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COMPANIES FORM No. 155(6)a

Declaration in relation to
assistance for the acquisition
of shares

155(6)a

CHFP025

Please do not
write in this
margin

Pursuant to section 155(6) of the Companies Act 1985

Please complete
legibly, preferably
in black type, or
bold block lettering

To the Registrar of Companies
(Address overleaf - Note 5)

For official use

Company number

[] [] [] [] [] [] [] [] [] []

04154556

Name of company

Note
Please read the notes
on page 3 before
completing this form.

* QinetiQ Group Limited

* insert full name
of company

X We Dame Lilian Pauline Neville-Jones of 11 Smith Terrace, London SW3 4DL
(Chairman), Sir John Alexander Raymond Chisholm of Batchworth Hill
House, London Road, Rickmansworth, Hertfordshire WD13 1JS, Harold
Edwin Kruth of 145 Grove Drive, Portola Valley, California CA94028,
USA, Graham Carvell Love of Sugar Baker House, Lombard Street,
Shackleford, Surrey GU8 6BH, and Jonathan Richard Symonds of Flat 1,
15 Stanhope Gate, London W1Y 5LB

Ø insert name(s) and
address(es) of all
the directors

† delete as
appropriate

~~The sole director~~ [all the directors]† of the above company do solemnly and sincerely declare that:

The business of the company is:

~~that it is a recognised bank licensed institution within the meaning of the Banking Act 1979~~
~~that it is an authorised under section 8 of the Insurance Companies Act 1982 to carry on~~
~~insurance business in the United Kingdom~~

(c) something other than the above§

The company is proposing to give financial assistance in connection with the acquisition of shares in the

[company] ~~company's holding company~~ _____

The assistance is for the purpose of [that acquisition] ~~reducing or discharging a liability incurred for the~~
~~purpose of that acquisition].†~~

The number and class of the shares acquired or to be acquired is: _____

345,830,039 ordinary shares of £1.00 each

Presentor's name address and
reference (if any) :

QinetiQ Group Limited
85 Buckingham Gate
London
SW1E 6PD

For official Use
General Section

Post room



A14
COMPANIES HOUSE

0789
04/09/03

The assistance is to be given to: (note 2) _____
See Appendix A attached

Please do not
write in this
margin

Please complete
legibly, preferably
in black type, or
bold block
lettering

The assistance will take the form of:

See Appendix B attached

The person who ~~has acquired~~ (will acquire)† the shares is:

† delete as
appropriate

QinetiQ Holdings Limited

The principal terms on which the assistance will be given are:

See Appendix C attached

The amount of cash to be transferred to the person assisted is £ NIL

The value of any asset to be transferred to the person assisted is £ NIL

The date on which the assistance is to be given is any date before the expiry of the period of eight weeks beginning with the date hereof.

Please do not
write in this
margin.

Please complete
legibly, preferably
in black type, or
bold block lettering

* delete either (a) or
(b) as appropriate

☒ We have formed the opinion, as regards the company's initial situation immediately following the date on which the assistance is proposed to be given, that there will be no ground on which it could then be found to be unable to pay its debts. (note 3)

(a) ☒ We have formed the opinion that the company will be able to pay its debts as they fall due during the year immediately following that date]* (note 3)

(b) ~~[We have formed the opinion that the company will be unable to pay its debts as they fall due during the year immediately following that date]* (note 3)~~

And ☒ we make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act 1835.

Declared at 85 Buckingham Gate, London SW1E 6PD Declarants to sign below

Day Month Year
on

2	7	0	2	2	0	0	3
---	---	---	---	---	---	---	---

before me *RM*

A Commissioner for Oaths or Notary Public or Justice of the Peace or a Solicitor having the powers conferred on a Commissioner for Oaths.

[Signatures]

NOTES

- 1 For the meaning of "a person incurring a liability" and "reducing or discharging a liability" see section 152(3) of the Companies Act 1985.
- 2 Insert full name(s) and address(es) of the person(s) to whom assistance is to be given; if a recipient is a company the registered office address should be shown.
- 3 Contingent and prospective liabilities of the company are to be taken into account - see section 156(3) of the Companies Act 1985.
- 4 The auditors report required by section 156(4) of the Companies Act 1985 must be annexed to this form.
- 5 The address for companies registered in England and Wales or Wales is:-

The Registrar of Companies
Companies House
Crown Way
Cardiff
CF14 3UZ

or, for companies registered in Scotland:-

The Registrar of Companies
37 Castle Terrace
Edinburgh
EH1 2EB



KPMG Audit Plc

Canary Wharf (38th Floor)
1 Canada Square
London
E14 5AG
United Kingdom

Tel +44 (0) 20 7311 1000
Fax +44 (0) 20 7311 3311
DX 38050 Blackfriars

The Directors
QinetiQ Group Limited
Second floor
83 Buckingham Gate
London
SW1E 6PD

Our ref jkl/592

27 February 2003

Dear Sirs

Auditors' report to the directors of QinetiQ Group Limited (the 'Company') pursuant to Section 156(4) of the Companies Act 1985

We have examined the attached statutory declaration of the directors dated 27 February 2003 in connection with the proposal that the Company should give financial assistance for the purchase of the entire ordinary shares of QinetiQ Group Limited. We have enquired into the state of the Company's affairs in order to review the bases for the statutory declaration.

We are not aware of anything to indicate that the opinion expressed by the directors in their declaration as to any of the matters mentioned in Section 156(2) of the Companies Act 1985 is unreasonable in all the circumstances.

Yours faithfully

KPMG Audit Plc
Registered Auditor



KPMG Audit Plc, a company
incorporated under the UK Companies
Acts, is a member of KPMG
International, a Swiss association

KPMG Audit Plc is
registered to carry on audit
work by the Institute of
Chartered Accountants in

England and Wales.
Registered in England
No 3110745

Registered office
8 Salisbury Square
London EC4Y 8BB

APPENDIX A

Form 155(6)(a)

QinetiQ Group Limited (Company no. 04154556)

The assistance is to be given to QinetiQ Holdings Limited, the Secretary of State for Defence and/or the Agent, the Security Trustee and the other Finance Parties (as each is defined in Appendix B).

APPENDIX B
Form 155(6)(a)
QinetiQ Group Limited (Company no. 04154556)

In this Statutory Declaration (including this Appendix B and Appendix C), the following definitions have, unless otherwise defined, the following meaning:

"Accession Deed" means a document substantially in the form set out in Schedule 6 (*Form of Accession Letter*) to the Facility Agreement;

"Accrued Interest" means on any given date, the amount of interest accrued in accordance with clause 5.1 of the Aquila/Chertsey Loan Note;

"Acquired Company" means QinetiQ Group PLC (to be re-registered as a private company and renamed QinetiQ Group Limited prior to the Acquisition Closing Date) a company incorporated in England and Wales (registered no. 4154556) whose registered office is at 85 Buckingham Gate, London SW1E 6PD;

"Acquired Group" means the Acquired Company and its Subsidiaries, being as at the date of the Facility Agreement, the companies listed in Schedule 11 (*Acquired Group*) to the Facility Agreement;

"Acquisition" means the acquisition by QinetiQ Holdings Limited of the Acquired Company pursuant to the Acquisition Documents;

"Acquisition Agreement" means the sale and purchase agreement dated on or about the date of the Facility Agreement between the Vendor and QinetiQ Holdings Limited relating to the sale and purchase of the Acquired Company;

"Acquisition Closing Date" means the "Completion Date", as defined in the Acquisition Agreement;

