

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

12

4439718

Name of company

* Redwood 2002 Limited

Date of creation of the charge

12 July 2002

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

Debenture dated 12 July 2002 and made between Redwood 2002 Limited and Marconi Applied Technologies Limited (1) and 3i Investments Plc as Security Trustee (2)

Amount secured by the mortgage or charge

As specified in Part II of the attached Schedule

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

3i Investments Plc of 91 Waterloo Road, London

Postcode SE1 8XP

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

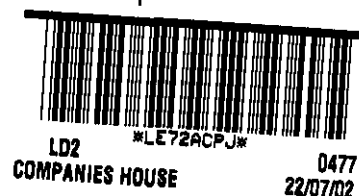
Macfarlanes
10 Norwich Street
LONDON
EC4A 1BD

MEXR/569739/1936644

Time critical reference

For official Use
Mortgage Section

Post room



Short particulars of all the property mortgaged or charged

As specified in Part III of the attached Schedule

NOTE: Part IV of the attached Schedule includes a description of certain covenants by and restrictions on the Company which protect and further define the charges and must be read as part of the charges created.

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)

N/A

Signed

MacFadden

Date

22 July

2002

On behalf of ~~[company]~~ [mortgagee/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 CF4 3UZ

SCHEDULE

to the Form 395 in respect of the Debenture (the "Debenture") dated 12 July 2002 given by Redwood 2002 Limited (no. 4439718) in favour of 3i Investments Plc Limited (the "Security Trustee")

Part I

Definitions

BoS Debenture: means the debenture dated on or around the date hereof between the Parent (1), the companies listed therein (2) and The Governor and Company of the Bank of Scotland for itself and as security trustee for the secured parties (3);

Charged Property: means all the assets, property, goodwill and undertaking of the Companies from time to time charged or assigned to the Security Trustee pursuant to the terms of the Debenture;

Company: means the Parent and Marconi Applied Technologies Limited;

Distribution Rights: means all dividends, distributions and other income or proceeds paid or payable on the relevant Investment or Subsidiary Share (as the case may be) together with all shares or other property derived from the relevant Investment or Subsidiary Share (as the case may be) together also with all other allotments, accretions, rights, benefits and advantages of all kinds accruing, offered or otherwise derived from or incidental to the relevant Investment or Subsidiary Share (whether by way of conversion, redemption, bonus preference, option or otherwise);

Event of Default: means an event of default under the Loan Note Instrument;

Facilities Agreement: means the facilities agreement dated on or around the date hereof between the Parent (1), Marconi Applied Technologies Limited (2), the subsidiaries listed therein as guarantors (3), The Governor and Company of the Bank of Scotland as arranger, agent and security trustee ("BoS") (4) and the financial institutions listed therein as lenders (5);

Intercreditor Agreement: means the intercreditor deed dated on or around the date hereof regulating the priority arrangements between the Parent and the companies listed therein as original borrowers and/or original guarantors and/or original intra-group creditors (1), The banks and financial institutions listed therein as senior lenders (2), The Governor and Company of the Bank of Scotland as facility agent and senior security trustee (3), Bank of Scotland Treasury Services Plc as hedging lender (4), 3i Investments Plc as investor security trustee (5), the financial institutions and persons listed therein as investors (6) and the companies listed therein as vendors (7);

Investment: means any negotiable instrument, certificate of deposit, debenture, share or other investment (as defined in Part I of Schedule I to the Financial Services Act 1986 as at the date hereof including (without limitation and save where the context otherwise requires) all Subsidiary Shares owned by each Company);

Investment Agreement: means the investment agreement date on or about the date of the Debenture between the Parent (1), the persons named therein as MAT Managers (as defined therein) (2), the persons named therein as HR Managers (as defined therein) (3), the persons named therein as investors (4) and 3i Investments Plc (5);

Loan Notes: means the subordinated secured loan notes due 2012 issued by the Company pursuant to the terms of the Loan Note Instrument;

Loan Note Instrument: means the loan note instrument providing for the issue of the Loan Notes dated 12 July 2002;

