced during~~ which was advanced during ~~September 2007~~ September 2007 with an outstanding principal amount of approximately £5.9 million;
- "IC Loan 4"** means the inter-company loan between Castle 3 as lender and Castle 4 as borrower ~~dated 28 February 2009~~ dated 28 February 2007 ~~which was advanced during~~ which was advanced during ~~May 2007~~ May 2007 with an outstanding principal amount of approximately ~~£170~~ £170.3 million;
- "IC Loan 5"** means the inter-company loan between Castle 2 as lender and Castle 3 as borrower ~~dated 28 February 2009~~ dated 28 February 2007 ~~which was advanced during~~ which was advanced during ~~May 2007~~ May 2007 with an outstanding principal amount of approximately ~~£170~~ £170.3 million;

- “Intercreditor Agreement”** means the intercreditor agreement dated 9 May 2007 between Castle 3, the Company and certain of its Subsidiaries and, amongst others, Deutsche Trustee Company Limited as Trustee, Deutsche Bank AG, London Branch as security agent and the secured creditors referred to therein;
- “Inter-Company Liabilities”** means any Liabilities owed by the Company to any of Castle 1, Castle 2 and Castle 3, including:
- (a) the Transferred Inter-Company Loans (save for the IC Loan 1 and IC Loan 3 which will be released pursuant to the terms of the Guarantor Schemes); and
  - (b) the IC Loan 4;
- “Inter-Company Loans”** means the IC Loan 1, IC Loan 2, IC Loan 3, IC Loan 4 and IC Loan 5;
- “Intermediary”** means a person (other than an Account Holder) who holds an interest in FRNs or Senior Notes on behalf of another person or other persons;
- “Liability”** means any debt, liability or obligation whatsoever, whether it is present, future, prospective or contingent, whether or not its amount is fixed or undetermined, whether or not it involves the payment of money or the performance of an act or obligation, and whether it arises at common law, in equity or by statute, in England and Wales, New York, the Cayman Islands or in any other jurisdiction, or in any other manner whatsoever and “Liabilities” shall be construed accordingly;
- “Longstop Date”** means 30 September 2009;
- “Lucid”** means Lucid Issuer Services Limited, a company incorporated in England and Wales with registered number 05098454, whose registered office is at Leroy House, 436 Essex Road, London N1 3QP;
- “New A Shares”** means the new A shares in the Company of a nominal or par value of £1.00, having such rights as described in the Amended Articles;
- “New B Shares”** means the new B shares in the Company of a nominal or par value of £0.01, having such rights as described in the Amended Articles;

<b>"New C Shares"</b>	means the new C shares in the Company of a nominal or par value of £0.01, having such rights as described in the Amended Articles;
<b>"New Equity"</b>	means the £75 million <del>in</del> New Shares to be subscribed at par value and in the Agreed Ratio by the Equity Subscribers pursuant to the terms of the Equity Subscription Agreement;
<b>"New Note Indenture"</b>	means the indenture relating to the New Notes to be entered into between, amongst others, the Company, certain of its Subsidiaries as guarantors, and the New Note Trustee;
<b>"New Notes"</b>	means the new series of 10 per cent. senior secured notes to be issued by the Company, the terms of which are summarised in Schedule 52 to this Scheme;
<b>"New Note Trustee"</b>	means Deutsche Trustee Company Limited in its capacity as trustee under the New Note Indenture;
<b>"New Security Documents"</b>	means the new security documents to be entered into by the Company and certain of its Subsidiaries in connection with the New Notes;
<b>"New Shares"</b>	means the New A Shares and New B Shares collectively;
<b>"Note Trustee"</b>	means Deutsche Trustee Company Limited in its capacity as trustee under the <del>FRNs</del> <u>ERN</u> Indenture and the Senior Notes Indenture;
<b>"Noteholders"</b>	means holders of the beneficial interest as principal in the <del>FRNs</del> and the Senior Notes;
<b>"Oaktree"</b>	means Oaktree Capital Management, L.P.;
<b>"Oaktree Funds"</b>	means funds affiliated to or managed by Oaktree;
<b>"Polygon"</b>	means Polygon Global Opportunities Master Fund;
<b>"Proceeding"</b>	means any process, suit, action, legal or other proceeding including without limitation any arbitration, mediation, alternative dispute resolution, judicial review, adjudication, demand, execution, restraint, forfeiture, reentry, seizure, lien, enforcement of judgment, enforcement of any security or enforcement of any letters of credit;

- “Prohibited Proceeding”** means any Proceeding against the Company, any member of the Restructured Group or the Expert or their property in any jurisdiction whatsoever other than an Allowed Proceeding;
- “Record Time”** means [●] p.m. (London time) on [●] 2009;
- “Reduction of Capital”** means the reduction of the Company’s share capital pursuant to section 17 of the Cayman Companies Law, involving the cancelling and extinguishing of the Existing Shares as provided by this Scheme;
- “Relevant Portion”** means the FRNs held by each FRN Scheme Creditor with an aggregate outstanding principal amount equal to £175 million (allocated among FRN Scheme Creditors pro rata to their respective Entitlement Claims), which shall remain as a Liability of the Company immediately following the completion of the Debt-for-Equity Exchange but which Liability shall be released upon the issue of the New Notes pursuant to this Scheme;
- “Resolution”** means the written resolution(s) to be passed by the shareholders of the Company in connection with this Scheme: (i) to adopt the Amended Articles; (ii) to reduce the issued share capital of the Company by cancelling and extinguishing all of the Existing Shares then in issue; (iii) to increase the share capital of the Company by the creation of the New Shares and the New C Shares; ~~and~~ (iv) to authorise the directors of the Company to allot and issue the New Shares required to be issued under this Scheme, including in connection with the Additional Equity Entitlement and the Equity Subscription; and (v) to change the name of the Company to Countrywide Holdings Ltd.;
- “Restructured Group”** means, following the Effective Date, the Company and its Subsidiaries from time to time;
- “Restructuring”** means the proposed reconstruction of the Company, including the overall restructuring, compromise and repayment of certain of the debts and other financial obligations of the Group, pursuant to, inter alia, the Schemes, the Equity Subscription Agreement, the Issue of New Notes and New Shares, the Additional Offering and the related documentation;
- “Scheme”** means this scheme of arrangement in respect of the Company under section 895 of the Companies Act and section 86 of the Cayman Companies Law in its

present form or with or subject to any modifications, additions or conditions that are consented to by the Company and that the Court or the Grand Court may approve or impose and the Company and the Scheme Creditors may approve in accordance with the terms of this Scheme and "Schemes" means this Scheme and the Guarantor Schemes;

- "Scheme Claim"** means the Senior Note Scheme Claims and the FRN Scheme Claims, or any of them;
- "Scheme Class Meetings"** means the separate class meetings of each class of Scheme Creditor in relation to each Scheme as convened at the direction of the Court or, as applicable, the Grand Court;
- "Scheme Consideration"** means the FRN Scheme Consideration and the Senior Note Scheme Consideration;
- "Scheme Creditor or Scheme Creditors"** means a creditor of the Company in respect of a Scheme Claim and includes the Senior Note Scheme Creditors and the FRN Scheme Creditors;
- "Scheme Document"** means the document dated 11 March 2009 which contains the Explanatory Statement, including all appendices, schedules and annexures to it;
- "Security Agent"** means Deutsche Bank AG, London Branch in its capacity as security agent under the Existing Finance Documents and the New Finance Documents;
- "Security Documents"** means the security documents relating to the Senior Revolving Facility Agreement, the Hedging Liabilities, the FRN Indenture and the Senior Notes Indenture and related documents;
- "Senior Note Obligations"** means the Liabilities of the Company in respect of the Senior Notes;
- "Senior Notes"** means the Company's £170 million 9 7/8 per cent. Senior Notes due 2015 as constituted by the Senior Notes Indenture;
- "Senior Notes Indenture"** means the senior notes indenture dated 9 May 2007 entered into by the Company, certain of its Subsidiaries as guarantors, Deutsche Trustee Company Limited as Trustee, Deutsche Bank AG, London Branch as Security Agent, Principal Paying Agent and Transfer Agent and Deutsche International Corporate Services (Ireland) Limited as Irish Paying

Agent and Transfer Agent (each as defined therein);

**"Senior Note Obligations"** means the Liabilities of the Company in respect of the Senior Notes;

**"Senior Note Scheme Claims"** means any claim or right in respect of any Liability of the Company to any person arising directly or indirectly out of, in relation to or in connection with the Senior Note Obligations and/or the Security Documents (to the extent such Security Documents relate to the Senior Note Obligations), in each case including any Liability of the Company in respect of any loss or damage suffered or incurred as a result of, or in connection with, such Liability, whether arising before, on or after the Record Time by reason of a Liability of the Company incurred on or before that date, and including, for the avoidance of doubt, any and all interest, make whole amounts, premium, principal, fees and commissions accruing on, or payable in respect to, or any other accretions whatsoever arising in respect of, such claims or rights whether before, at or after the Record Time;

**"Senior Note Scheme Consideration"** means the Senior Note Shares and the Additional Equity Entitlement;

**"Senior Note Scheme Creditors"** means the persons with a beneficial interest as principal in the Senior Notes held in global form through the Clearing Systems on the Record Time;

**"Senior Note Shares"** means 6,188,118 fully paid New BA Shares, and 6,188,118 fully paid New AB Shares, to be issued to the Senior Note Scheme Creditors (or their respective Designated Recipients);

**"Senior Revolving Facility"** means the Company's £100 million senior revolving facility under the Senior Revolving Facility Agreement;

**"Senior Revolving Facility Agreement"** means the £100 million senior revolving facilities agreement dated 18 May 2007 between, amongst others, the Company, certain of its Subsidiaries as guarantors, Credit Suisse, London Branch, Deutsche Bank AG, London Branch and Goldman Sachs International as mandated lead arrangers and Deutsche Bank AG, London Branch as agent and security agent (as amended from time to time);

**"Standby Subscribers"** means the Apollo Funds and the Oaktree Funds and

their designated affiliates;

<b><u>"Subsidiary"</u></b>	<u>means at any relevant time any subsidiary or any subsidiary undertaking (as such terms are defined in the Companies Act) of the Company;</u>
<b>"Subsidiary Guarantors"</b>	means <u>each of</u> Countrywide plc, Balanus Limited, Securemove Property Services 2005 Limited, Countrywide Estate Agents (Unlimited Company), Countrywide Estate Agents FS Limited, Countrywide Surveyors Limited, Countrywide Property Lawyers Limited, Slater Hogg Mortgages Limited, Countrywide Franchising Limited and Countrywide Estate Agents (South) Limited, each a <b>"Subsidiary Guarantor"</b> ;
<b>"Transferred Inter-Company Loans"</b>	means the IC Loan 1, IC Loan 2 and IC Loan 3 following the transfer of such loans to Castle 3 pursuant to and in accordance with the terms of the Deeds of Transfer and Settlement;
<b>"UK"</b>	means the United Kingdom of Great Britain and Northern Ireland; and
<b>"Voting Instruction Deadline"</b>	means [●] p.m. (London time) on [●] 2009 (being the same time and date as the Record Time).

#### INTERPRETATION

- B In this Scheme, unless the context otherwise requires or otherwise expressly provides:
- (i) references to Recitals, Parts, clauses, sub-clauses, Schedules and Appendices are references to the Recitals, Parts, clauses and sub-clauses, Schedules and Appendices respectively of or to this Scheme;
  - (ii) references to a "person" include references to an individual, firm, partnership, company, corporation, other legal entity, unincorporated body of persons or any state or state agency;
  - (iii) references to a statute or a statutory provision include the same as subsequently modified, amended or re-enacted from time to time;
  - (iv) references to an agreement, deed or document shall be deemed also to refer to such agreement, deed or document as amended, supplemented, restated, verified, replaced and/or novated (in whole or in part) from time to time and to any agreement, deed or document executed pursuant thereto;
  - (v) the singular includes the plural and vice versa and words importing one gender shall include all genders;

- (vi) headings to Recitals, Parts, clauses and sub-clauses are for ease of reference only and shall not affect the interpretation of this Scheme; and
- (vii) to the extent that there shall be any conflict or inconsistency between the terms of this Scheme and the Explanatory Statement then the terms of this Scheme shall prevail.

#### **THE COMPANY**

- C The Company was incorporated in the Cayman Islands on 12 February 2007 as an exempted limited liability company with registered number 182043.
- D At the date hereof, the Company has an authorised share capital of USD 1,000,000 divided into 100,000,000 ordinary shares of USD 0.01 each, of which 30,560,000 are issued and fully paid.
- E In May 2007, the Company entered into arrangements which govern the £740 million of debt incurred by the Company in connection with its acquisition of Countrywide. Countrywide, together with the other Subsidiary Guarantors, subsequently entered into guarantees in respect of that debt.

#### **PRE-SCHEME REORGANISATION STEPS**

- F Prior to this Scheme becoming effective, it is intended that (a) Castle 1 will transfer the IC Loan 1 to Castle 2 and Castle 2 will in turn transfer the IC Loan 1 to Castle 3, (b) Castle 2 will transfer the IC Loan 2 and IC Loan 3 to Castle 3 and (c) Castle 2 will release Castle 3 from all liabilities in respect of the IC Loan 5, in each case pursuant to and in accordance with the terms of the Deeds of Transfer and Settlement.

#### **THE PURPOSE OF THIS SCHEME**

- G The principal object and purpose of this Scheme is to effect a restructuring of the Company's debt and equity capital. In summary, this Scheme provides for:
  - (i) the cancellation of the Existing Shares;
  - (ii) the release of the Inter-Company Liabilities by Castle 1, Castle 2 and Castle 3;
  - (iii) the release of the FRN Scheme Claims (other than in respect of the Relevant Portion), the allotment and issue of the FRN Shares to the FRN Scheme Creditors, and the granting of the Additional Equity Entitlement by the Company to the FRN Scheme Creditors;
  - (iv) the release of the FRN Scheme Claims relating to the Relevant Portion in consideration for the issue of the New Notes to the FRN Scheme Creditors; and
  - (v) the release of the Senior Note Scheme Claims, the allotment and issue of the Senior Note Shares to the Senior Note Scheme Creditors, and the granting of the Additional Equity Entitlement by the Company to the Senior Note Scheme Creditors.

## FRNS AND SENIOR NOTES ISSUED BY THE COMPANY

- H Each of the FRNs and Senior Notes are held under an arrangement whereby:
- (i) the FRNs are constituted by the FRN Indenture and the Senior Notes are constituted by the Senior Notes Indenture, the trustee being the Note Trustee in each case;
  - (ii) the FRNs and Senior Notes were issued in global registered form, with the global bonds (the "**Global Bonds**") being held by the Common Depository or its nominee ~~are held by Scheme Creditors~~ through the Clearing Systems under systems designed to facilitate paperless transactions; and
  - (iii) systems designed to facilitate paperless transactions involve interests in the FRNs and Senior Notes being held by persons (~~the~~each an "**Account Holder**~~Holder~~") who are participants in Clearing Systems with their interests in the Global Bonds being recorded directly in the books or other records maintained by the Clearing Systems. Each Account Holder may be holding its interest in a Global Bond on behalf of one or more Scheme Creditors.

## THE ~~FRNs~~FRNS, SENIOR NOTES AND THIS SCHEME

- I The Common Depository in its capacity as common depository for the FRNs and the Senior Notes, and on behalf of its nominee (BT Globenet Nominees Limited) as registered holder of the FRNs and the Senior Notes, has confirmed that it will not vote in respect of the FRNs or the Senior Notes at the Scheme Class Meetings. The Note Trustee, as trustee for the FRNs and the Senior Notes, will not vote in respect of the FRNs or the Senior Notes at the Scheme Class Meetings.
- J References in this Scheme to Scheme Creditors shall:
- (i) in relation to the FRNs, be references to persons with a beneficial interest as principal in the FRNs held in global form through the Clearing Systems ~~on~~at the Record Time; and
  - (i) in relation to the Senior Notes, be references to persons with a beneficial interest as principal in the Senior Notes held in global form through the Clearing Systems ~~on~~at the Record Time.

## BINDING OF THIRD PARTIES

- K The following persons involved in the implementation of this Scheme shall ~~execute~~execute a Deed of Undertaking, pursuant to which they will agree to appear by Counsel at the petition to sanction this Scheme and to undertake to the Court and the Grand Court to be bound thereby, to execute and do or procure to be executed and done all such documents, acts or things as may be necessary or desirable to be executed or done by it for the purposes of giving effect to this Scheme:
- (i) Castle 1;

- (ii) Castle 2;
- (iii) Castle 3; and
- (iv) the Subsidiary Guarantors.

**PART B  
THE SCHEME**

**Application and effectiveness of this Scheme**

1. The compromise and arrangement effected by this Scheme shall apply to all Scheme Claims and shall be binding on all Scheme Creditors. The rights of the Scheme Creditors obtained under this Scheme shall be accepted by them in full and final settlement of all Scheme Claims.

**Effect of this Scheme**

2. On the Effective Date:
  - (A) all of the right, title and interest of Scheme Creditors to Scheme Claims shall be subject to the arrangements set out in clause 3 of this Part B;
  - (B) the Scheme Creditors shall become entitled to the Scheme Consideration in accordance with this Scheme and the Distribution Agreement; and
  - (C) ~~the Castle Companies Company and the directors each~~ of the Castle Companies ~~and the Company (and their respective former and current directors)~~ shall be released in accordance with the terms of this Scheme.

