

MG01

Particulars of a mortgage or charge



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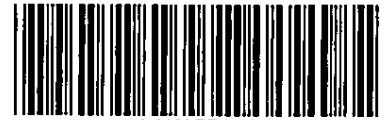
We will not accept this form unless you send the correct fee

Please see 'How to pay' on the last page

✓ **What this form is for**
You may use this form to register
particulars of a mortgage or charge
in England and Wales or Northern
Ireland

✗ **What this form is NOT for**
You cannot use this form to register
particulars of a charge for
company. To do this, please use
form MG01s

MONDAY



"LAKA7R9W"

L13

31/01/2011

291

COMPANIES HOUSE

1 Company details

Company number 0 2 0 8 7 8 6 7

Company name in full FUTURE ELECTRONICS LIMITED (the "Chargor")

8

→ **Filling in this form**
Please complete in typescript or in
bold black capitals

All fields are mandatory unless
specified or indicated by *

2 Date of creation of charge

Date of creation d1 d8 m0 m1 y2 y0 y1 y1

3 Description

Please give a description of the instrument (if any) creating or evidencing the
charge, e.g. 'Trust Deed', 'Debenture', 'Mortgage', or 'Legal charge'

Description A debenture (the "Debenture") dated 18 January 2011 made between the
Chargor, Future Electronics Management Services Limited and Future
Electronics Inc as chargors and Bank of Montreal, London Branch as
security agent and trustee for the Secured Parties (the "Security
Agent")

4 Amount secured

Please give us details of the amount secured by the mortgage or charge

Amount secured The "Loan Obligations" and the "Derivative
Obligations", as each such term is defined in the
Credit Agreement (the "Obligations")

Please refer to the continuation pages for all
defined terms used in this MG01

Continuation page
Please use a continuation page if
you need to enter more details

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5 Mortgagee(s) or person(s) entitled to the charge (if any)

Please give the name and address of the mortgagee(s) or person(s) entitled to the charge

Continuation page

Please use a continuation page if you need to enter more details

Name Bank of Montreal, London Branch

Address 95 Queen Victoria Street, London

Postcode E C 4 V 4 H G

Name

Address

Postcode

6 Short particulars of all the property mortgaged or charged

Please give the short particulars of the property mortgaged or charged

Continuation page

Please use a continuation page if you need to enter more details

Short particulars

1 Covenant to Pay

The Chargor has agreed that it shall pay its Obligations when due in accordance with the terms of the Loan Documents

2 Fixed Charges and Assignments

2 1 The Chargor, with full title guarantee as continuing security for the payment of the Obligations, has charged, in favour of the Security Agent by way of a first fixed charge all its rights, title and interest in and to, the Collateral to the extent not effectively assigned pursuant to Clause 3 2 (Assignments) of the Debenture

2 2 The Chargor, with full title guarantee, as continuing security for the payment of the Obligations, has assigned absolutely to the Security Agent all its Accounts

3 Floating Charge

3 1 The Chargor, with full title guarantee, as continuing security for the payment of the Obligations has charged in favour of the Security Agent by way of floating charge (to the extent not validly and effectively charged or assigned to the Security Agent under Clause 3 (Fixed Charges and Assignment) of the Debenture), all the rights and claims to which the Chargor is now or may hereafter become entitled in relation to the Collateral, whatsoever and wheresoever, present and future (collectively the "Floating Charge Property")

3 2 The floating charge created by the Chargor pursuant to Clause 4 1 (Creation of Floating Charge) of the Debenture is a "qualifying floating charge" for the purposes of paragraph 14 2(a) of Schedule B1 to the Insolvency Act 1986

3 3 Paragraph 14 of Schedule B1 to the Insolvency Act 1986 applies to the Debenture and the Security Agent may appoint an Administrator to the Chargor pursuant to that paragraph

6 Short particulars of all the property mortgaged or charged

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4 FURTHER ASSURANCE

4 1 Further Assurance

The Chargor has agreed that it shall, at the reasonable request of the Security Agent and at the cost of the Chargor, forthwith do all acts and things and execute and deliver in favour of the Security Agent, or as it may reasonably direct such further documents or instruments as the Security Agent may reasonably require, in such form as the Security Agent may reasonably require, in order to

- (a) protect, preserve or perfect the security intended to be conferred on the Security Agent by or pursuant to this Debenture, or
- (b) to facilitate the realisation of all or any of the Charged Asset and exercise all of the rights and powers conferred on the Security Agent, any Receiver or any delegate or either of the same for the purpose thereof or in connection therewith

5 BOOK DEBTS

5 1 Restrictions on dealing with Book Debts

Except as permitted pursuant to the Credit Agreement, the Chargor has agreed that it shall not

- (a) create or permit to subsist any Lien over all or any of its Book Debts other than the Liens granted under the Security Documents, and
- (b) enter into a single transaction or a series of transactions to sell, factor, transfer or otherwise dispose of all or any part of any of its Book Debts other than as required under Clause 5 (Further Assurance and Additional Obligations) of the Debenture

6 ACCOUNTS

6 1 Restrictions on dealing with Accounts

Except as permitted pursuant to the Credit Agreement, the Chargor has agreed that it shall not

- (a) create or permit to subsist any Lien over nor do anything else prohibited by Clause 13 2 (Liens) of the Credit Agreement (which provides that the Chargor shall not create, assume, enter into or permit to subsist, directly or indirectly, any Lien on its property or on the property of any of its Subsidiaries, other than Permitted Liens) in respect of all or any part of any of its Accounts other than the Liens created under the Security Documents,
- (b) enter into a single transaction or a series of transactions to transfer, assign or otherwise dispose of all or any part of any of its Accounts other than as required under Clause 5 (Further Assurances and Additional Obligations) of the Debenture (as set out as paragraph 4 (Further Assurance) above),

in each case, other than as may be expressly permitted under the Credit Agreement

7 GENERAL UNDERTAKINGS

7 1 Credit Agreement Covenants

Without prejudice to Clause 6 2 (Restrictions on dealing with Book Debts) and Clause 7 3 (Restrictions on dealing with Accounts) of the Debenture, the Chargor has agreed

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that it shall comply with its covenants set out in the Credit Agreement and has agreed that, insofar as applicable, the provisions of Clause 12 (*Affirmative Covenants*) and Clause 13 (*Negative Undertakings*) of the Credit Agreement shall be incorporated into the Debenture

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In this MG01 defined terms shall have the following meanings and any reference to "Agreement", "this Agreement", "Section", "clause", "subsection" or "hereof", unless expressly stated otherwise, is a reference to the Credit Agreement or a Section, clause or subsection (as applicable) of the Credit Agreement

"Accounts" means, in relation to the Chargor, all current, deposit and other accounts of the Chargor which form part of the Collateral with any bank or other financial institution in which it now, or from time to time, has an interest and all amounts now and from time to time standing to the credit of or accrued or accruing on those accounts, including those bank accounts of the Chargor as are more particularly described in Schedule 2 (Accounts) of the Debenture (and as attached to this MG01 as Schedule 2 (Accounts)) and all amounts now and from time to time standing to the credit of or accrued or accruing on those accounts

"Additional Guarantor" means a Subsidiary of FEI that has provided a Guarantee but has not provided any Security

"Adjusted Invoice Amount" means the aggregate amount payable under the invoice evidencing an Eligible Trade Receivable, as reduced by the amount of any Receivable Offset

"Administrator" means an administrator appointed under Schedule B1 to the Insolvency Act 1986

"Advance" means any advance by the Lenders under this Agreement, including (a) direct Advances by way of Prime Rate Advances, Swing Line Advances, US Base Rate Advances, US Prime Rate Advances and Libor Advances in US\$ or an Alternative Currency, (b) indirect Advances by way of BA Advances and the issuance of Letters of Credit, and (c) any renewal or conversion of any Advance

"Affiliate" means any person which, directly or indirectly, controls, is controlled by or is under common control with another person, and for the purposes of this definition, "control" (including, with correlative meanings, the terms "controlled by" or "under common control with") means the power to direct or cause the direction of the management and policies of any person, whether through the ownership of voting shares or by contract or otherwise

"Agent" means Bank of Montreal, having a place of business at 234 Simcoe Street, in the City of Toronto, Province of Ontario, in its capacity as administrative agent for all of the Lenders

"Aircraft" means the Dassault Falcon 7x and Dassault Falcon 900EX as well as all parts and supplies relating thereto

"Alonim" means Alonim Investments Inc, the shareholder of FEI

"Alternative Currency" means Canadian Dollars, Pounds Sterling, Euro, Japanese Yen, and any other major currency acceptable to the Agent and each Lender, in such minimum amounts and on such terms (including the underlying reference pricing) as may be agreed in respect of any Advance in any such other major currency