"Acquisition Completion" means completion of the sale and purchase of the entire issued ordinary share capital of QinetiQ Group Limited pursuant to the Acquisition Agreement;

"Acquisition Documents" means the Transaction Documents (as defined in the Acquisition Agreement), the documents in Agreed Form (for these purposes as defined in the Acquisition Agreement) and any other documents delivered at signing of the Acquisition Agreement or on the Acquisition Closing Date in connection therewith and any other document designated as such by the Agent and QinetiQ Holdings Limited;

"Additional Borrower" means a company which becomes an Additional Borrower in accordance with Clause 29 (*Changes to the Obligors*) of the Facility Agreement;

"Additional Guarantor" means a company which becomes an Additional Guarantor in accordance with Clause 29 (*Changes to the Obligors*) of the Facility Agreement;

"Affiliate" means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company;

"Agent" means Lloyds TSB Bank plc as facility agent of the other Finance Parties;

"Agent's Spot Rate of Exchange" means the Agent's spot rate of exchange for the purchase of the relevant currency with the Base Currency in the London foreign exchange market at or about 11:00 a.m. on a particular day;

"Agreed Form" means, in relation to a document, that:

- (a) it is in a form initialled by or on behalf of QinetiQ Holdings Limited and the Agent on or before the signing of the Facility Agreement for the purposes of identification; or
- (b) if not falling within sub-paragraph (a) above, it is in form and substance satisfactory to the Agent (acting reasonably) and initialled by or on behalf of the Agent for the purposes of identification;

"Ancillary Facility" means an ancillary facility made available by an Ancillary Lender in accordance with Clause 9 (*Ancillary Facilities*) of the Facility Agreement;

"Ancillary Facility Document" means a document setting out the terms of an Ancillary Facility;

"Ancillary Lender" means a Lender (as named in the Facility Agreement) which agrees to make available an Ancillary Facility in accordance with Clause 9 (*Ancillary Facilities*) of the Facility Agreement;

"Applicable Accounting Principles" means the generally accepted accounting principles, standards and practices in the United Kingdom and financial reference periods, in each case used in the Original Financial Statements (as updated from time to time in accordance with this Agreement);

"Appointed Representative" means a Representative that has assumed QinetiQ Limited's rights under the Long Term Partnering Agreement made between QinetiQ and MoD under Clause 4.1 of the Long Term Partnering Agreement;

"Aquila/Chertsey Loan Note" means the loan note issued by each of QinetiQ Limited to the MoD on or about the Acquisition Closing Date and the deed of adherence entered into on the same date between Precis (2187) Limited and MoD in respect thereof in relation to the distribution of certain proceeds realised on the disposal of the Chertsey Property and the Aquila Property, in each case in the Agreed Form.

"Aquila Disposal" means Completion in relation to the Aquila Property or a part of the Aquila Property;

"Aquila Property" means the freehold property known as DERA Aquila, Golf Road, Bromley, Kent, registered at HM Land Registry with title numbers SGL627126 and K219494;

"Aquila Sale Agreement" means the agreement dated 25 November 2002 and made between QinetiQ Limited and Bromley Park Limited for the sale and purchase of the Aquila Property as from time to time amended, varied, supplemented or novated;

"Acquisition Completion" means completion of the sale and purchase of the entire issued ordinary share capital of QinetiQ Group Limited pursuant to the Acquisition Agreement;

"Assigned Accounts" means the LTPA Prepayment Account and any other Bank Account subsequently designated as such by the Security Trustee and a Chargor;

"Assigned Contracts" means the LTPA and the Pershore Indemnity;

"Assigned Insurances" means the Insurances listed in Schedule 9 (*Assigned Insurances*) to the Debenture;

"Assigned Reports" means:

- (a) the report prepared by Herbert Smith relating to the regulatory position of the Acquired Group;
- (b) the report prepared by Burness in relation to matters such as consents required by the Acquired Group under Scottish law; and
- (c) the report prepared by Holman Fenwick & Willan in relation to matters relating to shipping;

"Assigned Rights" means the property, assets, rights and revenues of QinetiQ Limited, whether present or future, from time to time charged in favour of or assigned in law or in equity to the MoD by or pursuant to the Assignment and which is referable to the Aquila Property;

"Assignment" means an assignment agreement dated on or about the same date of the Facility Agreement between QinetiQ Limited and MoD;

"Authority" means the Secretary of State for Defence;

"Available Commitment" means, in relation to a Facility, a Lender's Commitment under that Facility minus:

- (a) the Base Currency Amount of its participation in any outstanding Utilisations under that Facility; and
- (b) in relation to any proposed Utilisation, the Base Currency Amount of its participation in any Utilisations that are due to be made under that Facility on or before the proposed Utilisation Date,

other than, in relation to any proposed Utilisation under Facility C only, that Lender's participation in any Facility C Utilisations that are due to be repaid or prepaid on or before the proposed Utilisation Date;

"Available Facility" means, in relation to a Facility, the aggregate for the time being of each Lender's Available Commitment in respect of that Facility;

"Bank Accounts" of a Chargor means all current, deposit or other accounts with any bank or financial institution in which it now or in the future has an interest and (to the extent of its interest) all balances now or in the future standing to the credit of those accounts;

"Barclays Capital" means Barclays Capital, the Investment Banking Division of Barclays Bank PLC;

"Base Currency" or "£" means sterling;

"Base Currency Amount" means, in relation to a Utilisation, the amount specified in the Utilisation Request delivered by a Borrower for that Utilisation (or, if the amount requested is not denominated in the Base Currency, that amount converted into the Base Currency at the Agent's Spot Rate of Exchange on the date which is three Business Days before the Utilisation Date or, if later, on the date the Agent receives the Utilisation Request and, in the case of a Letter of Credit, as adjusted under Clause 6.8 (*Revaluation of Letters of Credit*) at six-monthly intervals) adjusted to reflect any repayment (other than, in relation to a Term Facility, a repayment arising from a change of currency), prepayment, consolidation or division of the Utilisation;

"Book Debts" of a Chargor means all book and other debts of any nature, and all other rights to receive money (excluding Bank Accounts), now or in the future due, owing or

payable to it and the benefit of all related negotiable instruments, rights, Security, guarantees and indemnities of any kind;

"Borrower" means the Original Borrower or an Additional Borrower;

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

- (a) (in relation to any date for payment or purchase of a currency other than euro) the principal financial centre of the country of that currency; or
- (b) (in relation to any date for payment or purchase of euro) any TARGET day;

"Carlyle Co-Invest" means New Co-Invest L.P. acting through Carlyle Co-Invest GP Limited, a company incorporated in Guernsey whose registered office is at PO Box 543, Fort Complex, Les Tracheries, St Sampson, Guernsey GY1 6HJ, as general partner;

"Carlyle Investor" means the CQ Limited Partnership acting through CEP Investment Administration Limited, a company incorporated in Guernsey whose registered office is at PO Box 543, Fort Complex, Les Tracheries, St Sampson, Guernsey GY1 6HJ, as general partner;

"Charged Assets" means the assets over which Security is expressed to be created pursuant to any Security Document;

"Charged Property" means the Property and the Disposal Agreements and all rights and claims to which Precis (2187) Limited is at any time entitled thereunder including any charge bond or other security as referred to in Clause 3.1(B) of the Legal Charge relating to Chertsey Property, whether present or future, from time to time charged in favour of or assigned in law or in equity to the Secretary of State for Defence by or pursuant to the Legal Charge relating to Chertsey Property or any other of the Finance Documents;