**Compromise and Arrangement with the Scheme Creditors**

3. On the Effective Date, notwithstanding any term of any relevant document, the following will occur in the order set out below:
  - (A) the issued share capital of the Company shall be reduced by the cancellation and extinguishment of ~~the~~ Existing Shares;
  - (B) the Inter-Company Liabilities shall be released and extinguished fully and absolutely;
  - (C) the Senior Note Scheme Claims shall be released fully and absolutely, in each case so as to bind the Senior Note Scheme Creditors (including, for the avoidance of doubt, any person who has or acquires after the Record Time any interest in or arising out of a Senior Note Scheme Claim), and the Company shall:
    - (a) allot and issue to the Senior Note Scheme Creditors the Senior Note Shares in the Agreed Ratio and in the same proportions as their respective Entitlement Claims bear to the total Entitlement Claims of all Senior Note Scheme Creditors; and
    - (b) grant to the Senior Note Scheme Creditors the Additional Equity Entitlement in accordance with the terms set out in clauses 4 to 8 of this Part B;

- (D) the FRN Scheme Claims (save for the FRN Scheme Claims relating to the Relevant Portion) shall be released fully and absolutely, in each case so as to bind the FRN Scheme Creditors (including, for the avoidance of doubt, any person who has or acquires after the Record Time any Interest in or arising out of such FRN Scheme Claims), and the Company shall:
- (a) allot and issue to the FRN Scheme Creditors the FRN Shares in the Agreed Ratio, in the same proportions as their respective Entitlement Claims (save for FRN Scheme Claims relating to the Relevant Portion) bear to the total Entitlement Claims of all FRN Scheme Creditors (save for FRN Scheme Claims relating to the Relevant Portion); and
  - (b) grant to the FRN Scheme Creditors the Additional Equity Entitlement in accordance with the terms set out in clauses 4 to 8 of this Part B; and
- (E) the FRN Scheme Claims relating to the Relevant Portion shall be released fully and absolutely, in each case so as to bind the FRN Scheme Creditors (including, for the avoidance of doubt, any person who has or acquires after the Record Time any interest in or arising out of the Relevant Portion), in exchange for which the Company shall issue to the FRN Scheme Creditors the New Notes, in the same proportions as their respective Entitlement Claims in relation to the Relevant Portion bear to the total Entitlement Claims of the FRN Scheme Creditors in relation to the Relevant Portion, pursuant to the terms of the New Note Indenture.

#### **Additional Equity Entitlement**

4. Under the terms of the Additional Equity Entitlement, FRN Scheme Creditors shall have the right to subscribe, pro rata to the number of FRN Shares to be allotted and issued to them under clause 3(D) of this Part B, for 32,487,623 New A Shares in the share capital of the Company and 32,487,623 New B Shares in the share capital of the Company. Accordingly, pursuant to this Additional Equity Entitlement, each FRN Scheme Creditor shall be entitled pursuant to the Additional Equity Entitlement to subscribe for 0.75 additional New A Shares for each New A Share it is otherwise entitled to be allotted and issued under the Scheme and 0.75 additional New B Shares for each New B Share it is otherwise entitled to be allotted and issued under the Scheme, in each case, upon this Scheme becoming effective.
5. Under the terms of the Additional Equity Entitlement, Senior Note Scheme Creditors shall have the right to subscribe, pro rata to the number of Senior Note Shares to be allotted and issued to them under clause 3(C) of this Part B, for 4,641,088 New A Shares in the share capital of the Company and 4,641,088 New B Shares in the share capital of the Company. Accordingly, pursuant to this Additional Equity Entitlement, each Senior Note Scheme Creditor shall be entitled to subscribe for 0.75 additional New A Shares for each New A Share it is otherwise entitled to be allotted and issued under the Scheme and 0.75 additional New B Shares for each New B Share it is otherwise entitled to be allotted and issued under the Scheme, in each case, upon this Scheme becoming effective.
6. New Shares shall be subscribed for by Scheme Creditors under clauses 4 and 5 of this Part B at par value.

7. An election under the Additional Equity Entitlement to subscribe for additional New Shares shall be made by the due completion and delivery of Part 2 of an Account Holder Letter. The instructions, terms, authorities, warranties and provisions contained in or deemed to be contained in the Account Holder Letter and in Schedule 2 constitute part of the terms of this Scheme. To be effective, Part 2 of the Account Holder Letter must be completed and returned in accordance with the instructions therein so as to arrive by not later than the Claim Time and the relevant subscription price ~~must be paid in cleared funds shall be debited from the relevant account held~~ through the Clearing Systems, in accordance with the ~~instructions to be notified by Lucid, no later than the Claim Time~~ terms of the Account Holder Letter and any supplemental terms published on Lucid's website following Lucid's consultation with the Clearing Systems, on the Effective Date. Account Holder Letters so completed and lodged, and subscription monies so paid shall, unless otherwise agreed by the Company, be irrevocable.
8. The Company shall allot and issue New Shares which relate to the Additional Equity Entitlement in accordance with Schedule 2.1. The Additional Equity Entitlement is conditional upon the Schemes becoming effective and subscription monies shall not be debited from designated accounts in the Clearing Systems (as designated in Part 2 of each validly completed Account Holder Letter) before the Effective Date.

#### Instructions to Common Depositary

9. Each of the Scheme Creditors hereby authorises and instructs the Company from and after the Effective Date to:
- (i) ~~to~~ instruct the Common Depositary, immediately after the Effective Date, to deliver the global notes representing the FRNs and the Senior Notes to ~~the Note Trustee~~ Deutsche Bank Luxembourg S.A., as registrar under the FRN Indenture and the Senior Note Indenture, for cancellation; and
- (ii) ~~to~~ take such other action as may be required under the FRN Indenture and the Senior Note Indenture to effect the cancellation and discharge of the FRNs and Senior Notes.

#### Instructions to Security Agent

10. Each of the Scheme Creditors hereby authorises and instructs the Company from and after the Effective Date to:
- (i) ~~to~~ enter into, execute and deliver on behalf of each Scheme Creditor any instruction to the Security Agent to take whatever action is necessary to release (and where applicable, re-assign) the security under the Security Documents in so far as such security relates to the FRNs and the Senior Notes; and
- (ii) ~~to~~ take such other actions as may be required under the Security Documents, the Intercreditor Agreement, the FRN Indenture and the Senior Note Indenture to release (and, where applicable, re-assign) the security under the Security Documents insofar as such security relates to the FRNs and the Senior Notes.

#### New Security

11. The holders of the New Notes shall have the benefit of the security created by the New Security Documents.

**Further Actions**

12. Each of the Scheme Creditors hereby authorises the Company from and after the Effective Date to instruct the Note Trustee, the Common Depositary, each ~~intermediary~~intermediary and/or each Account Holder to take whatever action is necessary or appropriate to give effect to the terms of this Scheme.

**PART C**  
**IDENTIFICATION OF ENTITLEMENT CLAIMS**

**Record Time and Entitlement Claims**

1. All Entitlement Claims shall be determined as at the Record Time.
2. Any Entitlement Claim which at the Record Time is not immediately due and payable but on the Company going into insolvent liquidation would, either automatically without further action by any party or by the issue of a notice by the relevant Scheme Creditor, be capable of being made legally due and payable shall be treated for the purposes of this Scheme as immediately due and payable as at the Record Time (and hence not treated as a contingent debt or a debt payable at a future time).
3. Insofar as there shall be any dispute as to the amount owing by the Company to a Scheme Creditor (which cannot be resolved by the chairman of the applicable Scheme Class Meeting), the Company may refer the matter to the Expert whose opinion shall, insofar as permitted by law, be final and binding on the Scheme Creditor.

**Assignments or transfers**

4. The Company shall be under no obligation to recognise any assignment or transfer of any Entitlement Claim, whether before or after the Record Time, for the purposes of determining entitlements under the Scheme, save where the Company has received, by the Record Time, from the parties to such assignment or transfer in writing notice of such assignment or transfer in accordance with the terms of all agreements between the relevant Scheme Creditor and the Company in respect of that Entitlement Claim, in which case the Company shall recognise such assignment or transfer for the purposes of determining entitlements under the Scheme (if any).

**Provision of information**

5. Account Holder Letters submitted:
  - (A) shall provide the Company with such information as it may reasonably require to enable Scheme Consideration to be distributed to the relevant Scheme Creditors in accordance with the Distribution Agreement; and
  - (B) shall, in any event, be submitted in accordance with the instructions set out in the relevant Account Holder Letter.
6. If Lucid refuses to accept an Account Holder Letter, it shall promptly prepare a written statement or electronic mail of its reasons for doing so and send that statement to the party that provided such Account Holder Letter.

**PART D**  
**SCHEME PAYMENTS**

**Distribution To Scheme Creditors**

**New Shares**

1. On the Effective Date, the Company shall allot and issue:
  - (A) to those Scheme Creditors entitled to receive Scheme Consideration on the Effective Date, the number of New Shares (In the Agreed Ratio) to which they are entitled, calculated in accordance with the terms of this Scheme and the Distribution Agreement; and
  - (B) the remaining New Shares (In the Agreed Ratio) to the ~~Eserow~~Distribution Agent,

in each case in accordance with the terms of this Scheme and the Distribution Agreement.

**New Notes**

2. On the Effective Date, the Company shall issue New Notes in accordance with the terms of this Scheme, the Distribution Agreement and the New Note Indenture. On the Effective Date, the Company shall deposit the New Notes in global registered form with the Common Depository for the Clearing Systems or its nominee. The New Notes will be allocated to relevant accounts in the Clearing Systems as follows:
  - (A) to those FRN Scheme Creditors entitled to receive FRN Scheme Consideration on the Effective Date, the aggregate principal amount of New Notes to which they are entitled, as calculated in accordance with the terms of this Scheme and the Distribution Agreement; and
  - (B) the remaining principal amount of the New Notes to the ~~Eserow~~Distribution Agent,

in each case in accordance with the terms of this Scheme and the Distribution Agreement.

**Trusts**

3. The New Shares and New Notes (including book entry interests in the New Notes) allotted or issued, or acknowledged as indebtedness owed, to the ~~Eserow~~Distribution Agent, shall be held by the ~~Eserow~~Distribution Agent on separate bare trusts, one for each element of Scheme Consideration, absolutely as to both capital and income for the relevant Scheme Creditors entitled to that element of Scheme Consideration, in accordance with their respective entitlements under this Scheme and shall be distributed to the Scheme Creditors in accordance with the Distribution Agreement, ~~to the Scheme Creditors in accordance with~~ and the Account Holder Letters lodged pursuant to this Scheme. Distribution of those New Shares and New Notes (including book entry interests in the New Notes) shall be in accordance with the terms of this Scheme and the

Distribution Agreement and shall be binding on the Scheme Creditors and any person deriving title from them. Thereafter neither the ~~Escrow~~Distribution Agent nor any person other than Scheme Creditors (or persons deriving title from them) shall at any time whatsoever, either present or future, have any beneficial interest in any of the New Shares of New Notes (including book entry interests in the New Notes).

4. The ~~Escrow~~Distribution Agent shall not exercise any rights attaching to any New Notes (including rights attaching to book entry interests in the New Notes) or New Shares held by it unless directed to do so in this Scheme or by the Scheme Creditors, acting jointly or through their agent or delegate.

#### **Timing of the distribution of Scheme Consideration**

5. The Scheme Consideration will be distributed in accordance with the terms of this Scheme and the Distribution Agreement:
- (A) to Scheme Creditors detailed in valid Account Holder Letters submitted to Lucid on or before the Claim Time, as soon as practicable following the Effective Date; and
  - (B) to Scheme Creditors detailed in valid Account Holder Letters submitted to Lucid, after the Claim Time, within 10 Business Days of the date on which Lucid receives the duly completed Account Holder Letter.

#### **General Provisions relating to distribution**

6. The Company will give all necessary instructions to the ~~Escrow Agent and the Distribution Agent~~ to give effect to this Part D.

#### **~~The Distribution Agent and the Escrow Agent~~**

7. The Distribution Agent's liabilities as distribution agent shall be solely those arising out of its obligations set out in the Distribution Agreement. ~~8. The Escrow Agent's liabilities as escrow agent shall be solely those arising out of its trusteeship and other obligations set out in the Distribution Agreement.~~

#### **Fractional Entitlements**

- ~~9.8.~~ The aggregate number of New Shares to which a Scheme Creditor is entitled under the Scheme and under the Additional Equity Entitlement shall be rounded down to the nearest whole number. Fractional entitlements to New Shares which would have arisen, but for this clause, shall be disregarded.
- ~~10.9.~~ New Notes are indebtedness in principal amounts which are in integral multiples of £1.00 in accordance with the terms of the New Notes. Scheme Creditors' entitlements to New Notes will be rounded down to the nearest £1.00. All entitlements which would have arisen, but for this clause, shall be disregarded.

**PART E**  
**CONDITIONS TO THE SCHEME**

This Scheme and the Guarantor Schemes are subject to English law and the terms and conditions set out in the Schemes and the Account Holder Letter.

1. Each of the Schemes will be conditional upon the following:
  - (i) at each Scheme Class Meeting in respect of each Schemes, approval of that Scheme by a majority in number of Scheme Creditors who are present and voting, either in person or by proxy, at that meeting or at any adjournment of that meeting, representing 75 per cent. or more in value of each class of the Scheme Creditors;
  - (ii) the Resolution being duly passed in writing by the shareholder of the Company;
  - (iii) the sanction with or without modification (but subject to such modification being acceptable to the Company) of each Scheme by the Court and, as applicable, the Grand Court, and the confirmation of the Reduction of Capital by the Grand Court; and
  - (iv) (a) in the case of the Castle 4 Scheme under section 895 of the Companies Act and each of the Guarantor Schemes, an office copy of the order of the Court in respect of each such Scheme being delivered to the English Registrar of Companies, and (b) in the case of the Castle 4 Scheme under section 86 of the Cayman Companies Law, an office copy of the order of the Grand Court in respect of such Scheme and the minute confirming the Reduction of Capital being delivered to the Cayman Islands Registrar of Companies and, in the case of the minute confirming the Reduction of Capital, registration of such minute by him.
  
2. Subject to the right of waiver described in clause 4 of this Part E, the Schemes will also be conditional upon, and accordingly the necessary actions to make each Scheme become effective will only be taken upon, the following conditions (the "**Third-Party Conditions**") being satisfied or waived:
  - (i) the FSA having approved or being treated as having approved all persons who would by virtue of the Restructuring acquire or increase control (as defined in FSMA) of Countrywide Principal Services Limited unconditionally in writing or subject to conditions which are satisfactory to the relevant controller;
  - (ii) the European Commission making, or having been deemed to have made, a decision, in terms reasonably satisfactory to the Company, that in connection with the Schemes (and all matters arising from the Schemes) it will not initiate proceedings under Article 6(1)(c) of Council Regulation (EEC) 139/2004 ("**ECMR**") and that it does not intend to make a referral to a competent authority of any EEA member state under Article 9(1) of the ECMR;
  - (iii) each of the Castle Companies, the Company and each Subsidiary Guarantor having executed a Deed of Undertaking;

- (iv) the Noteholder Group having delivered to the Company notice that the Equity Subscription Agreement has become unconditional in all respects, save in respect of any condition relating to any of the Schemes having become effective; and
  - (v) the Distribution Agreement having become unconditional in all respects, save in respect of any condition relating to any of the Schemes having become effective.
3. If the Schemes have not become effective by the Longstop Date, they shall lapse, provided that the Company may, at its discretion, extend the Longstop Date to such later date (if any) as the Company and Scheme Creditors with Entitlement Claims representing 75 per cent. (by value) of the aggregate Entitlement Claims in respect of each of the FRN Scheme Creditors and Senior Note Scheme Creditors may agree and, if appropriate, the Court or, as the case may be, the Grand Court may approve.
4. Scheme Creditors with Entitlement Claims representing 75 per cent. (by value) of the aggregate Entitlement Claims in respect of each of the FRN Scheme Creditors and Senior Note Scheme Creditors shall have the right to waive, in whole or in part, all or any of the Third-Party Conditions contained in this Part E. There shall be no obligation under this paragraph to waive or treat as fulfilled any of the Third-Party Conditions earlier than the date on which the first of the Schemes is sanctioned as referred to in paragraph 1(iii) of this Part E notwithstanding that the other conditions of the Schemes may at such earlier date have been waived or fulfilled and that there are at such earlier date no circumstances indicating that any of such conditions may not be capable of fulfilment or waiver.

**PART F**  
**GENERAL SCHEME PROVISIONS**

**Securities laws restrictions**

1. New Shares and New Notes will not be distributed to or to the order, or for the account or benefit, of any person where such distribution would be prohibited by any applicable law or regulation or by the Amended Articles, or so prohibited except after compliance with conditions or requirements that are unduly onerous. Where any determination is required as to whether the conditions or requirements of applicable law or regulation are "unduly onerous" such determination will be made by the Company in its absolute discretion.
2. In determining whether clause 1 of this Part F will apply to the proposed distribution of Scheme Consideration to a Scheme Creditor, the Company will take into account the confirmations required by the relevant Account Holder Letter as are given in the form requested by that Account Holder Letter and such confirmations will be relied upon unless:
  - (A) the Company determines that such confirmations have been given inappropriately on the basis that name and address details or other information provided in or in connection with the transmittal of the Account Holder Letter indicate that such Account Holder Letter has been submitted by or has been delivered on behalf of, or delivery of Scheme Consideration is being requested to or for the account or benefit of, a person who is located in a jurisdiction where distribution of Scheme Consideration or any part thereof to that Scheme Creditor in that jurisdiction would be prohibited by any applicable law or regulation, or prohibited except after compliance with requirements that are, in the opinion of the Company, unduly onerous; or
  - (B) the Company obtains actual knowledge that such confirmations are false,in which case, in determining whether clause 1 of this Part F applies, such information will be taken into account.
3. To the extent that New Shares or New Notes which would otherwise be deliverable to Scheme Creditors cannot be delivered because of a legal or regulatory prohibition described in clause 1 of this Part F, such New Shares or New Notes will not be delivered and the relevant Scheme Creditor will be required to contact Lucid.
4. The Company shall give all appropriate directions to the ~~Escrow Agent and the~~ Distribution Agent to give effect to clauses 1 to 3 of this Part F.

