



Registration of a Charge

Company name: **KSR ELECTRONIC SYSTEMS LIMITED**

Company number: **03648720**



X3KZG6KB

Received for Electronic Filing: **19/11/2014**

Details of Charge

Date of creation: **17/11/2014**

Charge code: **0364 8720 0011**

Persons entitled: **WELLS FARGO BANK, NATIONAL ASSOCIATION**

Brief description: **NOT APPLICABLE.**

Contains floating charge(s) .

Contains negative pledge.

Authentication of Form

This form was authorised by: **a person with an interest in the registration of the charge.**

Authentication of Instrument

Certification statement: **I CERTIFY THAT SAVE FOR MATERIAL REDACTED PURSUANT TO S.859G OF THE COMPANIES ACT 2006 THE ELECTRONIC COPY INSTRUMENT DELIVERED AS PART OF THIS APPLICATION FOR REGISTRATION IS A CORRECT COPY OF THE ORIGINAL INSTRUMENT.**

Certified by: **NATALIE BARNES, FOR AND ON BEHALF OF IRWIN MITCHELL LLP**



CERTIFICATE OF THE REGISTRATION OF A CHARGE

Company number: 3648720

Charge code: 0364 8720 0011

The Registrar of Companies for England and Wales hereby certifies that a charge dated 17th November 2014 and created by KSR ELECTRONIC SYSTEMS LIMITED was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 19th November 2014 .

Given at Companies House, Cardiff on 20th November 2014

The above information was communicated by electronic means and authenticated
by the Registrar of Companies under section 1115 of the Companies Act 2006



Companies House



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES

Dated November 17, 2014

KSR ELECTRONIC SYSTEMS LIMITED
and
WELLS FARGO BANK, NATIONAL ASSOCIATION

THIRD PARTY FLOATING
CHARGE

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Third Party Floating Charge

Dated

Between

- (1) **KSR Electronic Systems Limited** registered in England with number 03648720 having its registered office at Heol Y Ddraig Penllergaer Business Park, Penllergaer, Swansea, Wales, SA4 9HL (the **Chargor**); and
- (2) **Wells Fargo Bank, National Association**, a national banking association (successor by merger to Wachovia Bank, National Association) (the **Bank**).

Recitals

- (A) The Bank has agreed to make facilities available to the Borrowers on the terms of the Credit Agreement.
- (B) The Chargor enters into this Deed to secure the repayment and satisfaction of the Secured Liabilities.
- (C) The Chargor and the Bank intend that this document take effect as a deed notwithstanding that it may be executed under hand.

It is agreed:

1 Definitions and Interpretation

1.1 Definitions

In this Deed:

Act means the Law of Property Act 1925.

Book Debts means:

- (a) all book and other debts in existence from time to time (including, without limitation, any sums whatsoever owed by banks or similar institutions) both present and future, actual or contingent, due, owing to or which may become due, owing to or purchased or otherwise acquired by the Chargor; and
- (b) the benefit of all rights whatsoever relating to the debts referred to in (a) above including, without limitation, any related agreements, documents, rights and remedies (including, without limitation, negotiable or non-negotiable instruments, guarantees, indemnities, legal and equitable charges, reservation of proprietary rights, rights of tracing, unpaid vendor's liens and all similar connected or related rights and assets).

Borrowers shall have the meaning given to such term in the Credit Agreement.

Charged Accounts any account of the Chargor nominated by the Bank as a Charged Account for the purposes of this Deed.

Credit Agreement means the fourth Amended and Restated Credit Agreement dated on or around the date of this Deed between amongst others KSR IP Holdings LLC, KSR Industrial

Corporation, KSR Brazil, LLC and the Bank.

Equipment means the Chargor's fixed and moveable plant, machinery, tools, vehicles, computers and office and other equipment and the benefit of all related authorisations, agreements and warranties.

Inventory means the Chargor's raw materials, work-in-progress and finished goods.

Land has the same meaning as it has in section 205(1) of the Act.

Premises means any building or other edifice along with all fixtures and fittings (including, without limitation, those of trade) and fixed plant and machinery on any Land or other Security Asset belonging to the Chargor.