"Applicable Law" means (a) any domestic or foreign statute, law (including common and civil law), treaty, code, ordinance, rule, regulation, restriction or by-law (zoning or otherwise), (b) any judgment, order, writ, injunction, decision, ruling, decree or award, (c) any regulatory policy, practice, guideline or directive, or (d) any franchise, licence, qualification, authorization, consent, exemption, waiver, right, permit or other approval of any Governmental Authority, binding on or affecting the Person referred to in the context in which the term is used or binding on or affecting the property of such

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Short particulars	<p>Person</p> <p>"Approved Countries" means (a) any country that is a member of the European Union, the Organization for Economic Cooperation and Development or the G-20, (b) Singapore, Hong Kong, Taiwan, Thailand, Malaysia, Philippines, and Macao and (c) any other jurisdiction requested by FEI and approved by the Agent and the Required Lenders as an "Approved Country"</p> <p>"Approved Country Eligible Trade Receivable" means an Eligible Trade Receivable, other than a First Lien Eligible Trade Receivable, that is payable to a Loan Party (other than a Pledge Guarantor or an Additional Guarantor) by an account debtor in an Approved Country</p> <p>"Approved Fund" means any Person (other than a natural Person) that (a) is or will be engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business, and (b) is administered or managed by a Lender, an Affiliate of a Lender or an entity or an Affiliate of an entity that administers or manages a Lender</p> <p>"Asset Disposition" means the sale, lease, transfer, assignment or other disposition or alienation of any of the property (including Equity Interests) of FEI or any of its Subsidiaries, provided that the term "Asset Disposition" shall exclude (a) sales or other dispositions of inventory in the ordinary course of business (which shall include Interco Inventory Sales), (b) sales or dispositions which cannot be prohibited pursuant to Section 1136 of the German Civil Code (Bürgerliches Gesetzbuch), (c) any Distribution permitted hereunder, and (d) the incurrence of any Lien permitted hereunder, provided that Interco Inventory Sales in respect of which the invoice payable to the Loan Party for the purchase of such inventory is not paid in full within 6 months from the date of shipment shall be considered Asset Dispositions to the extent of the full amount of the purchase price of such Interco Inventory Sales unpaid for more than 6 months</p> <p>"Assignment" means an assignment of all or a portion of a Lender's rights and obligations under this Agreement in accordance with Sections 16 2 and 16 3, and "Assignee" means an Eligible Assignee who has entered into an Assignment and Assumption Agreement</p> <p>"Assignment and Assumption Agreement" means an agreement substantially in the form annexed hereto as Schedule "C"</p> <p>"Available Credit" means the amount equal to the lesser of the Borrowing Base and the Maximum Credit</p> <p>"Bankers' Acceptance" means a non-interest bearing draft or bill of exchange in Canadian Dollars drawn and endorsed by the Canadian Borrower and accepted by a Lender in accordance with the provisions of Article 6, and includes a Discount Note where the context permits. In cases where the Lenders elect to use a clearinghouse as contemplated by the Depository Bills and Notes Act (S C 1998 c 13) (the "Act"), "Bankers' Acceptance" shall mean a depository bill (as defined in the Act) in Canadian Dollars signed by the Canadian Borrower and accepted by a Lender. Drafts or bills of exchange that become depository bills may nevertheless be referred to herein as "drafts"</p> <p>"BA Advance" means, at any time, the portion of the Advances in Canadian Dollars which the Canadian Borrower has chosen to borrow by Bankers' Acceptances, calculated based on the face amount of such Bankers' Acceptances</p>	

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"Book Debts" means, in relation to the Chargor, all its book and other debts, all its account receivables, all other rights it has to receive money and all other amounts, now, or from time to time, due, owing or payable to it and the benefit of all related guarantees, indemnities, negotiable instruments, rights and security interests of any kind and which form part of the Collateral

"Borrowing Base" means, at any time, the result of the following calculation

- (1) the Receivables Borrowing Base, plus
- (2) the Inventory Borrowing Base, minus
- (3) Priority Claims, minus
- (4) Reserves,

provided that the Inventory Borrowing Base cannot exceed 66 2/3% of the Borrowing Base, and further provided that if at any time the Fixed Charge Coverage Ratio is less than 1 75 1 00, the Borrowing Base will be reduced by 50% The Agent shall have the right to establish, modify, or eliminate Reserves against the Borrowing Base from time to time in its reasonable credit judgment

All of the foregoing shall be based on the most recent Borrowing Base Certificate provided to the Agent in accordance with Section 12 15 3 2

"Borrowing Base Certificate" means the certificate in the form of Schedule "M" to be provided to the Agent in accordance with the provisions of subsection 12 15 3 2

"Canadian Dollars" or **"C\$"** means the lawful currency of Canada

"Canadian Facility" means the portion of the Maximum Credit available pursuant to Section 2 1 1, subject to increase in accordance with the provisions of Section 2 3 or reduction in accordance with the provisions of Section 8 2

"Canadian Swing Line Advance" has the meaning ascribed to it in subsection 0

"Canadian Swing Line Lender" means Bank of Montreal and any successor thereof appointed pursuant to Section 4 4

"Capital Expenditures" means the aggregate amount actually paid in cash in any year by FEI on a consolidated basis for or in connection with the acquisition or maintenance of assets required to be capitalized in accordance with GAAP

"Capital Lease" means any lease (i) which is required to be capitalized on a balance sheet of the lessee in accordance with GAAP, or (ii) for which the amount of the asset and liability thereunder should be disclosed in a note to such balance sheet as if so capitalized in accordance with GAAP

"Cash Equivalents" means, as of the date of any determination thereof, instruments of the following types

- (1) obligations of, or unconditionally guaranteed by, the governments of Canada or the USA, or any agency of either of them backed by the full faith and credit of the governments of Canada or the USA, respectively, maturing within 364 days of acquisition,

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(2) marketable direct obligations of the governments of one of the provinces of Canada, one of the states of the USA, or any agency thereof, or of any county, department, municipality or other political subdivision of Canada or the USA, the payment or guarantee of which constitutes a full faith and credit obligation of such province, state, municipality or other political subdivision, which matures within 364 days of acquisition and which, at the time of acquisition, is accorded a short-term credit rating of at least A-1 by Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc (it and each successor thereto referred to herein as "S&P") or at least P-1 by Moody's Investors Service, Inc (it and each successor thereto referred to herein as "Moody's") or the equivalent thereof by Dominion Bond Rating Service Limited (it and each successor thereto referred to herein as "DBRS"),

(3) commercial paper, bonds, notes, debentures and bankers' acceptances issued by a Person residing in Canada or the USA and not referred to in clauses 1, 2, or 4, and maturing within 364 days from the date of issuance which, at the time of acquisition, is accorded a short-term credit rating of at least A-1 by S&P or at least P-1 by Moody's or the equivalent thereof from DBRS,

(4) certificates of deposit maturing within 364 days from the date of issuance thereof, issued by a bank or trust company organized under the laws of the USA, any state thereof, or Canada or any province thereof, or (b) US Dollar certificates of deposit maturing within 364 days of acquisition and issued by a bank in western Europe or the United Kingdom, in all cases having capital, surplus and undivided profits aggregating at least US\$500,000,000 (or its equivalent in Canadian Dollars) and whose short-term credit rating is, at the time of acquisition thereof, rated A-1 or better by S&P or P-1 or better by Moody's (or the equivalent thereof from DBRS)

"Change in Law" means the occurrence, after the date of this Agreement, of any of the following (a) the adoption or taking effect of any Applicable Law, (b) any change in any Applicable Law or in the administration, interpretation or application thereof by any Governmental Authority, including any such change resulting from any quashing by a Governmental Authority of an interpretation of any Applicable Law, or (c) the making or issuance of any Applicable Law by any Governmental Authority

"Change of Control" means any event which results in less than (a) 51% of the Equity Interests of FEI being held directly by Alonim, or (b) all of the Equity Interests in the other Loan Parties being held directly or indirectly by FEI, or (c) all of the voting and economic Equity Interests of Alonim being held, directly or indirectly, by Robert G Miller, his estate, spouses and lineal descendants, the legal representatives of any of the foregoing and the trustee of any bona fide trust of which the foregoing are sole beneficiaries or grantors, provided that Robert G Miller shall, at all times, control, directly or indirectly, not less than 51% of the voting interests in Alonim and provided further that no Event of Default will occur solely as a result of clause (c) if (i) the Canadian Borrower gives prompt notice to the Agent of any fact or circumstance giving rise to the application of clause (c), (ii) within 30 days after such notice is given FEI provides to the Agent a proposed management or succession plan for its consideration, and (iii) within a further 30 days from receipt of such proposed plan, the Agent advises FEI that such proposed plan has been approved by the Agent and the Required Lenders, or, failing such approval, all of the Obligations are paid and performed within a further 120 days after such notice from the Agent to FEI