**Modifications of the rights attaching to the New Notes or New Shares**

5. Nothing in this Scheme shall prevent the modification of any of the New Notes or New Shares in accordance with their respective terms.

### Releases

6. Each of the Company and the Scheme Creditors, on behalf of itself and each of its predecessors, successors and assigns (collectively, the "Releasing Parties"), release, waive, acquit, forgive and forever discharge, to the fullest extent permitted by law, each of Castle 1, Castle 2, Castle 3 and the Company and each of its predecessors, successors and assigns, and their current and former directors in their capacities as such (collectively, the "Released Parties") from any and all Claims and Liabilities which the Releasing Parties, or any of them, now or hereafter can, shall or may have against the Released Parties, or any of them, whether known or unknown, fixed or contingent, in each case in relation to or arising out of or in connection with the FRNs, the Senior Notes, the FRN Indenture, the Senior Notes Indenture, the Inter-Company Liabilities, any Scheme Claims and/or the implementation of the Castle 4 Schemes or any of the Guarantor Schemes, provided that the foregoing shall not prejudice or impair any other right of any Releasing Party or Released Party created under any of the Schemes.
7. Each of the Scheme Creditors hereby authorises the Company from the Effective Date to enter into, execute and deliver as a deed on behalf of each Scheme Creditor and any person to whom the Scheme Creditor has transferred any FRNs or Senior Notes after the Record Time, one or more Deeds of Release whereby any and all Claims and Liabilities referred to in clause 6 of this Part F shall be waived and released fully and absolutely from the Effective Date.
8. Any Deed of Release to be executed pursuant to the authority conferred by clause 7 of this Part F shall be substantially in the form attached at Schedule 4 subject to any modifications required or approved by the Court or, as the case may be, the Grand Court and shall take effect in relation to such claims and liabilities as the Court or, as the case may be, the Grand Court considers appropriate, provided only that the effect of any such modification is not such as would cause the release of a claim or the imposition of any obligation that is not referred to in clauses 6 or 7 ~~above~~ of this Part F.

### Effective Date and Notification to Scheme Creditors

9. This Scheme shall become effective in accordance with its terms as soon as the Court Orders have been delivered to the English Registrar of Companies and the Cayman Registrar of Companies, as appropriate.
10. The Company shall arrange for the orders of the Court and the Grand Court sanctioning the Scheme to be delivered to the Registrar of Companies in England and Wales or, as applicable, the Registrar of Companies in the Cayman Islands.

### Stay of Prohibited Proceedings

11. None of the Scheme Creditors shall commence a Prohibited Proceeding on or after the Effective Date.
12. A Scheme Creditor may commence an Allowed Proceeding against the Company after the Effective Date provided that it has first given the Company fourteen (14) days' prior notice in writing of its intention to do so.

### Future Liquidation

13. This Scheme shall be unaffected by any future liquidation of the Company and shall in those circumstances remain in force according to its terms.

### Modifications of this Scheme

14. The Company may, at any hearing before the Court or Grand Court to sanction this Scheme, consent on behalf of all Scheme Creditors to any modification of this Scheme or any terms or conditions which the Court or, as the case may be, the Grand Court may think fit to approve or impose.

### Notice

15. Any notice or other written communication to be given under or in relation to this Scheme shall be given in writing and shall be deemed to have been duly given if it is delivered by hand, or sent by courier, post, fax or email, to:

- (A) in the case of the Company,
- (i) by courier or post to Gareth Williams, Countrywide plc, 17 Duke Street, Chelmsford, Essex, CM1 1HP;
  - (ii) by fax to ~~care of~~ Gareth Williams, Countrywide plc, Fax No. 01245 294028; and
  - (iii) by email to Gareth Williams: [gareth.williams@countrywideplc.co.uk](mailto:gareth.williams@countrywideplc.co.uk).
- (B) in the case of a Scheme Creditor, its last known address according to the Company; and
- (C) in the case of any other person, any address set forth for that person in any agreement entered into in connection with this Scheme or the last known address according to the Company, or by fax its last known fax number according to the Company.

16. Any notice or other written communication to be given under this Scheme shall be deemed to have been served:

- (A) if delivered by hand or courier, on the first Business Day following delivery;
- (B) if sent by post, on the second Business Day after posting if the recipient is in the country of dispatch, otherwise on the seventh Business Day after posting; and
- (C) if by fax or email, on the Business Day sent.

17. In proving service, it shall be sufficient proof, in the case of a notice sent by post, that the envelope was properly stamped, addressed and placed in the post.

18. The accidental omission to send any notice, written communication or other document in accordance with clauses 15 to 17 of this Part F or the non-receipt of any such notice by any Scheme Creditor, shall not affect the provisions of this Scheme.
19. The Company shall not be responsible for any loss or delay in the transmission of any notices, other documents or payments posted by or to any Scheme Creditors which shall be posted at the risk of such Scheme Creditors.

#### **Governing Law and Jurisdiction**

20. On and from the Effective Date, the operative terms of this Scheme and any non-contractual obligations arising out of or in connection with the Scheme shall be governed by, and construed in accordance with, the laws of England and Wales and the Scheme Creditors hereby agree that the English courts shall have exclusive jurisdiction to hear and determine any suit, action or proceeding and to settle any dispute which arises out of or is connected with the terms of this Scheme or its implementation or out of any action taken or omitted to be taken under this Scheme or in connection with the administration of this Scheme and for such purposes, the Scheme Creditors irrevocably submit to the jurisdiction of the English courts, provided, however, that nothing in this clause shall affect the validity of other provisions determining governing law and jurisdiction as between the Company and any of its Scheme Creditors, whether contained in any contract or otherwise.
21. The terms of this Scheme and the obligations imposed on the Company, Castle 1, Castle 2, Castle 3 and the Subsidiary Guarantors hereunder shall take effect subject to any prohibition or condition imposed by any applicable law.

#### **Exercise of Discretion**

22. Where, under any provision of this Scheme, a matter is to be determined by the Company, the Distribution Agent, ~~Escrow Agent~~ or Lucid, as the case may be, it shall be determined by them, in their discretion in such manner as they may consider fair and reasonable. If any difficulty shall arise in determining any such matter either generally or in any particular case or in ensuring the result described above, it shall be resolved by the Company, the Distribution Agent, ~~Escrow Agent~~ or Lucid, as the case may be, in such manner as it shall consider to be fair and reasonable and their decision shall, insofar as permitted by law, be final and binding on all concerned.

**Schedule 4**

**Summary of Amended Articles**

**SCHEDULE 1**  
**ADDITIONAL EQUITY ENTITLEMENT**

**1. Further terms and conditions of the Additional Equity Entitlement**

The attention of Scheme Creditors who have registered addresses outside the United Kingdom, or who are citizens or residents of countries other than the United Kingdom, or who are holding FRNs or Senior Notes for the benefit of such persons (including, without limitation, custodians, nominees, trustees and agents), or who have a contractual or other legal obligation to forward this document or the Account Holder Letter to such persons, is drawn to the information which appears in Section 5 of Part 2 of the Account Holder Letter.

**Part 2 of the Account Holder Letter must be duly completed and received, and a valid account for payment of the subscription price for Additional Shares through the Clearing Systems must be designated, by the Claim Time.**

If you fail to deliver a duly completed Part 2 of the Account Holder Letter by the Claim Time and fail to designate a valid account for payment through the Clearing Systems by that time, any election made by you in respect of the Additional Equity Entitlement will not be valid.

If valid elections are not received for all of the Additional Shares being made available under the Additional Offering, the Standby Subscribers will provide a stand-by subscription commitment for the issue of the full amount of the Additional Offering, subject to certain conditions. In such capacity, the Standby Subscribers will be obliged to acquire any part of the Additional Offering which is not taken up by Scheme Creditors pursuant to their Additional Equity Entitlement, such commitment to be in addition to the Additional Shares which they are entitled to take up, under the Additional Equity Entitlement, as Scheme Creditors in their own right.

In consideration of their acting as Standby Subscribers, and to the extent that their standby subscription commitments do not require them to take up Additional Shares in an aggregate amount of £5 million or more, the Standby Subscribers will have the right (but not the obligation) to subscribe for an additional amount of New Shares, at the same price and on the same terms as the Additional Shares are being subscribed under the Additional Equity Entitlement, up to an amount of £5 million (when aggregated with the Additional Shares which they are obliged to take up pursuant to their standby subscription commitments, but excluding the Additional Shares which they are entitled to take up pursuant to their own Additional Equity Entitlement).

The Additional Shares will be issued credited as fully paid and will rank in full for all dividends and other distributions declared, made or paid on the New Shares received pursuant to the Scheme. No temporary documents of title will be issued.

**Scheme Creditors should be aware that the Additional Equity Entitlement is not a rights issue. Scheme Creditors should also note that Part 2 of the Account Holder Letter is not a negotiable document and cannot be traded. Additional Shares not subscribed for under the Additional Equity Entitlement will not be sold in the market for the benefit of those who do not elect under the Additional Equity Entitlement and Scheme Creditors who do not elect to take up Additional Shares will have no rights under the Additional Equity Entitlement.**

Any Additional Shares which are not subscribed for under the Additional Equity Entitlement will be subscribed for by the Standby Subscribers subject to the terms and conditions of the Equity Subscription Agreement.

## 2. Procedure for Election and Payment

If you do not wish to elect to subscribe for Additional Shares, you should not complete and return Part 2 of the Account Holder Letter.

### Part 2 of the Account Holder Letter

#### (A) General

Part 2 of the Account Holder Letter shows the maximum number of Additional Shares for which a Scheme Creditor is entitled to elect under the Additional Equity Entitlement. Scheme Creditors may elect for less than their maximum entitlement should they wish to do so.

The instructions and other terms set out in Part 2 of the Account Holder Letter form part of the terms of the Additional Equity Entitlement and the Castle 4 Schemes.

Part 2 of the Account Holder Letter is not a negotiable document and cannot be separately traded. A Scheme Creditor who has sold or otherwise transferred all or part of his holding of FRNs or Senior Notes prior to the Record Time, should consult his broker or other professional adviser as soon as possible, as the invitation to acquire Additional Shares under the Additional Equity Entitlement may be a benefit which may be claimed by the transferee from his counterparty.

#### (B) Election procedures

Scheme Creditors wishing to elect to subscribe for all or any of the Additional Shares to which they are entitled should complete Part 2 of the Account Holder Letter in accordance with the instructions printed on it and any additional instructions published on Lucid's website following Lucid's consultation with the Clearing Systems. Completed forms should be delivered by post, facsimile or e-mail to Lucid in accordance with the instructions set out in the Account Holder Letter so as to be received by the Claim Time, after which time Part 2 of the Account Holder Letter will not be valid.

Once submitted, an election is irrevocable. If Part 2 of the Account Holder Letter is being sent by post in the UK, Scheme Creditors are advised to allow at least four working days for delivery.

#### (C) Validity

The Company may in its sole discretion, but shall not be obliged to, treat Part 2 of the Account Holder Letter as valid and binding on the person by whom or on whose behalf it is lodged, even if not completed in accordance with the relevant instructions or not accompanied by a valid power of attorney where required, or if it otherwise does not strictly comply with the terms and conditions of the Additional Equity Entitlement. The Company further reserves the right (but shall not be obliged) to accept either: (i) Part 2 of the Account Holder Letter received after the Claim Time; or (ii) elections in respect of which payment is received before the Claim Time from authorised persons (as defined in FSMA) specifying the Additional Shares applied for and undertaking to

lodge Part 2 of the Account Holder Letter in due course but, in any event, within two Business Days.

Multiple elections will not be accepted.

The Additional Equity Entitlement is conditional upon the Schemes becoming effective. If the Additional Equity Entitlement lapses, any amount received in respect of Additional Shares elected for under the Additional Equity Entitlement will be returned as soon as is practicable after that date. No interest shall be payable by the Company or any other person in respect of any such amount which is referred to be repaid.

(D) Effect of an election

All documents and remittances sent by post by or to a Scheme Creditor (or as the Scheme Creditor may direct) will be sent at the Scheme Creditor's own risk. By completing and delivering Part 2 of the Account Holder Letter, the person executing it shall make the representations and warranties, confirmations, assurances and comments set out, or referred to, in Part 2 of the Account Holder Letter.

If you have any questions relating to the procedure for making elections, please contact Sunjeeve Patel at Lucid between 9.30 a.m. and 5.30 p.m. (London time) Monday to Friday (except UK public holidays) on +44 (0) 20 7704 0880. Lucid cannot provide advice on whether applicants should take up their Additional Equity Entitlements nor give any financial, legal or tax advice.

If you are in any doubt about the action you should take, you should immediately consult your stockbroker or other independent financial adviser.

### 3. Payments

(A) Instructions for Payment

Scheme Creditors will be required to designate a valid Clearing System account in Part 2 of the Account Holder Letter and will be required to confirm and authorise such account to be debited with the subscription price for the relevant number of Additional Shares on the Effective Date.

Lucid will provide Scheme Creditors with supplemental instructions for the payment, through the Clearing Systems, of the subscription price for any Additional Shares to be taken up in the Additional Offering. These instructions will be published on Lucid's website ([www.lucid-is.com/castle](http://www.lucid-is.com/castle)) on or before [●] 2009.

(B) Money Laundering Regulations

To ensure compliance with the Money Laundering Regulations, the Company may require, at its absolute discretion, verification of the identity of the beneficial owner by whom or on whose behalf the Part 2 of the Account Holder Letter is lodged with payment (which requirements are referred to below as the "verification of identity requirements"). If an election is made by a UK-regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or

intermediary and not of the Company. In such case, the lodging agent's stamp should be inserted on Part 2 of the Account Holder Letter.

The person lodging Part 2 of the Account Holder Letter with valid account details for payment (the "applicant"), including any person who appears to the Company to be acting on behalf of some other person, shall thereby be deemed to agree to provide the Company with such information and other evidence as the Company may require to satisfy the verification of identity requirements.

If the Company determines that the verification of identity requirements apply to any applicant or application, the relevant Additional Shares (notwithstanding any other term of the Additional Equity Entitlement) will not be issued to the relevant applicant unless and until the verification of identity requirements have been satisfied in respect of that applicant or application. The Company is entitled, in its absolute discretion, to determine whether the verification of identity requirements apply to any applicant or application and whether such requirements have been satisfied, and the Company will not be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays and potential rejection of an election. If, within a reasonable period of time following a request for verification of identity, the Company has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, treat the relevant election as invalid, in which event the application moneys will be returned (at the applicant's risk) without interest.

The verification of identity requirements will not usually apply if:

- (A) the applicant is a regulated UK broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations; or
- (B) the applicant is an organisation required to comply with the EU Money Laundering Directive (No.91/308/EEC) as amended by Directive 2001/97/EC and 2005/60/EC; or
- (C) the applicant is a company whose securities are listed on a regulated market subject to specified disclosure obligations; or
- (D) the applicant (not being an applicant who delivers his application in person) makes payment through an account in the name of such applicant with a credit institution which is subject to the Money Laundering Regulations or with a credit institution situated in a non-EEA State which imposes requirements equivalent to those laid down in that directive; or
- (E) the aggregate subscription price for the relevant Additional Shares is less than Euro 15,000 (or its pounds sterling equivalent).

#### 4. Settlement

Additional Shares in physical (certificated) form are expected to be despatched by post as soon as reasonably practicable after the Effective Date. No temporary documents of title will be issued. Pending despatch of definitive share certificates, transfers of the Additional Shares will be

certified against the share register held by [●]. All documents sent by or to a Scheme Creditor (or his agent as appropriate) will be sent through the post and will (in both cases) be at the risk of the Scheme Creditor.

#### 5. Overseas Scheme Creditors

5.1 Scheme Creditors who have registered addresses in, or who are resident in, or who are citizens of, countries other than the UK should consult their professional advisers whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their Additional Shares under the Additional Equity Entitlement. Scheme Creditors are advised to read carefully the eligibility criteria for participating in the Additional Equity Entitlement set out in section 5 of Part 2 of the Account Holder Letter.

5.2 Neither the Company nor any other person has taken or will take any action in any jurisdiction which would permit a public offering of Additional Shares in any jurisdiction where action for the purpose is required.

5.3 The Company reserves the right to waive, vary or modify any provisions relating to overseas Scheme Creditors and to accept or reject in its absolute discretion applications under the Additional Equity Entitlement received from persons in any overseas territory or persons it believes are acquiring Additional Shares for resale in any such territory. A Scheme Creditor who is in any doubt as to his/her position should consult an appropriate professional adviser without delay. All payments in connection with an accepted application must be made in pounds sterling in cleared funds.

5.4 Notwithstanding any other provision of this document or Part 2 of the Account Holder Letter, the Company reserves the right to permit any Scheme Creditor to accept the Additional Equity Entitlement if, in its sole and absolute discretion, it is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations giving rise to the restrictions in question.

**If you are in any doubt as to your eligibility to elect for Additional Shares, you should contact your professional adviser immediately.**

**SCHEDULE 2**  
**SUMMARY OF NEW NOTES**

The £175 million of New Notes will retain substantially similar terms, security and guarantees as the existing FRNs, save for certain changes, some of which are described below. This summary may not contain all material terms and conditions that FRN Scheme Creditors may deem relevant for an informed voting decision on the Schemes and is qualified by reference to the New Note Indenture, the related security documents and the form of intercreditor agreement described below, copies of which will be made available on request from Lucid prior to the Scheme Class Meetings. Capitalised terms used herein (except where defined) are intended to have substantially the same meanings as when used in the FRN Indenture.

