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COMPANIES FORM No. 395

158 731 / 10

Particulars of a mortgage or charge

395

A fee of £10 is payable to Companies House in respect of each register entry for a mortgage or charge.

Pursuant to section 395 of the Companies Act 1985

To the Registrar of Companies
(Address overleaf - Note 6)

For official use

Company number

Name of company

* Devonport Royal Dockyard Limited (the "Chargor")

Date of creation of the charge

29th November, 2002

Description of the instrument (if any) creating or evidencing the charge (note 2)

A Security Agreement dated 29th November, 2002 and made between the Chargor and HSBC Bank PLC (the "Security Trustee") (the "Deed")

Amount secured by the mortgage or charge

All present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other capacity whatsoever) of the Chargor to any Transaction Party including, without limitation, under each Transaction Document to which the Chargor is a party, except for any obligation which, if it were so included, would result in the Deed contravening Section 151 of the Companies Act 1985.

Names and addresses of the mortgagees or persons entitled to the charge

HSBC Bank Plc, Level 17, 8 Canada Square, London

Postcode E14 5HQ

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

Allen & Overy
One New Change
London EC4M 9QQ

BK/SCR/JNDK/1018322.1

Time critical reference

For official Use
Mortgage Section

Post room



LD4
COMPANIES HOUSE

0335
19/12/02

Short particulars of all the property mortgaged or charged

See continuation sheets.

Please do not
write in
this margin

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

Particulars as to commission allowance or discount (note 3)

Nil

Signed



Date

18th December, 2002

On behalf of [company] [XXXXXXXXXX/chargee]

A fee of £10 is
payable to
Companies House
in respect of each
register entry for a
mortgage or
charge.
(See Note 5)

† delete as
appropriate

Notes

- 1 The original instrument (if any) creating or evidencing the charge, together with these prescribed particulars correctly completed must be delivered to the Registrar of Companies within 21 days after the date of creation of the charge (section 395). If the property is situated and the charge was created outside the United Kingdom delivery to the Registrar must be effected within 21 days after the date on which the instrument could in due course of post, and if dispatched with due diligence, have been received in the United Kingdom (section 398). A copy of the instrument creating the charge will be accepted where the property charged is situated and the charge was created outside the United Kingdom (section 398) and in such cases the copy must be verified to be a correct copy either by the company or by the person who has delivered or sent the copy to the Registrar. The verification must be signed by or on behalf of the person giving the verification and where this is given by a body corporate it must be signed by an officer of that body. A verified copy will also be accepted where section 398(4) applies (property situate in Scotland or Northern Ireland) and Form No. 398 is submitted.
- 2 A description of the instrument, eg "Trust Deed", "Debenture", "Mortgage" or "Legal charge", etc, as the case may be, should be given.
- 3 In this section there should be inserted the amount or rate per cent. of the commission, allowance or discount (if any) paid or made either directly or indirectly by the company to any person in consideration of his;
 - (a) subscribing or agreeing to subscribe, whether absolutely or conditionally, or
 - (b) procuring or agreeing to procure subscriptions, whether absolute or conditional,for any of the debentures included in this return. The rate of interest payable under the terms of the debentures should not be entered.
- 4 If any of the spaces in this form provide insufficient space the particulars must be entered on the prescribed continuation sheet.
- 5 Cheques and Postal Orders are to be made payable to **Companies House**.
- 6 The address of the Registrar of Companies is:-

Companies House, Crown Way, Cardiff CF14 3UZ

SHORT PARTICULARS OF ALL THE PROPERTY MORTGAGED OR CHARGED

1. Fixed Charge

The Chargor charges by way of a first fixed charge

- (a) all of its rights in respect of any amount standing to the credit of any account (including any account contemplated by the Deed) it has with any person and the debt represented by it; and
- (b)
 - (i) all of its book and other debts;
 - (ii) all other moneys due and owing to it; and
 - (iii) the benefit of all rights, securities or guarantees of any nature enjoyed or held by it in relation to any item under paragraph (i) or (ii) above.

2. Assignment

To the extent that it is legally able to do so without breaching the terms of the relevant agreement the Chargor charges by way of a first fixed charge, all of its rights in respect of any agreement to which it is a party.