"Charged Asset" means the property, assets and income mortgaged, assigned or charged to the Security Agent (whether by way of legal mortgage, assignment, fixed or floating charge) by or pursuant to the Debenture and each and every part of such property, assets and income

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"Closing Date" means January 18, 2011

"Code" means the USA Internal Revenue Code of 1986, as amended from time to time

"Collateral" means all inventory and accounts receivable of each Loan Party (other than a Pledge Guarantor or an Additional Guarantor) and all related assets, including insurance (including casualty, credit and business interruption insurance) and other proceeds thereof and the security and books and records relating thereto, as well as balances in bank accounts and inter-company accounts receivable (including amounts owing by Future Funding Corp to a Loan Party), and further includes Eligible Trade Receivables, Eligible Inventory, instruments, cash and Cash Equivalents, but excludes (a) any proceeds arising from the sale or other Asset Disposition of fixed assets or the Exempt Distribution, (b) rents, expropriation proceeds, insurance proceeds (in all cases, other than in respect of accounts receivable and their proceeds and inventory and its proceeds), and (c) the proceeds of issuance or sale of any Equity Interests, or of any Debt issuance or creation, provided that in the case of proceeds described in paragraphs (a), (b) and (c), such proceeds are placed in segregated bank accounts and remain identifiable as such

"Commitment" means the portion of the Maximum Credit which each Lender is bound to provide, as set out in Schedule "A" hereof, subject to modifications based on or arising out of (a) Assignments permitted hereunder, (b) an increase or reduction in the amount of the Facilities under Section 2 3 or Section 8 2, respectively, or (c) the addition of any Borrower in accordance with the provisions of subsection 9 1 2

"Core Business" means the manufacture, assembly, marketing and distribution throughout the world of electronic components such as capacitors, interconnects, LED lighting solutions, microcontrollers and memory chips, as well as all related and ancillary activities including providing engineering solutions and system solutions in the lighting and energy sectors, the distribution of such products to original equipment manufacturers and contract manufacturers, and investments in and acquisitions of such Persons, and all ancillary and related activities including intercompany financing of such activities

"Credit Agreement" means a US\$250,000,000 credit agreement dated as of 14 January 2011 (and as further amended from time to time) made between, among others, Future Electronics Inc as Canadian Borrower, Future Electronics Corp as US Borrower, certain financial institutions as Lenders and Bank of Montreal as administrative agent, whereby the Lenders have agreed to make available certain facilities on the terms and conditions contained therein

"Credit-Impaired Receivable" means an account receivable that does not meet the standards set by FEI's internal credit and collection policies and procedures in effect as at the date hereof, as revised by FEI from time to time (but, with respect to any material revisions, subject to the approval of the Required Lenders)

"Debt" includes, for any Person, without duplication and in accordance with GAAP

- (1) obligations in respect of borrowed money, whether or not evidenced by notes, bonds, debentures or similar evidence of Indebtedness of such Person,
- (2) the Hedging Exposure, which cannot be a negative number so as to reduce Debt,

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(3) obligations representing the deferred purchase price of goods and services where payment is deferred for 120 days or more,

(4) the obligations, whether or not assumed, which are secured by Liens on the property belonging to such Person or payable out of the proceeds flowing therefrom,

(5) any Equity Interests of that Person (or of any Subsidiary of that Person) which Equity Interests, by their terms (or by the terms of any security into which they are convertible or for which they are exchangeable at the option of the holder), or upon the happening of any event, mature or are redeemable on a mandatory basis, pursuant to a sinking fund obligation or otherwise, or are redeemable at the option of the holder thereof, in whole or in part, prior to the expiry of the Term, for cash or securities constituting Debt,

(6) obligations under Capital Leases and Synthetic Leases,

(7) all amounts owing under the Receivables Purchase Facility,

(8) obligations under letters of credit, letters of guarantee and bankers' acceptances, and

(9) obligations under guarantees

"**Debt**" excludes trade payables incurred in the ordinary course of business on standard commercial terms, future income taxes, accruals and similar liabilities

"**Delegate**" means a delegate or sub-delegate appointed, directly or indirectly, pursuant to Clause 13 3 (Delegation) of the Debenture

"**Derivative Instrument**" means an agreement entered into from time to time by a Person in order to control, fix or regulate currency exchange, commodity price or interest rate fluctuations, including a rate swap transaction, basis swap, forward rate transaction, commodity swap, commodity option, equity or index equity swap, equity or index equity option, bond option, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collar transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of these transactions and any combination of these transactions)

"**Derivative Obligations**" means the Hedging Exposure and all other obligations of the Loan Parties to one or more Lenders under Derivative Instruments, including the Derivative Instruments listed in Schedule "P"

"**Discount Note**" means a non-interest bearing promissory note denominated in Canadian Dollars issued by the Canadian Borrower to a Non-BA Lender, such note to be in the form normally used by such Non-BA Lender or Participant

"**Distribution**" means any of the following transactions between (a) FEI or any of its Subsidiaries, and (b) any Related Party that is not a Subsidiary of FEI

(1) the retirement, redemption, retraction, purchase, or other acquisition of any Equity Interests or Related Party Debt,

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(2) the declaration or payment of any dividend, return of capital or other distribution (in cash, securities or other property or otherwise) of, on or in respect of, any Equity Interests,

(3) any payment or repayment of or on account of Related Party Debt (including payments, loans and advances to Alonim), including in respect of principal, interest, bonus, premium or otherwise,

(4) any payment of management or similar fees (other than payments of management or similar fees that are deducted in the calculation of net income of the applicable Person in accordance with GAAP), and

(5) any other payment or distribution (in cash, securities or other property, or otherwise) of, on or in respect of any Equity Interests or Related Party Debt

"Eligible Assignee" means (a) a Lender, (b) an Affiliate of a Lender, (c) an Approved Fund, and (d) any other Person (other than a natural person), in respect of each of which the consent of any party whose consent is required by Section 16 2 1 has been obtained, provided that notwithstanding the foregoing, "Eligible Assignee" shall not include FEI or any of its Subsidiaries or any Affiliate of any of them

"Eligible Inventory" means the inventory of the Loan Parties (other than Pledge Guarantors and Additional Guarantors), excluding inventory of such Loan Parties that

(1) is not owned by a Loan Party free and clear of all Liens and rights of any other Person, other than the Liens in favour of the Agent on behalf of the Lenders and any Liens securing the payment of inventory trade payables deducted in calculating the Borrowing Base,

(2) is not located in a Main Distribution Centre,

(3) is located in a Main Distribution Centre if same is not owned by a Loan Party or is subject to any mortgage in favour of a third party unless the owner or mortgagee thereof has entered into an access agreement substantially in the form of Schedule "N" or Schedule "N-1" (or such other form as may be reasonably approved by the Agent),

(4) is held on consignment or is in transit, except for inventory in transit between locations of the Loan Parties as to which the Agent's Liens have been perfected at origin and destination,

(5) is covered by a negotiable document of title, unless such document has been delivered to the Agent, with all necessary endorsements, free and clear of all Liens except those in favour of the Agent for the benefit of the Lenders,

(6) is obsolete, damaged, defective, has been in inventory for more than 1 year, or has been returned (other than in pristine condition) by the buyer,

(7) consists of raw materials or work in progress,

(8) consists of display items, packing or shipping materials, supplies, spare parts, and other inventory not held for resale in the ordinary course of the Core Business,