"Charges" means all or any of the Security created or expressed to be created by or pursuant to the Debenture;

"Chargor" means any person expressed to create Security pursuant to any Security Document;

"Chertsey Disposal" means Completion in relation to the Chertsey Property or a part of the Chertsey Property;

"Chertsey Property" means the freehold property known as QinetiQ Chertsey, Chobham Lane, Long Cross, Chertsey KT16 0EE, registered at HM Land Registry with title number SY703980;

"Commitment" means a Facility A Commitment, Facility B Commitment, Facility C Commitment or Ancillary Commitment;

"Company Security" means any charge, guarantee, bond or other security granted to the Company as security for Deferred Consideration or other consideration for a Disposal or a Disposal Agreement;

"Competent Authority" means any person or legal entity (including any international, national, regional or local government or government agency) having responsibility under any applicable statute or other law in relation to the regulation of any relevant matter at or concerning the Premises and/or any court of law or tribunal;

"Completion" means actual completion of a Disposal (including the receipt by QinetiQ Limited (or MoD on its behalf) of the sale proceeds (other than any Deferred Consideration) in respect of such Disposal);

"Debenture" means a debenture to be entered into by the QinetiQ Group Limited, QinetiQ Limited, Precis (2187) Limited, Precis (2188) Limited and Lloyds TSB Bank plc as security trustee which is required pursuant to the terms of the Facility Agreement;

"Deed of Adherence" means a deed to be entered into between Precis (2187) Limited, QinetiQ Limited and the Secretary of State for Defence made pursuant to Clause 16.5.2 of the Aquila/Chertsey Loan Note;

"DEFRA" means the Secretary of State for Environment, Food and Rural Affairs whose office is at Eastbury House, 30/34 Albert Embankment, London SE1 7TL;

"DEFRA's Use" means any act omission or default by DEFRA, its contractors, sub-contractors, officers, employees or agents in their use of the QinetiQ Site or whilst carrying out any Works and whether before, during or after the operation of the Lease;

"Deferred Consideration" means such elements of Disposal Proceeds as are not received prior to or on Completion, including any amounts the payment of which is deferred or subject to any condition, amounts which are not ascertained and amounts which may be received by way of "overage" (howsoever described in the relevant Disposal Agreement or disposition) whether consequent upon the grant of planning permission or otherwise;

"Delegate" means a delegate or sub-delegate appointed under Clause 19.2 (*Delegation*) of the Debenture;

"Disposal" means in relation to a Property, the transfer on sale or some other disposition of the whole or any part of a Property to a person other than a Group Company and for the avoidance of doubt includes any such transfer or other disposition to a Purchasing Company;

"Disposal Agreement" means a legally binding agreement by QinetiQ Limited (and/or a transferee or grantee pursuant to clause 16.5 of the Aquila/Chertsey Loan Note) or Precis (2187) Limited, as the case may be, with a third party or third parties to give effect to a Disposal relating to the Aquila Property or the Chertsey Property respectively whether or not the obligations of the parties to effect completion are subject to conditions, including the Contracts and any other Disposal Agreement entered into before Acquisition Completion but not completed prior thereto;

"Disposal Proceeds" means, in relation to either a Disposal Agreement or a Disposal, as the case may be, (i) the amount of the consideration received by the Company (or by some other person on its behalf) (for the avoidance of doubt including any Advance Consideration and (but only when actually received by the Company or some other person on its behalf) Deferred Consideration) exclusive of all VAT and (ii) all amounts received by the Company (or by some other person on its behalf) by way of interest or computed by reference to an amount or rate of interest by way of compensation for any failure or delay in completion of a Disposal or payment of Deferred Consideration (including without limitation) any forfeited deposit and any payments received under any performance bond or guarantee or by way of damages) exclusive of all VAT (if any);

"Dividends" means all present and future:

- (a) dividends and distributions of any kind and any other sum received or receivable in respect of any of the Group Shares;

- (b) rights, shares, money or other assets accruing or offered by way of redemption, bonus, option or otherwise in respect of any of the Group Shares;
- (c) allotments, offers and rights accruing or offered in respect of any of the Group Shares; and
- (d) other rights and assets attaching to, deriving from or exercisable by virtue of the ownership of, any of the Group Shares;

"Encumbrance" means:

- (a) any mortgage, charge, pledge, lien, assignment, hypothecation or other priority or security interest;
- (b) any deferred purchase, title retention, trust, sale and repurchase, sale and leaseback, hold back or flawed asset arrangement or right of set-off;
- (c) any other agreement or arrangement whatsoever having the same commercial or economic effect as security; and
- (d) any agreement for any of the matters referred to in this definition;

"Environment" means living organisms including the ecological systems of which they form part and the following media:

- (a) air (including air within natural or man-made structures, whether above or below ground);
- (b) water (including territorial, coastal and inland waters, water under or within land and water in drains and sewers); and
- (c) land (including land under water);

"Environmental Authority" means any person or legal entity having regulatory authority under Environmental Law and/or any court of law or tribunal and Parliament (including any Parliamentary Committee) and/or the Parliamentary Ombudsman;

"Environmental Integrity" means the ability of the Pershore Property to efficiently and effectively contain control and minimise the adverse effects of all Hazardous Substances which are attributable to DEFRA's Use in accordance with all requirements of:

- (a) Environmental Law;
- (b) Environmental Authorities and any Competent Authorities;
- (c) engineering specifications;
- (d) Good Industry Practice; and
- (e) all other relevant legislation;

"Environmental Law" means all laws and regulations of any relevant jurisdiction which:

- (a) have as a purpose or effect the protection of, and/or prevention of harm or damage to, the Environment;
- (b) provide remedies or compensation for harm or damage to the Environment; or
- (c) relate to Hazardous Substances or health and safety matters;

"Environmental Liability" means any and all Expenses (but not Losses) which QinetiQ or any member of the QinetiQ Group suffers or incurs or is liable to pay another person arising from:

- (a) any Proceedings; and/or
- (b) any breach of Environmental Law; and/or
- (c) any harm to the Environment at the QinetiQ Site; and/or
- (d) the carrying out of any Works; and/or
- (e) any action or forbearance from taking action, where such action or forbearance is in accordance with QinetiQ's obligation to mitigate loss or comply with any other obligation under the Pershore Indemnity,

and in each case only to the extent (a) that such Expenses arise from or relate to the presence or effects of any Hazardous Substances (including without limitation any movement or migration of the same) which are or have been present in on or under the QinetiQ Site and (b) attributable to DEFRA's Use;

"Environmental Matters" means pollution of or harm to the Environment, the protection of the Environment and human health, the health and safety of employees and other persons in the workplace as a result of exposure to Hazardous Substances, the protection of natural amenity, the creation of any noise or vibration, radiation, common law or statutory nuisance, or the production, disposal, release, use, storage, spillage, deposit, escape, discharge, leak, emission, recovery, transport of, or radiation from, any Hazardous Substance or Waste;

"Event of Default" means any event or circumstances specified as such in clause 27 of the Facility Agreement;

"Expenses" means fines, charges, penalties, damages, costs, expenses (including all administrative and other internal, security, legal, consulting and other professional costs and expenses and all costs and expenses incurred in communicating with regulators and other third parties) or other liabilities (including liability to tenants and other third parties for expenses as herein provided in the foregoing wording of this definition (but not Losses);

"Facility" means Facility A, Facility B or Facility C;