Receiver means a receiver appointed pursuant to this Deed or to any applicable law, whether alone or jointly, and includes a receiver and/or manager and, if the Bank is permitted by law to appoint an administrative receiver, includes an administrative receiver.

Regulations means the Financial Collateral Arrangements (No 2) Regulations 2003 (S.I. 2003/3226) or equivalent legislation in any applicable jurisdiction bringing into effect Directive 2002/47/EC on financial collateral arrangements, and Regulation means any of them.

Secured Liabilities means all present and future obligations and liabilities of the Borrowers or the Chargor to the Bank, whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever, under the Loan Documents except for any obligation which, if it were so included, would result in a contravention of the prohibitions in Chapter 2 (*Financial assistance for purchase of own shares*) of Part 18 of the Companies Act 2006.

Security Assets means all assets of the Chargor the subject of any security created by this Deed.

Security Interest means any mortgage, charge (whether fixed or floating, legal or equitable), pledge, lien, assignment by way of security or other security interest securing any obligation of any person, or any other agreement or arrangement having a similar effect.

Security Period means the period beginning on the date of this Deed and ending on the date on which the Secured Liabilities have been irrevocably and unconditionally satisfied in full and the Bank has no commitment or liability, whether present or future, actual or contingent, in relation to the facilities provided under the Credit Agreement in relation to any Borrower. If any amount paid by the Borrowers or the Chargor and/or in connection with the satisfaction of the Secured Liabilities is capable of being avoided or otherwise set aside on the liquidation or administration of such Borrower/Chargor or otherwise, then that amount shall not be considered to have been irrevocably paid for the purpose of this Deed.

1.2 Construction

(a) Any reference in this Deed to:

- (i) assets includes present and future properties, revenues and rights of every description;
- (ii) an authorisation means an authorisation, consent, approval, licence, resolution, filing or registration;
- (iii) any Loan Document or any other agreement or instrument is a reference to that Loan Document or other agreement or instrument as amended, amended and restated, varied, novated supplemented or replaced from time to time;
- (iv) indebtedness includes any obligation (whether incurred as principal or as surety)

for the payment or repayment of money, whether present or future, actual or contingent;

- (v) a person includes one or more of that person's assigns, transferees or successors in title, delegates, sub-delegates and appointees (in the case of the Chargor only, in so far as such assigns, transferees or successors in title, delegates, sub-delegates and appointees are permitted in accordance with the Loan Documents) and any person, firm, company, corporation, government, state or agency of a state or any association, trust or partnership (whether or not having separate legal personality);
- (vi) a regulation includes any regulation, rule, official directive, request or guideline (whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation;
- (vii) a guarantee includes any guarantee or indemnity, bond, letter of credit, documentary or other credit, or other assurance against financial loss;
- (viii) a provision of law is a reference to that provision as amended or re enacted;
- (ix) words importing the singular shall include the plural and vice versa;
- (b) Clause and Schedule headings are for ease of reference only;
- (c) An Event of Default is continuing if it has not been waived;
- (d) Capitalised terms defined in the Credit Agreement have the same meaning when used in this Deed unless the context requires otherwise;
- (e) The terms of the other Loan Documents and of any side letters between any parties in relation to any Loan Document are incorporated in this Deed to the extent required to ensure that any purported disposition of an interest in Land contained in this Deed is a valid disposition in accordance with section 2(1) of the Law of Property (Miscellaneous Provisions) Act 1989;
- (f) Each of the charges in Clause 3 (Creation of Security) over each category of the assets, each asset and each sub-category of each asset specified in such clause shall be read and construed separately, as though each such category, asset and sub-category were charged independently and separately of each other and shall apply to both present and future assets.

2 Covenant to pay

The Chargor covenants with the Bank that it will on demand pay and discharge the Secured Liabilities when due.

3 Creation of Security

3.1 Equipment

The Chargor charges by way of floating charge all of its right, title and interest in and to all Equipment.

3.2 Book Debts

The Chargor charges by way of floating charge:

- (a) its Book Debts, both uncollected and collected, the proceeds of the same and all monies otherwise due and owing to the Chargor; and
- (b) the benefit of all rights, Security Interests and guarantees of whatsoever nature enjoyed or held by it in relation to anything referred to in paragraph (a) above.