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Short particulars	<p>(9) is not subject to the Liens created by the Security,</p> <p>(10) constitutes a Hazardous Substance or consists of goods that can be handled, transported or sold only with permits, licences, approvals or authorizations that are not readily available, provided that if such inventory is lead-based stock and is stored, managed, transported and sold in accordance with all Applicable Laws, it will form part of Eligible Inventory,</p> <p>(11) is not covered by casualty insurance in accordance with the provisions of Section 12 6, or</p> <p>(12) is subject to any patent or trademark licence (a) requiring the payment of royalties or fees (unless paid or deducted from the value of such inventory in making the calculation), or (b) requiring the consent of the licensor for a sale thereof by the Agent, or (iii) which otherwise limits in any material and legally enforceable way any sale or lease thereof by the Agent</p> <p>"Eligible Trade Receivable" means a bona fide trade account receivable of a Loan Party that has provided the Security on its Collateral, arising out of the sale of goods or services in the ordinary course of business, except any such trade account receivable that, in the Agent's reasonable determination</p> <p>(1) is more than 30 days past due or the debtor of which is insolvent unless the payment of the receivable is insured under credit insurance on terms reasonably acceptable to the Agent,</p> <p>(2) is unpaid more than 120 days from the earlier of the date of shipping and the date of invoicing, provided that trade account receivables in an aggregate amount of up to \$10,000,000 will not be excluded under this clause unless such trade account receivables are unpaid for more than 180 days from the earlier of the date of shipping and the date of invoicing,</p> <p>(3) is a Credit-Impaired Receivable,</p> <p>(4) is the obligation of an account debtor that is a Governmental Authority against whom the Security is not enforceable unless (i) the account is assignable by way of security and has been validly and enforceably assigned and (ii) the relevant Loan Party, if necessary or desirable, has complied with the Financial Administration Act (Canada) and any amendments thereto, with the Federal Assignment of Claims Act of 1940 (United States) (31 U S C Section 3727) or any other applicable country, state, provincial, county or municipal law of similar purpose and effect restricting the assignment thereof with respect to such obligation,</p> <p>(5) arises from a sale to any Related Party,</p> <p>(6) with respect to which an invoice has not been sent to the applicable account debtor,</p> <p>(7) is payable upon the satisfaction of any condition that has not yet been satisfied or pursuant to a contract of successive performance all of the obligations under which have not been exercised,</p> <p>(8) is not owned by the Loan Parties or is subject to any right, claim, Lien or other interest of any other Person, other than (a) Net Liabilities deducted in calculating the Receivables Borrowing Base, (b) Priority Claims deducted in calculating the Borrowing Base, or (c) the Security,</p>	

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(9) the amount of which, together with all other Eligible Trade Receivables owing by such account debtor and its Affiliates as of any date of determination, exceed 7.5% of all Eligible Trade Receivables,

(10) is payable in any currency other than US Dollars or an Alternative Currency, provided that such exclusion shall apply only to the aggregate amount of such trade accounts receivable that exceeds 2.5% of the Borrowing Base

"Environmental Laws" means all applicable Canadian, USA, European Union, Hong Kong, Singapore and other applicable jurisdictions' federal, state, provincial, local and other foreign statutes and codes or regulations, rules or ordinances issued, promulgated or approved thereunder, as well as all other Applicable Laws, and all common laws under which environmental liabilities can arise, now or hereafter in effect (including those with respect to asbestos or asbestos-containing material or exposure to asbestos or asbestos-containing material, urea formaldehyde foam insulation, transformers or other equipment that contain dielectric fluid containing regulated levels of polychlorinated biphenyls, and radon gas), to the extent relating to pollution or protection of the environment and public health and relating to (a) emissions, discharges, releases or threatened releases of pollutants, contaminants, chemicals or industrial toxic or hazardous constituents, substances or wastes (including any Hazardous Substance, petroleum including crude oil or any fraction thereof, any petroleum product or other waste, chemicals or substances regulated by any such statute, codes, regulations, rules or ordinances) into the environment (including ambient air, surface water, ground water, land surface or subsurface strata), and (b) the manufacture, processing, distribution, use, generation, treatment, storage, disposal, transport or handling of any Hazardous Substance, petroleum including crude oil or any fraction thereof, any petroleum product or other waste, chemicals or substances regulated by any such statute, codes, regulations, rules or ordinances, and (c) underground storage tanks and related piping, and emissions, discharges and releases or threatened releases therefrom

"Equity Interests" means, with respect to any Person, all shares, interests, units, participations or other equivalent equity interests (however designated, whether voting or non-voting) of such Person's capital, whether now outstanding or issued after the Closing Date, including common shares, preferred shares, membership interests in a limited liability company, limited or general partnership interests in a partnership, trust units, or any other equivalent of such ownership interests

"Equivalent Amount" has the meaning ascribed to it in Section 15.2

"Euro" or "€" means the single currency, denominated in Euro decimal or legacy currency units, of the Member States of the European Union that have adopted or have agreed to adopt such single currency as their currency in accordance with legislation of the European Union relating to European Economic and Monetary Union

"Exempt Distribution" means the Distribution in kind of the SPFH Investment and the Aircraft

"Facilities" means the Canadian Facility and the US Facility

"FEC" or the "US Borrower" means Future Electronics Corp., a corporation constituted in accordance with the laws of Massachusetts, having its registered office at 41 Main Street, in the City of Bolton, State of Massachusetts, 01740, and together with FEI, the "Borrowers"

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"**FEI**" or the "**Canadian Borrower**" means Future Electronics Inc, a corporation constituted in accordance with the laws of the Province of New Brunswick, having its registered office at Brunswick House, 44 Chipman Hill, 10th floor, P O Box 7289, in the City of St John, Province of New Brunswick, E2L 4S6

"**First Lien Eligible Trade Receivable**" means an Eligible Trade Receivable that is subject to a valid and enforceable first-priority Lien (subject only to Permitted Liens described in subsection 0 in respect of amounts not due) in favour of the Agent pursuant to the Security (a) in the jurisdiction of the Loan Party to whom such Eligible Trade Receivable is payable, and (b) in the jurisdiction of the account debtor of the Eligible Trade Receivable

"**Fixed Charge Coverage Ratio**" means, for a particular financial period, in making the calculation set out in subsection 12 11 1 in respect of FEI on a consolidated basis in accordance with GAAP, the ratio obtained by (i) deducting Capital Expenditures made in that period and not financed using Debt, (ii) cash taxes, and (iii) Distributions (other than Exempt Distributions and notwithstanding the provisions of subsection 1 1 62 3, other than loans and advances to Alonim made or paid in that period), from EBITDA for that period, and dividing the result by the aggregate of (a) Interest Expense excluding Interest Expense incurred in connection with Subordinated Debt plus (b) all scheduled repayments of Debt (other than Subordinated Debt) during such period (but, for greater certainty, excluding any voluntary repayments and any final balloon payments which have become current Debt)

"**Generally Accepted Accounting Principles**" or "**GAAP**" means the generally accepted accounting principles in the USA in effect from time to time including, at any time after the adoption thereof in the USA, the generally accepted accounting standards from time to time developed and approved by the International Accounting Standards Board (IFRS)

"**Governmental Authority**" means the government of Canada, the USA, the UK, Hong Kong, Singapore, Germany, Israel or any other nation, or of any political subdivision thereof, whether provincial, state or local, and any agency, authority, instrumentality, regulatory body, court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government, including any supra-national bodies such as the European Union, the Bank for International Settlements or the European Central Bank and including a Minister of the Crown, Superintendent of Financial Institutions or other comparable authority or agency

"**guarantees**" by any Person means all obligations (other than endorsements in the ordinary course of business of negotiable instruments for deposit or collection) of such Person guaranteeing, or in effect guaranteeing, any Indebtedness, dividend or other obligation of any other Person (the "**Primary Loan Party**") in any manner, whether directly or indirectly, including all obligations incurred through an agreement, contingent or otherwise, by such Person (a) to purchase such Indebtedness or obligation or any property or assets constituting security therefor, (b) to advance or supply funds or financial assistance (i) for the purchase or payment of such Indebtedness or obligation, or (ii) to maintain working capital or other balance sheet condition or otherwise to advance or make available funds for the purchase or payment of such Indebtedness or obligation against loss, (c) to lease property or to purchase securities or other property or services primarily for the purpose of assuring the owner of such Indebtedness or obligation of the payment thereof, or (d) otherwise to assure the owner of the Indebtedness or obligation of the Primary Loan Party against loss in respect thereof For the purposes of all computations made under this Agreement, a guarantee in respect of any

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Indebtedness for borrowed money, and a guarantee in respect of any other obligation or liability or any dividend, shall be deemed to be Indebtedness equal to the maximum aggregate amount of such obligation, liability or dividend, unless the guarantee is limited in amount, in which case such limit shall be used for such computation

"Guarantees" means the Guarantees provided in accordance with Section 9 1

"Guarantors" means each of the Borrowers, Future Electronics Ltd , Future Electronics Distribution Center, Limited Partnership, Future Electronics Deutschland GmbH, Future Electronics Inc (Distribution) Israel, Ltd , Future Electronics Inc (Distribution) Pte Ltd , and Future Electronics (Hong Kong) Limited and all Pledge Guarantors included in Schedule "D-1", together with any other Person designated as a Guarantor, an Additional Guarantor or a Pledge Guarantor from time to time by FEI in accordance with the provisions of subsection 9 1 2, provided that once a Person is designated as a Guarantor, it shall remain a Guarantor unless the Equity Interests of such Person is the object of an Asset Disposition, to the extent permitted hereunder, such that it is no longer a Subsidiary of FEI