**Issuer:** Castle 4.

**Maturity:** Ninth anniversary of the Issue Date of the New Notes (the "Issue Date").

**Interest:** 10 per cent per annum (or 12 per cent per annum for any interest period in which interest is paid in kind due to a Negative Protected Fixed Charge Ratio), payable semi-annually with accrual commencing on the completion date of the Restructuring (each an "Interest Payment Date"). Interest shall be payable in cash, provided that if there shall be a Negative Protected Fixed Charge Ratio (as defined below) for any semi-annual interest period and the Company provides notice to the New Note Trustee (as described below), interest for such period (and only for such period) shall automatically be capitalised by increasing the principal amount of the New Notes or paid by issuing additional New Notes. Notwithstanding the existence of a Negative Protected Fixed Charge Ratio, the Company may decide to pay interest in cash for any such interest period. If interest is to be paid in kind due to a Negative Protected Fixed Charge Ratio, written notice must be given to the New Note Trustee not later than the 30th day preceding the applicable Interest Payment Date.

There shall be a "Negative Protected Fixed Charge Ratio" for any semi-annual interest period in which the ratio of the Cash Flow (as defined below) of the Issuer and its Restricted Subsidiaries for such period to the Fixed Charges of the Issuer and such subsidiaries for such period (pro forma for the payment of cash interest) is less than 1.00 to 1.00, as estimated in good faith by the Chief Finance Officer (the "CFO") as at the Ratio Test Date (as defined below), taking into consideration, among other things, the Cash Flow and Fixed Charges of the Issuer and such subsidiaries for the most recent four fiscal quarters ending not later than the Ratio Test Date, for which financial statements are available (provided that until such a time as consolidated financial statements for four fiscal quarters following the Issue Date are available, the

CFO may rely on the most recent consolidated financial statements for the four most recent fiscal quarters then available, adjusted to give pro forma effect to the transactions contemplated by the Schemes). "Cash Flow" for any period means free cash flow of the Issuer and its Restricted Subsidiaries (to be calculated as Net Profits plus interest expense and non-cash items, plus (any decrease) and minus (any increase) in working capital and minus extraordinary cash charges and capital expenditures), and the "Ratio Test Date" means the 45th day preceding the applicable interest payment date.

**Ranking:**

The New Notes and the related guarantees will be senior indebtedness of Castle 4 and the guarantors, and will rank equal in right of payment with all of Castle 4 and the guarantors' existing and future senior indebtedness. Castle 4 will be permitted to enter into a new £100 million revolving credit facility or other related debt instruments (a "New RCF") which will rank pari passu with the New Notes and will have priority with respect to the proceeds of enforcement of security. It is not expected that Castle 4 will have entered into a New RCF on completion of the Restructuring, although it may do so in the future.

**Guarantees:**

Guarantees of the New Notes will be given by all of Castle 4's significant subsidiaries (subject to certain conditions), on a first priority basis, to replicate to the maximum extent possible the guarantees under the existing FRNs. Two guarantors under the Existing Finance Documents, Countryside Estate Agents (South) Limited and Securemove Property Services 2005 Limited, will not be part of the new guarantee and security arrangements as they are dormant companies.

**Security:**

The New Notes and the related guarantees will be secured by liens on (i) the capital stock or other equity interests held by Castle 4 in Countryside plc, and (ii) substantially all the assets of Castle 4 and the guarantors, other than certain excluded assets (collectively the "Collateral"). The liens will be first priority liens immediately following the repayment of the RCF, the discharge of the Hedging Liabilities and the release of the related security.

**Certain Covenants:**

The New Notes will be subject to substantially similar covenants as those contained in the FRN Indenture. The Limitation on Indebtedness covenant will provide that the Issuer and the Subsidiary Guarantors will be permitted to incur (i) additional unsecured or secured indebtedness, if pro forma for such incurrence the Fixed Charge Coverage Ratio of the Issuer for the four most recent fiscal quarters would be not less than 2.00 to 1.00 and (ii) additional senior secured

indebtedness, if pro forma for such incurrence the Senior Secured Indebtedness Leverage Ratio of the Issuer for the four most recent fiscal quarters would be no more than 4.25 to 1.00 (together with any indebtedness described in clause (i) above, the "Additional Ratio Debt"). The Limitation on Indebtedness covenant will also provide for the incurrence of additional indebtedness (the "Permitted Debt") on a basis substantially similar to that contained in the FRN Indenture (including substantially similar "baskets"). Without limiting the generality of the foregoing, the Limitation on Indebtedness covenant will contain a "basket" that will permit Castle 4 to incur up to £100 million of secured indebtedness under a New RCF, which would rank pari passu with the New Notes with regards to payment and prior to the New Notes with regards to the proceeds of enforcement of security. In addition: (i) the "basket" for Permitted Debt consisting of notes and earn-out obligations payable to sellers in connection with acquisitions will be increased from £5 million to £10 million in any calendar year and (ii) an exception to the restricted payments covenant will be added to allow the Company to declare and pay dividends in an aggregate cash amount of up to approximately £9 million as necessary to implement the cash bonus plan (as described in Part 1A of the Scheme Document).

The New Notes will also contain covenants substantially similar to those contained in the FRN Indenture (including substantially similar "baskets") which will limit, among other things, the ability of the Issuer and its restricted subsidiaries to:

- (1) make restricted payments, including dividends or other distributions;
- (2) create certain liens;
- (3) sell assets;
- (4) in the case of the Issuer's Restricted Subsidiaries, enter into arrangements that restrict dividends or other payments to the Issuer;
- (5) engage in transactions with affiliates;
- (6) create Unrestricted Subsidiaries;
- (7) consolidate, merge or transfer all or substantially all of the Issuer's assets; and
- (8) materially impair the security interests;

**Optional Redemption:**

Castle 4 may redeem some or all of the New Notes at any time and from time to time on or after the third anniversary of the Issue Date, at a redemption price equal to 102 per cent. of the principal amount of the New Notes, decreasing by 1.00 percentage point for each year thereafter until the redemption price equals 100 per cent. of principal amount, in each case plus accrued and unpaid Interest, if any, to the applicable redemption date.

**Change of Control:**

If a Change of Control (defined consistently with the definition in the existing ERNs, but excluding any event resulting from a transfer to any of the Permitted Holders) occurs, Castle 4 will offer to purchase the New Notes at a purchase price of 101 per cent. of the principal amount of such New Notes, plus accrued and unpaid interest, if any, to the date of purchase. The term "Permitted Holders" includes each of: (i) Apollo; (ii) Oaktree; (iii) Polygon and (iv) Alchemy, and their respective affiliates and (v) certain directors, officers and managers of the Company and its Restricted Subsidiaries and, in certain circumstances, any person that is a member of a group with any of the foregoing parties in (i) through (iv).

**Redemption for Taxation Reasons:**

In the event of certain developments affecting taxation, Castle 4 may redeem all, but not less than all, of the New Notes at 100 per cent. of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of redemption.

**Events of Default:**

The New Note Indenture will contain events of default substantially similar to those contained in the ERN Indenture (except for the deletion of the event of default relating to the Company or its material Subsidiaries entering into or commencing negotiations in connection with a composition, compromise or arrangement with any Creditor).

**New Intercreditor Agreement:**

In the event that Castle 4 enters into a New RCF or Castle 4 or a guarantor incurs any Additional Ratio Debt or Permitted Debt which is secured by a lien on the Collateral, Castle 4, the trustee for the holders of the New Notes, the agent for the New RCF lenders, if any, and the trustee for the holders of any Additional Ratio Debt or Permitted Debt, if any, will enter into an intercreditor agreement on substantially similar terms as the existing intercreditor agreement. Until such time as a new intercreditor agreement is entered into, intercompany liabilities and shareholder loans (if any) will be subordinated to the New Notes and the guarantees pursuant to a separate agreement with Castle 4 and the relevant subsidiaries.

**Transfer Restrictions:**

The New Notes and the guarantees will not be registered under the US Securities Act and may not be offered or sold, except pursuant to an exemption from, or in a transaction not

subject to the registration requirements of the US Securities Act. The New Notes will not have US registration rights.

**Denomination:**

The New Notes will have minimum denominations of £50,000 and integral multiples of £1,00.

**Amendments and Waivers**

The New Note Indenture will contain provisions regarding amendments, waivers and consents that are substantially similar to those contained in the FRN Indenture, except that the provisions regarding when certain holders of the New Notes are disregarded for voting purposes relating to amendments, waivers and consents have been revised to allow affiliates of the Company to exercise their voting rights.

**Listing and Trading:**

The New Notes will be listed on the Alternative Securities Market of the Irish Stock Exchange.

**Governing Law:**

The indenture and guarantees will be governed by the laws of the State of New York. The security agreements will be governed by the laws of England and Wales.

**SCHEDULE 3**

**SUMMARY OF AMENDED ARTICLES** The Amended Articles of the Company, to be adopted prior to the Effective Date, are summarised below.

**Any Scheme Creditors who may be considering making an election to participate in the Additional Offering should consider carefully the terms of the New Shares described herein, and should take into account the risk factors relating to (i) the implementation of the Restructuring and each of the Schemes and (ii) the operating results and financial condition of the Restructured Group set out in Part 8 of the Explanatory Statement.**

**(i) Name**

In connection with the Scheme the name of the Company will be changed to "Countrywide Holdings<sub>2</sub> Ltd".

**(ii) Share rights**

Subject to applicable statutes in the Cayman Islands (the "Companies Law"), ~~any resolution passed by the Company under the Companies Law~~ and other shareholders' rights, shares may be issued with such rights and restrictions as the Company may by ordinary resolution decide, or (if there is no such resolution or so far as it does not make specific provision) as the Board may decide. Redeemable shares may be issued. Subject to the Amended Articles, the Companies Law and any resolution passed by the Company, authorised but unissued shares may be allotted by the Board without the need for any resolution passed by the Company.

**(iii) Voting rights**

Each New B Share will be entitled to one vote per share. Each New A Share and each New C Share will not have any voting rights (other than in relation to a proposed variation or abrogation of their terms, to the extent set out below).

At any general, class or special meeting a resolution put to the vote of the meeting shall be decided by way of poll taken at that meeting. Subject to any special terms as to voting upon which any shares may be issued or may at the relevant time be held, on a poll every member who is present, in person or by proxy, shall have one vote for each share of which he is the holder, if such share is of a class otherwise entitled to vote on such matter.

Any matters to be resolved upon by shareholders may also be approved by written resolution, without a meeting, if ~~executed by the percentage requisite for approval of each~~ approved by all shareholders of the class of shares entitled to vote in the respective resolution at a meeting.

In the case of joint holders of a share, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders and, for this purpose, seniority shall be determined by the order in which the names stand in the register in respect of the joint holding.

**(iv) Restrictions**

No member shall, unless the Board otherwise decides, be entitled to attend or vote in person or by proxy at any meeting in respect of any share held by him if any call or other sum then payable by him in respect of that share remains unpaid.

**(v) Dividends and other distributions**

Upon payment of a dividend or distribution to the shareholders of the Company or any liquidity event (including a liquidation, return of capital or Disposal), the holders of the New A Shares will be paid up to their Priority Distribution (as defined in paragraph (xi) below) in priority to any payments to other shareholders. Thereafter, the New A Shares will ~~not attract any further entitlement to distributions made to shareholders~~ convert into deferred shares and all such entitlements shall be in respect of the New B Shares and the New C Shares.

The Company may either by the consent in writing of holders of shares representing a majority of the voting rights of the issued shares New B Shares or with the sanction of an ordinary resolution passed by the holders of shares the New B Shares, from time to time declare dividends not exceeding the amount recommended by the Board.

Notwithstanding the prior sentence, subject to the Companies Law, the Board may pay interim dividends, and also any fixed rate dividend, whenever the financial position of the Company, in the opinion of the Board, justifies its payment. If the Board acts in good faith, it is not liable to holders of any shares with preferred or pari passu rights for losses arising from the payment of interim or fixed dividends on ~~other~~ any other class of shares ranking pari passu with or after those shares.

No distribution may be declared, made or paid (as appropriate) to the extent prohibited by the articles or any legal or regulatory restriction or by the terms of any of the Company's financing documents in respect of the Restructuring or if the Company has insufficient available cashflows for that purpose. Except so far as the rights attaching to, or the terms of issue of, any share otherwise provide: (i) all distributions shall be declared, and made or paid (as appropriate), according to the amounts paid up on the share in respect of which the distribution is made or paid (as appropriate) but no amount paid up on a share in advance of calls shall be treated for these purposes as paid up on the share; (ii) all dividends shall be apportioned and paid pro rata according to the amounts paid up on the share during any portion of the period in respect of which the dividend is paid; and (iii) dividends may be declared or paid in any currency.

The Board may, if authorised by an ordinary resolution of the Company, offer shareholders the right to elect to receive shares by way of scrip dividend instead of cash in respect of any dividend, subject to the provisions of the articles.

Any dividend unclaimed after a period of twelve years from the date when it was declared or became due for payment (~~whichever comes first~~) shall be forfeited and revert to the Company unless the Board decides otherwise.

The Company may stop sending cheques, warrants or similar financial instruments in payment of dividends by post in respect of any shares or may cease to employ any other means of payment for dividends if either (i) at least two consecutive payments have

remained uncashed or are returned undelivered or that means of payment has failed or (ii) one payment remains uncashed or is returned undelivered or that means of payment has failed and reasonable enquiries have failed to establish any new address or account of the holder. The Company must resume sending dividend cheques, warrants or similar financial instruments or employing that means of payment if the holder requests such resumption in writing.

On a liquidation, the liquidator may, with the sanction of an extraordinary resolution of the Company and any other sanction required by the Companies Law, divide among the members in kind all or part of the assets of the Company (whether they shall consist of property of the same kind or not).

Subject to the Companies Law, in the event of (i) any liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, (ii) any return of capital by the Company or (iii) a Disposal (as defined below), the assets to be distributed or, if applicable, any consideration payable directly to shareholders in connection with a Disposal shall be paid or distributed (x) first, entirely to the New A Shares until the Priority Distribution has been satisfied and (y) thereafter, to the other shareholders pro rata on the basis of the number of shares then in issue. In the case of a Disposal, if assets, securities or other property (other than cash) are to be received by the Company and/or all shareholders entitled to receive any consideration or distribution in connection with the Disposal, the value of such assets, securities or other property shall be as determined or approved by the Board in connection with the Disposal.

"Disposal" means any of the following: (i) the consolidation of the Company with, or the amalgamation or merger of the Company with or into, another person; (ii) the sale of the entire issued share capital of the Company in a single transaction or a series of related transactions to another person; or (iii) the transfer, in a single transaction or in a series of related transactions, of all or substantially all of the assets of the Company and its subsidiaries to any person.

**(vi) Transfer of shares**

The shares are in registered form. Subject to the provisions of the Amended Articles summarised below, any member may transfer all or any of his shares by an instrument of transfer in any usual form or in any other form which the Board may approve except that no New C Shares may be transferred other than: (i) pursuant to a drag-along transaction (as summarised below); or (ii) with the prior approval of the Board. The instrument of transfer must be executed by or on behalf of the transferor and (in the case of a partly-paid share) the transferee.

The transferor of a share is deemed to remain the holder until the transferee's name is entered in the register.

The shares may not, without the prior approval of the Board, be offered, sold, resold, taken up, delivered or transferred, directly or indirectly, in or into the US or to or for the account or benefit of any person believed to be a US Person (as defined in Regulation S under the US Securities Act), or in any other manner whatsoever, as a result of which a registration under the US Securities Act or the US Exchange Act would be required. The Board shall approve of any transfer of shares to a US Person (as defined in the articles)

unless, as a result of the transfer, registration of the shares under the US Securities Act or the US Exchange Act would be required. In particular, no transfer will be valid or accepted for registration unless the Board is satisfied that it will not result in there being 300 or more US Holders of shares. The Board may require the transferor and/or the transferee to provide such legal opinions and documents as are relevant to its consideration of any transfer as well as an indemnity to the Company (on terms to be approved by the Board) in respect of any losses suffered by the Company as a result of any transfer being implemented in breach of these transfer restrictions. Any purported transfer made in breach of the restrictions described in this paragraph shall be void ab initio. The restrictions described in this paragraph may be disapplied by resolution of the Board.

The Board may, in its absolute discretion and without giving any reason, decline to register any transfer of any share which is not a fully paid share. The Board may also decline to register a transfer of a share unless :

- (i) ~~the instrument of transfer;~~ the instrument of transfer is duly stamped or certified or otherwise shown to the satisfaction of the Board to be exempt from stamp duty and is accompanied by the relevant share certificate, if any, and such other evidence of the right to transfer as the Board may reasonably require;
- (ii) the instrument of transfer is in respect of only one class of share;
- (iii) if to joint transferees, the instrument of transfer is in favour of not more than four such transferees;
- (iv) the transfer is determined by the Board to be made in compliance with the drag-along provisions or tag-along provisions; and
- (v) the transfer is determined by the Board to be made in compliance with any applicable transfer restrictions.

**(vii) Variation of rights**

Subject to the Companies Law, in the case of a variation or abrogation which on its terms applies to all classes of shares equally, rights attached to any class of shares may be varied with the written consent of all shareholders together holding not less than 50 per cent. of the aggregate nominal value of the issued shares, or with the sanction of an ordinary resolution passed at a general meeting of shareholders. In the case of any other variation or abrogation which on its terms applies to the rights attaching to a class of shares, rights attached to any class of shares may be varied with the written consent of the holders of the relevant class of shares holding not less than 50 per cent. of the nominal value of the issued shares of that class, or with the sanction of an ordinary resolution of the relevant class of shares passed at a separate general meeting. At every such separate general meeting (except an adjourned meeting) the quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of the class.