"Facility A" means the term loan facility made available under the Facility Agreement as described in paragraph (a) of Clause 2.1 (*The Facilities*) of the Facility Agreement;

"Facility A Commitment" means:

- (a) in relation to an Original Lender, the amount in the Base Currency set opposite its name under the heading "Facility A Commitment" in Part II or Part III of Schedule 1 (*The Original Parties*) of the Facility Agreement and the amount of any other Facility A Commitment transferred to it under the Facility Agreement; and
- (b) in relation to any other Lender, the amount in the Base Currency of any Facility A Commitment transferred to it under the Facility Agreement,

to the extent not cancelled, reduced or transferred by it under the Facility Agreement;

"Facility A Lender" means:

- (a) any Original Facility A Lender; and
- (b) any bank, financial institution, trust, fund or other entity which has become a Facility A Lender in accordance with Clause 28 (*Changes to the Lenders*) of the Facility Agreement,

which in each case has not ceased to be a Facility A Lender in accordance with the Facility Agreement;

"Facility A Loan" means a loan made or to be made under Facility A or the principal amount outstanding for the time being of that loan;

"Facility Agreement" means the £460,000,000 facility agreement dated on or before the date of the Debenture between QinetiQ Holdings Limited, Barclays Capital and Lloyds TSB Bank plc as Mandated Lead Arranger, the Lenders named in that agreement, and the Agent and Security Trustee;

"Facility B" means the term loan facility made available under the Facility Agreement as described in paragraph (b) of Clause 2.1 (*The Facilities*) of the Facility Agreement;

"Facility B Commitment" means:

- (a) in relation to an Original Lender, the amount in the Base Currency set opposite its name under the heading "Facility B Commitment" in Part II or Part III of Schedule 1 (*The Original Parties*) of the Facility Agreement and the amount of any other Facility B Commitment transferred to it under the Facility Agreement; and
- (b) in relation to any other Lender, the amount in the Base Currency of any Facility B Commitment transferred to it under the Facility Agreement,

to the extent not cancelled, reduced or transferred by it under the Facility Agreement;

"Facility B Lender" means:

- (a) any Original Facility B Lender; and
- (b) any bank, financial institution, trust, fund or other entity which has become a Facility B Lender in accordance with Clause 28 (*Changes to the Lenders*) of the Facility Agreement,

which in each case has not ceased to be a Facility B Lender in accordance with the Facility Agreement;

"Facility B Loan" means a loan made or to be made under Facility B or the principal amount outstanding for the time being of that loan;

"Facility C" means the revolving credit facility made available under the Facility Agreement as described in paragraph (c) of Clause 2.1 (*The Facilities*) of the Facility Agreement, part of which may be designated as an Ancillary Facility in accordance with Clause 9 (*Ancillary Facilities*) of the Facility Agreement;

"Facility C Borrower" means:

- (a) QinetiQ Holdings Limited;
- (b) each Borrower identified as Facility C Borrowers in Part I of Schedule 1 (*The Original Parties*) of the Facility Agreement under the heading "The Acquisition Closing Date Obligor"; and

(c) any Additional Borrower identified in an Accession Letter as a Borrower under Facility C,

in sub-paragraphs (b) and (c) above following accession as an Obligor in accordance with the Facility Agreement;

"Facility C Commitment" means:

(a) in relation to an Original Lender, the amount in the Base Currency set opposite its name under the heading "Facility C Commitment" in Part II or Part III of Schedule 1 (*The Original Parties*) of the Facility Agreement and the amount of any other Facility C Commitment transferred to it under the Facility Agreement; and

(b) in relation to any other Lender, the amount in the Base Currency of any Facility C Commitment transferred to it under the Facility Agreement,

to the extent not cancelled, reduced or transferred by it under this Agreement (including a reduction pursuant to Clause 9 (*Ancillary Facilities*) of the Facility Agreement);

"Facility C Lender" means:

(a) any Original Facility C Lender; and

(b) any bank, financial institution, trust, fund or other entity which has become a Facility C Lender in accordance with Clause 28 (*Changes to the Lenders*) of the Facility Agreement,

which in each case has not ceased to be a Facility C Lender in accordance with the Facility Agreement;

"Facility C Loan" means a loan made or to be made under Facility C or the principal amount outstanding for the time being of that loan;

"Facility C Utilisation" means a Facility C Loan or a Letter of Credit;

"Fee Letter" means any letter or letters dated on or prior to the date of the Facility Agreement between, as the case may be, a Mandated Lead Arranger and QinetiQ Holdings Limited, the Agent and QinetiQ Holdings Limited, the Security Trustee and QinetiQ Holdings Limited or an Issuing Bank and QinetiQ Holdings Limited setting out any of the fees referred to in Clause 15 (*Fees*);

"Finance Document" means the Facility Agreement, each Accession Letter, any Ancillary Facility Document, each Fee Letter, each Hedging Document, the Hedging Letter, each QinetiQ Support Document, the Syndication Side Letter and each Security Document and any other document designated as such by the Agent and QinetiQ Holdings Limited;

"Finance Party" means the Agent, an Ancillary Lender, the Mandated Lead Arranger, an Issuing Bank, a Lender, a Hedging Bank or the Security Trustee (each as named in the Facility Agreement);

"Financial Indebtedness" means any indebtedness for or in respect of (without double counting):

(a) moneys borrowed;

(b) any amount raised by acceptance under any acceptance credit facility;

- (c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;
- (d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with the Applicable Accounting Principles, be treated as a finance or capital lease;
- (e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);
- (f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;
- (g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and, when calculating the value of any derivative transaction, only the net marked to market value shall be taken into account);
- (h) shares which are expressed to be redeemable prior to the Termination Date applicable to Facility B;
- (i) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution;
- (j) the amount of any liability in respect of any credit for goods and services raised in the ordinary course of trade outstanding for more than 180 days after its customary date of payment; and
- (k) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to (j) above;

"Fixed Charged Asset" means:

- (a) any Charged Asset subject to a first fixed charge under paragraph (a) and subparagraphs (i), (ii), (iv), (v), (vi) and (vii) of paragraph (c) of Clause 3.1 (*Fixed Charges*) of the Debenture, or assigned under Clause 3.2 (*Assignment*) of the Debenture, and any other Charged Asset expressed to be subject to a first fixed charge under Clause 3.1 (*Fixed Charges*) of the Debenture if designated as such by the Security Trustee acting reasonably; and
- (b) any Charged Asset in respect of which the Security Trustee requests action to be taken to perfect fixed Charges over those Charged Assets in accordance with Clauses 8.5 (*Future Real Property*), 11.2 (*Documents*), 12.2 (*Documents*) and 14.2 (*Documents*) of the Debenture;

"Fixtures" means fixtures, fittings (including trade fixtures and fittings) and fixed plant, machinery and apparatus;

"Good Industry Practice" means the exercise of such degree of skill, diligence, prudence and foresight as would reasonably and ordinarily be expected from a skilled and experienced person, seeking to comply with its contractual obligations and seeking to avoid liability arising under any duty of care that might reasonably apply to or be reasonably expected from that person, complying with all applicable laws and engaged in the same type of undertaking and under the same or similar circumstances and conditions as that in which the relevant matter arises;

"Group" means QinetiQ Holdings Limited and its Subsidiaries for the time being;

"Group Company" means a company which is a wholly owned subsidiary of QinetiQ Group Limited;

"Group Shares" means the shares set out in Schedule 4 (*Group Shares*) of the Debenture and any other shares in Material Subsidiaries held from time to time;