"Hazardous Substances" shall mean any (a) substance, waste, liquid, gaseous or solid matter, fuel, micro-organism, sound, vibration, ray, heat, odour, radiation, energy vector, plasma and organic or inorganic matter which may alter and diminish or deteriorate the quality of the environment, or which by reason of its qualities is a hazard to health or to the environment, or is or is deemed to be, alone or in any combination, hazardous, hazardous waste, hazardous material, toxic, a pollutant, a deleterious substance, a contaminant or a source of pollution or contamination under any applicable Environmental Laws, and (b) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any Governmental Authority

"Hedging Exposure" means the aggregate amount that would be payable to all Persons by FEI or one of its Subsidiaries on the date of determination as if all Derivative Instruments were being terminated on that day, calculated based on the market value of any Derivative Instrument for which the market value is negative from the perspective of FEI or any of its Subsidiaries (that is, FEI or its relevant Subsidiary is "out of the money") The market value is the aggregate amount that would have to be paid by FEI or one of its Subsidiaries to its counterparty under the Derivative Instrument as determined and calculated, in connection with Derivative Instruments between a Loan Party and a Lender, by the Lender, and in connection with Non-Lender Currency Hedges, by the Loan Party, using commercially reasonable estimates at mid-market, that amount may be reduced to the extent that the market value of another Derivative Instrument entered into by FEI or the same Subsidiary with the same counterparty is positive from the perspective of FEI or such Subsidiary and a netting arrangement between FEI or such Subsidiary and its counterparty is in place

"Indebtedness" of any Person means (without duplication) all obligations of such Person that in accordance with GAAP should be classified upon a balance sheet of such Person as liabilities of such Person, and in any event includes all Debt of such Person

"Interco Inventory Sales" means sales of inventory made by a Loan Party in the ordinary course of its business to an Affiliate that is not a Loan Party (other than a Pledge Guarantor or Additional Guarantor) for resale in the ordinary course of the business of such Affiliate in a particular geographic market

"Intercreditor Agreement" means one or more Intercreditor Agreements entered into among the Agent on behalf of the Lenders, Sheffield Receivables Corporation, Barclays Bank PLC, FEC, FEI

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and Future Funding Corp with respect to the rank and rights of the Lenders under this Agreement and under the Receivables Purchase Facility, and any replacement thereof in form and substance satisfactory to the Agent, acting reasonably

"Interest Expense" means, for any period, the aggregate, without duplication, of all cash expenses of FEI, calculated on a consolidated basis, for interest and equivalent costs of borrowing, including (a) all fees and other compensation paid to any Person that has extended credit to FEI or any of its Subsidiaries, including under the Receivables Purchase Facility, (b) the interest component of Capital Leases and Synthetic Leases, and (c) all discounts and fees payable in respect of bankers' acceptances, letters of credit and letters of guarantee, net of cash interest income received from any Person, all calculated in accordance with GAAP

"Inventory Borrowing Base" means 50% of (a) the aggregate book value of Eligible Inventory, calculated based on the lesser of cost and net realizable value in accordance with GAAP, minus (b) the aggregate amount of the inventory trade payables owed by each Loan Party that owns any Eligible Inventory

"Issuing Lenders" means Bank of Montreal (up to \$12,500,000) and The Royal Bank of Scotland N V , (Canada) Branch (up to \$12,500,000), as the issuers of Letters of Credit (in that capacity), or any successor issuer of Letters of Credit For greater certainty, where the context requires, references to "Lenders" herein include the Issuing Lenders

"Japanese Yen" or "¥" means the lawful currency of Japan

"Lender" or **"Lenders"** means the Lenders listed in Schedule "A" together with any Persons who have entered into Assignment and Assumption Agreements, or, as the context permits, any of them alone When used in connection with "Derivative Instruments", the term "Lender" shall include any Affiliate of a Lender When used in connection with the Guarantees or the Security, the term "Lender" shall include any counterparty to a Derivative Instrument, provided that the counterparty was a Lender or an Affiliate of a Lender at the time any such Derivative Instrument was entered into or is a counterparty to any Derivative Instrument listed in Schedule "P"

"Letter of Credit" means any documentary letter of credit, stand-by letter of credit and letter of guarantee issued by an Issuing Lender in accordance with the provisions hereof

"Liabilities" means all liabilities of the relevant Loan Party, excluding (a) inventory trade payables already deducted from the Inventory Borrowing Base, (b) liabilities of a Loan Party to another Loan Party (other than a Pledge Guarantor or an Additional Guarantor), and (c) liabilities owed to a Loan Party or a non-Loan Party which have been validly and effectively entirely subordinated to the repayment of the Loan Obligations and the Derivative Obligations in form and substance satisfactory to the Agent

"Libor Advance" means, at any time, an Advance in US\$, €, £ or ¥ with respect to which a Borrower has chosen to pay interest on the Libor Basis

"Libor Basis" means the basis of calculation of interest on Libor Advances, or any part thereof, made in accordance with the provisions of Sections 5.3 and 5.4

"Lien" means any right to any property, or the income or benefits flowing therefrom, which secures

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an obligation due to a Person or a claim of such Person, whether such interest is based on the common law, statute or contract, and includes any security interest, hypothec (including a legal hypothec), pledge, pawn, mortgage, privilege, prior claim, lien, charge, assignment, transfer, cession, encumbrance, Capital Lease, Synthetic Lease, instalment sale, conditional sale or trust receipt or a consignment or bailment for security purposes, "flawed-asset" arrangement, and any arrangement having the same or equivalent commercial effect as a security interest or hypothec. The term "Lien" shall include reservations, exceptions, encroachments, easements, servitudes, rights-of-way, covenants, conditions, restrictions and other title exceptions and encumbrances (including, with respect to stock, stockholder agreements having the effect of restricting the ability, in any material respect, of a Person to fulfill its obligations hereunder, voting trust agreements and all similar arrangements) affecting property. Solely for the purposes of determining whether a Lien exists for the purposes of this Agreement, a Person shall be deemed to be the owner of any property which it has acquired or holds subject to a conditional sale agreement, Capital Lease or other arrangement pursuant to which title to the property has been retained by or vested in some other Person for security purposes and such retention or vesting shall constitute a Lien.

"Loan Documents" means this Agreement, the Security Documents, the Intercreditor Agreement, and each Derivative Instrument entered into with a Lender, together with all accessory documentation and all other agreements, deeds and instruments entered into pursuant hereto.

"Loan Obligations" means all obligations of the Loan Parties to the Agent and Lenders under or in connection with the Loan Documents (provided that "Loan Obligations" shall not include "Derivative Obligations"), including the aggregate of Advances outstanding under this Agreement (and further including the face amount of any Bankers' Acceptances and all reimbursement obligations under subsection 4.3.3 in respect of Letters of Credit issued in accordance with the provisions hereof), together with interest thereon (including, without limitation, interest accruing after the maturity of the Advances due under any Facility hereunder and interest accruing after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to a Loan Party, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) and all other debts and liabilities, present or future, direct or indirect, absolute or contingent, matured or not, at any time owing by the Loan Parties to the Agent and Lenders in any currency under or in connection with the Loan Documents, all obligations of the Loan Parties under cash consolidation, cash management and electronic funds transfer arrangements between any Loan Party and the Agent and Lenders, and all interest, Fees, fees, commissions, legal and other costs, charges and expenses incurred under or in connection with the Loan Documents. In this definition, "the Agent and Lenders" means "the Agent and Lenders, or any of them".

"Loan Parties" means the Borrowers and the Guarantors, and "non-Loan Parties" means Persons that are not Loan Parties.

"Main Distribution Centre" means (a) the existing distribution centres located in Southaven, MS (USA), Leipzig (Germany) and Singapore (Republic of Singapore) and described in Schedule "H", and (b) any future distribution centre used by the Loan Parties provided that (i) such centre is not located in a Restricted-Lien Country, (ii) the inventory located at the distribution centre is subject to the Security, (iii) the book value of the inventory located at the distribution centre is not less than \$5 million, (iv) FEI has designated the distribution centre as a "Main Distribution Centre", and (v) except as regards any distribution centre located in Quebec in which is held inventory of a Canadian Credit Party, the Required Lenders have approved the country where the new Main Distribution Centre is located.