The rights conferred upon the holders of any shares shall not, unless otherwise expressly provided in the rights attaching to those shares, be deemed to be varied by the creation or issue of further shares ranking pari passu with them.

Notwithstanding the foregoing: (i) any variation or abrogation which on its terms applies to the New B Shares and the New C Shares equally shall be approved by the consent (in writing or at a meeting) of not less than 50 per cent. of the nominal value of the issued New B Shares or with the sanction of an ordinary resolution of the Company at a general meeting of the holders of the New B Shares; and (ii) no consent or sanction will be required from the holders of deferred shares in any variation or abrogation which affects the rights of deferred shares.

**(viii) Pre-emption rights**

The Amended Articles will authorise the Company to issue [●] New A Shares and [●] New B Shares, approximately half of which will be issued in connection with the Debt-for-Equity Exchange, New Equity, the Additional Offering and if applicable, the Standby Subscription Entitlement. The remainder will be available for allotment and issuance by the Board without further shareholder votes or consent, provided that no allotment of shares in the Company shall be made to any person unless the Company first makes an offer on the same terms to allot to each holder of New B Shares on a pre-emptive basis a proportion of the pre-emption shares which is as nearly as practicable equal to the proportion of issued New B Shares in the Company held by that shareholder ~~(subject to exclusions to deal with fractional entitlements and legal or practical problems).~~

The pre-emption rights shall not apply to: (i) any issue pursuant to the Restructuring; (ii) the issue pursuant to the Additional Offering, the Equity Subscription and, if taken up, the Standby Subscriber Entitlement; (iii) any issue in respect of any employee share scheme or management incentive arrangements; (iv) the payment of a scrip dividend or a capitalisation issue carried out in accordance with the articles; (v) any issuance for which the holders of New B Shares, by ordinary resolution of the New B Shares (or by written resolution of holders of New B Shares representing not less than 50 per cent. of the New B Shares in issue), approve the disapplication of pre-emption rights or (vi) any share capital reorganisation of, or other solvent restructuring, including a reorganisation or restructuring in connection with a listing, implemented by the Company.

The pre-emption offer shall be made by the Company giving notice to each relevant shareholder. The notice shall invite each recipient to state in writing within a period of 10 days (or such longer period as the Board may determine) whether it is willing to accept and subscribe for any such pre-emption shares and, if so, what number of pre-emption shares it is willing to take and subscribe for, including whether, subject to any standby purchase arrangements that the Board may have approved in connection therewith, if it subscribes in full for its pre-emption shares, it is willing to take up and subscribe for pre-emption shares which are not taken up by or subscribed for by other shareholders and what, if any, maximum number of such pre-emption shares it would be willing to subscribe for. The notice may require shareholders, as a condition to any entitlement to the allotment and issue of pre-emption shares to them, to pay their subscription monies in cash to a designated account before the expiry of the pre-emption period.

Any pre-emption shares not accepted and paid for by shareholders shall be allotted and issued by the Board: (i) to shareholders who have notified a willingness to take up such pre-emption shares on a pro rata basis, subject to the maximum number of shares each shareholder has indicated that he is willing to subscribe for; (ii) subject to any standby

purchase arrangements that the Board may have approved in connection therewith, any pre-emption shares which remain unallotted shall be offered by the Board on a pro rata basis to such shareholders who took up their full pro rata entitlement to additional pre-emption shares in (i) above; and (iii) any pre-emption shares which then remain unallotted shall be at the disposal of the Board.

If the Board determines that making a pre-emption offer in accordance with the Amended Articles is not practicable in connection with a proposed allotment and issuance of shares which would not fall within one of the exceptions, it may effect such allotment and issuance without making a pre-emption offer provided that shareholders are granted a right to take up shares (in a manner which reflects mutatis mutandis the operation of the pre-emption provisions outlined above) as promptly as practicable thereafter.

**(ix) Drag-along rights**

If a shareholder (a "**dragging shareholder**") proposes to transfer a proportion (including 100 per cent.) of his shares in a single transaction or series of related transactions, to any person that is not an Affiliate of the selling shareholder, and the holders of New B Shares resolve, by an extraordinary resolution passed by not less than 66 2/3 per cent. of the holders of New B Shares voting at a meeting (or by written resolution of holders of New B Shares representing not less than 66 2/3 per cent. of the New B Shares in issue), that such transfer shall constitute a drag-along transaction, then such shareholder may require that each other shareholder holding the same class of shares as those to be transferred (together, the "**dragged shareholders**") shall transfer the same proportion of his holding of such shares (the "**drag-along shares**") to the purchaser in accordance with the articles. For purposes of the foregoing, if such transfer contemplates the transfer of the New C Shares and the transfer is approved by the New B Shares as set out herein, then the drag-along shall include also the New C Shares.

If a dragging shareholder wishes to exercise such rights, he shall notify the Company of his intention to do so at least 21 days prior to the completion of the proposed drag-along transaction. Promptly upon receipt of a drag-along notice, the Company shall send a copy of the notice to each dragged shareholder with instructions as to his rights and obligations under the drag-along provisions. The dragged shareholders shall be required to consent to any transaction in respect of which drag-along rights are being exercised and each dragged shareholder shall waive any dissentient or similar rights it has in connection with such proposed transaction (or series of transactions).

The transfer of the drag-along shares shall be on terms which, in the reasonable, good faith opinion of the board, are no less favourable than those terms and conditions to which the transfer of shares of the same class by the dragging shareholder will be subject pursuant to that transaction (for the avoidance of doubt, the financial value of the consideration shall be construed as meaning the value of the consideration regardless of the form of consideration (whether it be cash, securities or otherwise)). For the avoidance of doubt, the New A Shares shall not be entitled to more than the Priority Distribution.

If there is any continuing obligation in relation to the shares being transferred by the dragging shareholders and the drag-along shares at the time of such transaction (or transactions), such continuing obligation may, at the reasonable determination of the board, be satisfied by a retention of all or part of the consideration due to shareholders of

the same class pursuant to such drag-along transaction, provided that, if the drag-along purchaser is willing to permit a dragging shareholder of the same class to satisfy any continuing obligation in respect of the drag-along transaction by way of indemnity in lieu of a retention of consideration due to such dragging shareholder, then the drag-along purchaser shall be required to offer the same opportunity, pro rata, to any dragged shareholder of the same class who holds 20 per cent. or more of the issued equity share capital of the Company and who is able to provide a suitably solvent indemnity or letter of credit acceptable to the drag-along purchaser.

Where such drag-along rights are exercised: (i) any condition or restriction that may be imposed with respect to (and with respect to any rights attaching to) the shares being transferred by the dragging shareholders or with respect to the dragging shareholders under the drag-along transaction shall apply equally to the drag-along shares of the same class or the dragged shareholders of the same class (as the case may be) and (ii) any costs and expenses attributable to the relevant transaction (or series of transactions) will be apportioned pro rata amongst participating shareholders. Each dragged shareholder shall be required to enter into any obligation and deliver all documents necessary or reasonably required in connection with the sale, as specified in the drag-along notice, and, in respect of itself and its own shares only, to make the same representations and warranties relating to status, capacity, authorisation and title to and ownership of shares that the dragging shareholder of the same class makes in respect of its shares.

(x) **Tag-along rights**

If a shareholder or any of its Affiliates (the "selling shareholder") proposes to transfer a proportion (including 100 per cent.) of its shares in a single transaction or series of related transactions to any person (the "tag-along purchaser") who is not an Affiliate of the selling shareholder, and the shares to be transferred in such transaction, including all other shares of the same class to be sold, in such transaction or series of related transactions would be a transfer of not less than 66 2/3 per cent. of the shares of such class in issue (a "tag-along transaction"), then the tag-along purchaser shall be required to make an offer to the other shareholders of such class to acquire the relevant proportion of their shares (the "tag-along shares").

Within 21 days following completion of a tag-along transaction, the tag-along purchaser shall deliver to each other shareholder of the same class a notice containing an irrevocable and unconditional offer to acquire the tag-along shares of the same class held by him (the "tag-along offer"). This notice shall contain instructions to such shareholders as to their rights and obligations under the tag-along provisions in the articles, and shall be open for acceptance by each other shareholder for a period of not less than 21 days following the date of the notice. Each shareholder who accepts the tag-along offer (a "tagging shareholder") shall be required to consent to any transaction in respect of which tag-along rights are being exercised and each such shareholder shall waive any dissentient or similar rights it has in connection with such proposed tag-along transaction.

The offer by the tag-along purchaser to acquire the tag-along shares shall be on terms which, in the reasonable, good faith opinion of the board, are no less favourable than those terms and conditions to which the transfer of the shares of the same class by the selling shareholder will be subject pursuant to the tag-along transaction (for the avoidance of doubt, the financial value of the consideration shall be construed as

meaning the value of the consideration regardless of the form of consideration (whether it be cash, securities or otherwise)). For the avoidance of doubt, the New A Shares shall not be entitled to more than the Priority Distribution.

If there is any continuing obligation in relation to the shares being transferred by the selling shareholder and the tag-along shares at the time of the transaction (or transactions), such continuing obligation may, at the reasonable determination of the board, be satisfied by a retention of all or part of the consideration due to shareholders pursuant to such tag-along transaction provided that, if the tag-along purchaser is willing to permit the selling shareholder to satisfy any continuing obligation in respect of the tag-along transaction by way of indemnity in lieu of a retention of consideration due to the selling shareholder, then the tag-along purchaser shall be required to offer the same opportunity, pro rata, to any shareholder of the same class who sells tag-along shares in the tag-along transaction, holds 5 per cent. or more of the issued equity share capital of the ~~same class of the~~ Company and who is able to provide a suitably solvent indemnity or letter of credit acceptable to the tag-along purchaser.

Where such tag-along rights are exercised: (i) any condition or restriction that may be imposed with respect to (and any rights attaching to) the shares or the selling shareholder shall apply equally to the tag-along shares or the holders of the tag-along shares (as the case may be); and (ii) any costs and expenses attributable to the relevant transaction (or series of transactions) will be apportioned pro rata amongst participating shareholders. Each other shareholder who accepts a tag-along offer shall be required to enter into any obligation and deliver all documents necessary or reasonably required in connection with the sale, as specified in the tag-along notice, and, in respect of itself and its own shares only, to make the same representations and warranties relating to status, capacity, authorisation and title to and ownership of shares that the selling shareholder makes in respect of its shares.

The tag-along provisions shall cease to have effect following a Listing (as defined in paragraph (xiii) below) of the shares.

**(xi) New A, New B and New C Shares**

The New A Shares are a class of shares in the capital of the Company with a par value of £1.00 each. Upon the payment of a dividend or a liquidity event (including any other distribution, a liquidation, return of capital or disposal), the holders of the New A Shares will receive up to their aggregate par value in priority to any payments to any other shareholders (the "Priority Distribution"). Following payment of the Priority Distribution in full, the New A Shares will convert into deferred shares and will not attract any further entitlement to distributions made to shareholders. The New A Shares will not have any voting rights (other than in relation to a proposed variation or abrogation of the terms of the New A Shares, to the extent specified in the Amended Articles).

The New B Shares are shares of the Company with a par value of £0.01 each. Each New B Share will be entitled to one vote per share and will be entitled to receive dividends and distributions from the Company, when properly declared and made, after full payment of the Priority Distribution to the holders of New A Shares.

The New A Shares and New B Shares will be "stapled". As a result a holder of New A Shares and New B Shares may only transfer a portion of any New A Shares or New B Shares held by him (such portion being the "relevant portion") if he also transfers the relevant portion of his holding of New B Shares or New A Shares, respectively, to the same transferee in the same transaction. However, this restriction shall not apply: (i) to shares transferred in a drag-along transaction or a tag-along transaction where the drag-along purchaser or tag-along purchaser, as applicable, is acquiring New A Shares and/or New B Shares without the other from the dragging shareholder or selling shareholder, as applicable (in which case, at the discretion of the Board, the transfer restriction may also be eliminated with respect to all outstanding New A Shares and New B Shares); or (ii) where the shareholders resolve, by a resolution passed by not less than 66 2/3 per cent. of the holders of New B Shares voting in person or by proxy at a general meeting of the Company (or, if resolved by written resolution, passed by written resolution of holders of New B Shares representing not less than 66 2/3 per cent. of the New B Shares then in issue), that such transfer restrictions shall not apply; or (iii) following a redemption of the New A Shares.

The New C Shares are shares of the Company with a par value of £0.01 each that will be issuable by the decision of the Board. It is expected that, subject to agreeing terms with management, the New C Shares will be issued to an employee benefits trust to implement a management incentive plan. The rights attaching to the New C Shares are the same as those of the New B Shares save that the New C Shares will not have any voting rights (other than in relation to a proposed variation or abrogation of the terms of the New C Shares, to the extent specified in the Amended Articles), tag-along rights or pre-emption rights and will not be stapled to the New A Shares. It is expected that the New C Shares will be issued in an amount in the region of 10% of the aggregate New B Shares and New C Shares, calculated: (i) after taking into account the subscription for the New Equity; and (ii) on the assumption that both the Additional Equity Entitlement and the Standby Subscriber Entitlement are taken up in full. However, the actual percentage of the New C Shares issued could be above or below the 10% figure described above, and will be based on terms to be agreed.

**(xii) Alteration of share capital**

The Company may by ordinary resolution increase, consolidate, consolidate and then divide, or (subject to the Companies Law) sub-divide its shares or cancel any shares which have not been taken or agreed to be taken by any person. The Company may, subject to the Companies Law, by special resolution reduce its share capital, share premium account, capital redemption reserve or any other undistributable reserve.

**(xiii) Listing of equity share capital**

If the Board resolves to seek the admission of any part of the equity share capital to trading on a recognised investment exchange (as defined in the Financial Services and Markets Act 2000) or any other exit transaction which the board determines is an appropriate alternative, including conversion to a unit trust or other legal form, ownership interests in which are publicly traded or quoted (together, a "Listing"), the Company shall use its reasonable endeavours to effect the Listing and shall take such action as is customarily taken by a company in order to achieve a listing of its securities (including entering into any underwriting, listing, sponsorship or similar agreement as is customary

terms and undertaking roadshow and similar marketing activities). In connection with a Listing, each shareholder will: (i) vote in favour of any amendment to the Amended Articles or the adoption of new articles that are, in the opinion of the board, customary or reasonably required for Listing; and (ii) give or make any lock-up covenants reasonably specified by the board and representations and warranties relating to status, capacity, authorisation and title to and ownership of shares (which shall be given by a shareholder in respect of himself and his shares only). If any shareholder fails to comply with these terms, the board may authorise a person to execute any documents on behalf of such shareholder that the board considers necessary or appropriate to secure such compliance. These matters shall not be deemed to be a variation or abrogation of the rights of any shareholder.

**(xiv) General meetings**

Subject to the provisions of the Companies Law, an annual general meeting and an extraordinary general meeting convened for the passing of a special resolution or a resolution of which special notice has been given to the Company shall be called by not less than 21 clear days' notice in writing. All other extraordinary meetings shall be called by not less than 14 clear days' notice in writing.

The notice must specify the place, day and time of the meeting and the general nature of the business transacted.

Notices shall be given to the auditors of the Company and to all members other than any who, under the provisions of the articles or the terms of issue of the shares they hold, are not entitled to receive such notice. Each holder of ~~shares entitled to vote~~ New B Shares shall be entitled to receive notice of general meetings of the Company.

Each director shall be entitled to attend and speak at any general meeting. The chairman of the meeting may invite any person to attend and speak at any general meeting where he considers that this will assist in the deliberations of the meeting.

**(xv) Directors**

**(A) Number of directors**

The directors shall be not less than two and not more than ten in number. The Company may by ordinary resolution vary the minimum number of directors and by the approval of the Board vary the maximum number of directors. ~~A majority of directors shall at all times be resident in the United Kingdom for tax purposes. The Board shall be comprised of six directors appointed by Oaktree and Apollo immediately after the Restructuring.~~

**(B) Directors' shareholding qualification**

A director shall not be required to hold any shares in the Company.

(C) *Appointment of directors*

Directors may be elected by the Company by ordinary resolution or appointed by the Board (subject to the maximum number fixed by or in accordance with the Amended Articles).

The Board or any committee authorised by the board may from time to time appoint one or more directors to hold any employment or executive office for such period (subject to the provisions of the Companies Law) and on such terms as they may determine and may also revoke or terminate any such appointment.

(D) *Age of directors*

No person is disqualified from being a director of the Company or is required to vacate that office, by reason only of the fact that he has attained the age of 70 years or any other age, nor is it necessary to give special notice of a resolution appointing or electing such a director.

(E) *Retirement of directors*

Subject to the provisions of the Amended Articles, at the annual general meeting at which a director retires, the Company can pass an ordinary resolution to re-elect the director or to elect some other eligible person in his place.

(F) *Removal of directors by ordinary resolution*

The Company may by ordinary resolution, or by the consent in writing of holders of New B Shares holding shares representing not less than 50 per cent. of the aggregate nominal value of the issued New B Shares, remove any director before the expiration of his period of office.