"Guarantor" means an Original Guarantor or an Additional Guarantor;

"Hazardous Substance" means any waste, pollutant, contaminant or other substance (including any liquid, solid, gas, ion, living organism or noise) that may be harmful to human health or other life or the Environment or a nuisance to any person or that may make the use or ownership of any affected land or property more costly;

"Hedging Bank" means a Lender (or an Affiliate of a Lender) which accedes as a Hedging Bank to the Facility Agreement pursuant to Clause 28.8 (*Hedging Banks*) of the Facility Agreement;

"Hedging Documents" means the documents entered into between an Obligor and a Hedging Bank for the purpose of implementing the hedging strategy required by the Hedging Letter and which comply with paragraph (b) of Clause 28.8 (*Hedging Banks*) of the Facility Agreement and includes all master documentation, schedules, confirmations and other relevant documentation;

"Hedging Letter" means a letter dated on or about the date of the Facility Agreement setting out the hedging strategy agreed in relation to the Facilities;

"Holding Company" means, in relation to a company or corporation, any other company or corporation in respect of which it is a Subsidiary;

"Insurances" of a Chargor means all contracts and policies of insurance of any kind now or in the future taken out by or on behalf of it or (to the extent of its interest) in which it now or in the future has an interest;

"Intellectual Property" of a Chargor means all patents, designs, copyrights, topographies, trade marks, service marks, trading names, domain names, rights in confidential information and know-how, any other intellectual property and any associated or similar rights, and any interest in any of the foregoing (in each case whether registered or unregistered and including any related licences and sub-licences of the same, applications and rights to apply for the same and wherever subsisting);

"Intra-Group Subordination Agreement" means the subordination agreement in the Agreed Form to be entered into on the Acquisition Closing Date initially between QinetiQ Limited and QinetiQ Ventures Limited, with provision for accession by other members of the Group;

"Investments" of a Chargor means:

- (a) securities and investments of any kind (including stock, debentures, units, depositary receipts, bonds, notes, commercial paper and certificates of deposit);
- (b) warrants, options or other rights to subscribe for, purchase or otherwise acquire securities and investments;
- (c) all rights relating to securities and investments which are deposited with, or registered in the name of, any depositary, custodian, nominee, clearing house or system, investment manager, chargee or other similar person or their nominee, in each case whether or not on a fungible basis (including rights against any such person); and

(d) all other rights attaching or relating to securities or investments and all cash or other securities or investments in the future deriving from Investments or such rights,

in each case now or in the future owned by it or (to the extent of its interest) in which it now or in the future has an interest (excluding the Group Shares);

"Investor Support Letter" means the letter dated on or before the date of the Facility Agreement between Carlyle Co-Invest, the Carlyle Investor, QinetiQ Holdings Limited and the Security Trustee (on behalf of the Finance Parties) in relation to, *inter alia*, application of proceeds of claims under certain Reports;

"Issuing Bank" means the Original Issuing Bank and any Facility C Lender which from time to time has notified the Agent in writing that it has agreed to QinetiQ Holdings Limited's request to issue a Letter of Credit as an Issuing Bank for the purposes of the Facility Agreement;

"Junior Creditor" means QinetiQ Ventures Limited and each other member of the Group that accedes to the Intra-Group Subordination Agreement in its capacity as lender to QinetiQ Limited in accordance with Clause 16.4 of the Intra-Group Subordination Agreement (*Accession of Junior Creditors*);

"Junior Debt" means the indebtedness of the QinetiQ Limited to the Junior Creditors under or in connection with the Junior Finance Documents;

"Junior Finance Documents" means the VC Company Subordinated Loan and any other document relating thereto, in the form they take at the date of the Intra-Group Subordination Agreement and any other documents relating to Subordinated Intra-Group Debt in the form they take as at the date of accession to the Intra-Group Subordination Agreement by the relevant Junior Creditor, or as amended in accordance with Clauses 2.5 (*No Amendment*) and 3.5 (*No Amendment*);

"Lease" means a lease of the Pershore Property to be granted by QinetiQ to DEFRA;

"Legal Charge relating to Chertsey" means a legal charge to be entered into between Precis (2187) Limited and the Secretary of State of Defence relating to Chertsey Property;

"Lender" means a Facility A Lender, a Facility B Lender or a Facility C Lender;

"Letter of Credit" means a letter of credit, substantially in the form set out in Schedule 10 (*Form of Letter of Credit*) of the Facility Agreement or in any other form requested by a Facility C Borrower and agreed by the Agent (with the prior consent of all the Facility C Lenders) and the relevant Issuing Bank;

"Liabilities" of a Chargor means all present and future moneys, debts and liabilities due, owing or incurred by it to any Finance Party under or in connection with any Finance Document (in each case, whether alone or jointly, or jointly and severally, with any other person, whether actually or contingently and whether as principal, surety or otherwise);

"Loan" means a Facility A Loan, Facility B Loan or a Facility C Loan;

"Losses" means any direct or indirect and/or consequential loss including loss of opportunity, loss of profit (including future profits), loss of reputation or goodwill, loss and/or interruption of business, diminution in the value of the QinetiQ Site (or any part thereof) and/or any other economic loss;

"LTPA" means the long term partnering agreement to be entered into on or before the Acquisition Closing Date between the MoD and the LTPA Counterparty;

"LTPA Counterparty" means QinetiQ Limited;

"LTPA Direct Agreement" means the agreement so entitled dated on or before the Acquisition Closing Date between, among others, the MoD and the Security Trustee;

"LTPA Prepayment Account" means such interest bearing account of the LTPA Counterparty with the Agent as the Agent may designate for such purpose;

"Majority Lenders" means a Lender or Lenders whose Available Commitments and participations in the Utilisations then outstanding aggregate more than 66⅔ per cent. of the Available Facilities and all the Utilisations then outstanding. For the purpose of this definition, the provisions of Clause 9.5 (*Adjustments to Facility C Commitment*) of the Facility Agreement shall not apply;

"Mandated Lead Arranger" means Barclays Capital and Lloyds TSB Bank plc as mandated lead arrangers of the Facilities;

"Material Intellectual Property" means the Intellectual Property listed in Schedule 5 (*Intellectual Property*) to the Debenture and any other Intellectual Property which may be agreed between the Security Trustee and the Chargors as being Material Intellectual Property for the purposes of the Finance Documents;

"Material Subsidiary" means:

- (a) each Borrower, Guarantor and Chargor;
- (b) a Subsidiary of QinetiQ Holdings Limited the (i) EBIPDA, (ii) total gross assets or (iii) turnover of which, as at the date the Company's latest consolidated financial statements were prepared or, as the case may be, for the financial period to which those financial statements related represent 5 per cent. or more of the consolidated EBIPDA, consolidated total gross assets or consolidated turnover of the Group (all as calculated by reference to the latest financial statements of the Group); and
- (c) a Subsidiary of QinetiQ Holdings Limited to which has been transferred (whether in a single transaction or a series of transactions (whether related or not)) the whole or substantially the whole of the assets of a Subsidiary which immediately prior to such transaction(s) was a Material Subsidiary.