3.3 Inventory

The Chargor charges by way of floating charge all of its right, title and interest in and to all Inventory.

3.4 Trust

- (a) Subject to paragraph (b), if or to the extent that for any reason the charging of any Security Asset is prohibited, the Chargor holds it on trust for the Bank.

- (b) If the reason referred to in paragraph (a) is that

- (i) a consent or waiver must be obtained; or
- (ii) a condition must be satisfied,

then:

- (A) subject to paragraph (c), the Chargor shall apply for the consent or waiver; and
- (B) the Chargor shall use all reasonable endeavours to satisfy the condition,

as soon as reasonably practicable after the date of this Deed or, if the Security Asset is acquired after the date of this Deed, as soon as reasonably practicable after the date of acquisition.

- (c) Where the consent or waiver is not to be unreasonably withheld, the Chargor shall:
 - (i) use all reasonable endeavours to obtain it as soon as possible; and
 - (ii) keep the Bank informed of the progress of the negotiations to obtain it.
- (d) On the waiver or consent being obtained, or the condition being satisfied, the Security Asset shall be charged under this Clause 3 (Creation of Security) and the trust referred to in paragraph (a) shall terminate.

4 Nature of Security Created

The Security Interests created under this Deed are created:

- (a) as a continuing security and will extend for the ultimate balance of sums payable in connection with the Secured Liabilities regardless of any intermediate payment or discharge in whole or part;
- (b) over all present and future assets of the kind described which are owned by the Chargor and, to the extent that it does not own those assets, shall extend to any right or interest which it may have in them;
- (c) in favour of the Bank; and

- (d) with full title guarantee.

5 Restrictions

The Chargor shall not:

- (a) create or permit to subsist any Security Interest of whatsoever nature on any Security Asset other than a Permitted Lien or as created by this Deed; or
- (b) sell, transfer, grant, lease or otherwise dispose of any Security Asset, except for the disposal in the ordinary course of trade of any Security Asset or with the consent of the Bank.

6 Conversion of Floating Charge

6.1 Conversion on notice

Subject to Clause 6.2 (Limitation), the Bank may by notice to the Chargor at any time during the Security Period convert the floating charge created by the Chargor under this Deed into a fixed charge in respect of any Security Asset specified in that notice if:

- (a) an Event of Default is continuing; or
- (b) the Bank considers that Security Asset to be in danger of being seized, attached, charged, taken possession of or sold under any form of distress, sequestration, execution or other process or otherwise to be in jeopardy.

6.2 Limitation

Clause 6.1 (Conversion on notice) shall not apply by reason only of a moratorium being obtained, or anything being done with a view to a moratorium being obtained, under section 1A of the Insolvency Act 1986.

6.3 Automatic conversion

The floating charge created by the Chargor under this Deed will convert automatically into fixed charges:

- (a) if the Bank receives notice of an intention to appoint an administrator of the Chargor;
- (b) if any steps are taken, (including the presentation of a petition, the passing of a resolution or the making of an application) to appoint a liquidator, provisional liquidator, administrator or Receiver in respect of the Chargor over all or any part of its assets, or if such person is appointed;
- (c) if the Chargor creates or attempts to create any Security Interest over all or any of the Security Assets (other than Permitted Liens);
- (d) on the crystallisation of any other floating charge over the Security Assets;
- (e) if any person seizes, attaches, charges, takes possession of or sells any Security Asset under any form of distress, sequestration, execution or other process, or attempts to do so; and
- (f) in any other circumstances prescribed by law.

7 Representations and Warranties

7.1 Making of representations

The Chargor makes the representations and warranties set out in this Clause 7 to the Bank. The representations and warranties so set out are made on the date of this Deed and are deemed to be repeated by the Chargor throughout the Security Period on those dates on which representations and warranties are to be repeated in accordance with Clause 9.29 of Article IX of the Credit Agreement with reference to the facts and circumstances then existing.

7.2 Capacity

The Chargor has the capacity, power and authority to enter into this Deed and the obligations assumed by it are its legal, valid, binding and enforceable obligations subject to laws affecting creditors' rights generally.