3. Floating charge

- (a) Except to the extent that it is subject to any fixed security created under any other term of this Clause and to the extent that it is legally able to do so without breaching the terms of the relevant agreement, the Chargor charges by way of a first floating charge all of its rights in respect of the assets referred to in Clauses 1 and 2 above.
- (b) The Lender may by notice to the Chargor convert the floating charge created by the Chargor under the Deed into a fixed charge as regards any of the Chargor's assets specified in that notice, if:
 - (i) an Event of Default is outstanding; or
 - (ii) the Lender considers those assets to be in danger of being seized or sold under any form of distress, attachment, execution or other legal process or to be otherwise in jeopardy.

NB:

- 1. The Chargor may not:
 - (a) create or permit to subsist any Security Interest on any Security Asset; or
 - (b) sell, transfer, licence, lease or otherwise dispose of any Security Asset,

Continuation Sheet 2

except as expressly allowed under the Credit Agreement.

2. The charge granted by the Chargor under the charge accompanying this Form 395 is given with full title guarantee in accordance with the Law of Property (Miscellaneous Provisions) Act 1994.
3. A reference to any assets includes, unless the contrary intention appears, present and future assets.
4. Unless the context otherwise requires, a reference to a Security Asset includes the proceeds of sale of the Security Asset.
5. If the rights of the Chargor under a document cannot be secured without the consent of a party to that document:
 - (a) the security created by the Deed will secure all amounts which the Chargor may receive, or has received, under that document but exclude the document itself and all rights or assets which the document provides may not be charged or secured without that consent; and
 - (b) in relation to all present and future agreements between the Chargor and the Secretary of State for Defence (together with other parties, as the case may be), the Chargor must use reasonable endeavours to obtain the consent of the Secretary of State for Defence to such documents being secured under the Deed and in any event such consent must be obtained within 3 calendar months of the date of the Deed in form and substance satisfactory to the Security Trustee.

In this Form 395:

"Accession Agreement"

means a letter, substantially in the form of schedule 8 (Form of Accession Agreement) of the Credit Agreement, with such amendments as the Facility Agent may approve or reasonably require.

"Additional Guarantor"

means a member of the Group which becomes a Guarantor after the date of the Credit Agreement.

"Administrative Party"

means a Mandated Lead Arranger or the Facility Agent.

"Credit Agreement"

means the £80,000,000 credit agreement dated on or about the date of the Deed between (among others) the Chargor and the Security Trustee.

"Event of Default"

means an event specified as such in the Credit Agreement.

"Facility Agent"

means HSBC Bank plc in its capacity as facility agent.

"Fee Letter"

means any letter entered into by reference to the Credit Agreement between one or more Administrative Parties and the Chargor setting out the amount of certain fees referred to in the Credit Agreement.

"Finance Document"

means:

- (a) the Credit Agreement;
- (b) a Security Document;
- (c) a Fee Letter;
- (d) a Letter of Awareness;
- (e) the Inter-creditor Deed;
- (f) a Transfer Certificate;
- (g) an Accession Agreement; or

any other document designated as such by the Facility Agent and the Chargor.

"Finance Party"

means a Lender or an Administrative Party.

"Group"

means the Parent and its Subsidiaries (other than any member of the LSC Restricted Group).

"Guarantor"

means an Original Guarantor or an Additional Guarantor.

"Holding Company"

means a holding company within the meaning of section 736 of the Companies Act 1985.

"Inter-creditor Deed"

Devonport Royal Dockyard Limited
Company Number: 02077752

Continuation Sheet 4

means the inter-creditor deed dated on or about the date of the Credit Agreement between the Transaction Parties and the Original Obligors.

"Lender"

means:

- (a) an Original Lender; or
- (b) any person which becomes a Lender after the date of the Credit Agreement.

"Letter of Awareness"

means each letter of awareness addressed to the Finance Parties from the ultimate Holding Company of each of the Shareholders, in each case in a form agreed between the Chargor and the Facility Agent.

"LSC Restricted Group"

means LSC Group Holdings Limited (registered number 3533640) and all of its Subsidiaries.