(G) *Vacation of office*

The office of a director of the Company shall be vacated if:

- (a) he resigns or offers to resign and the board resolves to accept such offer;
- (b) his resignation is requested by all of the other directors and all of the other directors are not less than three in number;
- (c) he is or has been suffering from mental ill health or he becomes a patient for the purposes of any statutes relating to mental health and the board resolves that his office be vacated;
- (d) he is absent without the permission of the board from meetings of the board (whether or not an alternate director appointed by him attends) for six consecutive months and the board resolves that his office is vacated;
- (e) he becomes bankrupt or compounds with his creditors generally;

- (f) he is prohibited by a law from being a director;
- (g) he ceases to be a director by virtue of the Companies Law; or
- (h) he is removed from office pursuant to the Company's articles.

If the office of a director is vacated for any reason, he shall cease to be a member of any committee or sub-committee of the board.

**(xvi) Alternate director**

Any director may appoint any person to be his alternate and may at his discretion remove such an alternate director. If the alternate director is not already a director, the appointment, unless previously approved by the board, shall have effect only upon and subject to being so approved.

**(xvii) Proceedings of the board**

Subject to the provisions of the articles, the Board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it thinks fit. The quorum necessary for the transaction of the business of the Board shall be a whole number of directors equal to at least a majority of the total number of directors. A meeting of the Board at which a quorum is present shall be competent to exercise all the powers, authorities and discretions vested in or exercisable by the board. Notice of a Board meeting shall be deemed to be properly given to a director if it is given to him personally or sent in writing (including by way of fax or email). The meetings of the Board shall at all times be held in the United Kingdom, and each director shall endeavour to attend all meetings in person.

The Board may appoint a director to be the chairman or a deputy chairman and may at any time remove him from that office. Each director shall have a single vote on resolutions to be considered by the Board. Directors may also act by written consent in lieu of a meeting. Proposals at any meeting of the Board or taken by written consent of directors shall be determined by a majority of votes.

Any of the members of the Board may in exceptional circumstances participate in a meeting of the board by means of a conference telephone or any communication equipment which allows all persons participating in the meeting to speak to and hear each other. A person so participating shall endeavour to participate from a location in the UK and be deemed to be present at the meeting and shall be entitled to vote and to be counted in the quorum.

The Board may delegate any of its powers, authorities and discretions (with power to sub-delegate) to any committee, consisting of such person or persons as it thinks fit, provided that the majority of persons on any committee or sub-committee must be directors that are resident in the United Kingdom for tax purposes. The meetings and proceedings of any committee consisting of two or more members shall be governed by the provisions contained in the articles for regulating the meetings and proceedings of the board so far as the same are applicable and are not superseded by any regulations imposed by the Board. Such meetings shall at all times be held in the United Kingdom and each member shall endeavour to attend all meetings in person.

**(xviii) Remuneration of directors**

Each of the directors shall be paid a fee at such rate as may from time to time be determined by the Board, but the aggregate of all such fees so paid to the directors shall not exceed £500,000 per annum or such higher amount as may from time to time be decided by ordinary resolution of the Company. Any director who is appointed to any executive office shall be entitled to receive such remuneration (whether by way of salary, commission, participation in profits or otherwise) as the Board or any committee authorised by the Board may decide, either in addition to or in lieu of his remuneration as a director. In addition, any director who performs services which in the opinion of the Board or any committee authorised by the Board go beyond the ordinary duties of a director, may be paid such extra remuneration as the board or any committee authorised by the board may determine. Each director may be paid his reasonable travelling, hotel and incidental expenses of attending and returning from meetings of the Board, or committees of the board of the Company or any other meeting which as a director he is entitled to attend, and shall be paid all expenses properly and reasonably incurred by him in the conduct of the Company's business or in the discharge of his duties as a director.

**(xix) Pensions and gratuities for directors**

The Board or any committee authorised by the board may exercise the powers of the Company to provide benefits either by the payment of gratuities or pensions or by insurance or in any other manner for any director or former director or his relations, dependants or persons connected to him. No director or former director shall be accountable to the Company or the members for any benefit provided pursuant to the articles and the receipt of any such benefit shall not disqualify any person from being or becoming a director of the Company.

**(xx) Permitted interests of directors**

Subject to the provisions of the Companies Law, and provided he has declared the nature of his interest to the board as required by the Companies Law, a director of the Company is not disqualified by his office from contracting with the Company in any manner, nor is any contract in which he is interested liable to be avoided, and any director who is so interested is not liable to account to the Company or the members for any benefit realised by the contract by reason of the director holding that office or of the fiduciary relationship thereby established.

A director of the Company may hold any other office or place of profit with the Company (except that of auditor) in conjunction with his office of director and may be paid such extra remuneration for so doing as the board or any committee authorised by the Board may decide, either in addition to or in lieu of any remuneration provided for by other articles. A director of the Company may also be or become a director or other officer of, or otherwise be or become interested in, or contract with any company promoted by the Company or in which the Company may be interested and shall not be liable to account to the Company or the members for any benefit received by him, nor shall any such contract be liable to be avoided.

A director of the Company may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services.

**(xxi) Restrictions on voting**

No director may vote on or be counted in the quorum in relation to any resolution of the board concerning his own appointment, or the settlement or variation of the terms or the termination of his own appointment, as the holder of any office or place of profit with the Company or any other company in which the Company is interested save to the extent permitted specifically in the articles.

Directors who are in any way, whether directly or indirectly, interested in a contract or proposed contract to be entered into by the Company shall give notice of the nature of that interest and shall be able to vote in respect of any resolution on, or question arising in respect of, that contract or proposed contract.

~~(xxii) Borrowing powers~~

**(xxii) Powers and duties of the Board**

Subject to the memorandum of association of the Company, the articles, the Companies Law and any directions given by the Company by special resolution, the business of the Company will be managed by the Board who may exercise all the powers of the Company, whether relating to the management of the business of the Company or not. In particular, the board may exercise all the powers of the Company to borrow money and to mortgage or charge any of its undertaking, property, assets (present and future) and uncalled capital and to issue debentures and other securities and to give security for any debt, liability or obligation of the Company or of any third party.

**(xxiii) Indemnity of directors**

Subject to the provisions of the Companies Law, the Company may indemnify any director, or other officer of the Company against any liability and may purchase and maintain for any director, or officer of the Company, insurance against any liability. Every director and other officer of the Company shall be indemnified out of the assets of the Company against any liability incurred by him as a director or other officer of the Company in defending any proceedings in which judgment is given in his favour, he is acquitted or in connection with any application in which relief is granted to him by a court.

**(xxiv) Untraced shareholders**

The Company may sell any shares in the Company on behalf of the holder of, or person entitled by transmission to, the shares at the best price reasonably obtainable at the time of sale if:

- (A) the shares have been in issue throughout the qualifying period (as defined in the articles) and at least three cash dividends have become payable on the shares during the qualifying period and no cash dividend payable on the shares has

either been claimed or satisfied in the manner specified in the articles at any time during the relevant period (as defined in the articles);

- (B) the Company has not at any time during the relevant period received any communication from the holder of, or person entitled by transmission to, the shares; and
- (C) the Company has published two advertisements, one in a newspaper with a national circulation and the other in a newspaper circulating in the area in which the last known postal address of the holder of, or person entitled by transmission to, the shares (or the postal address at which service of notices may be effected under the articles) is located, giving notice of its intention to sell the shares and a period of three months has elapsed from the date of publication of the advertisements or of the last of the two advertisements to be published if they are published on different dates.

The net proceeds of sale shall belong to the Company and, upon their receipt, the Company shall become indebted to the former holder of, or person entitled by transmission to, the shares for an amount equal to the net proceeds.

**(xxv) Determination**

All determinations, valuations, matters of interpretation of ~~these articles~~ the Amended Articles and any other matters of judgment or discretion that may be required or permitted to be made by the Board, including with respect to the Priority Distribution and any conflict or potential conflict between the various classes of capital stock of the company, shall be made by the Board in good faith, and, if so made in good faith, shall be valid, final and binding upon all holders of capital stock of the Company.

**Schedule 2**

**Further terms and conditions of Additional Equity Entitlement**

**1. Further terms and conditions of the Additional Equity Entitlement**

The attention of Scheme Creditors who have registered addresses outside the United Kingdom, or who are citizens or residents of countries other than the United Kingdom, or who are holding FRNs or Senior Notes for the benefit of such persons (including, without limitation, custodians, nominees, trustees and agents), or who have a contractual or other legal obligation to forward this document or the Account Holder Letter to such persons, is drawn to the information which appears in Section 5 of Part 2 of the Account Holder Letter.

**Part 2 of the Account Holder Letter must be duly completed and received, and payment in cleared funds of the subscription price for Additional Shares taken up in the Additional Offering must be made, by the Claim Time.**

If you fail to deliver a duly completed Part 2 of the Account Holder Letter by the Claim Time or fail to make payment in cleared funds by that time, any election made by you in respect of the Additional Equity Entitlement will not be valid.

If valid elections are not received for all of the Additional Shares being made available under the Additional Equity Entitlement, the Standby Subscribers will provide a standby subscription commitment pursuant to the terms of the Equity Subscription Agreement and will subscribe for up to the full amount of the Additional Equity Entitlement. Under the terms of their standby commitment, the Standby Subscribers will be entitled to purchase not less than £5 million of Additional Shares, in addition to the Additional Shares that they are otherwise entitled to subscribe for as Scheme Creditors under the Additional Equity Entitlement. If the amount of the Additional Shares remaining unsubscribed at the Claim Time (the "Unsubscribed Amount") represents, at par value, less than £5 million so that the Standby Subscribers are not able to take up their minimum commitment under the standby commitment, then the Standby Subscribers will be entitled to subscribe for, and the Company shall issue to the Standby Subscribers, such number of Additional Shares at par value and in the Agreed Ratio as equals the difference between the Unsubscribed Amount and £5 million.

The Additional Shares will be issued credited as fully paid and will rank in full for all dividends and other distributions declared, made or paid on the New Shares received pursuant to the Scheme. No temporary documents of title will be issued.

**Scheme Creditors should be aware that the Additional Equity Entitlement is not a rights issue. Scheme Creditors should also note that Part 2 of the Account Holder Letter is not a negotiable document and cannot be traded. Additional Shares not subscribed for under the Additional Equity Entitlement will not be sold in the market for the benefit of those who do not elect under the Additional Equity Entitlement and Scheme Creditors who do not elect to take up Additional Shares will have no rights under the Additional Equity Entitlement.**

**Any Additional Shares which are not subscribed for under the Additional Equity Entitlement will be subscribed for by the Standby Subscribers subject to the terms and conditions of the Equity Subscription Agreement.**

## ~~2. Procedure for Election and Payment~~

~~If you do not wish to elect to subscribe for Additional Shares, you should not complete and return Part 2 of the Account Holder Letter.~~

### ~~Part 2 of the Account Holder Letter~~

#### ~~(A) General~~

~~Part 2 of the Account Holder Letter shows the maximum number of Additional Shares for which a Scheme Creditor is entitled to elect under the Additional Equity Entitlement. Scheme Creditors may elect for less than their maximum entitlement should they wish to do so.~~

~~The instructions and other terms set out in Part 2 of the Account Holder Letter form part of the terms of the Additional Equity Entitlement and the Castle 4 Schemes.~~

~~Part 2 of the Account Holder Letter is not a negotiable document and cannot be separately traded. A Scheme Creditor who has sold or otherwise transferred all or part of his holding of FRNs or Senior Notes prior to the Record Time, should consult his broker or other professional adviser as soon as possible, as the invitation to acquire Additional Shares under the Additional Equity Entitlement may be a benefit which may be claimed by the transferee from his counterparty.~~

#### ~~(B) Election procedures~~

~~Scheme Creditors wishing to elect to subscribe for all or any of the Additional Shares to which they are entitled should complete Part 2 of the Account Holder Letter in accordance with the instructions printed on it. Completed forms should be delivered by post, facsimile or e-mail to Lucid in accordance with the instructions set out in the Account Holder Letter so as to be received by the Claim Time, after which time Part 2 of the Account Holder Letter will not be valid.~~

~~Once submitted, an election is irrevocable. If Part 2 of the Account Holder Letter is being sent by post in the UK, Scheme Creditors are advised to allow at least four working days for delivery.~~

#### ~~(C) Validity~~

~~The Company may in its sole discretion, but shall not be obliged to, treat Part 2 of the Account Holder Letter as valid and binding on the person by whom or on whose behalf it is lodged, even if not completed in accordance with the relevant instructions or not accompanied by a valid power of attorney where required, or if it otherwise does not strictly comply with the terms and conditions of the Additional Equity Entitlement. The Company further reserves the right (but shall not be obliged) to accept either: (i) Part 2 of the Account Holder Letter received after the Claim Time; or (ii) elections in respect of which remittances are received before the Claim Time from authorised persons (as defined in FSMA) specifying the Additional Shares applied for and undertaking to lodge Part 2 of the Account Holder Letter in due course but, in any event, within two Business Days.~~

~~Multiple elections will not be accepted.~~

The Additional Equity Entitlement is conditional upon the Schemes becoming effective. If the Additional Equity Entitlement lapses, all application monies in relation to the Additional Equity Entitlement will be returned as soon as is practicable after that date.

~~(D) — Effect of an election~~

~~All documents and remittances sent by post by or to a Scheme Creditor (or as the Scheme Creditor may direct) will be sent at the Scheme Creditor's own risk. By completing and delivering Part 2 of the Account Holder Letter, the person executing it shall make the representations and warranties, confirmations, assurances and comments set out, or referred to, in Part 2 of the Account Holder Letter.~~

~~If you have any questions relating to the procedure for making elections, please contact Sunjeeve Patel at Lucid between 9.30 a.m. and 5.30 p.m. (London time) Monday to Friday (except UK public holidays) on +44 (0) 20 7704 0880. Lucid cannot provide advice on whether applicants should take up their Additional Equity Entitlements nor give any financial, legal or tax advice.~~

~~**If you are in any doubt about the action you should take, you should immediately consult your stockbroker or other independent financial adviser.**~~

~~3. — Payments~~

~~(A) — Instructions for Payment~~

~~Lucid will provide Scheme Creditors with instructions for the payment, through the Clearing System, of the subscription price for any Additional Shares to be taken up in the Additional Offering. These instructions will be published on Lucid's website ([www.lucid-is.com/castle](http://www.lucid-is.com/castle)) on or before [•] 2009.~~

~~(B) — Money Laundering Regulations~~

~~To ensure compliance with the Money Laundering Regulations, the Company may require, at its absolute discretion, verification of the identity of the beneficial owner by whom or on whose behalf the Part 2 of the Account Holder Letter is lodged with payment (which requirements are referred to below as the "verification of identity requirements"). If an election is made by a UK regulated broker or intermediary acting as agent and which is itself subject to the Money Laundering Regulations, any verification of identity requirements are the responsibility of such broker or intermediary and not of the Company. In such case, the lodging agent's stamp should be inserted on Part 2 of the Account Holder Letter.~~

~~The person lodging Part 2 of the Account Holder Letter with payment (the "applicant"), including any person who appears to the Company to be acting on behalf of some other person, shall thereby be deemed to agree to provide the Company with such information and other evidence as the Company may require to satisfy the verification of identity requirements.~~

~~If the Company determines that the verification of identity requirements apply to any applicant or application, the relevant Additional Shares (notwithstanding any other term of the Additional Equity Entitlement) will not be issued to the relevant applicant unless and until the verification of identity requirements have been satisfied in respect of that applicant or application. The Company is entitled, in its absolute discretion, to determine whether the verification of identity requirements~~

apply to any applicant or application and whether such requirements have been satisfied, and the Company will not be liable to any person for any loss or damage suffered or incurred (or alleged), directly or indirectly, as a result of the exercise of such discretion.

If the verification of identity requirements apply, failure to provide the necessary evidence of identity within a reasonable time may result in delays and potential rejection of an election. If, within a reasonable period of time following a request for verification of identity, the Company has not received evidence satisfactory to it as aforesaid, the Company may, in its absolute discretion, treat the relevant election as invalid, in which event the application moneys will be returned (at the applicant's risk) without interest.

The verification of identity requirements will not usually apply if:

- (A) ~~the applicant is a regulated UK broker or intermediary acting as agent and is itself subject to the Money Laundering Regulations; or~~
- (B) ~~the applicant is an organisation required to comply with the EU Money Laundering Directive (No.91/308/EEC) as amended by Directive 2001/97/EC and 2005/60/EC; or~~
- (C) ~~the applicant is a company whose securities are listed on a regulated market subject to specified disclosure obligations; or~~
- (D) ~~the applicant (not being an applicant who delivers his application in person) makes payment through an account in the name of such applicant with a credit institution which is subject to the Money Laundering Regulations or with a credit institution situated in a non-EEA State which imposes requirements equivalent to those laid down in that directive; or~~
- (E) ~~the aggregate subscription price for the relevant Additional Shares is less than Euro 15,000 (or its pounds sterling equivalent).~~

#### ~~4. Settlement~~

~~Additional Shares in physical (certificated) form are expected to be despatched by post on or before [•]. No temporary documents of title will be issued. Pending despatch of definitive share certificates, transfers of the Additional Shares will be certified against the share register held by [•]. All documents or remittances sent by or to a Scheme Creditor (or his agent as appropriate) will be sent through the post and will (in both cases) be at the risk of the Scheme Creditor.~~

#### ~~5. Overseas Scheme Creditors~~

~~5.1 Scheme Creditors who have registered addresses in, or who are resident in, or who are citizens of, countries other than the UK should consult their professional advisers whether they require any governmental or other consents or need to observe any other formalities to enable them to take up their Additional Shares under the Additional Equity Entitlement. Scheme Creditors are advised to read carefully the eligibility criteria for participating in the Additional Equity Entitlement set out in section 5 of Part 2 of the Account Holder Letter.~~

- ~~5.2 Neither the Company nor any other person has taken or will take any action in any jurisdiction which would permit a public offering of Additional Shares in any jurisdiction where action for the purpose is required.~~
- ~~5.3 The Company reserves the right to waive, vary or modify any provisions relating to overseas Scheme Creditors and to accept or reject in its absolute discretion applications under the Additional Equity Entitlement received from persons in any overseas territory or persons it believes are acquiring Additional Shares for resale in any such territory. A Scheme Creditor who is in any doubt as to his/her position should consult an appropriate professional adviser without delay. All payments in connection with an accepted application must be made in pounds sterling in cleared funds.~~
- ~~5.4 Notwithstanding any other provision of this document or Part 2 of the Account Holder Letter, the Company reserves the right to permit any Scheme Creditor to accept the Additional Equity Entitlement if it, in its sole and absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations giving rise to the restrictions in question.~~

~~**If you are in any doubt as to your eligibility to elect for Additional Shares, you should contact your professional adviser immediately.**~~

**Schedule 3**

**Deed of Undertaking**

**SCHEDULE 4**  
**FORM OF DEED OF UNDERTAKING**

**THIS DEED OF UNDERTAKING** is made on [•] 2009

BY

- (1) [•], a company incorporated and registered in [•] with registered number [•], whose registered office is [•], in its capacity as [•] (the "[Counterparty]").