7.3 Title

The Chargor is the sole legal and beneficial owner of the Security Assets free of any Security Interest or third party interest of any kind (other than pursuant to or as permitted by the Loan Documents).

7.4 Security

This Deed creates the various forms of security it purports to create and is not liable to be avoided or otherwise set aside on the liquidation or administration of the Chargor, or otherwise.

8 Undertakings

8.1 Duration

The undertakings in this clause 8 shall remain in force throughout the Security Period and are given by the Chargor to the Bank.

8.2 Book Debts and receipts

The Chargor shall collect and realise its Book Debts and other monies and receipts and, save to the extent that the Bank otherwise agrees in writing:

- (a) pay the proceeds of any Book Debts into a Charged Account; and
- (b) pending such payment into a Charged Account, hold the proceeds thus realised upon trust for the Bank.

8.3 Equipment

- (a) The Chargor shall keep its Equipment in good repair, working order and condition and fit for its purpose and shall not permit the same to be handled other than by persons properly qualified and trained or to be overloaded or to be used for any purpose for which the Equipment is not designed or reasonably suitable.
- (b) The Chargor will not, without the prior written consent of the Bank, make any modification or permit any modification to be made to the Equipment if the effect of such modification may be to reduce the value of the Equipment.
- (c) The Chargor will not permit or procure any Equipment to be taken out of England and Wales without the prior written consent of the Bank, and then subject only to such further

terms as the Bank may require.

- (d) The Chargor will promptly pay all taxes, fees, licence duties, registration charges, insurance premiums and other outgoings in respect of the Premises and the Equipment and on demand produce evidence of such payment to the Bank.
- (e) The Chargor will obtain all authorisations from time to time required for the use and operation of the Equipment and not to do or permit to be done any act or omission whereby the Equipment or the use of it would contravene regulations for the time being in force.
- (f) The Chargor will forthwith notify the Bank of any loss, theft, damage or destruction to the Equipment.
- (g) The Chargor will give the Bank such information concerning the location, condition, use and operation of the Equipment as the Bank may require and to permit any persons designated by the Bank at all reasonable times to inspect and examine the Equipment and the records maintained in connection with it.
- (h) The Chargor will ensure that the Premises are suitable for the use or storage of the Equipment, and will keep the Equipment at the Premises.
- (i) The Chargor will procure in favour of the Bank from any person with a proprietary interest or encumbrance (including any owner, leaseholder or chargee) in any real or personal property to which the Equipment might become affixed, or with which title to the Equipment might merge, an acknowledgement prior to such fixing or merger that their rights and remedies will only be exercised subject to the Bank's rights in the Equipment and, in particular, but without limitation to the generality of the foregoing, the right of the Bank, its servants or agents to enter upon any such property to remove the Equipment notwithstanding that it might be affixed to, or have merged with, any real or personal property.

9 Enforcement

9.1 When Security becomes enforceable

The Security Interests created by the Chargor under this Deed shall become enforceable:

- (a) on the occurrence of an Event of Default; or
- (b) if the Chargor so requests.

9.2 Powers on enforcement

At any time after the Security Interests created by the Chargor under this Deed has become enforceable, the Bank may (without prejudice to any other of its rights and remedies and without notice to the Chargor) do all or any of the following:

- (a) exercise all the powers and rights conferred on mortgagees by the Act, as varied and extended by this Deed, without the restrictions contained in sections 103 or 109(1) of the Act;
- (b) exercise the power of leasing, letting, entering into agreements for leases or lettings or accepting or agreeing to accept surrenders of leases in relation to any Security Asset, without the restrictions imposed by sections 99 and 100 of the Act;
- (c) to the extent that any Security Asset constitutes Financial Collateral, as defined in the Regulations, appropriate it and transfer the title in and to it to the Bank insofar as not

already transferred, subject to paragraphs (1) and (2) of Regulation 18; and

- (d) subject to Clause 10.1 (Method of appointment and removal), appoint one or more persons to be a Receiver or Receivers of all or any of the Security Assets.