"Mandated Lead Arranger"

means the Governor and the Company of the Royal Bank of Scotland, HSBC Bank plc in its capacity as mandated lead arranger and The Royal Bank of Scotland plc.

"Obligor"

means the Chargor or a Guarantor.

"Original Guarantor"

means Devonport Management Limited (Company number: 2959785).

"Original Lender"

means the Governor and Company of the Royal Bank of Scotland, HSBC Bank PLC in its capacity as a lender and The Royal Bank of Scotland PLC.

"Original Obligor"

means the Chargor or an Original Guarantor.

"Parent"

means Devonport Management Limited.

"Security Assets"

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

"Security Agreement"

means a security agreement in the form of schedule 10 (Form of Security Agreement) of the Credit Agreement with such amendments as the Facility Agent may approve or reasonably require.

"Security Document"

means:

- (i) each Security Agreement; and
- (ii) any other document evidencing or creating security over any asset of an Obligor to secure any obligation of any Obligor to a Finance Party under the Finance Documents.

"Security Interest"

means any mortgage, pledge, lien, charge, assignment, hypothecation or security interest or any other agreement or arrangement having a similar effect.

"Shareholders"

means the holders of all the issued ordinary shares in the Parent as at the date of this Agreement, being:

- (a) Halliburton Holdings Limited;
- (b) The Weir Group plc; and
- (c) Balfour Beatty plc.

"Subsidiary"

means:

- (a) a subsidiary within the meaning of section 736 of the Companies Act 1985; and
- (b) unless the context otherwise requires, a subsidiary undertaking within the meaning of section 258 of the Companies Act 1985.

"Transaction Documents"

means each of the Finance Documents and any Working Capital Facility Document.

"Transaction Parties"

means each Finance Party and each Working Capital Facility Lender.

"Transfer Certificate"

means a certificate, substantially in the form of schedule 5 (Form of Transfer Certificate) of the Credit Facility, with such amendments as the Facility Agent may approve or reasonably require or any other form agreed between the Facility Agent and the Chargor.

"Working Capital Facility Document"

means any document providing for a Working Capital Facility.

"Working Capital Facility" means each of the following:

- (a) the £15,000,000 uncommitted overdraft facility dated 8th January, 2002 between the Chargor, Devonport Management Limited (formerly known as Dorhold Limited), Devonport Engineering Services Limited, Dorhold Limited (formerly known as Devonport Management Limited) and HSBC Bank plc as amended by letter dated on or about the date of the Credit Agreement between the same parties; and
- (b) the £10,000,000 bank guarantee facility dated 8th January, 2002 between the Chargor, Devonport Management Limited (formerly known as Dorhold Limited), Devonport Engineering Services Limited, Dorhold Limited (formerly known as Devonport Management Limited) and HSBC Bank plc as amended by letter dated on or about the date of the Credit Agreement between the same parties; and
- (c) any other facility or financial accommodation required in connection with the business of the Group and established under the Credit Agreement. This may include any overdraft, foreign exchange, interest rate hedging or guarantee or other banking facility.

"Working Capital Facility Lender"

means a Lender that provides a Working Capital Facility.

FILE COPY



**CERTIFICATE OF THE REGISTRATION
OF A MORTGAGE OR CHARGE**

Pursuant to section 401(2) of the Companies Act 1985

COMPANY No. 02077752

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A SECURITY AGREEMENT DATED THE 29th NOVEMBER 2002 AND CREATED BY DEVONPORT ROYAL DOCKYARD LIMITED FOR SECURING ALL PRESENT AND FUTURE OBLIGATIONS AND LIABILITIES DUE OR TO BECOME DUE FROM THE COMPANY TO HSBC BANK PLC (THE SECURITY TRUSTEE) AS AGENT AND TRUSTEE FOR THE TRANSACTION PARTIES ON ANY ACCOUNT WHATSOEVER UNDER THE TERMS OF THE AFOREMENTIONED INSTRUMENT CREATING OR EVIDENCING THE CHARGE WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 19th DECEMBER 2002.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 24th DECEMBER 2002.



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES



Companies House

— for the record —