

TRADEMARK ASSIGNMENT

Electronic Version v1.1

Stylesheet Version v1.1

SUBMISSION TYPE:

NEW ASSIGNMENT

NATURE OF CONVEYANCE:

SECURITY INTEREST

CONVEYING PARTY DATA

Name	Formerly	Execution Date	Entity Type
Neutron Ltd.		02/06/2007	COMPANY: BERMUDA

RECEIVING PARTY DATA

Name:	The Bank of New York
Street Address:	One Canada Square
Internal Address:	40th Floor
City:	London
State/Country:	UNITED KINGDOM
Postal Code:	E14 5AL
Entity Type:	Banking Corporation: NEW YORK

PROPERTY NUMBERS Total: 1

Property Type	Number	Word Mark
Registration Number:	2908975	XERECEPT

CORRESPONDENCE DATA

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DOMESTIC REPRESENTATIVE

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900070212

TRADEMARK
REEL: 003487 FRAME: 0451

CH 2908975 \$40.00

NAME OF SUBMITTER:	Amy E. Vieta
Signature:	/Amy E. Vieta/
Date:	02/23/2007

Total Attachments: 33

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EXECUTION COPY

Dated 6 February 2007

- (1) **NEUTRON LTD.** as Chargor
- (2) **THE BANK OF NEW YORK** as Trustee

DEED OF CHARGE

M	A	Y	E	R
B	R	O	W	N
R	O	W	E	
&	M	A	W	

LONDON

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THIS DEED OF CHARGE is dated 6 February 2007 and made between:

- (1) **NEUTRON LTD.**, a company incorporated under the laws of Bermuda (the "**Chargor**"); and
- (2) **THE BANK OF NEW YORK**, a banking corporation incorporated under the laws of The State of New York, at 40th Floor, One Canada Square, London, E14 5AL (the "**Trustee**").

BACKGROUND:

- (A) Pursuant to an indenture dated as of 31 January 2007 by and among Celtic Pharma Phinco, B.V. (the "**Issuer**") the Guarantors named therein, including the Chargor, and The Bank of New York as Trustee (the "**Indenture**"), the Issuer issued U.S.\$156,000,000 aggregate principal amount of 17% Senior Secured Notes due 2012 (the "**Initial Notes**").
- (B) Pursuant to a guarantee under the Indenture granted by the Chargor in favour of the Trustee (the "**Guarantee**"), the Chargor agreed to guarantee the obligations of the Issuer under and in connection with the Notes on the terms set forth in the Indenture.
- (C) The Chargor has the right to use certain Intellectual Property rights in certain biopharmaceutical products pursuant to: (i) the license agreement with the University of California Board of Regents, dated November 23, 2005, (ii) the license agreement with the Salk Institute of Biological Studies, dated March 31, 1989, as amended, each relating to Xerecept and (iii) a revised development master services agreement between *inter alia* the Chargor and Celtic Pharma Development Services Bermuda Limited, dated 17 February 2006, as amended 11 October 2006 (the "**Revised Development Master Services Agreement**"). The Chargor has agreed to secure its obligations under the Guarantee by way of a fixed and floating charge over all of its assets including these licences and the Revised Development Master Services Agreement, its rights under these licences and the Revised Development Master Services Agreement and certain other Intellectual Property rights. This Deed of Charge formalises the arrangements for the granting of this Charge in favour of the Trustee for the benefit of the Noteholders.
- (D) The Trustee holds the benefit of this Deed of Charge, including the security created and other rights granted in it to the Trustee, on trust for the Noteholders.
- (E) This document is the deed of the Chargor, even if it has not been duly executed by the Trustee or has been executed by the Trustee but not as a deed.

THIS DEED OF CHARGE WITNESSES that:

1. DEFINITIONS AND INTERPRETATION

1.1 Terms defined in the Indenture

Terms defined in the Indenture but not in this Deed of Charge shall have the same meanings in this Deed of Charge as in the Indenture.

1.2 Definitions

In this Deed of Charge:

"Business Day" means a day (other than a Saturday or Sunday) on which banks are open for general business in London, England, New York City and Bermuda.

"Contracts" means the Licence Agreements and the Intercompany Loan Agreements.

"Conversion" means the conversion of Non-Cash Disposition Proceeds into Cash Disposition Proceeds and the deposit of such Cash Disposition Proceeds into the Collection Account.

"Conversion Date" means the date of any Conversion.

"Discharge Date" has the meaning given to it in Clause 13.1 (*Continuing security*).

"Disposal Date" means the date of any disposal of any Secured Asset.

"Insolvency" of a person includes the dissolution, bankruptcy, insolvency, winding-up, liquidation, administration, examination, amalgamation, reconstruction, reorganisation (by way of voluntary arrangement, scheme of arrangement or otherwise), arrangement, adjustment, administrative or other receivership or dissolution of that person, the official management of all of its revenues or other assets or the seeking of protection or relief of debtors and any equivalent or analogous proceeding by whatever name known and in whatever jurisdiction.

"Instrument" means any document (which term includes any form of writing) under which any obligation is evidenced or undertaken or any Security Interest (or right in any Security Interest) is granted or perfected or purported to be granted or perfected.

"Intellectual Property" means all intellectual property, including patents, utility models, trade and service marks, trade names, business names, domain names, designs, rights in designs, copyrights, moral rights, rights in inventions, topography rights, rights in databases, trade secrets and know-how, in all cases whether or not registered or registrable and including registrations and applications for registration of any of these and rights to apply for the same and all rights and forms of protection of a similar nature or having equivalent or similar effect to any of these anywhere in the world.

"Intercompany Loan Agreements" means each intercompany receivable owed by the Issuer or a Guarantor to the Chargor as set out in the Schedule (Intercompany Loan Agreements) to this Deed of Charge and any other intercompany receivable owed by the Issuer or a Guarantor.

"Licence Agreements" means the Chargor's rights under (i) the license agreement with the University of California Board of Regents, dated November 23, 2005, (ii) the license agreement with the Salk Institute of Biological Studies, dated March 31, 1989, as amended, each relating to Xerecept and (iii) the Revised Development Master Services Agreement with Celtic Pharma Development Services Bermuda Limited, dated February 17, 2006, as amended October 11, 2006.

"Notes" means the Initial Notes and any additional notes from time to time issued pursuant to the Indenture (to a maximum principal amount of notes outstanding at any time of \$250,000,000).

"Party" means a party to this Deed of Charge.

"Receiver" means any receiver, receiver and manager or administrative receiver appointed by the Trustee over all or any of the Secured Assets under this Deed of Charge whether solely, jointly, severally or jointly and severally with any other person and includes any substitute for any of them appointed from time to time.

"Secured Assets" means

1. Secured IP Interests;
2. the Contracts;
3. Disposition Proceeds to the extent actually received by the Chargor;
4. all other property and assets of the Chargor, including all goods, deposit accounts, investment property, financial assets, letter-of-credit rights, supporting obligations, commercial tort claims, accounts, contract rights, general intangibles and all other cash;
5. all rights of the Chargor (contractual and otherwise) constituting, arising under, connected with or in any way related to any or all of the foregoing property;
6. all books, records, ledger cards, files, correspondence, computer programs, tapes, disks and related data processing software (owned by the Chargor) that at any time evidence or contain information relating to any of the foregoing property or are otherwise necessary or helpful in the collection thereof or realisation thereupon;
7. all documents of title, policies and certificates of insurance, securities, chattel paper and other documents or instruments evidencing or pertaining to any of the foregoing property of the Chargor; and
8. all proceeds and products of any and all of the foregoing property,

and the other assets from time to time the subject of this Security, **"Secured Asset"** means any of them and any reference to one or more of the Secured Assets includes all or any part of it or each of them.