9.3 Disposal of the Security Assets

In exercising the powers referred to in Clause 9.2 (Powers on enforcement), the Bank or any Receiver may sell or dispose of all or any of the Security Assets at the times, in the manner and order, on the terms and conditions and for the consideration determined by it.

9.4 Application of moneys

- (a) The Bank or any Receiver shall apply moneys received by them under this Deed after the Security Interests created under this Deed have become enforceable in the following order:

- (i) first, in or towards the payment pro rata of, or the provision pro rata for, any unpaid costs and expenses of the Bank and any Receiver under this Deed or which are incidental to any Receiver's appointment, together with interest at the rate specified in Clause 3.3 of the Credit Agreement (both before and after judgment) from the date those amounts became due until the date they are irrevocably paid in full;
- (ii) secondly, in or towards the payment pro rata of, or the provision pro rata for, any unpaid fees, commission or remuneration of the Bank and any Receiver;
- (iii) thirdly, in or towards the discharge of all liabilities having priority to the Secured Liabilities;
- (iv) fourthly, in or towards the discharge of the Secured Liabilities in accordance with the Credit Agreement; and
- (v) fifthly, in the payment of any surplus to the Chargor or other person entitled to it.

and section 109(8) of the Act shall not apply.

- (b) Clause 9.4(a) will override any appropriation made by the Chargor.

10 Appointment and powers of Receivers

10.1 Method of appointment and removal

- (a) The Bank may not appoint a Receiver by reason only of a moratorium being obtained, or anything being done with a view to a moratorium being obtained, under section 1A of the Insolvency Act 1986.
- (b) Every appointment or removal of a Receiver, of any delegate or of any other person by the Bank pursuant to this Deed may be made in writing under the hand of any officer or manager of the Bank (subject to any requirement for a court order in the removal of an administrative receiver).

10.2 Powers of Receiver

Every Receiver shall have all the powers:

- (a) of the Bank under this Deed;
- (b) conferred by the Act on mortgagees in possession and on receivers appointed under the

Act:

- (c) in relation to, and to the extent applicable to, the Security Assets or any of them, the powers specified in Schedule 1 of the Insolvency Act 1986 (whether or not the Receiver is an administrative receiver within the meaning of that Act); and
- (d) in relation to any Security Asset, which he would have if he were its only beneficial owner.

10.3 Joint or several

If two or more persons are appointed as Receivers of the same assets, they may act jointly and/or severally so that (unless any instrument appointing them specifies to the contrary) each of them may exercise individually all the powers and discretions conferred on Receivers by this Deed.

10.4 Receiver as agent

Every Receiver shall be the agent of the Chargor which shall be solely responsible for his acts and defaults and for the payment of his remuneration.

10.5 Receiver's remuneration

Every Receiver shall be entitled to remuneration for his services at a rate to be fixed by agreement between him and the Bank, and the maximum rate specified in section 109(6) of the Act shall not apply.

10.6 Delegation

- (a) The Bank and any Receiver may, for the time being and from time to time, delegate by power of attorney or in any other manner (including, without limitation, under the hand of any manager of the Bank) to any person any right, power or discretion exercisable by the Bank or such Receiver (as the case may be) under this Deed.
- (b) Any such delegation may be made upon the terms (including, without limitation, power to sub-delegate) and subject to any regulations which the Bank or such Receiver (as the case may be) may think fit.
- (c) Neither the Bank nor any Receiver will be in any way liable or responsible to the Chargor for any loss or liability arising from any act, default, omission or misconduct on the part of any such delegate or sub delegate who shall be entitled to all the indemnities to which his appointor is entitled under this Deed.

11 Protection of purchasers

No purchaser or other person dealing with the Bank or any Receiver shall be bound or concerned:

- (a) to see or enquire whether the right of the Bank or any Receiver to exercise any of the powers conferred by this Deed has arisen or not;
- (b) with the propriety of the exercise or purported exercise of those powers; or
- (c) with the application of any moneys paid to the Bank, to any Receiver or to any other person.

