

DATED 31 October 1995

THE COUNCIL OF THE CITY OF COVENTRY (1)

and

THE METROPOLITAN BOROUGH OF SOLIHULL (2)

and

THE COVENTRY AND SOLIHULL WASTE
DISPOSAL COMPANY LIMITED (3)

DEED OF AMENDMENT OF
SHAREHOLDERS AGREEMENT

Wragge & Co

THIS DEED made the 31 day of October 1995 BETWEEN:

- (1) THE COUNCIL OF THE CITY OF COVENTRY of The Council House, Coventry, CV1 5RR; and
- (2) THE METROPOLITAN BOROUGH OF SOLIHULL of the Council House, Solihull, B91 3QS; and
- (3) THE COVENTRY AND SOLIHULL WASTE DISPOSAL COMPANY LIMITED whose registered office is at The Lodge Waste Reduction Unit, Barr Road, Coventry, CV3 4AN (the "Company")

IS SUPPLEMENTAL to the Shareholders Agreement dated 15th March 1994 and made between the above Parties (the "Shareholders Agreement") and words and definitions used in the Shareholders Agreement shall except as otherwise provided have the same meaning when used herein.

WHEREAS:

- 1 The Company is negotiating for additional bank financing facilities with Lloyds Bank Plc to include overdraft facilities of £2m and additional committed facilities of £4m; and
- 2 The Company has requested that variations be made to the Shareholders Agreement and the Shareholders and the Company hereby agree to those variations as set out herein;

IT IS HEREBY AGREED AS FOLLOWS:

- 1 That sub-clause 18(2)(r) of the Shareholders Agreement shall be deleted and replaced as follows:

"the Company entering into any loan leasing arrangement bond or contract which is or is likely to be a credit transaction (as that term is defined in the Local Authorities (Companies) Order 1995), or otherwise is restricted under the 1989 Act, or is likely to affect the amount of credit cover that there is required to be available to Coventry or Solihull or is likely to result in a call against the credit approvals of Coventry or Solihull".

- 2 That dividends in respect of Preference Shares and Ordinary Shares shall be declared quarterly and paid annually in arrears and accordingly that sub-clause 12(2) of the Shareholders Agreement shall be deleted and replaced as follows:

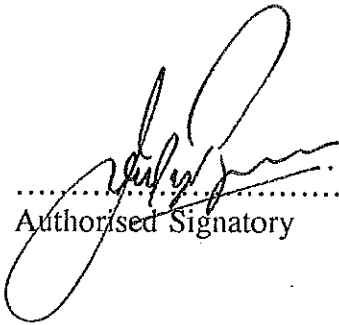
"Notwithstanding any provision in the Articles of Association to the contrary, both Preference Dividends and interim dividends shall be paid annually in arrears in accordance with this Agreement no later than three weeks following the end of each financial year. The Preference Dividend and interim dividends will be declared quarterly and for this purpose each respective

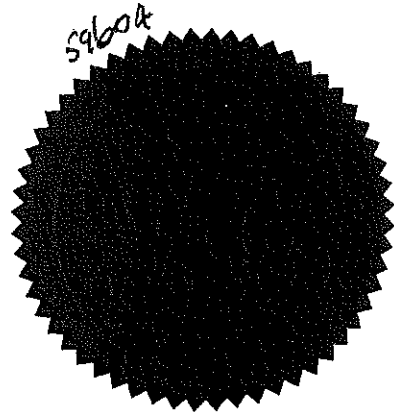
quarter shall comprise twelve weeks (save that the third quarter in each financial year shall comprise sixteen weeks) with the first such quarter commencing on the first day of each financial year. No later than 3 weeks following the end of the quarter in question the Company shall supply to the Proper Officers of the Shareholders management accounts for that quarter with a completed Statement of Distributable Reserves in the form of the pro-forma in Schedule 7 and a recommendation of the amount of dividend to be declared on the Preference Shares and on the Ordinary Shares in accordance with Schedule 7."

- 3 That Schedule 7 of the Shareholders Agreement shall be amended so that the sentence "less dividends paid out of current year's profits to date" shall read "less dividends declared out of current year's profits to date"
- 4 This document may be executed in any number of counterparts and by the Parties on separate counterparts, each of which when so executed and delivered, shall be an original, but all the counterparts shall together be deemed to constitute one and the same document.


IN WITNESS WHEREOF the parties hereto have respectively executed this instrument as their Deed and delivered the same on the date hereto in the presence of the persons mentioned below and the same is delivered on the date above.

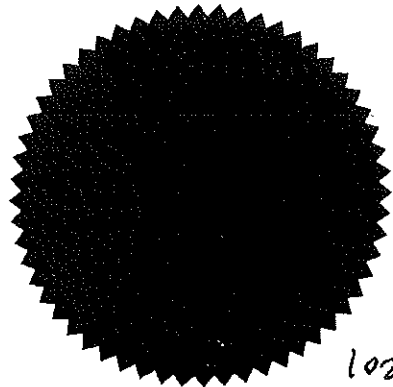
THE COMMON SEAL of THE COUNCIL OF THE CITY OF COVENTRY was hereunto affixed in the presence of:


.....
Authorized Signatory



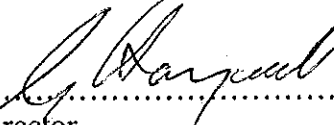
THE COMMON SEAL of THE METROPOLITAN BOROUGH OF SOLIHULL was hereunto affixed in the presence of:



.....
Acting Solicitor to the Council



1023/95

THE COMMON SEAL of THE COVENTRY AND
SOLIHULL WASTE DISPOSAL COMPANY LIMITED
was hereunto affixed in the presence of:


.....
Director


.....
Director/Secretary