Majority Investors: means a Secured Party or Secured Parties whose participation in the Loan Notes has an aggregate of more than 66⅔% per cent of all the Loan Notes;

the Parent: means Redwood 2002 Limited;

Secured Parties: means the Security Trustee and 3i Group plc and other holders of the Loan Notes from time to time and **Secured Party** means any of them;

Senior Finance Documents: means the Facilities Agreement, the BoS Debenture and the Intercreditor Agreement;

Subsidiary: means:

- (a) a subsidiary within the meaning of section 736 of the Companies Act 1985; and
- (b) a subsidiary undertaking within the meaning of section 258 of the Companies Act 1985; and

Subsidiary Shares: means all shares owned by the Companies in their Subsidiaries from time to time (including those listed in Part VI below) incorporated in England and Wales.

Part II

Amount Secured by the Charge (the "Secured Obligations")

All money and liabilities at the time of the debenture or thereafter due, owing or incurred to the Secured Parties (or any of them) by the Parent under the Loan Note Instrument and under the Debenture in whatsoever manner in any currency or currencies whether present or future, actual or contingent, whether incurred solely or jointly with any other person and whether as principal or surety together with all interest accruing thereon and all costs, charges and expenses incurred in connection therewith.

Part III

Short Particulars of Property Charged

- 1 As continuing security for the payment of the Secured Obligations each Company charged in favour of the Security Trustee (for the benefit of itself and the other Secured Parties) with full title guarantee the following assets, both at the date of the Debenture and in the future, from time to time owned by that Company or in which that Company is from time to time interested:
 - 1.1 by way of legal mortgage all the freehold and leasehold property specified in Part V below together with all buildings and fixtures (including trade fixtures) at any time thereon;

- 1.2 by way of legal mortgage all other freehold and leasehold property (if any) wherever situated together with all buildings and fixtures (including trade fixtures) at any time thereon;
- 1.3 by way of fixed charge all other interests (not being charged by the provisions described in 1.1 or 1.2 above) in any freehold or leasehold property, the buildings and fixtures (including trade fixtures) at any time thereon, all proceeds of sale derived therefrom and the benefit of all covenants given in respect thereof and all licences to enter upon or use land and the benefit of all other agreements relating to land;
- 1.4 by way of fixed charge all plant, machinery, vehicles, computers, office and other equipment and the benefit of all contracts, licences and warranties relating to the same;
- 1.5 by way of fixed charge and security interest all the Subsidiary Shares (including those listed in Part XI below) together with all Distribution Rights from time to time accruing thereto;
- 1.6 by way of fixed charge all Investments together with all Distribution Rights from time to time accruing thereto;
- 1.7 by way of fixed charge all rights and interests of that Company in and claims under all policies of insurance and all proceeds thereof either now or in the future held by, or written in favour of, that Company or in which that Company is otherwise interested;
- 1.8 by way of fixed charge all book and other debts, revenues and monetary claims of that Company and all rights and claims of that Company against third parties and against any security in respect of such debts, revenues or claims;
- 1.9 by way of fixed charge all monies from time to time standing to the credit of any and all accounts with any bank, financial institution, or other person;
- 1.10 by way of fixed charge all Intellectual Property;
- 1.11 by way of fixed charge the benefit of all licences, consents, agreements and authorisations held or utilised by that Company in connection with its business or the use of any of its assets; and
- 1.12 by way of fixed charge all the goodwill and uncalled capital of that Company.
- 2 As further continuing security for the payment of the Secured Obligations each Company charged with full title guarantee in favour of the Security Trustee (for the benefit of itself and the other Secured Parties) by way of floating charge all its assets and undertaking whatsoever and wheresoever both at the date of the Debenture and in the future not effectively charged by way of fixed charge pursuant to the provisions described in paragraph 1 above.
- 3 The Security Trustee may, and upon receiving instructions from the Majority Investors, will, at any time by notice in writing to each Company convert the floating charge created as described in paragraph 2 above into a fixed charge as regards such assets as it shall specify in the notice in the event that:
 - 3.1 an Event of Default has occurred and is continuing unremedied or unwaived; or