**IN FAVOUR OF**

- (2) Castle Holdco 4-Limited4, Ltd., a limited company incorporated in the Cayman Islands under registered number 182043 and having its registered office at the offices of Walkers SPV Limited, Walker House, 87 Mary Street, George Town, Grand Cayman, KY1 – 9002, Cayman Islands (the "Company"); and
- (3) The companies listed in Appendix 1 hereto (the "Subsidiary Guarantors").

**WHEREAS**

- (A) As part of a restructuring of the capital structure of the Company (which includes the compromise of certain of the debts and other financial obligations of the Company) (i) the Company proposes to enter into a scheme of arrangement under Part 26 of the Companies Act 2006, (ii) the Company proposes to enter into a scheme of arrangement under section 86 of the Companies Law (2007 Revision) of the Cayman Islands and (iii) the Subsidiary Guarantors propose to enter into schemes of arrangement under Part 26 of the Companies Act 2006, all as described in the Explanatory Statement set out in Schedule 2 to this Agreement 2006 (together the "Schemes") with certain of their creditors (the "Scheme Creditors").
- (B) The Scheme Creditors are creditors of the Company and the Subsidiary Guarantors under the FRNs and the Senior Notes (as defined below). The Schemes shall apply to all liabilities of the Company and the Subsidiary Guarantors in respect of the FRNs and the Senior Notes.
- (C) The Schemes are part of a wider restructuring of the corporate group of which the Company is a member pursuant to which the Company will come under the new ownership of the Scheme Creditors and management.
- (D) The terms of the Schemes are described in further detail in the document dated [•] 2009 which contains, among other things, the explanatory statement of the Company and the Subsidiary Guarantors relating to the Schemes (the "Scheme Document").

**DEFINITIONS**

In this Deed, unless inconsistent with the subject or context, the following expressions bear the following meanings:

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

~~"FRNs" means the Company's £370 million Senior Secured Floating Rate Notes due 2014 and the £100 million Senior Secured PIK Election Floating Rate Notes due 2014 as constituted by the FRN Indenture;~~

~~"FRN Indenture" means the indenture dated 9 May 2007 relating to the FRNs entered into by the Company, Deutsche Trustee Company limited as Trustee, Deutsche Bank AG, London Branch as Security Agent, Principal Paying Agent and Transfer Agent and Deutsche International Corporate Services (Ireland) Limited as Irish Paying Agent and Transfer Agent (each as defined therein);~~

~~"Grand Court" means the Grand Court of the Cayman Islands;~~

~~"Senior Notes" means the Company's £170 million 9 7/8 per cent. Senior Notes due 2015 as constituted by the Senior Notes Indenture; and~~

~~"Senior Notes Indenture" means the senior notes indenture dated 9 May 2007 entered into by the Company, Deutsche Trustee Company limited as Trustee, Deutsche Bank AG, London Branch as Security Agent, Principal Paying Agent and Transfer Agent and Deutsche International Corporate Services (Ireland) Limited as Irish Paying Agent and Transfer Agent;~~

Unless otherwise defined in this Deed or the context otherwise requires, words and expressions used in this Deed shall have the meanings given to them in the Scheme Document.

**THIS DEED WITNESSES AND IT IS HEREBY DECLARED AS FOLLOWS:**

1. The [Counterparty]:
  - 1.1 hereby undertakes, to and for the benefit of the Company and each Subsidiary Guarantor, to instruct counsel to appear on its behalf at each hearing in connection with the Schemes to give an undertaking on its behalf to the Court to be bound by each of the Schemes;
  - 1.2 hereby consents to each Scheme and upon each Scheme being sanctioned by the Court or the Grand Court, as applicable, agrees to be bound by it on the terms and conditions and in such form as may be sanctioned by the Court or the Grand Court, as applicable; and
  - 1.3 upon each Scheme being sanctioned by the Court or the Grand Court, as applicable, shall execute or procure to be executed all such documents, and do or procure to be done all such acts and things, as the Company and each Subsidiary Guarantor may consider necessary or desirable for the purposes of giving effect to each Scheme.
2. This Deed and any non-contractual obligations arising out of or in connection with this Deed shall be governed by, and construed in accordance with, the laws of England and Wales.
3. This Deed may be executed in any number of separate counterparts, each of which is an original but all of which taken together shall constitute one and the same instrument.

Duly executed and delivered as a deed on [●] 2009.



EXECUTED and DELIVERED ) .....  
as a DEED by ) Director  
**Countrywide plc** )  
acting by two directors/a director ) .....  
and the secretary ) Director/Secretary

EXECUTED and DELIVERED ) .....  
as a DEED by ) Director  
**Countrywide Estate Agents** )  
acting by two directors/a director ) .....  
and the secretary ) Director/Secretary

EXECUTED and DELIVERED ) .....  
as a DEED by ) Director  
**Countrywide Estate Agents** )  
**FS Limited** )  
acting by two directors/a director ) .....  
and the secretary ) Director/Secretary

EXECUTED and DELIVERED ) .....  
as a DEED by ) Director  
**Countrywide Estate Agents** )  
**(South) Limited** )  
acting by two directors/a director ) .....  
and the secretary ) Director/Secretary

EXECUTED and DELIVERED ) .....  
as a DEED by ) Director  
**Countrywide Franchising** )  
**Limited** )  
acting by two directors/a director ) .....  
and the secretary ) Director/Secretary

EXECUTED and DELIVERED ) .....  
as a DEED by ) Director  
**Countrywide Property** )  
**Lawyers Limited** )  
acting by two directors/a director ) .....  
and the secretary ) Director/Secretary

EXECUTED and DELIVERED ) .....  
as a DEED by ) Director  
**Countrywide Surveyors** )  
**Limited** )  
acting by two directors/a director ) .....  
and the secretary ) Director/Secretary

EXECUTED and DELIVERED ) .....  
as a DEED by ) Director  
**Securemove Property** )  
**Services 2005 Limited** )  
acting by two directors/a director ) .....  
and the secretary ) Director/Secretary

EXECUTED and DELIVERED ) .....  
as a DEED by ) Director  
**Stater Hogg Mortgages** )  
**Limited** )  
acting by two directors/a director ) .....  
and the secretary ) Director/Secretary

**APPENDIX 1 to Deed of Undertaking  
SUBSIDIARY GUARANTORS**

Name	Corporate details
Balanus Limited	Balanus Limited, a company incorporated in England and Wales with registration number 01837522 and registered office at 17 Duke Street, Chelmsford, Essex, CM1 1HP
Countrywide plc	Countrywide plc, a company incorporated in England and Wales with registration number 04947152 and registered office at 17 Duke Street, Chelmsford, Essex, CM1 1HP
Countrywide Estate Agents	Countrywide Estate Agents, a company incorporated in England and Wales with unlimited liability with registration number 00789476 and registered office at First Floor Lavells House, 31-33 Hockliffe Street, Leighton Buzzard, Bedfordshire, LU7 1EZ
Countrywide Estate Agents FS Limited	Countrywide Estate Agents FS Limited, a company incorporated in England and Wales with registration number 01084123 and registered office at Sovereign House, Leighton Buzzard, Bedfordshire, LU7 1GT
Countrywide Estate Agents (South) Limited	Countrywide Estate Agents (South) Limited, a company incorporated in England and Wales with registration number 02276358 and registered office at 17 Duke Street, Chelmsford, Essex, CM1 1HP
Countrywide Franchising Limited	Countrywide Franchising Limited, a company incorporated in England and Wales with registration number 03777494 and registered office at Brook House Apex Court, Camphill Road, West Byfleet, Surrey, KT14 6SQ
Countrywide Property Lawyers Limited	Countrywide Property Lawyers Limited, a company incorporated in England and Wales with registration number 02066827 and registered office at Lee House, 90 Great Bridgewater Street, Manchester, Lancashire, M1 5RR
Countrywide Surveyors Limited	Countrywide Surveyors Limited, a company incorporated in England and Wales with registration number 01954031 and registered office at Market House Market Square, Stony Stratford, Milton Keynes, Buckinghamshire, MK11 1BE

Securemove Property Services 2005 Limited	Securemove Property Services 2005 Limited, a company incorporated in England and Wales with registration number 04542716 and registered office at 17 Duke Street, Chelmsford, Essex, CM1 1HP
Slater Hogg Mortgages Limited	Slater Hogg Mortgages Limited, a company incorporated in England and Wales with registration number 04206425 and registered office at Sovereign House, Hockliffe Street, Leighton Buzzard, Bedfordshire, LU7 1GT

**SCHEDULE 4<sub>2</sub>**  
**FORM OF DEED OF RELEASE**

~~{e}~~2009

~~CASTLE HOLDCO 4, Ltd.~~

~~CASTLE HOLDCO 1, Ltd.~~

~~CASTLE HOLDCO 2, Ltd.~~

~~CASTLE HOLDCO 3, Ltd.~~

and

**THE SCHEME CREDITORS**  
as defined herein

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**DEED OF RELEASE**

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**CONTENTS**

1. ~~INTERPRETATION~~
2. ~~WAIVER, RELEASE AND CONFIRMATION~~
3. ~~FURTHER ASSURANCE~~
4. ~~CONFLICT~~
5. ~~THIRD PARTIES~~
6. ~~GOVERNING LAW~~

**THIS DEED is made the [•] day of [•] 2009**

**BY:**

- (1) **CASTLE HOLDCO 4, Ltd.**, an exempted company incorporated with limited liability and registered under the laws of the Cayman Islands with registered number 182043 and having its registered office at the offices of Walkers SPV Limited, Walker House, 87 Mary Street, George Town, Grand Cayman, KY1-9002, Cayman Islands (the "**Company**");
- (2) **CASTLE HOLDCO 1, Ltd.**, an exempted company incorporated in the Cayman Islands under registered number 182042 and having its registered office at the offices of Walkers SPV Limited, Walker House, 87 Mary Street, George Town, Grand Cayman, KY1-9002, Cayman Islands ("**Castle 1**");
- (3) **CASTLE HOLDCO 2, Ltd.**, an exempted company incorporated in the Cayman Islands under registered number 182041 and having its registered office at the offices of Walkers SPV Limited, Walker House, 87 Mary Street, George Town, Grand Cayman, KY1-9002, Cayman Islands ("**Castle 2**");
- (4) **CASTLE HOLDCO 3, Ltd.**, an exempted company incorporated in the Cayman Islands under registered number 182044 and having its registered office at the offices of Walkers SPV Limited, Walker House, 87 Mary Street, George Town, Grand Cayman, KY1-9002, Cayman Islands ("**Castle 3**"); and
- (5) **THE SCHEME CREDITORS** as defined herein acting by the Company pursuant to the authority conferred upon the Company by the Scheme Creditors under Clause 6 of Part F of the Scheme, as defined herein.

**WHEREAS:**

- (A) Pursuant to the terms of the ~~Scheme~~Castle 4 Schemes, each Scheme Creditor has authorised the Company to enter into and execute and deliver this Deed on its behalf.

- (B) The parties hereto have agreed to enter into and execute and deliver this Deed on the terms set out below pursuant to the Castle 4 Schemes.

**NOW IT IS AGREED as follows:**

**1. INTERPRETATION**

- 1.1 In this Deed, unless the context otherwise requires, the following words and expressions shall have the following meanings:**

<b>"Castle Companies"</b>	means Castle 1, Castle 2 and Castle 3;
<b>"Claim"</b>	means all and any actions, causes of action, claims, counterclaims, suits, debts, sums of money, accounts, contracts, agreements, promises, contribution, indemnification, damages, judgements, executions, demands or rights whatsoever or howsoever arising, whether present, future, prospective or contingent, known or unknown, whether or not for a fixed or unliquidated amount, whether or not involving the payment of money or the performance of an act or obligation, whether arising at common law, in equity or by statute in England and Wales, the Cayman Islands or in any other jurisdiction or in any other manner whatsoever, and "Claims" shall be construed accordingly;
<b>"Clearing Systems"</b>	means Euroclear Bank S.A./N.V. (as operator of the Euroclear clearing system) and Clearstream Banking, société anonyme;
<b>"Cayman Companies Act"</b>	means the Companies Act 2006 (as amended) as applicable in England and Wales;
<b>"Companies Law"</b>	means the Companies Law (2007 Revision) of the Cayman Islands;
<b>"Countrywide plc" or "Countrywide"</b>	means Countrywide plc, a company incorporated in England and Wales with registration number 04947462 and registered office at 17 Duke Street, Chelmsford, Essex, CM1 1HP;
<b>"Court"</b>	means the High Court of Justice of England and Wales;
<b>"Deeds of Transfer and Settlement"</b>	means: <p>(a) (a) (a) — the deed of transfer and settlement to be entered into between Castle 2, Castle 3, Castle 4 and Countrywide plc pursuant to which, among other things, Castle 2 will transfer the IC Loan 2 and the IC Loan 3 to Castle 3;</p> <p>(b) (b) (b) — the deed of transfer and settlement to be entered into between Castle 1, Castle 2, Castle 3 and</p>

Countrywide plc pursuant to which, among other things, Castle 1 will transfer the IC Loan 1 to Castle 2, and Castle 2 will transfer the IC Loan 2 to Castle 3;

~~(c) (c) (c) — the deed of release and settlement to be entered into between Castle 2 and Castle 3 in relation to the IC Loan 5; and~~

~~(d) (d) (d) — any other documentation relating to the release, transfer, settlement and/or reorganisation of the Inter-Company Loans to be entered into between any of the Castle Companies, the Company and/or Countrywide plc on or before the Effective Date;~~

**"Directors and Former Directors"**

means any person who is, or who has been at any time since 12 February 2007, a director of Castle 1, Castle 2, Castle 3 or the Company;

**"FRN Indenture"**

means the indenture dated 9 May 2007 relating to the FRNs and entered into by the Company, certain of its Subsidiaries as guarantors, Deutsche Trustee Company Limited as Trustee, Deutsche Bank AG, London Branch as Security Agent, Principal Paying Agent and Transfer Agent, Deutsche Bank Luxembourg S.A. as Registrar and Deutsche International Corporate Services (Ireland) Limited as Irish Paying Agent and Transfer Agent;

**"FRN Scheme Creditors"**

means persons with a beneficial interest as principal in the FRNs held in global form through the Clearing Systems on the Record-Date;

**"FRNs"**

means the Company's £370 million Senior Secured Floating Rate Notes due 2014 and the Company's £100 million Senior Secured PIK Election Floating Rate Notes due 2014, each as constituted by the FRN Indenture;

**"Grand Court"**

means the Grand Court of the Cayman Islands;

**"Guarantor Schemes"**

means the schemes of arrangement in respect of certain of the subsidiary undertakings of the Company under section 895 of the Companies Act sanctioned by the Court on [●] 2009;

**"Hedging Liabilities"**

means certain hedging liabilities incurred in connection with the FRN Indenture, the Senior Notes Indenture and/or the Senior Revolving Facility Agreement;

**"IC Loan 1"**

means the inter-company loan between Castle 1 as lender and Countrywide plc as borrower dated 28 February 2000 with an

	outstanding principal amount of approximately £2.2 million;
"IC Loan 2"	means the inter-company loan between Castle 2 as lender and Castle 4 as borrower dated 28 February 2000 with an outstanding principal amount of approximately £170 million;
"IC Loan 3"	means the inter-company loan between Castle 2 as lender and Countrywide plc as borrower dated 28 February 2000 with an outstanding principal amount of approximately £5.9 million;
"IC Loan 4"	means the inter-company loan between Castle 3 as lender and Castle 4 as borrower dated 28 February 2000 with an outstanding principal amount of approximately £170 million;
"IC Loan 5"	means the inter-company loan between Castle 2 as lender and Castle 3 as borrower dated 28 February 2000 with an outstanding principal amount of approximately £170 million;
"Inter-Company Liabilities"	means any Liabilities owed by the Company to any of Castle 1, Castle 2 and Castle 3, including: <ul style="list-style-type: none"> <li>(a) <del>(a)</del> <del>(a)</del> the Transferred Inter-Company Loans (save for the IC Loan 1 and IC Loan 3 which will be released pursuant to the terms of the Guarantor Schemes); and</li> <li>(a) <del>(a)</del> <del>(a)</del> the IC Loan 4;</li> </ul>
"Inter-Company Loans"	means the IC Loan 1, IC Loan 2, IC Loan 3, IC Loan 4 and IC Loan 5;
"Liability"	means any debt, liability or obligation whatsoever, whether it is present, future, prospective or contingent, whether or not its amount is fixed or undetermined, whether or not it involves the payment of money or the performance of an act or obligation, and whether it arises at common law, in equity or by statute, in England and Wales, New York, the Cayman Islands or in any other jurisdiction, or in any other manner whatsoever, but such expression does not include any liability which is barred by statute or is otherwise unenforceable or arises under a contract which is void or, being voidable, has been duly avoided, and "Liabilities" shall be construed accordingly;
"Record Time"	means [•] p.m. (London time) on [•] 2000;
"Scheme"	means the scheme of arrangement entered into between the Company and certain creditors of the Company under section 895 of the Companies Act and section 86 of the Cayman Companies Law and sanctioned by the Court on [•] and the

