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COMPANIES FORM No. 395

0040067.

Particulars of a mortgage or charge

395

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

CHFP025

Please do not
write in
this margin

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

*insert full name
of Company

Pursuant to section 395 of the Companies Act 1985

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

For official use

Company number

[11415]

02769768

Name of company

* Flybe Limited (the "**Assignor**")

Date of creation of the charge

31 January 2007

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

An assignment of rights under term cost plan agreement dated 31 January 2007 between the Assignor and Export Development Canada (the "**Security Trustee**") in respect of one (1) Bombardier Q-400 aircraft with msn 4146 and two (2) PW 150A engines with msns PCE-FA0339 and PCE-FA0336 (the "**Aircraft**") (the "**TCP Assignment**")

Amount secured by the mortgage or charge

All moneys, liabilities and obligations whether due, owing or payable on 31 January 2007 or thereafter arising, by the Borrower in any currency, actually or contingently, solely or jointly and/or severally with another or others, as principal or surety, on any account whatsoever pursuant to the Facility Agreement, the TCP Assignment, any other Transaction Document or any Other Loan, or as a consequence of any breach, non-performance, disclaimer or repudiation by the Borrower (or by any liquidator, receiver, administrative receiver, administrator or any similar officer of the Borrower) of any of its obligations under the Facility Agreement, the TCP Assignment, any other Transaction Document or any Other Loan (the "**Secured Obligations**")

Capitalised terms not otherwise defined in this Form 395 shall have the meaning ascribed to them in Schedule 1 (attached hereto).

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

Export Development Canada, 151 O'Connor Street, Ottawa, Canada

Postcode K1A 1K3

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

Clifford Chance LLP
10 Upper Bank Street
London
E14 5JJ

For official Use
Mortgage Section

Fay
RevD



Time critical reference

JCP/70-40072641/GMW

Short particulars of all the property mortgaged or charged

As continuing security for the payment, discharge and performance of the Secured Obligations the Assignor has assigned absolutely and with full title guarantee, by way of a first fixed charge all of its right, title, benefit and interest (present and future) in and to the Assigned Property in favour of the Security Trustee.

The TCP Assignment contains a negative pledge and a covenant for further assurance.

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)

None

Signed Clifford Chana LLP

Date 6 February 2007

On behalf of ~~XXXXXXXXXXXXXXXXXXXX~~ (chargee) †

A fee 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 A fee of £13 is payable to Companies House in respect of each register entry for a mortgage or charge. Cheques and Postal Orders must be made payable to **Companies House**.
- 6 The address of the Registrar of Companies is: Companies House, Crown Way, Cardiff CF14 3UZ

SCHEDULE 1
FORM 395 - TCP ASSIGNMENT

"Agent" means Export Development Canada.

"Agreements" means the agreements or arrangements constituting the Assigned Property specified in the definition of Assigned Property.

"Assigned Property" means all the rights and benefits vested in and accruing to the Assignor under and pursuant to the TCP[®] in relation to the Engines.

"Assignor" means Flybe Limited a company organised and existing under the laws of England with its principal place of business at Jack Walker House, Exeter International Airport, Exeter, Devon EX5 2HL.

"BBA Libor Page" means the display of British Bankers Association Interest Settlement Rates for Sterling deposits in the London Interbank Market ("BBA Libor") designated as page 3750 on the service provided by Reuters or its successor (or such other display as may replace it on any such service or as may be nominated by Reuters or its successor for the purpose of displaying BBA Libor).

"Borrower" means Flybe Limited a company organised and existing under the laws of England with its principal place of business at Jack Walker House, Exeter International Airport, Exeter, Devon EX5 2HL.

"Business Day" means a day on which banks are open for the transaction of business of the nature required by the Facility Agreement in London, England and Ottawa, Canada and where a payment in Dollars is required to be made New York, USA.

"Dollars" means the lawful currency of the United States of America.

"Drawdown Date" means the Business Day on which the Facility is drawn down pursuant to the Facility Agreement.

"Engines" means two P&WC PW 150A engines with manufacturer's serial numbers PCE-FAO328 and PCE-FAO329. — SEE FRONT 395

"Engine Manufacturer Provider" means Pratt & Whitney Canada Customer Services Centre Europe GmbH.

"Facility Agreement" means the facility agreement dated 5 January 2007 between the Mortgagor as borrower, the Lenders, the Agent and the Security Trustee in relation to the Aircraft.

"Facility" means the principal amount drawn down by the Borrower under the Facility Agreement on the Drawdown Date or, as the context may require, the balance thereof from time to time outstanding after the deduction of all principal repayments and prepayments.

"Fee Letter" means the letter agreement dated 5 January 2007 from the Agent to the Borrower setting out the fees payable under clause 20 (Fees) of the Facility Agreement.

"**Final Repayment Date**" means the date falling on the twelfth anniversary of the Drawdown Date.

"**Finance Parties**" means, together, the Lenders, the Agent and the Security Trustee.