12 Protection of the Bank and Receivers

12.1 Exclusion of liability

None of the Bank, any Receiver or any of their respective officers or employees shall have any responsibility or liability:

- (a) for any action taken, or any failure to take any action, in relation to all or any of the Security Assets;
- (b) to account as mortgagee in possession or for any loss upon realisation of any Security Asset;
- (c) for any loss resulting from any fluctuation in exchange rates in connection with any purchase of currencies; or
- (d) for the loss or destruction of, or damage to, any of the Security Assets, or to any documents of or evidencing title to them, which are in the possession or held to the order of any such person (and which will be held by such persons at the expense and risk of the Chargor); or
- (e) for any other default or omission in relation to all or any of the Security Assets for which a mortgagee in possession might be liable;

except in the case of gross negligence or wilful misconduct on the part of that person.

12.2 General indemnity

The Chargor shall indemnify the Bank, any Receiver and their respective officers and employees against all actions, proceedings, demands, claims, costs, expenses, and other liabilities incurred by them in respect of all or any of the following:

- (a) any act or omission by any of them in relation to all or any of the Security Assets;
- (b) any payment relating to or in respect of all or any of the Security Assets which is made at any time by any of them;
- (c) any stamp, registration or similar tax or duty which becomes payable in connection with the entry into, or the performance or enforcement of, this Deed;
- (d) carrying out or purporting to carry out any of the rights, powers and discretions conferred on them by or permitted under this Deed; and
- (e) any breach by the Chargor of any of its covenants or other obligations to the Bank;

except in the case of gross negligence or wilful misconduct on the part of that person.

12.3 Indemnity out of the Security Assets

The Bank, any Receiver and their respective officers and employees shall be entitled to be indemnified out of the Security Assets in respect of the actions, proceedings, demands, claims, costs, expenses and liabilities referred to in Clause 12.2 (*General indemnity*).

12.4 Enforcement Expenses

Immediately upon demand, the Chargor shall pay all other costs and expenses (including legal fees and VAT) incurred from time to time in connection with the enforcement of or preservation of rights under this Deed by the Bank, or any Receiver, attorney, manager, agent or other

person appointed by the Bank under this Deed or by statute, and keep each of them indemnified against any failure or delay in paying the same.

13 Further Assurances

13.1 Further action

The Chargor shall, at its own expense, promptly take any action and sign or execute any further documents which the Bank may require in order to:

- (a) give effect to the requirements of this Deed;
- (b) protect, preserve and perfect the Security Interests intended to be created by or pursuant to this Deed;
- (c) protect and preserve the ranking of the Security Interests intended to be created by or pursuant to this Deed with any other Security Interest over any assets of the Chargor; or
- (d) facilitate the realisation of all or any of the Security Assets or the exercise of any rights, powers and discretions conferred on the Bank, any Receiver or any administrator in connection with all or any of the Security Assets,

and any such document may (i) disapply section 93 of the Act and (ii) contain an assignment to the Bank of the Book Debts in any manner reasonably required by the Bank.

13.2 Deposit of documents

The Chargor covenants that, on the date of this Deed and at all times during the Security Period as soon as it receives them (and in any event as soon as the Bank so requests), it shall deposit with the Bank, in respect of or in connection with the Security Assets:

- (a) all deeds, certificates and other documents of or evidencing title; and
- (b) any other documents which the Bank may from time to time require for perfecting its title, or the title of any purchaser,

all of which will be held by the Bank at the expense and risk of the Chargor.

13.3 Law of Property (Miscellaneous Provisions) Act 1994

The covenant set out in section 2(1)(b) of the Law of Property (Miscellaneous Provisions) Act 1994 shall extend to the provisions set out in this Clause 13 (*Further Assurances*).

14 Power of Attorney

14.1 Appointment

The Chargor irrevocably and by way of security appoints each of:

- (a) the Bank;
- (b) any delegate or sub-delegate of, or other person nominated in writing by, an officer of the Bank; and
- (c) any Receiver,

jointly and severally as the Chargor's attorney, in the Chargor's name, on its behalf and in such manner as the attorney may in its or his absolute discretion think fit following the occurrence of

an Event of Default or following the failure by the Chargor to comply with a request from the Bank in accordance with the terms of this Deed, to take any action and sign or execute any further documents which the Chargor is required to take, sign or execute in accordance with this Deed.