"Secured IP Interests" means the Chargor's rights under the Licence Agreements, EP Patent No. 5,780,431 and any further Intellectual Property owned by or licensed to the Chargor from time to time which relates to the products which are the subject of the Licence Agreements.

"Secured Liabilities" means all present and future obligations and liabilities (whether actual or contingent and whether owed jointly or severally or in any other

capacity) of the Chargor under the Guarantee and the other Transaction Documents to which it is a party.

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

1.3 Construction

(a) In this Deed of Charge, any reference to:

- (i) **"assets"** includes present and future properties, revenues, rights and other assets of every description;
- (ii) **this Deed of Charge** includes the Recitals and Schedule which form part of this Deed of Charge for all purposes;
- (iii) a **"disposal"** includes any lease, licence, transfer, sale or other disposal of any kind (with related words being construed accordingly);
- (iv) any **Instrument** or other **document** is to that Instrument or other document as supplemented, otherwise amended, replaced or novated from time to time (however fundamental that amendment, novation or replacement may be, even if it involves increased, new, additional and/or replacement facilities or an increase in any other amount or rate);
- (v) the masculine, feminine or neuter **gender** respectively includes the other genders and the **singular** includes the plural (and vice versa);
- (vi) a **"guarantee"** means:
 - (A) any guarantee, letter of credit, bond, indemnity, third party security or other legally binding assurance against loss; or
 - (B) any obligation, direct or indirect, actual or contingent, to purchase or assume any indebtedness of any person, to make an investment in or loan to any person or to purchase assets from any person where, in each case, that obligation is assumed in order to maintain or assist the ability of that person to meet its indebtedness;
- (vii) **"including"** means "including without limitation" (with related words being construed accordingly), **"in particular"** means "in particular but without limitation" and other **general words** shall not be given a restrictive interpretation by reason of their being preceded or followed by words indicating a particular class of assets, matters or things;
- (viii) **"indebtedness"** includes any obligation (whether incurred as principal or as surety) for the payment or repayment of money, whether present or future, actual or contingent;

- (ix) a **"person"** includes any individual, firm, company or other corporation, government, state or agency of a state or any association, trust or partnership (whether or not having separate legal personality) or two or more of them and any reference to a **person** or other **particular person** includes its successors in title, permitted assignees and permitted transferees in accordance with their respective interests;
 - (x) a **provision of law** is to that provision as amended, re-enacted or replaced from time to time and includes any subordinated legislation in force under it from time to time;
 - (xi) a **"Recital"** is to a statement made under the heading "Background" above, any reference to a **"Clause"** is to a clause of this Deed of Charge (as the case may be);
 - (xii) a **"right"** includes any title, estate, interest, claim, remedy, power, authority, discretion or other right of any kind, both present and future;
 - (xiii) **"tax"** means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same);
 - (xiv) **"regulation"** includes any regulation, rule, official directive, notice, request, code of practice, guideline, demand or decision (in each case whether or not having the force of law) of any governmental, intergovernmental or supranational body, agency, department or regulatory, self-regulatory or other authority or organisation; and
 - (xv) **"this Security"** means the Security Interests constituted by or pursuant to this Deed of Charge.
- (b) The index and Clause, Recital and Schedule headings are for ease of reference only.
 - (c) If there is any inconsistency between the terms of this Deed of Charge and those of the Indenture, the terms of the Indenture shall prevail.
 - (d) Any covenant of the Chargor under this Deed of Charge remains in force up to and including the Discharge Date.
 - (e) If the Trustee considers that an amount paid to the Trustee or the Noteholders under a Transaction Document is capable of being avoided or otherwise set aside on the liquidation or administration of the payer or otherwise, then that amount will not be considered to have been irrevocably paid for the purpose of this Deed of Charge.
 - (f) Unless the context requires, a reference to a Secured Asset includes:
 - (i) any part of that Secured Asset;
 - (ii) any proceeds of that Secured Asset; and

- (iii) any present and future assets of that type.

1.4 **General**

The fact that no or incomplete details of any Secured Asset are inserted in the Schedule (Intercompany Loan Agreements) to this Deed of Charge does not affect the validity or enforceability of this Security.

2. **LIMITED RECOURSE**

This Deed of Charge secures the Chargor's obligations under the Guarantee and the other Transaction Documents to which it is a party. The liability of the Chargor for the payment and discharge of the Secured Liabilities shall be limited to the Security and to any other assets of the Chargor over which a Security Interest has been or will be created pursuant to an Instrument executed and delivered by the Chargor in favour of the Trustee in compliance with its obligations under the Indenture. The Trustee shall have no right nor recourse to or against any other assets of the Chargor for the payment of the Secured Liabilities.

3. **SECURITY**

3.1 **Fixed charges**

As security for the full and prompt payment, discharge and performance of the Secured Liabilities, the Chargor with full title guarantee as legal and beneficial owner hereby charges to the Trustee for the benefit of itself and the Noteholders by way of first fixed charge all of the rights it has in the Secured Assets. Without limiting the foregoing, as security for the full and prompt payment, discharge and performance of the Secured Liabilities, the Chargor as legal and beneficial owner hereby grants to the Trustee for the benefit of itself and the Noteholders a security interest (as such term is defined in the California Uniform Commercial Code) in all of the rights it has in the Secured Assets.

3.2 **Assignments**

- (a) As security for the full and prompt payment, discharge and performance of the Secured Liabilities, the Chargor with full title guarantee assigns absolutely to the Trustee for the benefit of itself and the Noteholders the benefit of all of its rights under the Secured IP Interests and the Contracts.
- (b) To the extent that any right described in paragraph (a) above is not assignable or capable of assignment, the assignment of that right purported to be effected by paragraph (a) shall operate as an assignment of any damages, compensation, remuneration, profit, rent or income which the Chargor may derive from that right or be awarded or entitled to in respect of that right.
- (c) If the assignment under paragraph (a) above breaches a term of a Contract because a third party's consent has not been obtained:
 - (i) the Chargor must notify the Trustee immediately;

- (ii) unless the Trustee otherwise requires, the Chargor must use all reasonable endeavours to obtain the consent as soon as practicable; and
- (iii) the Chargor must promptly supply to the Trustee a copy of the consent obtained by it.

3.3 Floating charge

As security for the payment and discharge of the Secured Liabilities, the Chargor with full title guarantee charges to the Trustee by way of first floating charge the Secured Assets not effectively mortgaged, charged or assigned (whether at law or in equity) pursuant to Clauses 3.1 and 3.2 by way of fixed security.

4. CRYSTALLISATION OF FLOATING CHARGE

4.1 Crystallisation by notice

The Trustee may at any time by notice in writing to the Chargor convert the floating charge created by the Chargor in Clause 3.3 (*Floating charge*) into a fixed charge with immediate effect as regards any asset specified in the notice if:

- (a) the Trustee considers that any Secured Asset may be in danger of being seized or sold pursuant to any form of legal process or otherwise in jeopardy; or
- (b) the Trustee considers that it is desirable to protect the priority of this Security.

4.2 Automatic crystallisation

The floating charge created by the Chargor in Clause 3.3 (*Floating charge*) shall automatically (without notice to the Chargor) be converted into a fixed charge with immediate effect as regards all assets subject to the floating charge if:

- (a) there occurs and is continuing an Event of Default;
- (b) the Chargor creates a Lien, other than a Permitted Lien, over any Secured Asset or attempts to do so or any Secured Asset is disposed of contrary to Clause 7.2 (*No Disposals*) or is otherwise in jeopardy;
- (c) any person levies or attempts to levy any distress, execution, sequestration or other process against any Secured Asset; or
- (d) the Trustee receives notice of a proposal or intention to wind up, or appoint an administrator of, the Chargor or if the Chargor is wound up or has an administrator appointed.

Nothing in this Clause 4 shall affect the crystallisation of the floating charge created by the Chargor under applicable law and regulation.

5. FURTHER ASSURANCE

At any time and from time to time, the Chargor shall at the request of the Trustee and at the sole expense of the Chargor, promptly and duly execute and deliver (in such

form as the Trustee may reasonably require) any Instruments or other documents and otherwise do any acts and things which the Trustee may require (including any Instrument which the Trustee may require creating security governed by the applicable local law over contractual rights or other assets governed by the laws of a jurisdiction, or otherwise situated, outside Bermuda) to create, improve, preserve, perfect or protect the security created (or intended to be created) by this Deed of Charge or the priority of it or to facilitate the realisation or enforcement of it or to exercise any of the rights of the Trustee or any Receiver in relation to the same or to create and perfect security in favour of the Trustee over any Secured Assets located in any jurisdiction outside Bermuda, provided, however, that the Chargor shall be responsible for preserving, protecting and perfecting the security created by this Deed of Charge regardless of whether it receives any request from the Trustee or any Receiver. The Chargor agrees to pay, and to save the Trustee harmless from, any and all liabilities with respect to, or resulting from any delay in paying, any and all stamp, excise, sales or other taxes which may be payable or determined to be payable with respect to any of the Secured Assets or in connection with any of the transactions contemplated by this Deed of Charge.

6. REPRESENTATIONS

6.1 Nature of security

The Chargor represents and warrants to the Trustee and each Noteholder that:

- (a) this Deed of Charge creates the Security it purports to create and is not liable to be avoided or otherwise set aside on its liquidation or administration or otherwise; and
- (b) this Deed of Charge is its legal, valid and binding obligation and is enforceable against it in accordance with its terms except as such enforcement may be limited by any relevant bankruptcy, insolvency, administration or similar laws affecting creditors' rights generally.

6.2 Contracts

The Chargor represents to the Trustee and each Noteholder that:

- (a) all payments to it by any other party to any of the Contracts are not subject to any right of set-off or similar right;
- (b) each of the Contracts is its legally binding, valid, and enforceable obligation;
- (c) it is not in default of any of its obligations under any of the Contracts; and
- (d) except as notified to the Trustee prior to the date of this Deed of Charge
 - (i) there is no prohibition on assignment in any of the Contracts; and
 - (ii) its entry into and performance of this Deed of Charge will not conflict with any term of any of the Contracts.

6.3 Times for making representations and warranties

- (a) The representations and warranties set out in this Deed of Charge (including in this Clause) are made by the Chargor on the date of this Deed of Charge.
- (b) Each representation and warranty under this Deed of Charge is deemed to be repeated by the Chargor on each date until and including the Discharge Date.
- (c) When a representation and warranty is deemed to be repeated, it is deemed to be made by reference to the circumstances existing at the time of repetition.

6.4 Other representations

- (a) the Chargor has full power and authority (i) to be the legal and beneficial owner of the Secured Assets, (ii) to execute and deliver this Deed of Charge and (iii) to comply with the provisions of and perform all its obligations under this Deed of Charge;
- (b) the entry into and performance by the Chargor of this Deed of Charge does not violate (i) any law or regulation of any government or official authority or (ii) any agreement, contract or other undertaking to which the Chargor is a party or which is binding upon the Chargor or any of its assets;
- (c) all consents, licenses, approvals and authorisations required in connection with the entry into, performance, validity and enforceability of this Deed of Charge have been obtained and are in full force and effect; and
- (d) the Chargor has taken all corporate and other action required to approve its execution, delivery and performance of this Deed of Charge.

7. OTHER COVENANTS

7.1 Negative Pledge/Maintenance of Security Interest/Claims of Third Persons

The Chargor undertakes that:

- (a) it will not, at any time prior to the Discharge Date, create or permit to subsist any Lien over any Secured Asset, other than a Permitted Lien;
- (b) it will maintain the security interest created by this Deed of Charge as a first priority, perfected security interest; and
- (c) it will defend the Secured Assets against claims and demands of all third Persons where commercially appropriate in the reasonable opinion of the Chargor.

7.2 No Disposals

The Chargor undertakes that it will not, at any time prior to the Discharge Date, sell, transfer, assign or otherwise dispose of (or agree to dispose of) any Secured Asset or any part thereof or interest therein, except as permitted by the Indenture and provided

further that the application of the Disposition Proceeds shall be applied in accordance with the Indenture.

7.3 Conduct of Business, etc.

The Chargor hereby covenants with the Trustee that during the continuance of this security the Chargor will, but only to the extent that any of the following relate to the Secured Assets, at all times:

- (a) conduct and carry on its business in a proper and efficient manner and not make any substantial alteration in the nature of or mode of conduct of that business and keep or cause to be kept proper books of account and records relating to such business;
- (b) observe and perform all covenants and stipulations from time to time affecting its freehold or leasehold property or the mode of user or enjoyment of the same and not, without the prior consent in writing of the Trustee, enter into any onerous or restrictive obligations affecting any such property or do or suffer to be done on any such property anything which is 'development' as defined in the Development and Planning Act, 1974 as from time to time amended and not do or suffer or omit to be done any act, matter or thing whereby any provision of any Act of the legislature, order or regulation from time to time in force affecting any such property is infringed;
- (c) observe and perform all covenants and stipulations from time to time affecting its patents, patent applications, trade marks, trade names, registered designs and copyrights and all other industrial or intangible property or any licence or ancillary or connected rights from time to time relating to industrial or intangible property and preserve, maintain and renew when necessary or desirable all such licenses and rights;
- (d) keep all buildings and erections and all plants, machinery, fixtures, fittings, vehicles, computers and office and other equipment and every part thereof in good and substantial repair and in good working order and condition and not pull down or remove or sell or otherwise dispose of any of the same without the prior consent in writing of the Trustee except in the ordinary course of use, repair, maintenance or improvement. If the Chargor is at any time in default in complying with this covenant the Trustee shall be entitled but not bound to repair and maintain the same with power for the Trustee, its Trustees and its respective employees to enter any of the Chargor's property for that purpose or to inspect the same, any sum reasonably expended by the Trustee shall be repayable to the Trustee on demand together with interest at the same percentage rate (hereinafter the "**Default Rate**") per annum of interest (and credit charges, if any) applicable in respect of the secured liabilities (or, if there is more than one such rate, then the average such rate) from the date of payment by the Trustee as aforesaid;
- (e) at its own expense, insure and keep insured all its property and effects whatsoever of an insurable nature with insurers against loss or damage by fire, civil commotion, explosion, aircraft, flood, storm, tempest, lightning, burst pipes and such other risks and contingencies to the full replacement value

thereof from time to time including architects, surveyors, engineers and all other professional fees and demolition charges together with loss of rent for three years in the joint names of the Chargor and the Trustee or at the option of the Trustee in the name of the Chargor with the interest of the Trustee noted on the policy and with the policy containing such provisions for the protection of the Trustee as the Trustee may reasonably require and maintain such other insurance policies (with the interest of the Trustee noted thereon) containing like provisions for the protection of the Trustee as are normally maintained by prudent companies carrying on similar businesses and duly pay all premiums and other moneys necessary for effecting and keeping up such insurances and on demand produce to the Trustee, the policies of such insurance and proof of such payments failing which the Trustee may take out or renew such insurances in any sum with the Trustee may think fit (acting reasonably) and all money expended by the Trustee under this provision shall be reimbursed by the Chargor on demand and bear interest at the Default Rate from the date of payment by the Trustee. All moneys to be received by virtue of any insurance maintained or effected by the Chargor (whether or not in pursuance of the obligations hereunder) shall be paid to the Trustee (or if not paid by the insurers directly to the Trustee held on trust for the Trustee) and shall to the extent permitted under the Indenture be applied in replacing, restoring or reinstating the property or assets destroyed, damaged or lost (any deficiency being made good by the Chargor) or (save in the case of leasehold premises) in reduction of the moneys, obligations and liabilities hereby secured;

- (f) punctually pay and indemnify the Trustee and any receiver appointed by them against all existing and future rent, rates, taxes, duties, charges, assessments, impositions and outgoings whatsoever (whether imposed by agreement, statute or otherwise and whether in the nature of capital or revenue and even if wholly novel) now or at any time during the continuance of this security payable in respect of the Secured Assets or any part thereof or by the owner or occupier thereof. If any such sums shall be paid by the Trustee or by any such receiver the same shall be repaid by the Chargor on demand with interest at the Default Rate;
- (g) not (without the prior consent in writing of the Trustee) vary, surrender, cancel, assign, charge or otherwise dispose of or permit to be forfeit its leasehold interest in any premises or any credit, sale, hire, purchase, leasing, rental, licence or like agreement for any material equipment used in its business or agree any rent review but shall generally fulfil its obligations under every such lease and agreement and when required produce to the Trustee proof of all payments from time to time due from the Chargor thereunder;
- (h) not to do or cause or permit to be done anything which may in any way depreciate, jeopardise or otherwise prejudice the value to the Trustee of the Security created hereby;
- (i) not amend or waive any term or terminate any of the Contracts or take any action which might jeopardise the existence or enforceability of any of the Contracts, except as permitted by the Transaction Documents;

- (j) duly and promptly perform its obligations under each of the Contracts; and
- (k) pursue its rights under each Contract (or contract of insurance) but only if and to the extent that the exercise of those rights in the manner proposed would not result in a Default under the Indenture.

7.4 Notices

The Chargor must:

- (a) immediately serve a notice of assignment in the form agreed between the Chargor and the Trustee, on each of the other parties to each of the Contracts; and
- (b) use best efforts to ensure that each of those parties acknowledges that notice, substantially in the form agreed between the Chargor and the Trustee, within 21 days of the date of this Deed of Charge or, if later, the date of entry into that Contract.

7.5 The Chargor hereby further covenants with the Trustee that during the continuance of the security constituted hereby the Chargor will, but only to the extent that any of the following relate to the Secured Assets:

- (a) get in and realise all books and other debts and claims hereby charged in the ordinary course of its business and pay into an account designated by and in the name of the Trustee all moneys which it may receive in respect of the same forthwith on receipt and pending such payment hold such moneys on trust for the Trustee and not (without the prior consent in writing of the Trustee) charge or otherwise dispose of or release, exchange, compound, set off or grant time or indulgence or otherwise deal with all or any of the same or purport so to do so;
- (b) not (without the prior written consent in writing of the Trustee) permit any person to become entitled to any proprietary right or interest which might affect the value of any property hereby charged;
- (c) upon reasonable prior notice during normal business hours, to examine and make copies of and abstracts from the records and books of account of the Chargor and visit the premises and properties of the Chargor and to discuss the affairs, finances and accounts of the Chargor with any of the officers or knowledgeable employees of the Chargor all to the extent provided in the Indenture;
- (d) not, directly or indirectly, enter into or commit or agree to enter into, any transaction or series of transactions whereby all or substantially all of its undertaking, property and assets would become the property of any other person whether by way of reorganisation, amalgamation, transfer, sale, lease or otherwise without the written consent of the Trustee or is otherwise expressly permitted in the Indenture; and

- (e) supply the Trustee with copies of each of its Contracts and any information and documentation relating to any of the Contracts requested by the Trustee or any Receiver.

7.6 New Accounts

If the Trustee receives notice of any subsequent mortgage, charge, assignment or other disposition affecting the Secured Assets or any part thereof or interest therein the Trustee may open a new account for the Chargor; if the Trustee does not receive notice of any such mortgage, charge, assignment or other disposition or does not open a new account then unless the Trustee gives express written notice to the contrary to the Chargor it shall nevertheless be treated as if it had done so at the time when the subsequent mortgage, charge, assignment or other disposition is made and as from that time all payments made by or on behalf of the Chargor to the Trustee shall be credited or be treated as having been credited to the new account and shall not operate to reduce the amount due from the Chargor to the Trustee at the time when of the mortgage, charge, assignment or other disposition.

7.7 Exercise of Voting Rights

The Chargor undertakes that it will not exercise the voting rights in respect of the Preferred Shares in a way that may depreciate, jeopardize or otherwise prejudice the value or marketability of the Preferred Shares in any material way, or prejudice the validity, binding effect or enforceability of this Deed of Charge.

7.8 Information

All information furnished to the Trustee by or on behalf of the Chargor in connection with or pursuant to this Deed of Charge was, and, in the case of any information furnished on or after the Closing Date, will be, at the time the same was or is so furnished, complete and correct in the light of the purpose prepared and did not and will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein not misleading in the light of the circumstances under which they were made.

7.9 Requested Information

In addition to such other information as shall be specifically provided for herein, the Chargor shall furnish to the Trustee such other information with respect to the Secured Assets as the Trustee may request from time to time, in each case in form and substance and certified in a manner satisfactory to the person requesting such information.

7.10 Commingling

Without the prior written consent of the Trustee, the Chargor shall not commingle, and shall not permit commingling of, any Secured Assets with any other property or assets, whether belonging to the Chargor or any other person.

7.11 Material Contracts

The Chargor shall not, without the prior written consent of the Trustee, cancel, terminate, amend, modify or waive any provision of, any contract (or other general intangible) containing rights thereunder that are Secured Assets.

7.12 Visits and Inspections

The Trustee shall have the right, and the Chargor shall permit, or, in the case of premises, property, records, files or persons not within its immediate control, promptly take such actions as are necessary or desirable so as to permit, and hereby authorizes, representatives (whether or not officers or employees) of the Trustee, from time to time, to (a) visit and inspect any premises where any Secured Asset, or any records and files related thereto, is located, (b) inspect, and verify the amount, quantity, value and condition of and any other matter relating to, the Secured Asset and inspect, review, audit and make extracts from all records and files related thereto, (c) discuss with any person, including the principal officers and the independent certified public accountants of the Chargor (and each such person is hereby authorized to discuss with such representatives of the Trustee) the amount, quantity, value and condition of, or any other matter relating to, the Secured Asset. The Chargor hereby authorizes the Trustee to obtain all records and files relating to the Secured Asset from any person (including any service bureau or the like) maintaining the same on behalf of the Chargor and hereby authorizes each such person to deliver the same to the Trustee.

7.13 Maintenance of Physical Property

The Chargor shall maintain all physical property that is a Secured Asset in good condition, with reasonable allowance for wear and tear, and shall exercise proper custody over all such property.

7.14 Value of Secured Assets

The Chargor shall not do and shall not cause or permit to be done anything which may in any way depreciate, jeopardise or otherwise prejudice the value to the Trustee of the Security hereby constituted.

8. INTELLECTUAL PROPERTY AND NON-CASH DISPOSITION PROCEEDS

8.1 Intellectual Property

- (a) At all times until the Discharge Date the Chargor shall pay all renewal fees necessary to maintain the Intellectual Property owned by it and comprised in the Secured Assets and, where required under any of the Licence Agreements, shall do the same in relation to Intellectual Property licensed to it thereunder.
- (b) The Chargor must promptly, if requested to do so by the Trustee, sign or procure the signature of, and comply with all instructions of the Trustee in respect of, any document required to make entries in any public register of Intellectual Property which either record the existence of this Deed of Charge or the restrictions on disposal imposed by this Deed of Charge.

8.2 Non-Cash Disposition Proceeds

- (a) The Chargor shall notify the Trustee as soon as it is aware that it will receive any Non-Cash Disposition Proceeds.
- (b) Promptly upon receipt of such Non-Cash Disposition Proceeds the Chargor shall at the sole expense of the Chargor, duly execute and deliver (in such form as the Trustee may reasonably require) any Instruments or other documents and otherwise do any acts and things which it knows to be required or which the Trustee may require to create or perfect security over such Non-Cash Disposition Proceeds.

9. ENFORCEMENT – GENERAL PROVISIONS

9.1 Enforcement

On or at any time after the occurrence and continuation of an Event of Default:

- (a) the Trustee may on and in accordance with the terms and conditions of the Guarantee by notice to the Chargor render the Secured Liabilities (or such of them as the Trustee may specify) immediately due and payable or payable immediately on demand;
- (b) this Security shall become immediately enforceable and the Trustee may enforce all or any of its rights under this Deed of Charge as it thinks fit. In particular, it may without further notice exercise in relation to the Secured Assets (and without the restrictions contained in Sections 29 or 31 of the Conveyancing Act 1983 of Bermuda):
 - (i) the power of sale and all other powers specified in Section 30 of the Conveyancing Act 1983 of Bermuda as varied, amended or extended by this Charge;
 - (ii) to the extent that Clause 10 (*Right of appropriation*) applies, the power to appropriate the Secured Assets in or towards the payment and discharge of the Secured Liabilities in accordance with Clause 10.1 (*Exercise of right of appropriation*); and
 - (iii) (without first appointing a Receiver) any or all of the rights which are conferred by this Deed of Charge (whether expressly or by implication) on a Receiver;
- (c) the Trustee shall not by reason of the taking of possession of the whole or any part of the Charged Securities or any part thereof be liable to account as mortgagee-in-possession or for anything except actual receipts or be liable for any loss upon realisation or for any default or omission for which a mortgagee-in-possession might be liable;
- (d) the Trustee shall not be obliged to make any enquiry as to the nature or sufficiency of any payment received by it under this Deed of Charge or to make any claim or to take any action to collect any monies assigned by this Deed of Charge or to enforce any rights or benefits assigned to the Trustee by

this Deed of Charge or to which the Trustee may at any time be entitled hereunder;

- (e) all monies received by the Trustee pursuant to this Deed of Charge shall be held by it upon trust in the first place to pay or make good all such expenses, liabilities, losses, costs, duties, fees, charges or other moneys whatsoever as may have been paid or incurred by the Trustee in exercising any of the powers specified or otherwise referred to in this Deed of Charge and the balance shall be applied in the following manner:
 - (i) FIRSTLY: in or towards satisfaction of any amounts in respect of the balance of the Charged Securities as are then accrued due and payable or are then due and payable by virtue of payment demanded, in such order or application as is prescribed by the Indenture;
 - (ii) SECONDLY: in retention of an amount equal to any part or parts of the Charged Securities as are or are not then due and payable but which will or may become due and payable in the future and, upon the same becoming due and payable, in or towards satisfaction thereof in accordance with the foregoing provisions of this Clause 9.1(e);
 - (iii) THIRDLY: in accordance with Section 3.7 of the Indenture;
 - (iv) FOURTHLY: the surplus (if any) shall be paid to the Chargor or to whomsoever else may be entitled hereto; and
- (f) the rights of the Trustee hereunder shall not be conditioned or contingent upon the pursuit by the Trustee of any right or remedy against the Chargor or against any other Person which may be or become liable in respect of all or any part of the Secured Liabilities or against any other collateral security therefore, guarantee thereof or right of offset with respect thereto.

9.2 Protection of third parties

No purchaser, mortgagee or other person dealing with a Receiver or the Trustee shall be bound to enquire whether its right to exercise any of its rights has arisen or become exercisable, or be concerned as to the application of any money paid, raised or borrowed or as to the propriety or regularity of any sale by or other dealing with that Receiver or the Trustee.

9.3 Delegation

- (a) The Trustee or a Receiver may delegate to any person or persons all or any of the rights which are exercisable by it under this Deed of Charge. A delegation under this Clause may be made in any manner (including by power of attorney) and on any terms (including power to sub-delegate) which the Trustee or a Receiver may think fit.
- (b) A delegation under Clause 9.3 (a) shall not preclude the subsequent exercise of those rights by the Trustee or a Receiver itself nor preclude the Trustee or a

Receiver from making a subsequent delegation of them to another person or from revoking that delegation.

- (c) The Trustee or a Receiver shall not be liable or responsible to the Chargor for any loss or damage arising from any act, default, omission or misconduct on the part of any delegate or sub-delegate.

9.4 General

For the purpose of all powers implied by law, the Secured Liabilities are deemed to have become due and payable on the date of this Deed of Charge.

9.5 No liability as mortgagee in possession

Neither the Trustee nor any Receiver will be liable, by reason of entering into possession of a Secured Asset:

- (a) to account as mortgagee in possession or for any loss on realisation; or
- (b) for any default or omission for which a mortgagee in possession might be liable.

9.6 Privileges

Each Receiver and the Trustee is entitled to all the rights, powers, privileges and immunities conferred by law on mortgagees and receivers duly appointed under any law.

9.7 Contingencies

If this Security is enforced at a time when no amount is due under the Transaction Documents but at a time when amounts may or will become due, the Trustee (or the Receiver) may pay the proceeds of any recoveries effected by it into such number of suspense accounts as it considers appropriate.

10. RIGHT OF APPROPRIATION

10.1 Exercise of right of appropriation

If and to the extent that this Clause 10 applies, the Trustee may appropriate the Secured Assets. If the Trustee exercises its right of appropriation then it shall for these purposes value:

- (a) any bank account and the amount standing to the credit of that account, together with any accrued interest not credited to the account, at the time of the appropriation; and
- (b) any other relevant Secured Asset by reference to an independent valuation or other procedure determined by the Trustee, acting reasonably, at the time of the appropriation.

11. APPOINTMENT OF RECEIVER

11.1 Appointment of Receiver

Without prejudice to any statutory or other powers of appointment of the Trustee under the Companies Act 1981 of Bermuda as extended by this Deed of Charge or otherwise, at any time after this Security has become enforceable or if the Chargor so requests in writing at any time the Trustee may without further notice to the Chargor do any of the following:

- (a) appoint by deed or otherwise (acting through a duly authorised officer) any one or more persons qualified to act as a Receiver to be a Receiver of all or any part of the Secured Assets;
- (b) either at the time of appointment or any time after that appointment fix his or their remuneration; and
- (c) remove any Receiver and appoint another or others in his or their place.

11.2 Powers of Receiver

In addition to all other rights or powers vested in the Trustee hereunder or by statute or otherwise, every Receiver shall have in relation to the Secured Assets (every reference in this Clause 11.2 to "**Secured Assets**" being a reference only to all or any part of the Secured Assets in respect of which that Receiver was appointed) the power to do the following:

- (a) **Collection:** enter on, take possession of, collect and get in the Secured Assets and collect and get in all income whether accrued before or after the date of his appointment and for those purposes make any demands and take any actions or other proceedings which may seem to him expedient;
- (b) **Compliance with Deed of Charge:** comply with and perform all or any of the acts, matters, omissions or things undertaken to be done or omitted by the Chargor under this Deed of Charge;
- (c) **Dealing with Secured Assets:** sell or otherwise dispose of the Secured Assets, grant rights or options over or in respect of them and vary any agreement or arrangement relating to them. Any disposal or other dealing under this Clause 11.2(c) may be effected in the manner and on the terms which he thinks fit, for consideration consisting of cash, debentures or other obligations, shares or other valuable consideration and this consideration may be payable in a lump sum or by instalments spread over a period as he may think fit;
- (d) **Proceedings:** settle, adjust, arrange, compromise or submit to arbitration any accounts, claims, questions, demands or disputes which may arise with any person who is or claims to be a creditor of the Chargor or in connection with the Secured Assets and bring, prosecute, defend, enforce, compromise, submit to and discontinue any actions, suits, arbitrations or other proceedings;

- (e) **Rights in connection with Secured Assets:** exercise or permit the Chargor or any nominee of the Chargor to exercise any rights incidental to the ownership of the Secured Assets in such manner as he may think fit;
- (f) **Subsidiaries:** form a subsidiary or subsidiaries of the Chargor and transfer, lease or licence to it or them or any other person the Secured Assets on such terms as he may think fit;
- (g) **Raising money:** in the exercise of any of the rights conferred on him by this Deed of Charge or for any other purpose to raise and borrow money either unsecured or secured and either in priority to, pari passu with or subsequent to this Security and generally on such terms as he may think fit;
- (h) **Receipts and discharges:** give valid receipts for all monies and execute all discharges, assurances and other documents which may be proper or desirable for realising the Secured Assets and redeem, discharge or compromise any Security Interest whether or not having priority to the Security or any part of it;
- (i) **All other acts:** execute and do all such other acts, things and documents as he may consider necessary or desirable for the realisation or preservation of the Secured Assets or incidental or conducive to any of the rights conferred on or vested in him under or by virtue of this Deed of Charge or otherwise and exercise and do in relation to the Secured Assets, and at the cost of the Chargor, all the rights and things which he would be capable of exercising or doing if he were the absolute beneficial owner of the same;
- (j) **Name of Chargor:** use the name of the Chargor or his own name to exercise all or any of the rights conferred by this Deed of Charge; and
- (k) **Delegation:** delegate his powers in accordance with this Deed of Charge.

11.3 Agent of the Chargor

Any Receiver appointed under this Deed of Charge whether acting solely or jointly shall be deemed to be the agent of the Chargor and to be in the same position as a receiver appointed under the Companies Act 1981 of Bermuda and the Chargor shall be solely responsible for his contracts, engagements, acts, omissions, defaults, losses and misconduct and for liabilities incurred by the Receiver and for his remuneration and the Trustee shall not be in any way liable or responsible either to the Chargor or to any other person for any Receiver.

11.4 Joint appointment

If at any time two or more persons have been appointed as Receivers of the same Secured Assets, each one of those Receivers shall be entitled to exercise individually all of the rights conferred on Receivers under this Deed of Charge to the exclusion of the other or others in relation to any of the Secured Assets in respect of which he has been appointed unless the Trustee shall state otherwise in the document appointing him.

11.5 Relationship with Trustee

To the fullest extent allowed by law, any right, power or discretion conferred by this Deed of Charge (either expressly or impliedly) or by law on a Receiver may after this Security becomes enforceable be exercised by the Trustee in relation to any Secured Asset without first appointing a Receiver or notwithstanding the appointment of a Receiver.

12. APPLICATION OF PROCEEDS

12.1 Cash Disposition Proceeds

The Cash Disposition Proceeds of any Secured Asset shall be applied by the Chargor in accordance with Article III of the Indenture.

12.2 Upon Occurrence of an Event of Default

Any monies received by the Trustee or any Receiver under this Deed of Charge or under the rights conferred by this Deed of Charge shall, after the occurrence and continuation of an Event of Default (subject to the terms of the Indenture) be applied in the following order:

- (a) in payment of all fees, costs, expenses, liabilities, duties and charges in connection with the exercise of its duties hereunder;
- (b) where applicable, in payment of all Losses of and incidental to the appointment of the Receiver and the exercise of all or any of his powers;
- (c) where applicable, in payment of the Receiver's remuneration at such rate as may be agreed with the Trustee; and
- (d) in accordance with Section 9.1(e) hereof.

13. GENERAL SECURITY PROVISIONS

13.1 Continuing security

This Deed of Charge is a continuing security and regardless of any intermediate payment or discharge in whole or in part to the Trustee, shall be binding until the date (the "**Discharge Date**") on which:

- (a) all of the Secured Liabilities have been unconditionally and irrevocably paid or discharged in full; and
- (b) the Trustee is satisfied that it and the Noteholders have ceased to have any commitment, obligation or other liability (whether actual or contingent) to make any credit or provide any other accommodation to the Issuer or the Chargor under this Deed of Charge.

13.2 Additional security

This Deed of Charge is in addition to and is not in any way prejudiced by any other guarantee or Security Interest now or subsequently held by or on behalf of the Trustee.

13.3 Waiver of defences

The obligations of the Chargor under this Deed of Charge will not be discharged, impaired or otherwise affected by any act, omission, matter or thing which, but for this Clause 13.3, would reduce, release or prejudice any of its obligations under this Deed of Charge, including (whether or not known to it or the Trustee or Noteholder):

- (a) any time, waiver, consent or other indulgence granted to, or composition with, the Chargor or any other person;
- (b) the release of the Chargor or any other person under the terms of any composition or arrangement with any creditor;
- (c) the taking, variation, compromise, exchange, renewal or release of, or refusal or neglect to perfect, take up or enforce, any rights against, or Security Interest over the assets of, the Chargor or any other person or any non-presentation or non-observance of any formality or other requirement in respect of any Instrument or any failure to take, or failure to realise the full value of, any Security Interest;
- (d) any incapacity or lack of power, authority or legal personality of or Insolvency or change in the members or status of the Chargor or any other person;
- (e) any disclaimer, unenforceability, illegality, invalidity non-provability or ineffectiveness of any of the Secured Liabilities or any other obligation of any person under any other Instrument or Security Interest or the failure by any person to enter into or be bound by the Transaction Documents;
- (f) any Insolvency or similar proceedings; or
- (g) any amendment of a Transaction Document or any other document or security.

13.4 Immediate recourse

The Chargor waives any right it may have of first requiring the Trustee or any Noteholder to proceed against or enforce any Security Interest or other rights or claim payment from any other person or file any proof of claim in insolvency, administration, winding up or liquidation proceedings to any person before claiming from it under this Deed of Charge. This waiver applies irrespective of any applicable law and regulation or any provision of any document to the contrary.

13.5 Discretion in enforcement

Until the Discharge Date, the Trustee or any Receiver may:

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

13.6 Subsequent Security Interests

At any time following:

- (a) the Trustee's receipt of notice (either actual or constructive) of any subsequent Security Interest affecting the Secured Assets;
- (b) the Insolvency of the Chargor; or
- (c) any disposal of all or any of the Secured Assets in breach of Clause 7.2 (*No Disposals*),

the Trustee may open a new account or accounts for the Noteholders in the name of the Chargor (whether or not it permits any existing account to continue). If the Trustee does not open such a new account, it shall nevertheless be treated as if it had done so at the time when the notice was received or was deemed to have been received or, as the case may be, the Insolvency commenced or the assignment or transfer occurred and from that time all payments made by the Chargor to, or received by the Trustee for the account of the Chargor shall be credited or treated as having been credited to the new account and shall not operate to reduce the amount secured by this Deed of Charge at the time when the Trustee received or was deemed to have received that notice or, as the case may be, the Insolvency commenced or the assignment or transfer occurred.

13.7 Non-competition

Unless:

- (a) all amounts which may be or become payable by the Issuer under or in connection with the Transaction Documents have been irrevocably paid in full; or
- (b) the Trustee otherwise directs,

the Chargor will not, after a claim has been made or by virtue of any payment or performance by it under this Deed of Charge:

- (i) be subrogated to any rights, security or moneys held, received or receivable by the Trustee or any Noteholder (or any trustee or agent on its behalf);

- (ii) be entitled to any right of contribution or indemnity in respect of any payment made or moneys received on account of the Chargor's liability under this Clause;
- (iii) claim, rank, prove or vote as a creditor of the Issuer or its estate in competition with the Trustee or any Noteholder (or any trustee or agent on its behalf); or
- (iv) receive, claim or have the benefit of any payment, distribution or security from or on account of the Issuer, or exercise any right of set-off as against the Issuer.

The Chargor must hold in trust for and must immediately pay or transfer to the Trustee for itself and the Noteholders any payment or distribution or benefit of security received by it contrary to this Clause or in accordance with any directions given by the Trustee under this Clause.

13.8 Perpetuity Period

The perpetuity period for the trusts in this Deed of Charge is 80 years.

14. POWER OF ATTORNEY

14.1 Appointment

The Chargor irrevocably and by way of security appoints the Trustee and any Receiver and every delegate referred to in Clause 9.3 (*Delegation*) and each of them jointly and also severally to be its attorney (with full powers of substitution and delegation) and in its name or otherwise and on its behalf and as its act and deed to execute, deliver and perfect all Instruments and other documents and do any other acts and things which may be required or which the attorney may consider desirable:

- (a) to carry out any obligation imposed on it by this Deed of Charge;
- (b) to carry into effect any disposal or other dealing by the Trustee or any Receiver;
- (c) to convey or transfer any right in land or any other asset;
- (d) to get in the Secured Assets; and
- (e) generally to enable the Trustee and any Receiver to exercise the respective rights conferred on them by this Deed of Charge or by applicable law and regulation,

and the Chargor undertakes to ratify and confirm all acts and things done by an attorney in the exercise or purported exercise of its powers and all monies spent by an attorney shall be deemed to be expenses incurred by the Trustee under this Deed of Charge.

14.2 Irrevocable power

The Chargor acknowledges that each power of attorney granted by Clause 14.1 is granted irrevocably and for value as part of this Security to secure a proprietary interest of, and the performance of obligations owed to, the donee.

15. RELEASE OF SECURITY

15.1 Release of Security on a Disposal Date or Conversion Date

Following a Disposal Date or a Conversion Date (and at the request and cost of the Chargor), the Trustee shall, as soon as reasonably practicable after receipt of a request from the Chargor to release and discharge the Security over any Secured Asset, the subject of the relevant Disposal or Conversion (but not in respect of any other Secured Asset), but only to the extent necessary to give effect to such Disposal or Conversion, and only if such Disposal or Conversion results in Disposition Proceeds to be applied under the provisions of the Indenture, release and discharge the security over such Secured Assets and re-assign such assets assigned to the Trustee under this Deed of Charge to the Chargor (or as it shall direct), at all times without recourse, representation or warranty and subject to the provisions of the Indenture, Clause 15.3 and the rights of any person having prior rights over those assets. Any release or discharge of this Security or re-assignment shall not release or discharge the Chargor from any liability to the Trustee for the Secured Liabilities or any other monies which exists independently of this Deed of Charge.

15.2 Release of Security on the Discharge Date

Following the Discharge Date, the Trustee shall, as soon as reasonably practicable after receipt of a request by the Chargor to release and discharge the Security over the Secured Assets, release and discharge the Security and re-assign the assets assigned to the Trustee under this Deed of Charge to the Chargor (or as it shall direct), at all times without recourse, representation or warranty and subject to the provisions of the Indenture, Clause 15.3 and the rights of any person having prior rights over those assets. Any release or discharge of this Security or re-assignment shall not release or discharge the Chargor from any liability to the Trustee for the Secured Liabilities or any other monies which exists independently of this Deed of Charge.

15.3 Reinstatement

- (a) Any release, settlement, discharge, re-assignment or arrangement (in this Clause 15, a "release") made by the Trustee on the faith of any assurance, security or payment shall be conditional on that assurance, security or payment not being avoided, reduced, clawed back or ordered to be repaid under any law relating to Insolvency.
- (b) If any avoidance, reduction or clawback occurs or order is made as referred to in Clause 15.3(a), then the release given by the Trustee shall have no effect and shall not prejudice the right of the Trustee to enforce this Security in respect of the Secured Liabilities. As between the Chargor and the Trustee, this Security shall (notwithstanding the release) be deemed to have remained

at all times in effect and held by the Trustee as security for the Secured Liabilities.

16. PRIOR SECURITY INTERESTS

The Trustee may at any time:

- (a) redeem, or procure the transfer to itself of, any prior Security Interest over any Secured Assets; or
- (b) settle and pass the accounts of the holder of any prior Security Interest. Any accounts so settled and passed shall be conclusive and binding on the Chargor.

17. TRANSFERS

17.1 This Deed of Charge shall be binding upon and shall enure to the benefit of the Trustee and each of its successors and assigns and references in this Deed of Charge to any of them shall be construed accordingly.

17.2 Trustee

The Trustee may assign any or all of its rights and transfer any or all of its obligations under this Deed of Charge to a successor appointed pursuant to Article VIII of the Indenture.

17.3 Chargor

The Chargor may not assign any of its rights or transfer any of its rights or obligations under this Deed of Charge.

17.4 Disclosure of information

The Trustee may disclose any information about the Chargor which it shall consider appropriate to any Affiliate (as defined in the Indenture), any of its professional advisers, any person to whom it is proposing to assign or transfer, or has assigned or transferred, any of its rights and obligations under this Deed of Charge or to any person to whom information may be required to be disclosed by any applicable law and regulation.

18. COMMUNICATIONS

18.1 Notices

All Notices shall be in writing and shall be effective:

- (a) upon receipt when sent through the mails, registered or certified mail, return receipt request, postage prepaid, with such receipt to be effective the date of delivery indicated on the return receipt;
- (b) upon receipt when sent by an overnight courier;

- (c) on the date personally delivered to an authorized officer of the party to which sent;
- (d) on the date transmitted by legible telecopier transmission with a confirmation of receipt; or
- (e) in the case of reports under Article III and any other report which is of a routine nature, on the date sent by first class mail or overnight courier or transmitted by legible telecopier transmission, in all cases, with a copy emailed to the recipient at the applicable address, addressed to the recipient as follows:

if to the Chargor, to:

Neutron Ltd., c/o Appleby Corporate Services Bermuda Ltd.	Canon's Court 22 Victoria Street P.O. Box HM 1179 Hamilton HM EX Bermuda
Attention:	Karen Carson
Telephone:	+441 298 3528
Facsimile:	+441 298 4143
Email:	kcarson@applebyglobal.com

if to the Trustee, to:

The Bank of New York, London Branch	40th Floor, One Canada Square London E14 5AL
Attention:	Corporate Trust Administration
Telephone:	+44 (0) 20 7570 1784
Facsimile:	+44 (0) 20 7964 6399
Email:	gsflondon@bankofny.com

A copy of each notice given hereunder to any party hereto shall also be given to each of the other parties hereto. Each party hereto may, by notice given in accordance herewith to each of the other parties hereto, designate any further or different address to which subsequent Notices shall be sent.

19. PARTIAL INVALIDITY

If, at any time, any provision of this Deed of Charge is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of that provision under the law of any other jurisdiction will in any way be affected or impaired.

20. **REMEDIES AND WAIVERS**

No failure to exercise, nor any delay in exercising, on the part of the Trustee, any remedy or other right under this Deed of Charge shall operate as a waiver, nor shall any single or partial exercise of any remedy or other right prevent any further or other exercise or the exercise of any other right. The remedies and other rights provided in this Deed of Charge are cumulative and not exclusive of any remedies and other rights provided by law.

The rights (including the right to seek written direction), duties and obligations of the Trustee related to, or in respect of the Noteholders shall be governed by the Indenture.

21. **AMENDMENTS AND WAIVERS**

Any term of this Deed of Charge may be amended or waived only with the written consent of the Trustee, pursuant to Section 10.1 or 10.2 of the Indenture, as applicable, and the Chargor and any such amendment or waiver will be binding on all parties.

22. **COUNTERPARTS**

This Deed of Charge may be executed in any number of counterparts, and this has the same effect as if the signatures (and if applicable, seals) on the counterparts were on a single copy of this Deed of Charge.

23. **GOVERNING LAW**

This Deed of Charge is governed by and shall be construed in accordance with the laws of Bermuda, save that the effectiveness of any provision in the Licence Agreements relating to Xerecept prohibiting, restricting or otherwise affecting or requiring consent for the creation, attachment, perfection, crystallisation or validity of the Charge over the Chargor's rights under the Licence Agreements relating to Xerecept shall be governed by California law. In addition to and not by way of limitation of the foregoing, this Deed of Charge is intended to be a security agreement as defined in, and to create a security interest under, the California Uniform Commercial Code.

In no event shall the Trustee be liable for any indirect, special, punitive or consequential loss or damage of any kind whatsoever, including, but not limited to, lost profits, even if it has been advised of the likelihood of such loss or damage and regardless of the form of action.

In no event shall the Trustee be liable for any failure or delay in the performance of its obligations hereunder because of circumstances beyond its control, including, but not limited to, acts of God, flood, war (whether declared or undeclared), terrorism, nuclear or natural catastrophes, fire, riot, embargo, loss or malfunctions of utilities, communications or computer (software and hardware) services, government action, including any laws, ordinances, regulations, governmental action or the like which delay, restrict or prohibit the providing of the services contemplated by this Deed of Charge.

24. **ENFORCEMENT**

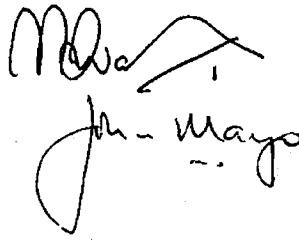
24.1 **Jurisdiction of Bermudian courts**

- (a) The courts of Bermuda have exclusive jurisdiction to settle any dispute arising out of or in connection with this Deed of Charge (including a dispute regarding the existence, validity or termination of this Deed of Charge) (a "**Dispute**").
- (b) The Parties agree that the courts of Bermuda are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.
- (c) This Clause 24.1 is for the benefit of the Trustee and the Noteholders only. As a result, the Trustee and the Noteholders shall not be prevented from taking proceedings relating to a Dispute in any other courts with jurisdiction. To the extent allowed by law, the Trustee and the Noteholders may take concurrent proceedings in any number of jurisdictions.

IN WITNESS WHEREOF the parties hereto have caused this Deed of Charge to be duly executed, in the case of the Chargor as a deed, the day and year first before written.

THE SCHEDULE
Intercompany Loan Agreements

SIGNED as a Deed by *STEPHEN EVANS-FRENE*)
Director, and *JOHN MAYO* Director, duly)
authorised for and on behalf of NEUTRON)
LTD:

The block contains two handwritten signatures. The top signature is for Stephen Evans-Frene, written in a cursive style. The bottom signature is for John Mayo, also in cursive, with the name 'John Mayo' written in a more legible, slightly stylized font below the signature.


SIGNED as a Deed by
duly authorised for and on behalf of THE
BANK OF NEW YORK:

)

)

)

)



Authorised Signatory

37417436

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Deed of Charge - Bermuda