- 3.2 the Security Trustee is or the Majority Investors are (as the case may be) reasonably of the view that (i) such assets are in danger of being seized or (ii) any legal process or execution is being enforced against such assets,
- 3.3 and by way of further assurance each Company shall promptly execute a fixed charge over such assets in such form as the Security Trustee shall require.
- 4 If a Company creates (or purports to create) any Security Interest on or over any of the Charged Property not expressed to be subject to a fixed charge under the debenture (a "Floating Charge Asset") (unless the creation of such Security Interest is permitted in writing by the Security Trustee); or any third party levies or attempts to levy any distress, attachment, execution or other legal process against any Floating Charge Asset; or an application for a compulsory winding-up is made against a Company, or a meeting for the passing of a resolution for the voluntary winding-up of a Company is convened (other than a solvent winding-up on terms agreed with the Security Trustee) or a petition for the making of an administration order in relation to a Company is presented the floating charge created by the debenture will automatically (without notice) be converted into a fixed charge over the relevant Floating Charge Asset immediately such event occurs.

Part IV

Covenants and Restrictions

- 1 Except to the extent permitted by the Investment Agreement or the Senior Finance Documents, during the continuance of the security created by the debenture, no Company will, without the prior consent in writing of the Security Trustee:
- 1.1 create or agree or attempt to create or permit to subsist (in favour of any person other than the Security Trustee) any Security Interest over the whole or any part of the Charged Property; or
- 1.2 sell, transfer, lease out, lend or otherwise dispose of or cease to exercise direct control over all or any part of the Charged Property or any interest therein (other than Floating Charge Assets on arm's length terms in the ordinary course of trading) or the right to receive or to be paid the proceeds arising on the disposal of the same or agree or attempt to do so; or
- 1.3 dispose of the equity of redemption in respect of all or any part of the Charged Property.

Part V

Land

Company	Description	Root of Title
Marconi Applied Technologies Limited	106 Waterhouse Lane Chelmsford Essex CM1 2QU	1. A Conveyance dated 1 May 1947 between: (a) Phoenix Dynamo Manufacturing Company Limited (b) The English Electric Company Limited

		(c)	English Electric Value Company Limited
		2. (a) (b)	A Conveyance dated 6 April 1951 between: The Mayor Aldermen and Burgesses of the Borough of Chelmsford English Electric Value Company Limited
		3. (a) (b)	A Conveyance dated 2 December 1958 between: the Mayor Aldermen and Burgesses of the Borough of Chelmsford English Electric Value Company Limited
		4. (a) (b)	A Conveyance dated 24 May 1954 between: The Mayor Aldermen and Burgesses of the Borough of Chelmsford English Electric Value Company Limited
		5. (a) (b)	A Conveyance dated 16 May 1960 between: William Smith Henderson English Electric Value Company Limited
		6. (a) (b)	A Conveyance dated 17 February 1951 between: William Theodore Ditcham English Electric Value Company Limited
Marconi Applied Technologies Limited	Carholme Lincoln LN1 1SF	Road	Conveyance dated 11.5.1996 between: (1) Associated Electrical Industries (Rugby) Limited (2) English Electric Value Company Limited

Part VI

Subsidiary Shares

Company	Name of Subsidiary	Number and Class of Shares
Redwood 2002 Limited	Redwood 2002, Inc.	1000 Common Shares or US\$0.01 each
Redwood 2002 Limited	Marconi Applied Technologies Limited	£3,000,000 ordinary shares of £1 each
Marconi Applied Technologies Limited	Marconi Applied Technologies (Canada) Limited	2000 Common Shares

FILE COPY



CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

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

COMPANY No. 04439718

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A DEBENTURE DATED THE 12th JULY 2002 AND CREATED BY REDWOOD 2002 LIMITED FOR SECURING ALL MONIES DUE OR TO BECOME DUE FROM THE COMPANY TO 3i INVESTMENTS PLC 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 22nd JULY 2002.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 25th JULY 2002.



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES



Companies House
— for the record —