For the purposes of this definition if a Subsidiary is acquired by QinetiQ Holdings Limited after the end of the financial period to which the latest consolidated financial statements of the Group relate, those financial statements shall be adjusted as if that Subsidiary had been shown in them by reference to its then latest financial statements (consolidated if appropriate) until consolidated financial statements of the Group for the financial period in which the acquisition is made have been prepared;

"Maximum Principal Amount" means on any given date, either (i) the amount of £60,000,000, or, (ii) if there has been a Pre-completion Disposal, the amount of £60,000,000 less the Pre-Completion Disposal Proceeds;

"MoD" means Her Majesty's Ministry of Defence and any of its departments and agencies, as the context requires;

"MoD Support Agreement" means the support agreement in relation primarily to the rights of MoD to an enforcement by the Security Trustee of rights under the Security

Documents and a further support agreement in each case dated on or about the date of this Agreement and between, amongst others the MoD and the Security Trustee;

"NOPD" means the Notice of Proposed Development principally for the restoration and aftercare of the Premises and associated documentation to be submitted in or around March 2003 to the Worcestershire County Council by or on behalf of the Tenant pursuant to the Department of the Environment Circular 18/84 or such provisions modifying varying and replacing that circular from time to time;

"Obligor" means a Borrower or Guarantor;

"Original Borrower" means QinetiQ Holdings Limited as original borrower;

"Original Facility A Lender" means a Lender listed in Part II or Part III of Schedule 1 (*The Original Parties*) of the Facility Agreement as having a Facility A Commitment;

"Original Facility B Lender" means a Lender listed in Part II or Part III of Schedule 1 (*The Original Parties*) of the Facility Agreement as having a Facility B Commitment;

"Original Facility C Lender" means a Lender listed in Part II or Part III of Schedule 1 (*The Original Parties*) of the Facility Agreement as having a Facility C Commitment;

"Original Financial Statements" means:

- (a) in relation to QinetiQ Holdings Limited, the Pro Forma Balance Sheet;
- (c) in relation to each Obligor other than QinetiQ Holdings Limited and the Acquired Company, its most recent audited financial statements for a financial year ended on or prior to the date of its accession to the Facility Agreement; and
- (d) in relation to the Acquired Company, the audited consolidated financial statements of the Acquired Group for the 9 months from 30 June 2001 to 31 March 2002;

"Original Guarantor" means QinetiQ Holdings Limited as original guarantor;

"Original Issuing Bank" means Lloyds TSB Bank plc as issuer of letters of credit;

"Permitted Lease" means a lease of the Chertsey Property (only) or of part thereof (only) to be granted by the Company to a Group Company; and:-

- (a) taking effect in possession at a rack rent payable by equal quarterly instalments in advance without rent free period or any period of reduced or concessionary rent without a premium or equivalent capital payment or other capital consideration and subject to upwards only rent reviews every five years to open market rent;
- (b) in respect of which the provision of sections 24-28 Landlord and Tenant Act 1954 have been excluded;
- (c) which contains an absolute prohibition against underletting the whole or part of the property comprised in it;
- (d) which contains a provision entitling the lessor to terminate the tenancy granted by the lease at any time on giving to the lessee written notice to such effect; and
- (e) which contains a provision (in terms approved by MoD acting reasonably) entitling MoD as mortgagee of the lessor's interest (whether or not a mortgagee in possession) to terminate the tenancy granted by the lease at any time after any of the following circumstances have arisen:

- (i) the lessor's interest is to be transferred to MoD in accordance with any of clauses 10.1.2(a), 12.1.2(a) or 15.1; or
- (ii) MoD's power of sale under any MoD Security relating to the lessor's interest has become exercisable

and provisions entitling MoD to enforce such provisions;

otherwise on arms length terms such as will not reduce the potential Disposal Proceeds in relation to the Chertsey Property;

"Persnore Indemnity" means a separate indemnity as referred to in the definition of **"Persnore Lease"** in the Facility Agreement, to be granted on or before the date of the Debenture to QinetiQ Limited;

"Persnore Property" means the site located at Throckmorton Airfield, Persnore, Worcestershire and occupied by DEFRA (as shown for illustrative purposes only coloured pink on the plan attached to the Persnore Lease);

"Policies" means any title indemnity or restrictive covenant indemnity policies effected or maintained by Precis (2187) Limited pursuant to Clause 9.1 of the Legal Charge relating to Chertsey Property, and **"Policy"** means any one of them;

"Precis (2187) Limited" means Precis (2187) Limited whose registered office is at 85 Buckingham Gate, London SW1E 6PD (Co. Registration no. 4383398);

"Precis (2188) Limited" means Precis (2188) Limited whose registered office is at 85 Buckingham Gate, London SW1E 6PD (Co. Registration no. 4383249);

"Pre-Completion Disposal" means a Disposal of either Property prior to Acquisition Completion and also includes a Disposal Agreement entered into prior to Acquisition Completion;

"Pre-Completion Disposal Proceeds" means in respect of a Pre-Completion Disposal, (i) the total amount of the consideration received by QinetiQ Limited before Acquisition Completion (for the avoidance of doubt not including the amount of any Deferred Consideration to be received by QinetiQ Limited in respect of such Disposal or the amount of any deposit other than a non-returnable deposit not held by a stakeholder), exclusive of all VAT and (ii) all amounts received by QinetiQ Limited before Acquisition Completion by way of interest or computed by reference to an amount or rate of interest by way of compensation for any failure or delay in completion of a Pre-Completion Disposal or payment of Deferred Consideration (including without limitation, any forfeited deposit and any payments received under any performance bond or guarantee or by way of damages) exclusive of VAT, net of any Relevant Taxes, and less Disposal Costs to the extent possible;

"Premises" as defined in Schedule 1 to the Persnore Lease;

"Principal Amount Outstanding" means on any given date the amount of the Maximum Principal Amount less any amount paid to MoD in or towards discharge of principal under the Aquila/Chertsey Loan Note in accordance with the Aquila/Chertsey Loan Note Deed;

"Proceedings" means any actual or threatened third party claim, legal requirement, direction, notice, order or obligation served or imposed by any Competent Authority or third party under Environmental Law;

"Pro Forma Balance Sheet" means the pro forma balance sheet of QinetiQ Holdings Limited prepared on the basis of the projected consolidated financial position of the

Group immediately after the Acquisition assuming for these purposes that the Acquisition occurs on the Effective Date (as defined in the Acquisition Agreement);

"Property" means the Aquila Property or the Chertsey Property as the case may be;

"Purchasing Company" means any third party (not being a Group Company) which enters into a Disposal Agreement providing for the assignment or transfer or variation of a Permitted Lease or which is a party (in whatever capacity) to a Disposal of or relating to a Permitted Lease;

"QinetiQ Holdings Limited" means QinetiQ Holdings Limited whose registered office is at 85 Buckingham Gate, London SW1E 6PD (Co. Registration no. 4154556);

"QinetiQ Limited" means QinetiQ Limited whose registered office is at 85 Buckingham Gate, London SW1E 6PD (Co. Registration no. 3796233);

"QinetiQ Ventures Limited" means QinetiQ Ventures Limited whose registered office is at 85 Buckingham Gate, London SW1E 6PD (Co. Registration no. 4189279);

"QinetiQ Site" means the site at Throckmorton Airfield, Pershore owned by QinetiQ and includes any part or parts thereof;

"QinetiQ Support Document" means the MoD Support Agreement, the Investor Support Letter, the LTPA Direct Agreement, the Intra-Group Subordination Agreement and any document in relation to the subordination of the Subordinated Intra-Group Debt or other debt and any other document designated as such by the Agent and QinetiQ Holdings Limited;