"**First Loss Deficiency Guarantee**" means the dollar denominated first loss deficiency guarantee including a remarketing agreement to be provided by the Seller in favour of the Security Trustee in a maximum amount of 10% of the Net Purchase Price and represented by a coverage band in an amount determined in accordance with Schedule 6 (*FLDG Coverage*) of the Facility Agreement.

"**Fixed Rate of Interest**" means the percentage rate per annum equal to the aggregate of:

- (a) the fixed rate of interest determined and agreed in accordance with clause 6 of the Facility Agreement (which fixed rate of interest shall be inclusive of the Margin); and
- (b) the Mandatory Cost, if any.

"**Guarantee**" means the guarantee dated on 10 January 2007 and made by the Guarantor in favour of the Security Trustee in respect of, among other things, the Outstanding Indebtedness.

"**Guarantor**" means Flybe Group Limited a company organised and existing under the laws of England with its principal place of business at Jack Walker House, Exeter International Airport, Exeter, Devon EX5 2HL.

"**Interest Period**" means each period by reference to which interest is calculated and payable either on the Facility (in accordance with clause 6.1 (*Interest Rate*) of the Facility Agreement or on any Overdue Sum in accordance with clause 19.3 (*Default Interest Rate*) of the Facility Agreement provided that:

- (c) if any Interest Period would otherwise end on a day which is not a Business Day, that Interest Period shall end on the next succeeding Business Day unless the next succeeding Business Day falls in the next month, in which event such Interest Period shall end on the preceding Business Day; and
- (d) any Interest Period which would otherwise extend beyond the Final Repayment Date shall end on that date.

"**Interest Rate**" means, subject to any request by the Borrower for the Fixed Rate of Interest, the rate of interest certified by the Agent as being equal to the aggregate of:

- (e) the Margin;
- (f) LIBOR or the interest rate determined in accordance with clause 6.1.5 (*Alternative Interest Rates*) of the Facility Agreement, for the relevant Interest Period; and
- (g) Mandatory Cost.

"Lease Assignment" means the assignment of the benefit of any Permitted Lease made or to be made by the Borrower from time to time in favour of the Security Trustee and any notices and acknowledgements required thereunder.

"Lenders" means, before any transfer in accordance with clause 23 (*Assignments and Transfers*) of the Facility Agreement, Export Development Canada and, thereafter each of such financial institutions and each Transferee but only for so long as it has any rights or obligations under the Transaction Documents in respect of funding the Facility.

"LIBOR" means, for any Interest Period, (a) the rate per annum appearing on the BBA Libor Page at approximately 11:00 a.m., London time, on the day that is two London Banking Days preceding the first day of such Interest Period, for six month deposits of Sterling; or (b) if the rate referenced in the preceding subsection (a) does not appear on such page or service or such page or service shall cease to be available, the rate per annum appearing on such other page or other service that displays an average British Bankers Association Interest Settlement Rate for six month deposits of Sterling at approximately 11:00 a.m., London time, on the day that is two (2) London Banking Days preceding the first day of such Interest Period, or (c) if it is not possible to determine Libor in the way referenced in the preceding subsections (a) and (b) for any Interest Period, then Libor will mean the rate per annum determined by Export Development Canada to be the arithmetic mean (rounded upwards if necessary to the nearest one sixteenth of one per cent) of the rates as supplied to Export Development Canada at its request quoted by the Reference Banks at such Reference Banks' rate at which deposits in an amount approximately equal to the amount in relation to which Libor is to be determined and for a period equivalent to the period for which Libor is to be determined are offered to prime banks in the London Interbank Market at approximately 11 a.m., London time, on the date falling two London Banking Days before the commencement of such period.

"LIBOR Break Amount" means, in the case of any Facility bearing interest at the Interest Rate, an amount equal to the net loss or additional expense which the applicable Lender sustains or incurs as a direct result of the payment or prepayment (whether by mandatory or voluntary prepayment, purchase, acceleration or any other form of payment or prepayment) of all or any portion of such Lender's Facility on a date other than the last day of an Interest Period (but excluding loss of the applicable Margin), as reasonably determined by such Lender by reference to the BBA Libor applicable in respect of such Interest Period and as set forth in a statement provided by such Lender which includes in reasonable detail the basis for the calculations of the amount being claimed which statement, absent manifest error, shall be conclusive and binding on the Borrower for all purposes.

"Make-Whole Cost" means, with respect to any Fixed Rate of Interest Facility, an amount equal to the excess, if any, of (i) the present value, as of the date of the relevant prepayment of such Facility, of the respective instalments of principal and interest (including the Margin) on such Facility that, but for such prepayment, would have been payable on each scheduled Payment Date after such prepayment over (ii) the principal amount of such Facility then being prepaid. Such present value shall be determined by discounting the amounts of such instalments from their respective Payment Dates to the date of such prepayment at a

percentage rate per annum equal to the sum of (x) the interpolated then Sterling Swap Rate applicable to the then remaining weighted average life of such Facility and (y) 1.0%.

"Mandatory Cost" means the percentage rate per annum calculated by the Agent in accordance with Schedule 4 (*Mandatory Cost*) of the Facility Agreement.

"Margin" means 1.50 per cent per annum.

"Mortgage" means the first priority mortgage in respect of the Aircraft dated 10 January 2007 between the Borrower and the Security Trustee.