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"Material Adverse Change" means a material adverse change in, and **"Material Adverse Effect"** means an event or condition that could have a material adverse effect on, either individually or in the aggregate, (a) the business, assets, liabilities, financial position or operating results of FEI taken as a whole, or (b) the ability of any of the Loan Parties to perform any of its obligations under this Agreement or any of the other Loan Documents in accordance with their respective terms, or (c) the validity or enforceability of any of the Loan Documents

"Maximum Credit" means \$250,000,000, subject to increase in accordance with the provisions of Section 2 3 or reduction in accordance with the provisions of Section 8 2

"Minor Title Defects" means title defects or irregularities which are of a minor nature and in the aggregate will not substantially impair the use or market value of the property affected by such title defect or irregularity for the purposes for which it is held by the owner thereof, nor substantially diminish any Lien

"Net Liabilities" means all Liabilities of the relevant Loan Party less the amount of cash and Cash Equivalents that are (a) held in the relevant Loan Party's bank account in its jurisdiction of organization and (b) subject to valid, binding and enforceable Security in favour of the Agent for the benefit of the Agent and the Lenders

"Non-BA Lender" means a Lender under the Canadian Facility that does not accept bankers' acceptances issued in Canada

"Non-Lender Currency Hedges" means Derivative Instruments entered into between FEI or a Subsidiary with Persons who are not Lenders in circumstances where fewer than two of the Lenders can provide Derivative Instruments in respect of such currencies

"Permitted Liens" means the Liens created by the other Loan Documents and, with respect to any Person

(1) any Lien created by Applicable Law (including Priority Claims) that is assumed in the ordinary course of business and in order to exercise same, which has not at such date been registered in accordance with Applicable Law against such Person, which relates to obligations which are not yet due, which is not related to any loan of money or obtaining of credit and which, considered in the aggregate with all other such Liens, do not affect in a material way the use, the income or the benefits flowing from the property so charged in the conduct of the business of such Person, any Lien resulting from judgments or decisions which such Person has, at such date, appealed or in respect of which it has sought revision and obtained a suspension of execution pending the appeal or the revision, any Lien for Taxes or other impositions of a Governmental Authority not yet due or matured or in respect of which the validity at such date has been contested in good faith by such Person before a competent tribunal or other Governmental Authority in accordance with the provisions of Section 12 9, or which relates to a deposit of monies or securities in the ordinary course of business with respect to any Lien referred to in this paragraph, or to secure workmen's compensation, surety or appeal bonds or security for costs of litigation,

(2) carriers', warehousemen's, landlords', vendors', mechanics', materialmen's, repairers', craftsmen's, workers', builders', contractors', suppliers of materials', architects', engineers' or subcontractors' and other like Liens imposed by Applicable Law or relating to the construction or

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renovation of any property, in all cases arising in the ordinary course of business and, if the relevant Person has received notice claiming that payment is overdue for a period of more than 30 days, which are being contested in good faith and by appropriate proceedings and in respect of which appropriate reserves have been taken, provided that no Material Adverse Change would reasonably be expected to occur if the contestation was unsuccessful,

(3) any right of a municipality or other Governmental Authority pursuant to any lease, licence, franchise, grant or permit obtained by such Person, or any right resulting from a legislative provision, to terminate such lease, licence, franchise, grant or permit, or requiring an annual or periodic payment as a condition of its extension,

(4) any Lien granted by such Person to a public body, or to a municipal or Governmental Authority or public utility, or which may be imposed by one or the other, when required by such body or authority with respect to the operations of such Person or in the ordinary course of its business,

(5) any Lien granted in favour of municipal authorities or public utilities on immovables acquired from time to time by such Person which do not adversely affect the value or marketability of such Person's immovable property,

(6) (a) Minor Title Defects, (b) reservations, limitations, provisos and conditions expressed in any original grants of real or immovable property or interest therein, statutory exceptions to title and reservations to mineral rights in any grants or from other predecessors in title, (c) restrictions, easements, rights-of-way, servitudes or other similar rights in land (including without limitation such rights granted in favour of municipal authorities, public utilities or to the public) granted to or reserved by other Persons, (d) servicing, development, site plan or other agreements with Governmental Authorities pertaining to the development of real or immovable property, and (e) homologated lines, zoning and building by-laws, ordinances, regulations and other governmental restrictions on the use of property which customarily exist on properties of Persons engaged in similar activities and similarly situated, provided that all such Liens described in this subsection 0 do not, in any event, materially impair the usefulness or marketability of such real or immovable property or its usefulness for the purposes for which such property is held,

(7) Liens on cash collateral of not more than \$5,000,000 provided to Persons who are not Lenders in respect of Non-Lender Currency Hedges,

(8) Liens on assets other than Collateral (including, for greater certainty, the capital amount of any Capital Lease and Synthetic Lease and Liens on immovable (real) property and fixed assets), provided that the amount secured by all Liens referred to in this subsection and in subsection 0 do not exceed, in the aggregate, an amount equal to \$100,000,000 outstanding at any time,

(9) Liens on the Aircraft affecting only the Aircraft,

(10) those Liens existing on the assets of such Person other than Collateral prior to the Closing Date and set out in Schedule "K", as well as any refinancing thereof for the same or a lesser amount,

(11) Liens securing Debt or other obligations under the Receivables Purchase Facility up to a maximum of \$275,000,000, affecting only the accounts receivable purporting to be sold thereunder and the related property described in the Intercreditor Agreement,

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(12) any Lien that cannot be prohibited pursuant to Section 1136 of the German Civil Code (Bürgerliches Gesetzbuch),

(13) Liens (a) on property of a Person existing at the time such Person is merged with or into or consolidated or amalgamated with FEI or any of its Subsidiaries, provided that such Liens were in existence prior to the contemplation of such merger, consolidation or amalgamation and do not extend to any assets other than those of the Person merged with or into or consolidated or amalgamated with FEI or such Subsidiary, (b) on property (including Equity Interests) existing at the time of acquisition of the property by FEI or any of its Subsidiaries, provided that such Liens were in existence prior to such acquisition, and not incurred in contemplation of, such acquisition, and (c) on assets, property or Equity Interests of another Person at the time such other Person becomes a Subsidiary of FEI or any of its Subsidiaries, provided, however, that in each case (i) the Liens may not extend to any other property owned by such Person or any of its Subsidiaries (other than assets and property affixed or appurtenant thereto) and (ii) such Liens are not created or incurred in connection with, or in contemplation of, such other Person becoming a Subsidiary,

(14) Liens in favour of FEI or any of its Subsidiaries, provided that such Liens are entirely subordinated to the Security on terms acceptable to the Agent, and

(15) (a) banker's Liens, Liens that are contractual rights of set-off and similar Liens relating to (i) the establishment of depositary relations with banks not given in connection with Debt, and (ii) pooled deposit or sweep accounts of FEI or any of its Subsidiaries with Lenders to permit satisfaction of overdraft or similar obligations and other cash management activities incurred in the ordinary course of business of FEI and its Subsidiaries, (b) Liens of a collection bank on items in the course of collection, in favour of banking institutions arising as a matter of law or pursuant to customary account agreements encumbering deposits (including the right of set-off) and which are within the general parameters in the banking industry and (c) Liens in favour of a Lender encumbering reasonable customary initial deposits and margin deposits and attaching to commodity trading accounts or other brokerage accounts incurred in the ordinary course of business

"**Person**" means a legal person, a natural person, a joint venture, a partnership, a trust, an entity without juridical personality, a Governmental Authority or any ministry, organization or intermediary of such Governmental Authority

"**Pledge Guarantor**" means a Subsidiary of FEI that has provided a Guarantee and a pledge of its Equity Interests in a Loan Party but has not provided Security over its Collateral, and includes the Persons included in Schedule "D-1" as Pledge Guarantors

"**Pounds Sterling**" or "**£**" means the basic monetary unit and lawful currency of the United Kingdom

"**Prime Rate**" means, on any day, the greater of (a) the reference rate of interest, expressed as an annual rate, publicly announced or posted from time to time by Bank of Montreal as being its reference rate then in effect for determining interest rates on demand commercial loans granted in Canada in Canadian Dollars to its clients (whether or not any such loans are actually made), and (b) the average one month Bankers' Acceptance rate quoted on Reuters Service, page CDOR, as at approximately 10 00 a.m. on such day plus 1%

"**Prime Rate Advance**" means, at any time, the part of the Advances in Canadian Dollars with respect to which the Canadian Borrower has chosen, or, in accordance with the provisions hereof, is

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obliged, to pay interest on the Prime Rate Basis

"Prime Rate Basis" means the basis of calculation of interest on the Prime Rate Advances, or any part thereof, made in accordance with the provisions of Sections 5 1 and 5 2