"Real Property" means freehold property in England and Wales and other real property anywhere in the world (in each case including any estate or interest therein, all rights from time to time attached or relating thereto and all Fixtures (other than the tenant's fixtures and fittings, but including the Chargors' fixtures and fittings) from time to time therein or thereon);

"Receiver" means an administrative receiver, receiver and manager or other receiver appointed in respect of the Charged Assets;

"Reports" means the documents listed in paragraph 6 of Part I of Schedule 2 (*Conditions Precedent*) of the Facility Agreement;

"Secured Liabilities" means all sums and liabilities covenanted to be paid and discharged by QinetiQ Limited in clause 2.1 of the Assignment or by Precis (2187) Limited pursuant to any of the Finance Documents;

"Security" means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect;

"Security Documents" means the documents listed in paragraph 3 of Part I and paragraph 14(a)(i) and (b) of Part II of Schedule 2 (*Conditions Precedent*) of the Facility Agreement and any other security document that may at any time be given as security for any of the Liabilities;

"Security Trustee" means Lloyds TSB Bank plc as security trustee for the benefit of the Finance Parties;

"Subordinated Intra-Group Debt" means:

- (a) the VC Company Subordinated Loan; and

- (b) any other unsecured Financial Indebtedness on terms satisfactory to the Agent (acting on the instructions of the Majority Lenders) of an Obligor to a member of the Group other than an Obligor subordinated to all amounts which may be or become payable to the Finance Parties under the Finance Documents by, where appropriate, execution of an accession to the Intra-Group Subordination Agreement or otherwise on terms satisfactory to the Agent (acting on the instructions of the Majority Lenders);

"Subsidiary" means a subsidiary within the meaning of section 736 of the Companies Act 1985 and, for the purpose of Clause 24 (*Financial covenants*) of the Facility Agreement and in relation to financial statements of the Group, a subsidiary undertaking within the meaning of section 258 of the Companies Act 1985;

"Syndication" means co-underwriting and syndication of the Facilities;

"Syndication Side Letter" means the letter dated on or about the date of the Acquisition Agreement between Barclays Capital as Mandated Lead Arranger and QinetiQ Holdings Limited relating to Syndication;

"TARGET" means Trans-European Automated Real-time Gross Settlement Express Transfer payment system;

"Tenant" means the Secretary of State for Environment, Food and Rural Affairs of Eastbury House, 30-34 Albert Embankment, London SE1 7TL;

"Term Facility" means Facility A or Facility B;

"Termination Date" means:

- (a) in relation to Facility A, the date which is 31 March 2008;
- (b) in relation to Facility B, the date which is the date which is eight years after the Acquisition Closing Date; and
- (c) in relation to Facility C, the date which is eight years after the Acquisition Closing Date;

"Utilisation" means a Loan or a Letter of Credit (but not a utilisation of an Ancillary Facility);

"Utilisation Date" means the date on which a Utilisation is, or is to be, made;

"Utilisation Request" means (in relation to a Loan) a notice substantially in the form set out in Part I of Schedule 3 (*Requests*) of the Facility Agreement or (in relation to a Letter of Credit) a notice substantially in the form set out in Part II of Schedule 3 (*Requests*) of the Facility Agreement;

"VAT" means value added tax as imposed by the Value Added Tax Act 1994 (and legislation supplemental thereto) and include any other tax from time to time replacing it or of a similar fiscal nature;

"VC Company" means QinetiQ Ventures Limited a company which will be used to invest and manage investments in or outside the Group;

"VC Company Subordinated Loan" means the subordinated loan of up to £25,000,000 to be granted by the VC Company to QinetiQ Limited on or after the Acquisition Closing Date;

"Vendor" means the Secretary of State for Defence (as the MoD);

"**Waste**" includes any unwanted or surplus matter irrespective of whether it is capable of being recycled or recovered or has any value.

"**Works**" means works to inspect, investigate, assess, audit, sample, monitor, remove, clean-up, treat, remediate or contain any Hazardous Substances in order to avoid or mitigate or abate or remedy or comply with:

- (a) any liability under any Proceedings;
- (b) any harm to the Environment at the QinetiQ Site; or
- (c) any breach of Environmental Law,

(including without limitation any work to identify whether such liability or harm or breach has arisen or may arise and for the avoidance of doubt any work required to monitor or maintain the Environmental Integrity of the Premises both whilst the Pershore Lease subsists and thereafter).

The execution, delivery and performance by QinetiQ Group Limited of the following documents:

1. the Debenture;
2. an Accession Deed (the "**QGL Accession Deed**") in respect of QinetiQ Group Limited's accession to the Facility Agreement as a guarantor; and
3. the MOD Support Agreement.

APPENDIX C

Form 155(6)(a)

QinetiQ Group Limited (Company no. 04154556)

1. By executing the Debenture QinetiQ Group Limited will, among other things:
 - 1.1 covenant to the Security Trustee to pay each of its Liabilities when due and payable;
 - 1.2 with full title guarantee and as security for the payment of all Liabilities (whether of that or any other Chargor), charge in favour of the Security Trustee (as trustee for the Finance Parties):
 - (a) by way of first legal mortgage, all Real Property in England and Wales (including that described in Part A of Schedule 3 (*Real Property*) to the Debenture but excluding leasehold property as at the date of the Debenture and the Aquila Property and the Chertsey Property) now belonging to it;
 - (b) by way of first fixed equitable charge, all other Real Property now belonging to it (excluding Real Property situated in England and Wales) and all Real Property acquired by it in the future; and
 - (c) by way of first fixed charge, all its present and future:
 - (i) Book Debts;
 - (ii) Bank Accounts (except any Assigned Accounts);
 - (iii) Investments;
 - (iv) Group Shares and Dividends;
 - (v) uncalled capital and goodwill;
 - (vi) Material Intellectual Property (including that described in Schedule 5 (*Intellectual property*) to the Debenture));
 - (vii) beneficial interest in any pension fund;
 - (viii) plant and machinery (including that described in Schedule 6 (*Plant and machinery*) to the Debenture); and
 - (ix) Insurances (excluding the Assigned Insurances) and all related proceeds, claims of any kind, returns of premium and other benefits;
 - 1.3 with full title guarantee, assign absolutely to the Security Trustee (as trustee for the Finance Parties) all its present and future:
 - (a) right, title and interest in and to the Assigned Accounts;
 - (b) right, title and interest in and to the Assigned Contracts, including all moneys payable to any Chargor, and any claims, awards and judgments in favour of, receivable or received by a Chargor, under or in connection with or pursuant to the Assigned Contracts;