14.2 Ratification

The Chargor agrees, promptly on the request of the Bank or any Receiver, to ratify and confirm all such actions taken and documents signed or executed.

15 Preservation of Security

15.1 Reinstatement

If any payment by the Chargor or any discharge given by the Bank (whether in respect of the obligations of the Chargor or any security for those obligations or otherwise) is avoided or reduced as a result of insolvency or any similar event:

- (a) the liability of the Chargor shall continue as if the payment, discharge, avoidance or reduction had not occurred; and
- (b) the Bank shall be entitled to recover the value or amount of that security or payment from the Chargor, as if the payment, discharge, avoidance or reduction had not occurred.

15.2 Waiver of defences

The obligations of the Chargor under this Deed will not be affected by an act, omission, matter or thing which, but for this Clause 15.2 (Waiver of defences), would reduce, release or prejudice any of its obligations under this Deed (without limitation and whether or not known to it or the Bank) including:

- (a) any time, waiver or consent granted to, or composition with, any Borrower or other person;
- (b) the release of any other person under the terms of any composition or arrangement with any creditor of the Chargor or any Borrower or any other person;
- (c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or security over assets of, any Borrower or any other person or any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realise the full value of any security;
- (d) any incapacity or lack of power, authority or legal personality of or dissolution or change in the members or status of any Borrower, the Chargor or any other person;
- (e) any amendment (however fundamental) or replacement of a Loan Document or any other document or security;
- (f) any unenforceability, illegality or invalidity of any obligation of any person under any Loan Document or any other document or security; or
- (g) any insolvency or similar proceedings.

15.3 Chargor intent

Without prejudice to the generality of Clause 15.2 (Waiver of defences), the Chargor expressly confirms that it intends that the security created by this Deed shall extend from time to time to

any (however fundamental) variation, increase, extension or addition of or to any of the Loan Documents and/or any facility or amount made available under any of the Loan Documents for the purposes of or in connection with any of the following:

- (a) acquisitions of any nature;
- (b) increasing working capital;
- (c) enabling investor distributions to be made;
- (d) carrying out restructurings;
- (e) refinancing existing facilities;
- (f) refinancing any other indebtedness;
- (g) making facilities available to new borrowers;
- (h) any other variation or extension of the purposes for which any such facility or amount might be made available from time to time; and
- (i) any fees, costs and/or expenses associated with any of the foregoing.

15.4 Immediate recourse

The Chargor waives any right it may have of first requiring the Bank to proceed against or enforce any other rights or security or claim payment from any person before enforcing the security constituted by this Deed. This waiver applies irrespective of any law or any provision of a Loan Document to the contrary.

15.5 Appropriations

Until the expiry of the Security Period, the Bank may:

- (a) refrain from applying or enforcing any other monies, security or rights held or received by the Bank in respect of the Secured Liabilities, or apply and enforce the same in such manner and order as it sees fit (whether against the Secured Liabilities or otherwise) and the Chargor shall not be entitled to the benefit of the same; and
- (b) hold in an interest-bearing suspense account any monies received from the Chargor or on account of the Chargor's liability in respect of the Secured Liabilities.

15.6 Deferral of Chargor's rights

Until the expiry of the Security Period, and unless the Bank otherwise directs, the Chargor will not exercise any rights which it may have by reason of performance by it of its obligations under the Loan Documents:

- (a) to be indemnified by any Borrower;
- (b) to claim any contribution from any other guarantor of any Borrower's obligations under the Loan Documents; and/or
- (c) to take the benefit (in whole or in part and whether by way of subrogation or otherwise) of any of the Bank's rights under the Loan Documents or of any other guarantee or security taken pursuant to, or in connection with, the Loan Documents by the Bank.

15.7 Additional Security

This Deed is in addition to, is not in any way prejudiced by and shall not merge with any contractual right or remedy or other Security Interest now or in the future held by or available to the Bank.