	Grand Court on [●];
<b>"Scheme Creditor"</b>	means a creditor of the Company in respect of a Scheme Claim (and includes the Senior Note Scheme Creditors and the FRN Scheme Creditors);
<b>"Scheme Claim"</b>	has the meaning given to it in the Scheme;
<b>"Scheme Class Meetings"</b>	means the separate class meetings of each class of Scheme Creditor in relation to each Scheme as convened at the direction of the Court or, as applicable, the Grand Court;
<b>"Security Documents"</b>	means the security documents relating to the Senior Revolving Facility Agreement, the Hedging Liabilities, the FRN Indenture and the Senior Notes Indenture and related documents;
<b>"Senior Note Scheme Creditors"</b>	means the persons with a beneficial interest as principal in the Senior Notes held in global form through the Clearing Systems on the Record Time;
<b>"Senior Notes"</b>	means the £170 million 9 7/8 per cent Senior Notes due 2015 as constituted by the Senior Notes Indenture;
<b>"Senior Notes Indenture"</b>	means the senior notes indenture dated 9 May 2007 entered into by the Company, Deutsche Trustee Company Limited as Trustee, Deutsche Bank AG, London Branch as Security Agent, Principal Paying Agent and Transfer Agent and Deutsche International Corporate Services (Ireland) Limited as Irish Paying Agent and Transfer Agent (each as defined therein); and
<b>"Senior Revolving Facility Agreement"</b>	means the £100 million senior revolving facilities agreement dated 18 May 2007 between the Company, certain Subsidiaries of the Company as guarantors, Credit Suisse, London Branch, Deutsche Bank AG, London Branch and Goldman Sachs International as mandated lead arrangers and Deutsche Bank AG, London Branch as agent and security agent (as amended from time to time); and
<b>"Transferred Inter-Company Loans"</b>	means the IC Loan 1, IC Loan 2 and IC Loan 3 following the transfer of such loans to Castle 3 pursuant to and in accordance with the terms of the Deeds of Transfer and Settlement;
<b><u>"Castle 4 Schemes"</u></b>	<u>means the schemes of arrangement entered into between the Company and certain creditors of the Company under section 895 of the Companies Act and section 86 of the Cayman</u>

Companies Law and sanctioned by the Court on [• ] and the Grand Court on [• ]; and

"Directors and Former Directors"

means any person who is, or who has been at any time since 12 February 2007, a director of Castle 1, Castle 2, Castle 3 or the Company.

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

- (A) words and expressions used in this Deed shall have the meanings given to them in the Castle 4 Schemes;
- (B) ~~(A)~~ references to any clause, without further designation, unless the context otherwise requires, shall be construed as a reference to the clause of this Deed so numbered;
- (C) ~~(B)~~ section headings and the front cover of this Deed are for convenience only and shall not be taken into account in the interpretation of this Deed;
- (D) ~~(C)~~ reference to any act, statute or statutory provision shall include a reference to that provision as amended, re-enacted or replaced from time to time whether before or after the date of this Deed and any former statutory provision replaced (with or without modification) by the provision referred to;
- (E) ~~(D)~~ words importing the plural shall include the singular and vice versa; and
- (F) ~~(E)~~ reference to a person includes a reference to any body corporate, unincorporated association or partnership and to that person's legal personal representatives or successors.

## 2. WAIVER, RELEASE AND CONFIRMATION

2.1 Pursuant to the Scheme Castle 4 Schemes, the Scheme Creditors (on their own behalf and on behalf of any person to whom they may have transferred Senior Notes or FRNs after the Record Time) and, other than in respect of itself, the Company hereby irrevocably and unconditionally waive, in each case to the fullest extent permitted as a matter of law, each and every Claim which they or any of them have or may have against any or all of:

- (A) Castle 1;
- (B) Castle 2;
- (C) Castle 3;
- (D) the Company; and

(E) the Directors and Former Directors,

in relation to or arising out of or being in any way connected with the FRNs, the Senior Notes, the Hedging Liabilities, the FRN Indenture, the Senior Notes Indenture, the Security Documents, the Inter-Company Liabilities or any Scheme Claims and/or the implementation of the Castle 4 Schemes or any of the Guarantor Schemes provided that the foregoing shall not prejudice or impair any other right of any party to this deed created under the Castle 4 Schemes or any of the Guarantor Schemes.

2.2 Pursuant to the ~~Scheme~~ Castle 4 Schemes, the Scheme Creditors (on their own behalf and on behalf of any person to whom they may have transferred Senior Notes or FRNs after the Record Time) and, other than in respect of itself, the Company hereby irrevocably and unconditionally release, in each case to the fullest extent permitted as a matter of law, each and all of:

- (A) Castle 1;
- (B) Castle 2;
- (C) Castle 3;
- (D) the Company; and
- (E) the Directors and Former Directors,

from each and every Liability which they or any of them may have to the Company or a Scheme Creditor or any person to whom a Scheme Creditor may have transferred Senior Notes or FRNs after the Record Time, in relation to or arising out of or being in any way connected with the FRNs, the Senior Notes, the Hedging Liabilities, the FRN Indenture, the Senior Notes Indenture, the Security Documents, the Inter-Company Liabilities or any Scheme Claims and/or the implementation of the Castle 4 Schemes or any of the Guarantor Schemes provided that the foregoing shall not prejudice or impair any other right of any party to this deed created under the Castle 4 Schemes or any of the Guarantor Schemes.

2.3 The Scheme Creditors hereby acknowledge that their right to receive the 'Scheme Consideration' as defined in, and in accordance with the provisions of, the ~~Scheme~~ Castle 4 Schemes is accepted in full and final settlement of all Claims and Liabilities waived and released pursuant to this Deed.

### 3. FURTHER ASSURANCE

Each party shall at its own cost do and execute or procure to be done and executed all necessary acts, deeds, documents and things reasonably within its power to give effect to this Deed.

### 4. CONFLICT

This Deed is expressly intended to supplement the obligations set out in the Scheme in relation to the releases to be given thereunder. If at any time there shall be any conflict

between the provisions of this Deed and the provisions of the Scheme, the provisions of this Deed shall prevail.

**5. THIRD PARTIES**

Subject to the Directors and Former Directors being able to enforce the terms of this Deed, a person who is not a party to this Deed shall have no rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any of its terms.

**6. COUNTERPARTS**

This Deed may be executed in two or more counterparts each of which shall be deemed to be an original and which together shall constitute one and the same instrument.

**7. GOVERNING LAW**

This Deed and any non-contractual obligations arising under or in connection with this Deed is governed by and is to be construed in accordance with English law. Any matter, claim or dispute arising out of or in connection with this Deed is to be governed by and construed in accordance with English law.

IN WITNESS of which this Deed has been duly executed and delivered on the date first appearing on this Deed.

Signed as a deed by	)		
<b>Castle Holdco 4, Ltd.</b> acting by	)		
[name] who, in accordance with the	)		
laws of the territory in which	)	.....	Authorised
Castle Holdco 4, Ltd. is incorporated	)		signatory
is acting under the authority of	)		
Castle Holdco 4, Ltd.	)		

Signed as a deed by	)		
<b>Castle Holdco 1, Ltd.</b> acting by	)		
[name] who, in accordance with the	)		
laws of the territory in which	)	.....	Authorised
Castle Holdco 1, Ltd. is incorporated	)		signatory
is acting under the authority of	)		
Castle Holdco 1, Ltd.	)		

Signed as a deed by )  
**Castle Holdco 2, Ltd.** acting by )  
[*name*] who, in accordance with the )  
laws of the territory in which ) ..... Authorised  
Castle Holdco 2, Ltd. is incorporated ) signatory  
is acting under the authority of )  
Castle Holdco 2, Ltd. )

Signed as a deed by )  
**Castle Holdco 3, Ltd.** acting by )  
[*name*] who, in accordance with the )  
laws of the territory in which ) ..... Authorised  
Castle Holdco 3, Ltd. is incorporated ) signatory  
is acting under the authority of )  
Castle Holdco 3, Ltd. )

Signed as a deed by )  
**Castle Holdco 4, Ltd.** acting by )  
[*name*] who, in accordance with the )  
laws of the territory in which ) ..... Authorised  
Castle Holdco 4, Ltd. is incorporated ) signatory  
is acting under the authority of )  
Castle Holdco 4, Ltd., as duly appointed )  
agent on behalf of )  
and under the authority granted to it )  
by each **Scheme Creditor** )

**SCHEDULE 5**  
**SUMMARY OF NEW NOTES**

The £175 million of New Notes will retain substantially similar terms, security and guarantees as the existing FRNs, save for certain changes, some of which are described below. This summary may not contain all material terms and conditions that FRN Scheme Creditors may deem relevant for an informed voting decision on the Schemes and is qualified by reference to the New Note Indenture, the related security documents and the form of intercreditor agreement described below, copies of which will be made available on request from Lucid prior to the Scheme Class Meetings. Capitalised terms used herein (except where defined) are intended to have substantially the same meanings as when used in the FRN Indenture.

<b>Issuer:</b>	Castle 4.
<b>Maturity:</b>	Ninth anniversary of the Issue Date of the New Notes (the "Issue Date").
<b>Interest:</b>	<p>40 per cent. per annum (or 12 per cent. per annum for any interest period in which interest is paid in kind due to a Negative Projected Fixed Charge Ratio), payable semi-annually, with accrual commencing on the completion date of the Restructuring (each, an "Interest Payment Date"). Interest shall be payable in cash, provided that if there shall be a Negative Projected Fixed Charge Ratio (as defined below) for any semi-annual interest period and the Company provides notice to the New Note Trustee (as described below), interest for such period (and only for such period) shall automatically be capitalised by increasing the principal amount of the New Notes or issuing additional New Notes. Notwithstanding the existence of a Negative Projected Fixed Charge Ratio, the Company may decide to pay interest in cash for any such Interest Period. If interest is to be paid in kind due to a Negative Projected Fixed Charge Ratio, written notice must be given to the New Note Trustee not later than the 30th day preceding the applicable Interest Payment Date.</p> <p>There shall be a "Negative Projected Fixed Charge Ratio" for any semi-annual interest period in which the ratio of the Cash Flow (as defined below) of the Issuer and its Restricted Subsidiaries for such period to the Fixed Charges of the Issuer and such subsidiaries for such period (pro forma for the payment of cash interest) is less than 1.00 to 1.00, as estimated in good faith by the Chief Finance Officer (the "CFO") as at the Ratio Test Date (as defined below), taking into consideration, among other things, the Cash Flow and Fixed Charges of the Issuer and such subsidiaries for the most recent four fiscal quarters, ending not later than the Ratio Test Date, for which financial statements are available (provided that until such a time as consolidated financial statements for four fiscal quarters following the Issue Date are available, the</p>

CFO may rely on the most recent consolidated financial statements for the four most recent fiscal quarters then available, adjusted to give pro forma effect to the transactions contemplated by the Schemes). "**Cash Flow**" for any period means free cash flow of the Issuer and its Restricted Subsidiaries (to be calculated as Net Profits plus interest expense and non-cash items, plus (any decrease) and minus (any increase) in working capital and minus extraordinary cash charges and capital expenditures), and the "**Ratio Test Date**" means the 45th day preceding the applicable interest payment date.

**Ranking:**

The New Notes and the related guarantees will be senior indebtedness of Castle 4 and the guarantors, and will rank equal in right of payment with all of Castle 4 and the guarantors' existing and future senior indebtedness. Castle 4 will be permitted to enter into a new £100 million revolving credit facility or other related debt instruments (a "**New RCF**") which will rank pari passu with the New Notes and will have priority with respect to the proceeds of enforcement of security. It is not expected that Castle 4 will have entered into a New RCF on completion of the Restructuring, although it may do so in the future.

**Guarantees:**

Guarantees of the New Notes will be given by all of Castle 4's significant subsidiaries (subject to certain conditions), on a first priority basis, to replicate to the maximum extent possible the guarantees under the existing FRNs.

**Security:**

The New Notes and the related guarantees will be secured by first priority liens on (i) the capital stock or other equity interests held by Castle 4 in Countrywide plc, and (ii) substantially all the assets of Castle 4 and the guarantors, other than certain excluded assets (collectively, the "**Collateral**").

**Certain Covenants:**

The New Notes will be subject to substantially similar covenants as those contained in the indenture governing the existing FRNs. The Limitation on Indebtedness covenant will provide that the Issuer and the Subsidiary Guarantors will be permitted to incur (i) additional unsecured or secured indebtedness, if pro forma for such incurrence the Fixed Charge Coverage Ratio of the Issuer for the four most recent fiscal quarters would be not less than 2.00 to 1.00 and (ii) additional senior secured indebtedness, if pro forma for such incurrence the Senior Secured Indebtedness Leverage Ratio of the Issuer for the four most recent fiscal quarters would be no more than 4.25 to 1.00 (together with any indebtedness described in clause (i) above, the "**Additional Ratio Debt**"). The Limitation on Indebtedness covenant will also provide for the incurrence of additional indebtedness (the "**Permitted**

"Debt") on a basis substantially similar to that contained in the indenture governing the existing FRNs (including substantially similar "baskets"). Without limiting the generality of the foregoing, the Limitation on Indebtedness covenant will contain a "basket" that will permit Castle 4 to incur up to £100 million of secured indebtedness under a New RCF, which would rank pari passu with the New Notes with regards to payment and prior to the New Notes with regards to the proceeds of enforcement of security. In addition, the "basket" for Permitted Debt consisting of notes and earn-out obligations payable to sellers in connection with acquisitions will be increased from £5 million to £10 million in any calendar year.

The New Notes will also contain covenants substantially similar to those contained in the indenture governing the existing FRNs (including substantially similar "baskets"), which will limit, among other things, the ability of the Issuer and its restricted subsidiaries to:

- (1) make restricted payments, including dividends or other distributions;
- (2) create certain liens;
- (3) sell assets;
- (4) in the case of the Issuer's Restricted Subsidiaries, enter into arrangements that restrict dividends or other payments to the Issuer;
- (5) engage in transactions with affiliates;
- (6) create Unrestricted Subsidiaries;
- (7) consolidate, merge or transfer all or substantially all of the Issuer's assets; and
- (8) materially impair the security interests.

**Optional Redemption:**

Castle 4 may redeem some or all of the New Notes at any time and from time to time on or after the third anniversary of the Issue Date, at a redemption price equal to 102 per cent. of the principal amount of the New Notes, decreasing by 1.00 percentage point for each year thereafter until the redemption price equals 100 per cent. of principal amount, in each case plus accrued and unpaid interest, if any, to the applicable redemption date.

**Change of Control:**

If a Change of Control (defined consistently with the definition in the existing FRNs, but excluding any event resulting from a

transfer to any of the Permitted Holders) occurs, Castle 4 will offer to purchase the New Notes at a purchase price of 101 per cent. of the principal amount of such New Notes, plus accrued and unpaid interest, if any, to the date of purchase. The term "Permitted Holders" includes each of: (i) Apollo; (ii) Oaktree; (iii) Polygon and (iv) Alchemy; and their respective affiliates and (v) certain directors, officers and managers of the Company and its Restricted Subsidiaries and, in certain circumstances, any person that is a member of a group with any of the foregoing parties in (i) through (iv).

**Redemption for Taxation Reasons:**

In the event of certain developments affecting taxation, Castle 4 may redeem all, but not less than all, of the New Notes at 100 per cent. of the principal amount thereof, plus accrued and unpaid interest, if any, to the date of redemption.

**Events of Default:**

The New Note Indenture will contain events of default substantially similar to those contained in the FRN Indenture (except for the deletion of the event of default relating to the Company or its material Subsidiaries entering into or commencing negotiations in connection with a composition, compromise or arrangement with any Creditor).

**New Intercreditor Agreement:**

In the event that Castle 4 enters into a New RCF or Castle 4 or a guarantor incurs any Additional Ratio Debt or Permitted Debt any or incurs any indebtedness secured by a lien on the Collateral, Castle 4, the trustee for the holders of the New Notes, the agent for the New RCF lenders, if any, and the trustee for the holders of any Additional Ratio Debt or Permitted Debt, if any, will enter into an intercreditor agreement on substantially similar terms as the existing intercreditor agreement.

**Transfer Restrictions:**

The New Notes and the guarantees will not be registered under the US Securities Act and may not be offered or sold, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act. The New Notes will not have US registration rights.

**Denomination:**

The New Notes will have minimum denominations of £50,000 and integral multiples of £1.00.

**Amendments and Waivers**

The New Note Indenture will contain provisions regarding amendments, waivers and consents that are substantially similar to those contained in the FRN Indenture, except that the provisions regarding when certain holders of the New Notes are disregarded for voting purposes relating to amendments, waivers and consents have been revised to allow affiliates of the Company to exercise their voting rights.

**Listing and Trading:**

The New Notes will be listed on the Alternative Securities Market of the Irish Stock Exchange.

**Governing Law:**

The Indenture and guarantees will be governed by the laws of the State of New York. The security agreements will be governed by the laws of England and Wales.