"Priority Claims" means all amounts secured by Liens created by Applicable Law (in contrast with Liens voluntarily granted) that rank or are capable of ranking prior to or pari passu with the Liens for the benefit of the Agent and the Lenders, including (to the extent that such liens rank or are capable of ranking prior to or pari passu with the Security), amounts owing for employee source deductions, all amounts payable (and secured by Liens) under the Wage Earner Protection Program Act (Canada), goods and services taxes, sales taxes, harmonized sales taxes, value-added taxes, municipal taxes, workers' compensation, vacation pay, wage arrears, severance pay, corporate taxes, pension fund obligations, overdue rents, amounts payable to a Governmental Authority, judgments notice of which is registered under applicable personal property security legislation, and similar Liens under the relevant Applicable Law The types of claims in each jurisdiction to be included in this definition as well as any changes resulting from a Change of Law will be determined from time to time by the Agent, in its reasonable judgment, after consultation with the Canadian Borrower

"Receivables Borrowing Base" means

- (1) 85% of the aggregate Adjusted Invoice Amount of First Lien Eligible Trade Receivables, plus
- (2) 75% of the aggregate Adjusted Invoice Amount of Approved-Country Eligible Trade Receivables, less the Net Liabilities of any Loan Party (other than Future Hong Kong, Future Singapore and FEI) that is the creditor of an Approved-Country Eligible Trade Receivable, and subject to a limit equal to 33% of the Borrowing Base

"Receivable Offset" includes, to the extent not deducted from the Adjusted Invoice Amount of any Eligible Trade Receivable and not included in the Net Liabilities deducted in calculating the Receivables Borrowing Base or the inventory trade payables deducted in calculating the Inventory Borrowing Base, without duplication

- (1) the amount of any set-off, counterclaim, or compensation claimed by the debtor of an Eligible Trade Receivable,
- (2) the amount of any accrued volume rebate, credit note, discount or similar reduction in the invoiced amount of an Eligible Trade Receivable, and
- (3) the amount of sales and/or similar taxes that are payable and remain unpaid by the relevant Loan Party

"Receivables Purchase Facility" means the facility or facilities in an aggregate amount not exceeding \$275,000,000 made available by Salisbury Receivables Corporation (or any successor thereof) and its Manager, Barclays Bank PLC, for the purchase of eligible North American receivables from Future Funding Corp and its servicers, FEC and FEI For the purposes of this Agreement, the Receivables Purchase Facility is treated as Debt and as a Permitted Lien on such accounts receivable, not as a disposition of such accounts receivable

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"Receiver" means an administrative receiver or a receiver appointed pursuant to the provisions of the Debenture or pursuant to any applicable law and such expression shall include, without limitation, a receiver and manager

"Related Parties" means with respect to any Person, such Person's Affiliates and the directors, officers, employees, agents and advisors of such Person and such Person's Affiliates

"Related Party Debt" means Debt of a Loan Party to an Affiliate (which is not a Loan Party) or a Related Party (which is not a Loan Party)

"Required Lenders" means Lenders holding at least 66⅔% of the Commitments, if the Commitments have expired, "Required Lenders" shall mean Lenders to whom are owed at least 66⅔% of the Loan Obligations

"Reserves" includes, with respect to the Borrowing Base, without duplication of any other amount deducted therefrom, (a) reserves in an amount equal to the amount by which the Borrowing Base arising out of Eligible Inventory and Eligible Trade Receivables owned by any Loan Party exceeds the amount of the Guarantee that such Loan Party is entitled to provide under Applicable Law, and (b) such other reserves (including on account of Priority Claims) against the Borrowing Base that the Agent in its reasonable credit judgment establishes from time to time. Without limiting the generality of the foregoing, Reserves established to ensure the timely payment of Priority Claims, and Reserves established to ensure the imminent payment of accrued interest expenses or Debt (where judged necessary by the Agent) shall be deemed to be a reasonable exercise of the Agent's credit judgment

"Restricted-Lien Country" means a jurisdiction where, due to limitations under applicable law, it is not possible or would be too costly considering the value of the Collateral in such jurisdiction to grant and maintain a first-priority Lien on Collateral. On the Closing Date, Canada, the USA, the UK, Singapore, Hong Kong, Israel and Germany (the latter with respect to Collateral owned therein by Future UK), are not Restricted-Lien Countries

"Secured Parties" means the Security Agent, the Agent and each Lender from time to time party to the Credit Agreement, and any Receiver or Delegate and **"Secured Party"** shall mean any one of them

"Security Documents" means all of the Security Documents described in Article 9 of the Credit Agreement and any other security provided to the Lenders or to the Agent for the Lenders at any time, and "Security" means the security created thereby

"SPFH Investment" means the investment by FEI in Equity Interests of SPFH Investments Inc. and SPFH Investment Vagyonkezelő KFT

"Subordinated Debt" means (a) unsecured Debt owed to a Person other than Alonim (i) the repayment of which is specifically subordinated to the repayment of all amounts owing to the Lenders, pursuant to a subordination agreement in form and substance satisfactory to the Required Lenders, (ii) interest in respect of which is not payable in cash until after the repayment of all amounts owing to the Lenders, and (iii) the maturity of which is not less than 6 months after the expiry of the Term, and (b) unsecured Debt owed to Alonim (i) the repayment of which may occur at any time subject to the provisions of Section 13.4, and (ii) that does not bear interest

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Particulars of a mortgage or charge

6 Short particulars of all the property mortgaged or charged

Please give the short particulars of the property mortgaged or charged

Short particulars

"Subsidiary" means any Person in respect of whom the majority of the issued and outstanding Equity Interests (including securities convertible into voting shares or Equity Interests and options to purchase voting shares or Equity Interests) granting a right to vote in all circumstances is at the relevant time owned by FEI or one or more of its Subsidiaries or FEI and one or more of its Subsidiaries, and includes a limited partnership that would be an Affiliate

"Swing Line Advance" means (a) a Prime Rate Advance by the Canadian Swing Line Lender to the Canadian Borrower (a "Canadian Swing Line Advance"), or (b) a US Prime Rate Advance by the US Swing Line Lender to a US Borrower (a "US Swing Line Advance"), and "Swing Line Advances" means one or more Canadian Swing Line Advances and/or one or more US Swing Line Advances, up to an aggregate maximum amount not exceeding, at any time, \$10,000,000 or the Equivalent Amount thereof in C\$. All Canadian Swing Line Advances are available only by way of Prime Rate Advances, and all US Swing Line Advances are available only by way of US Prime Rate Advances, and may not be converted into any other form of borrowing

"Swing Line Lender" means the Canadian Swing Line Lender or the US Swing Line Lender, and **"Swing Line Lenders"** means both of them

"Swing Line Loan" means, at any time, the aggregate of the Swing Line Advances outstanding at any time in accordance with the provisions hereof, together with any other amount in interest and accessory costs payable to the Swing Line Lender by the Borrowers pursuant thereto

"Synthetic Lease" means any synthetic lease or similar off-balance sheet financing product where such transaction is considered borrowed money for tax purposes but is classified as an operating lease in accordance with GAAP

"Taxes" means all present or future taxes, levies, imposts, duties, deductions, withholdings, assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto

"Term" means the period commencing on the Closing Date and terminating on January 17, 2014, unless extended in accordance with the provisions of Section 2.2

"UK" means the United Kingdom

"USA" means the United States of America

"US Base Rate Advance" means, at any time, the part of the Advances in US Dollars with respect to which the Canadian Borrower has chosen, or, in accordance with the provisions hereof, is obliged, to pay interest on the US Base Rate Basis

"US Base Rate Basis" means the basis of calculation of interest on the US Base Rate Advances, or any part thereof, made in accordance with the provisions of Sections 5.1 and 5.2

"US Dollars" or **"\$"** or **"US\$"** means the lawful currency of the United States of America in same day immediately available funds or, if such funds are not available, the currency of the United States of America which is ordinarily used in the settlement of international banking operations on the day on which any payment or any calculation must be made pursuant to this Agreement

MG01 - continuation page

Particulars of a mortgage or charge

6 Short particulars of all the property mortgaged or charged

Please give the short particulars of the property mortgaged or charged

Short particulars

"US Facility" means the portion of the Maximum Credit available pursuant to Section 2.1.2, subject to increase in accordance with the provisions of Section 2.3 or reduction in accordance with the provisions of Section 8.2

"US Prime Rate Advance" means, at any time, the part of the Advances in US\$ under the US Facility with respect to which a US Borrower has chosen, or is obliged in accordance with the provisions hereof, to pay interest on the US Prime Rate Basis

"US Prime Rate Basis" means the basis of calculation of interest on Advances other than Libor Advances made under the US Facility, or any part thereof, as set forth in Sections 5.1 and 5.2

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Particulars of a mortgage or charge

6	Short particulars of all the property mortgaged or charged
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Please give the short particulars of the property mortgaged or charged
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Short particulars