15.8 New Accounts

If the Bank receives notice (actual or otherwise) of any subsequent Security Interest over or affecting all or any of the Security Assets it may open a new account or accounts with the Chargor and, if it does not do so, it shall nevertheless be treated as if it had done so at the time when it received or was deemed to have received notice of that subsequent Security Interest, and as from that time all payments made by the Chargor to the Bank:

- (a) shall be credited or be treated as having been credited to the new account of the Chargor; and
- (b) shall not operate to reduce the Secured Liabilities at the time when the Bank received or was deemed to have received such notice.

16 Notices

16.1 Delivery and Receipt

Any communications to be made under or in connection with this Deed shall be made in writing, may be made by letter and shall be deemed to be given when it has been left at the relevant address or two Business Days after being deposited in the post with postage prepaid in an envelope addressed to it at that address, save that any notice delivered or received on a non Business Day or after business hours shall be deemed to be given on the next Business Day at the place of delivery or receipt.

16.2 Chargor's Address

The Chargor's address for notices are:

Heol Y Ddraig Penllergaer Business Park
Penllergaer
Swansea
Wales
SA4 9HL

Attention: Mike McGrath

or such as the Chargor may notify to the Bank by not less than 10 days' notice.

16.3 Bank's Address

The Bank's address for notices are:

Wells Fargo Bank, National Association
3100 West End Avenue, Suite 900
Nashville, Tennessee 37203
Attention: Mr. Andy Tompkins

with a copy to:

Wells Fargo Bank, National Association
3100 West End Avenue, Suite 900
Nashville, Tennessee 37203

Attention: Mr. Warris Birdwell

or such as the Bank may notify to the Chargor by not less than 10 days' notice.

17 Miscellaneous Provisions

17.1 Tacking

For the purposes of section 94(1) of the Act and section 49(3) of the Land Registration Act 2002 the Bank confirms that it shall make further advances to the Borrowers on the terms and subject to the conditions of the Loan Documents.

17.2 Invalidity

If, at any time, any provision of this Deed is or becomes invalid, illegal or unenforceable in any respect under any law, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired.

17.3 Rights and Remedies

The rights of the Bank under this Deed are cumulative, may be exercised as often as considered appropriate and are in addition to the general law. Such rights (whether arising hereunder or under the general law) shall not be capable of being waived or varied otherwise than by an express waiver or variation in writing and, in particular, any failure to exercise or delay in exercising any of such rights shall not operate as a waiver or variation of that or any other such right, any defective or partial exercise of any such rights shall not preclude any other or further exercise of that or any other such right, and no act or course of conduct or negotiation by the Bank or on its behalf shall in any way preclude it from exercising any such right or constitute a suspension or any variation of any such right.

18 Release

18.1 Expiry of Security Period

- (a) Upon the expiry of the Security Period (but not otherwise), the Bank shall, at the request and cost of the Chargor, take whatever action is necessary to release the Security Assets from the security constituted by this Deed and/or reassign the benefit of the Security Assets to the Chargor.
- (b) Section 93 of the Act shall not apply to this Deed.

19 Governing Law and Jurisdiction

19.1 Governing Law

English law governs this Deed, its interpretation and any non-contractual obligations arising from or connected with it.

19.2 Jurisdiction

- (a) The courts of England have exclusive jurisdiction to settle any dispute arising out of or in connection with this Deed (including a dispute regarding the existence, validity or termination of this Deed) (a Dispute).
- (b) The parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no party will argue to the contrary.
- (c) This Clause 19 (Jurisdiction) is for the benefit of the Bank only. As a result, the Bank

shall not be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Bank may take concurrent proceedings in any number of jurisdictions.

This Deed has been entered into as a deed on the date stated at the beginning of this Deed.

Signatories

The Chargor

Executed as a deed by
KSR ELECTRONIC SYSTEMS LIMITED
acting by a Director in the presence of:

Signature of witness:

Name of witness:

Address:

The Bank

WELLS FARGO BANK, NATIONAL ASSOCIATION,
a national banking association

By: _____

Its: _____

Signatories

The Chargor

Executed as a deed by
KSR ELECTRONIC SYSTEMS LIMITED
acting by a Director in the presence of:

)
)
)

Signature of witness:

.....

Name of witness:

.....

Address:

.....

.....

The Bank

WELLS FARGO BANK, NATIONAL ASSOCIATION,
a national banking association

By: 

Its: SVP