- (c) right, title and interest in and to all the Assigned Insurances and all proceeds in respect of the Assigned Insurances and all benefits of the Assigned Insurances (including all claims relating to, and all returns of premium in respect of, the Assigned Insurances); and
 - (d) right, title and interest in and to the Assigned Reports, including any claims, awards and judgments in favour of, receivable or received by a Chargor, under or in connection with or pursuant to the Assigned Reports;
- 1.4 with full title guarantee and as security for the payment of all Liabilities (whether of that or any other Chargor), charge in favour of the Security Trustee (as trustee for the Finance Parties) by way of first floating charge its undertaking and all its assets, both present and future (including assets expressed to be charged by as described in paragraph 1.2 (a) to (c) inclusive or assigned as described in paragraph 1.3 (a) to (d) inclusive;
- 1.5 do whatever the Security Trustee:
 - (a) reasonably requires to perfect or protect the Charges or the priority of the Charges; or
 - (b) requires to facilitate the realisation of the Charged Assets or the excuse of any rights vested in the Security Trustee or any Receiver,including executing any transfer, conveyance, charge, assignment or assurance of the Charged Assets (whether to the Security Trustee or its nominees or otherwise), making any registration and giving any notice, order or direction;
- 1.6 undertake not to create or permit to subsist any Security (other than the Charges):
 - (a) over any Charged Asset, except as permitted by clause 25.6 (*Negative pledge*) of the Facility Agreement; or
 - (b) over the Fixed Charged Assets, except with the prior written consent of the Security Trustee and as a condition of such consent, such security may be required to be granted only on those terms and conditions (including in relation to matters of priority and enforcement) as the Security Trustee may reasonably specify;
- 1.7 undertake not to (and not to agree to) enter into a single transaction or a series of transactions (whether related or not and whether voluntary or involuntary) to sell, lease, transfer or otherwise dispose of:
 - (a) any Charged Asset designated as a Fixed Charged Asset under paragraph (a) of the definition of "Fixed Charged Asset" (excluding those Charged Assets subject to a first fixed charge under paragraph (a) of Clause 3.1 (*Fixed Charges*) of the Facility Agreement); or
 - (b) any other Charged Asset except as permitted by clause 25.7 (*Disposals*) of the Facility Agreement;
- 1.8 pay to the Security Trustee, within three Business Days of demand, the amount of all costs, losses, liabilities and expenses (including legal fees) properly incurred by any Finance Party, any Receiver or any Delegate in relation to any Finance Document

(including the administration, protection, realisation, enforcement or preservation of any rights under or in connection with the Debenture, or any consideration by the Security Trustee as to whether to realise or enforce the same, and/or any amendment, waiver, consent or release of any Finance Document and/or any other document referred to in the Debenture); and

- 1.9 indemnify each Finance Party against any and all costs, losses, liabilities or expenses together with any associated VAT incurred by each Finance Party (except as a result of that Finance Party's wilful default or gross negligence) arising (directly or indirectly) out of or in connection with any breach or potential breach of or liability (whether civil and/or criminal) under any Environmental Law as a result of the granting or enforcement of Security under the Debenture.
2. By executing the QGL Accession Deed QinetiQ Group Limited will, having executed such security documents over all its present and future assets as are set out in Schedule 2 Part II of the Facility Agreement, accede to the Facility Agreement as an Additional Guarantor and is bound by the terms of the Facility Agreement as an Additional Guarantor whereby it, among other things:
 - 2.1 irrevocably and unconditionally jointly and severally:
 - (a) guarantees to each Finance Party punctual performance by each other Obligor of all that Obligor's obligations under the Finance Documents;
 - (b) undertakes with each Finance Party that whenever an Obligor does not pay any amount when due under or in connection with any Finance Document, that Guarantor shall immediately on demand pay that amount as if it was the principal obligor; and
 - (c) indemnifies each Finance Party immediately on demand against any cost, loss or liability suffered by that Finance Party if any obligation guaranteed by it is or becomes unenforceable, invalid or illegal. The amount of the cost, loss or liability shall be equal to the amount which that Finance Party would otherwise have been entitled to recover;
 - 2.2 makes a number of representations and gives a number of warranties to each Finance Party;
 - 2.3 undertakes to comply with certain undertakings, including an undertaking not to create or permit to subsist any security over any of its assets and an undertaking not to sell, lease, transfer or otherwise dispose of any asset (in each case, subject to certain exceptions); and
 - 2.4 waives any right it may have of first requiring any Finance Party (or other trustee or agent on its behalf) to proceed against or enforce any other rights or security or claim payment from any person before claiming from it.
 3. By executing the MoD Support Agreement QinetiQ Group Limited will:
 - 3.1 grant options ("**Options**") to MoD to buy properties (whether freehold or leasehold) designated as strategic assets under clause 8 or 9 of the MoD Support Agreement ("**Properties**");

- 3.2 agree to place on deposit at HM Land Registry the land certificates relating to any Properties as are not the subject of fixed security granted in favour of the Security Trustee to enable notice of the Options to be entered on the register of the registered titles of those properties;
- 3.3 agree that on completion of the sale of any Properties as a consequence of the exercise of any Option the completion monies shall be paid to the Security Trustee;
- 3.4 agree that any sale of any Properties, following the exercise of any Option, shall be on the terms set out in clause 4 of Schedule 2 of the MoD Support Agreement;
- 3.5 agree that Options may be exercised by MoD by serving notice (an "**Option Notice**") in respect of any or all of the Properties upon the Security Trustee during the period (the "**Option Period**") which shall commence on the date of any action being taken by the Agent to declare all of the Utilisations to be immediately due and payable and, if applicable, to declare that full cash cover in respect of each Letter of Credit is immediately due and payable in accordance with clause 27.22 of the Facility Agreement ("**Enforcement**") and terminate on the earlier of (i) the date which falls 90 days from but excluding the date of service of a notice by the Security Trustee to MoD that Enforcement has occurred and (ii) the date which falls 21 years after the date of the MoD Support Agreement or such later date as is permitted by law for the time being;
- 3.6 agree that MoD may (but is not required to) give separate Option Notices in relation to different Properties and at different times, so long as they are served within the Option Period and that an Option Notice may relate to more than one Property;
- 3.7 undertake that it will not during the Option Period dispose of any Property (nor enter into any agreement to do so) other than to MoD;
- 3.8 undertake that it will not during the Option Period exercise any option to determine contained in any lease of a Property without the express permission of MoD or unless MoD does not respond, within 30 days, to any request by QinetiQ Limited for such consent with a counter-notice stating that it does not permit the exercise of such Option;
- 3.9 acknowledge and agree that after the date of Enforcement it will not seek to enforce the provisions of certain other agreements relating to strategic assets (the "**Strategic Asset Agreements**") and will waive any rights which it has under the Strategic Asset Agreements except in relation to a Property in so far as it has exercised its rights under the Strategic Asset Agreements prior to Enforcement in respect of that Property (including for the avoidance of doubt any contract arising on such exercise);
- 3.10 irrevocably direct that the sale proceeds for any strategic asset following the exercise by MoD of any pre-emption right over such assets under the Strategic Asset Agreements shall be paid to the General Prepayment Account unless and until MoD receives notice to the contrary specifying that an Event of Default is continuing, in which case such monies shall be paid as then directed by the Security Trustee for application in accordance with paragraph 10 of Schedule 7 of the Facility Agreement;

- 3.11 undertake that if it receives any money as a result of making any claim for costs, damages or other losses in relation to the Reports ("**Report Recoveries**") it shall pay an amount equal to the Report Recoveries (less the costs of expenses directly incurred in making such claim):
- (a) before an Event of Default in prepayment of the Facilities in accordance with clause 11.7 of the Facility Agreement (save as required to be applied to the Security Trustee in accordance with paragraph 3.12 below); and
 - (b) after an Event of Default to the Security Trustee for application in accordance with paragraph 10 of Schedule 7 of the Facility Agreement; and
- 3.12 undertake that if it receives any money as a result of making any claim for costs, damages or other losses in relation to the LTPA Technical Report or the LTPA Financial Model Report ("**LTPA Report Recoveries**") it shall pay an amount equal to the LTPA Report Recoveries (less the costs of expenses directly incurred in making such claim):
- (a) before a LTPA Trigger Event in prepayment of the Facilities in accordance with clause 11.7 of the Facility Agreement; and
 - (b) after a LTPA Trigger Event to the Security Trustee for application in accordance with paragraph 10 of Schedule 7 of the Facility Agreement.