"US Swing Line Lender" means Bank of Montreal, Chicago Branch and any successor thereof appointed pursuant to Section 4.4

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Particulars of a mortgage or charge

6	Short particulars of all the property mortgaged or charged	
	Please give the short particulars of the property mortgaged or charged	
Short particulars		

MG01 Continuation Page - Company Number 02087867
FAO Mortgage coverholder

SCHEDULE 2
ACCOUNTS

Country	Bank Name	SWIFT	Sort Code	Currency	Account Number	Account Name	IBAN Number
Belgium	ABN Amro Bank NV	ABNABEBR	N/A	EUR	720-5206356-87	Future Electronics Limited	BE67720520635687
Czech Republic	ABN Amro Bank NV	ABNACZPP	N/A	EUR	198234	Future Electronics Limited	CZ795400000000000000197536
Czech Republic	ABN Amro Bank NV	ABNACZPP	N/A	CZK	197536	Future Electronics Limited	CZ225400000000000000196234
Denmark	RBS	ABNADKKK	N/A	DKK	7012268	Future Electronics Limited	DK43540200007012268
Estonia	Hansabank	HABAEEX	N/A	EUR	221029701444	Future Electronics Limited	EE922200221029701444
Estonia	Hansabank	HABAEEX	N/A	EEK	221029701444	Future Electronics Limited	EE922200221029701444
Estonia	Hansabank	HABAEEX	N/A	USD	221029701444	Future Electronics Limited	EE922200221029701444
Finland	Nordea Bank Finland Plc	MRITFIHH	N/A	EUR	157230-328575	Future Electronics Limited	FI84 1572 3000 3285 75
France	ABN Amro Bank NV	ABNAFRPP	18739-75008	EUR	0020012108153	Future Electronics Limited	FR7618739000010020012108153
Ireland	ABN Amro Bank NV	ABNAIE2D	99-02-04	EUR	50056638	Future Electronics Limited	IE45ABNNA99020450056638
Italy	Banca Commerciale Italiana	BCITITMM348	N/A	EUR	9013881-01-30	Future Electronics Limited	IT87N0306932935090138810130
Netherlands	ABN Amro Bank NV	RBOSNL2A	N/A	EUR	49 96 07 961	Future Electronics Limited	NL39ABNNA0499607961
Romania	RBS Bank (Romania) SA	ABNAROB		RON	264100358416	Future Electronics Limited	RO14 ABNA 4100 2641 0035 8416
Romania	RBS Bank (Romania) SA	ABNAROB		USD	264100358416	Future Electronics Limited	RO14 ABNA 4100 2641 0035 8416
Romania	RBS Bank (Romania) SA	ABNAROB		EUR	264100358416	Future Electronics Limited	RO14 ABNA 4100 2641 0035 8416
Spain	Banco Sabadell	BSABESB1393	0081 0393 58	EUR	0001173122	Future Electronics Limited	ES1900810393580001173122
Sweden	ABN Amro Bank NV	ABNASESS	N/A	SEK	90910059006	Future Electronics Limited	SE02909000000090910059006
Sweden	Nordea Bank AB	PGSISESS		SEK	51 24 80-5	Future Electronics Limited	SE2795000099604205124805
Turkey	T Garanti Bankası A S	TGBATRIS		TRL	344 6299697	Future Electronics Limited	
Turkey	T Garanti Bankası A S	TGBATRIS		USD	344 9099185	Future Electronics Limited	
United Kingdom	The Royal Bank of Scotland NV	ABNAGB2L	40-50-30	GBP	40072169	Future Electronics Limited	GB08ABNNA40503040072169
United Kingdom	The Royal Bank of Scotland NV	ABNAGB2L	40-50-30	EUR	40067858	Future Electronics Limited	GB05ABNNA40503040067858
United Kingdom	The Royal Bank of Scotland NV	ABNAGB2L	40-50-30	USD	40067874	Future Electronics Limited	GB58ABNNA40503040067874
United Kingdom	The Royal Bank of Scotland NV	ABNAGB2L	40-50-30	JPY	40067882	Future Electronics Limited	GB36ABNNA40503040067882
Canada	Bank of Montreal	BOFMCAM2		USD	2129 4607802	Future Electronics Limited	

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Particulars of a mortgage or charge

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Particulars as to commission, allowance or discount (if any)

Please insert the amount or rate percent of any commission, allowance or discount paid or made either directly or indirectly by the company to any person on consideration of his

- subscribing or agreeing to subscribe, whether absolutely or conditionally, or
- procuring or agreeing to procure subscriptions, whether absolute or conditional,

for any debentures included in this return. The rate of interest payable under the terms of the debentures should not be entered

Commission allowance or discount

None

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Delivery of instrument

You must deliver the original instrument (if any) creating or evidencing the charge and these prescribed particulars to the Registrar of Companies within 21 days after the date of creation of the charge (section 860). If the property is situated and the charge was created outside the United Kingdom (UK), you must deliver the information to the Registrar within 21 days after the date on which the instrument could have been received in the UK in the normal course of post and assuming you had posted it promptly (section 866)

We will accept a verified copy of the instrument creating the charge where the property charged is situated and the charge was created outside the UK (section 870). The company or the person who has delivered the copy to the Registrar must verify it to be a correct copy and sign it. Where a body corporate gives the verification, an officer of that body must sign it. We will also accept a verified copy where section 867(2) applies (property situated in another part of UK)

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Signature

Please sign the form here

Signature

Signature

X
Bingham McClutchen (Am Don) & Co
X

This form must be signed by a person with an interest in the registration of the charge

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Particulars of a mortgage or charge



Presenter information

You do not have to give any contact information, but if you do it will help Companies House if there is a query on the form and will establish where we return the original documents. The contact information you give will be visible to searchers of the public record.

Contact name Mark Mansell

Company name Bingham McCutchen (London)
LLP

Address 41 Lothbury

Post town London

County/Region London

Postcode E C 2 R 7 H F

Country United Kingdom

DX -

Telephone 0207 661 5300



Certificate

We will send your certificate to the presenter's address if given above or to the Company's Registered Office if you have left the presenter's information blank.



Checklist

We may return forms completed incorrectly or with information missing

Please make sure you have remembered the following

- ☐ The company name and number match the information held on the public Register
- ☐ You have included the original deed with this form
- ☐ You have entered the date the charge was created
- ☐ You have supplied the description of the instrument
- ☐ You have given details of the amount secured by the mortgagee or chargee
- ☐ You have given details of the mortgagee(s) or person(s) entitled to the charge
- ☐ You have entered the short particulars of all the property mortgaged or charged
- ☐ You have signed the form
- ☐ You have enclosed the correct fee



Important information

Please note that all information on this form will appear on the public record.



How to pay

A fee of £13 is payable to Companies House in respect of each mortgage or charge.

Make cheques or postal orders payable to 'Companies House'.



Where to send

You may return this form to any Companies House address, however for expediency we advise you to return it to the appropriate address below.

For companies registered in England and Wales
The Registrar of Companies, Companies House,
Crown Way, Cardiff, Wales, CF14 3UZ
DX 33050 Cardiff

For companies registered in Scotland
The Registrar of Companies, Companies House,
Fourth floor, Edinburgh Quay 2,
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF
DX ED235 Edinburgh 1
or LP - 4 Edinburgh 2 (Legal Post)

For companies registered in Northern Ireland
The Registrar of Companies, Companies House,
Second Floor, The Linenhall, 32-38 Linenhall Street,
Belfast, Northern Ireland, BT2 8BG
DX 481 N R Belfast 1



Further information

For further information, please see the guidance notes on the website at www.companieshouse.gov.uk or email enquiries@companieshouse.gov.uk

This form is available in an alternative format. Please visit the forms page on the website at www.companieshouse.gov.uk



CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

Pursuant to section 869(5) & (6) of the Companies Act 2006

**COMPANY NO. 2087867
CHARGE NO. 8**

**THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES
HEREBY CERTIFIES THAT A DEBENTURE DATED 18 JANUARY
2011 AND CREATED BY FUTURE ELECTRONICS LIMITED FOR
SECURING ALL MONIES DUE OR TO BECOME DUE FROM THE
LOAN PARTIES TO THE AGENT AND LENDERS UNDER THE
TERMS OF THE AFOREMENTIONED INSTRUMENT CREATING
OR EVIDENCING THE CHARGE WAS REGISTERED PURSUANT
TO CHAPTER 1 PART 25 OF THE COMPANIES ACT 2006 ON THE
31 JANUARY 2011**

**GIVEN AT COMPANIES HOUSE, CARDIFF THE 1 FEBRUARY
2011**



Companies House
— for the record —



**THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES**

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