"Net Purchase Price" means the price of the Aircraft pursuant to the Purchase Agreement after taking into consideration all relevant letter agreements and credit memoranda.

"Other Aircraft" means the Bombardier Q400 aircraft with manufacturer's serial numbers 4144, 4146, 4148 and 4152 operated or to be operated by the Borrower and any other aircraft the subject of an Other EDC Transaction.

"Other EDC Transaction" shall mean any direct or indirect future Export Development Canada-supported financing (including, without limitation, whether by way of a loan, a lease or a guarantee) for or for the benefit of the Borrower or the Guarantor or any of their respective affiliates.

"Other Loans" means (a) the facility agreements relating to the Other Aircraft between the Borrower and Export Development Canada in its various capacities and includes all guarantees, security documents and other documents entered into or to be entered into in relation to each Other Aircraft between Export Development Canada in any capacity and the Borrower and/or the Guarantor and (b) the loan agreement for a \$15,800,000 PDP loan facility dated 15 September 2006 between Export Development Canada and the Borrower and includes reference to all other Transaction Documents (as defined therein) and (c) any Other EDC Transactions.

"Outstanding Indebtedness" means the aggregate of the Facility, interest thereon and all moneys whatsoever payable to the Finance Parties under the Facility Agreement and the other Transaction Documents (including in respect of a Fixed Rate of Interest Loan any applicable Make-Whole Costs and in respect of a Loan bearing interest at the Interest Rate any applicable LIBOR Break Amount).

"Overdue Sum" means any amount which is not paid when due under any this Agreement or any Transaction Document.

"Payment Date" means each of:

- (h) the dates set out in column 1 of Schedule 5 of the Facility Agreement; and
- (i) to the extent that such date is not listed in (a) above, the last day of each Interest Period during the Facility Period including the Final Repayment Date.

"Permitted Lease" means any agreement to lease made between the Borrower and the relevant lessee permitted by the provisions of the Facility Agreement.

"Purchase Agreement" means the purchase agreement number 526 relating to, inter alia, the purchase of the Aircraft dated 11 April 2003 and entered into between the Seller and the Borrower, together with the exhibits thereto and all letter agreements, credit memoranda, change orders or other amendments or supplements in relation thereto.

"Reference Banks" means the Agent and one other bank selected by the Agent or such alternative banks as the Agent and the Borrower may agree from time to time.

"Security Assignment" means the assignment by way of security of the Assigned Property dated 10 January 2007 and granted by the Borrower in favour of the Security Trustee.

"Security Documents" means:

- (j) the Facility Agreement;
- (k) any Lease Assignment;
- (l) the First Loss Deficiency Guarantee;
- (m) the Guarantee;
- (n) the TCP Assignment;
- (o) the Mortgage;
- (p) the Security Assignment;
- (q) any other document granted in favour of the Security Trustee as security for the Outstanding Indebtedness or any part of it whether at the time the Facility is drawn down or subsequently; and
- (r) any and all notices and acknowledgements to be entered into pursuant to any of the documents referred to in the preceding sub clauses of this definition.

"Seller" means Bombardier Inc. a corporation organised and existing under the laws of Canada with its registered office at 123 Garratt Boulevard, Downsview, Ontario, Canada.

"Sterling Swap Rate" means the interpolated annual "Ask" rate to "swap" floating rate debt to fixed rate debt with a maturity closest to the weighted average life of the loan. The rate is to be calculated based on the rates posted on Bloomberg page IRSB17 for the two closest available annual periods to the weighted average life of the Facility.

"Sterling" and **"£"** means the lawful currency of the United Kingdom.

"TCP®" means the Term Cost Plan Agreement No: FMP-03-05 R4 dated July 2003 between the Engine Manufacturer Provider and the Assignor for certain engine maintenance services to be provided in respect of the Engines.

"Transaction Documents" means

- (s) the Facility Agreement and each of the Security Documents;
- (t) the Fee Letter; and
- (u) each Transfer Certificate.

"Transfer Certificate" means a certificate substantially in the form set out in Schedule 7 (*Form of Transfer Certificate*) to the Facility Agreement signed by a Transferee and a Lender.

"Transferee" means a financial institution to which a transfer of all or part of the rights and obligations of a Lender under the Facility Agreement is made in accordance with clause 23 (*Assignments and Transfers*) of the Facility Agreement.

FILE COPY



CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

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

COMPANY No. 02769768

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT AN ASSIGNMENT OF RIGHTS UNDER TERM COST PLAN AGREEMENT DATED THE 31st JANUARY 2007 AND CREATED BY FLYBE LIMITED FOR SECURING ALL MONIES DUE OR TO BECOME DUE FROM THE COMPANY TO EXPORT DEVELOPMENT CANADA (SECURITY TRUSTEE) ON ANY ACCOUNT WHATSOEVER UNDER THE TERMS OF THE AFOREMENTIONED INSTRUMENT CREATING OR EVIDENCING THE CHARGE WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 16th FEBRUARY 2007.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 19th FEBRUARY 2007.

Pargela



Companies House

— for the record —



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES