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

*insert full name
of Company

COMPANIES FORM No. 395

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.

Pursuant to section 395 of the Companies Act 1985

008103/143

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

For official use

Company number

[1187]

02769768

Name of company

* Flybe Limited (the "Company")

Date of creation of the charge

27 June 2008

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

Security Agreement between the Company, as assignor, and the Chargee, as assignee, relating to one (1) Bombardier Q400 aircraft bearing manufacturer's serial number 4185 (the "Security Agreement")

Amount secured by the mortgage or charge

The Secured Obligations

Please see the attached Schedule 1 for further definitions

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

Fly 108 Limited, PO Box 1093, Queensgate House, Grand Cayman, KY1-1102, Cayman Islands (the "Chargee")

Postcode

Presentor's name address and
reference (if any)

Clyde & Co LLP
51 Eastcheap
London
EC3M 1JP

GXH/ELG/CXT/0803241/LSA-4185

Time critical reference

For official Use (06/2005)
Mortgage Section

Post room

THURSDAY



LD5

LKKFC1AR

10/07/2008

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COMPANIES HOUSE

Please see the attached Schedule 2

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

Particulars as to commission allowance or discount (note 3)

None

Signed

Clyde & Co LLP

Date

10 July 2008

On behalf of ~~XXXXXXXXXXXX~~ [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 situated 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

Name of Company Flybe Limited (the "**Company**")

Company number 02769768

Name of instrument Security Agreement

Definitions

"**Acceptance Certificate**" means a certificate substantially in the form set out in part 2 of schedule 1 to the Lease Agreement,

"**Account Charge**" means the account charge in relation to the Charged Account entered into on the Delivery Date between the Chargee and the Company,

"**Acknowledgements of Assignment**" means, together, the acknowledgements of assignment in respect of the Finance Documents to be executed by (a) the Company and (b) the Guarantor, in each case on or about the Delivery Date by the Company and the Guarantor respectively in favour of the Chargee and the Security Trustee,

"**Aircraft**" means one Bombardier Q400 aircraft bearing Manufacturer's serial number 4185,

"**Aircraft Purchase Agreement**" means the agreement for the transfer of title to the Aircraft by the Company to the Chargee entered into on 26 June 2008 between the Company and the Chargee,

"**Assignment of Insurances**" means the assignment of the hull insurances for the Aircraft and the requisition compensation for the Aircraft between the Chargee and the Company and dated the Delivery Date,

"**Charged Account**" means the account in the name of the Company held with Barclays Bank PLC and with account number 67675288,

"**Collateral**" means (a) the Relevant Insurance Property and (b) the Relevant Requisition Proceeds Property ⁺⁹⁵.

"**Compulsory Acquisition**" means the requisition of title or other compulsory acquisition, requisition, appropriation, expropriation, deprivation or confiscation for any reason of the Aircraft by any Governmental Authority or other competent authority, whether de jure or de facto, but shall exclude requisition for use or hire not involving requisition of title

"**Delivery**" means delivery of the Aircraft to the Company under the Lease Agreement,

"**Delivery Date**" means 27 June 2008,

"**Engine**" means, whether or not for the time being installed on the Aircraft

- (a) each engine of the manufacture and model specified in schedule 1 to the Lease Agreement, such engines being described as to serial numbers on the Acceptance Certificate to be executed by the Company upon Delivery, or

(b) a Replacement Engine,

and in each case includes all modules and Parts from time to time belonging to or installed in that engine but excludes any properly replaced engine title which has passed to the Company pursuant to the Lease Agreement,

"Engine Maintenance Provider" means Pratt & Whitney Canada Customer Service Centre Europe GmbH,

"Event of Default" has the meaning ascribed thereto in clause 14 of the Lease Agreement,

"Finance Documents" means the Loan Agreement and any present or future document relating to the financing of the Aircraft (including any security therewith and the leasing arrangements whether or not these constitute financing),

"Governmental Authority" means (a) any national government, political sub-division thereof, or local jurisdiction therein whether de facto or de jure and/or (b) any board, commission, department, division, organ, instrumentality, court or agency thereof, howsoever constituted and/or (c) any association, organisation or institution of which any entity mentioned in (a) or (b) above is a member or who is controlled directly or indirectly thereby (and for these purposes "control" shall mean the power to direct its management and its policies whether through the ownership of voting capital, by contract or otherwise)

"Guarantor" means Flybe Group Limited,

"Initial Junior Lender" means FirstRand (Ireland) plc,

"Initial Senior Lenders" means Norddeutsche Landesbank Girozentrale and HSH Nordbank AG,

"Insurances" means any and all insurances (other than liability insurances) from time to time maintained or required to be maintained in relation to the Aircraft or any part thereof by the terms of the Lease Agreement, including without limitation all the benefits of, and all claims under, and the right to make all claims under, all such insurances

"Junior Facility Agent" means First Rand (Ireland) plc or such other person as the Chargee and the Junior Facility Agent may from time to time designate in writing to the Company,

"Lease Agreement" means the aircraft operating lease agreement dated 26 June 2008 entered into between the Chargee, as lessor, and the Company, as lessee,

"Lien" means any encumbrance or security interest whatsoever, howsoever created or arising including (without prejudice to the generality of the foregoing) any assignment, charge, hypothecation, lien, mortgage, pledge or right in rem (whether statutory or otherwise), any bailment (including leasehold), purchase or ownership right or interest, any right of detention, title retention or set-off (other than a right of set-off arising by operation of law) or any agreement or arrangement having a similar effect to any of the foregoing,

"Loan Agreements" means, together, the loan agreements relating to the financing of the Chargee's acquisition of the Aircraft entered into on 26 June 2008 between (a) the Chargee, as borrower, the Initial Senior Lenders, as lenders, the Senior Facility Agent and the Security Trustee and (b) the Chargee, as borrower, the Initial Junior Lender, as lender, and the Junior Facility Agent (each, a **"Loan Agreement"**),

"Manufacturer" means Bombardier Inc , a Canadian corporation represented by Bombardier Aerospace, Regional Aircraft and having an office located at 123 Garratt Boulevard, Downsview, Ontario, Canada,

"Other Aircraft" means either or both, as the context may require, of the two Bombardier Q400 aircraft bearing manufacturer's serial numbers 4180 and 4212,

"Other Leases" means, in relation to an Other Aircraft, the lease agreement relating to such Other Aircraft entered into or to be entered into between the Chargee, as lessor, and the Company, as lessee,

"Other Transaction Documents" has the meaning ascribed to the term "Transaction Documents" in each Other Lease,

"Parent Guarantee" means the guarantee entered into by the Guarantor and the Chargee in the form set out in schedule 7 to the Lease Agreement,

"Part" means, whether or not for the time being installed on the Aircraft

- (a) any and all components, furnishings, equipment, accessories, instruments, navigational and communications equipment, modules and other items (other than a complete Engine) furnished with each Engine (including the Propellers) on the Delivery Date, and
- (b) any Replacement Part or other part which has replaced a Part in accordance with the Lease Agreement (other than a complete Engine) and title to which has passed to the Chargee pursuant to the Lease Agreement,

but excludes any such items title to which has ceased to vest in the Chargee pursuant to the Lease Agreement,

"Propeller" means each of the Dowty R408/6-123-F/17 propellers with manufacturers serial numbers DAP0414 and DAP0415 respectively,

"Relevant Insurance Property" means all of the right, title and interest (present and future, actual and contingent) of the Company in and to the Insurances

"Relevant Requisition Proceeds Property" means all of the right, title and interest (present and future, actual and contingent) of the Company in and to the Requisition Proceeds

"Replacement Engine" means an engine complying with clause 7 12 1 of the Lease Agreement,

"Replacement Part" means a part complying with clause 7 12 1 of the Lease Agreement,

"Requisition Proceeds" means all moneys or other compensation from time to time payable in respect of the Compulsory Acquisition of the Aircraft,

"Secured Obligations" means (a) any and all moneys and financial liabilities which are (or which are expressed to be) now or at any time hereafter due, owing or payable by the Company to the Chargee in any currency, actually or contingently, with another or others, as principal or surety, on any account whatsoever under or in relation to any Transaction Document or any Other Transaction Document, including as a consequence of any breach, non-performance, disclaimer or repudiation by the Company (or by a liquidator, receiver, administrative receiver, administrator or any similar officer in respect of the Company) of any of the Company's obligations under or in relation to any Transaction Document and/or any

Other Transaction Document, and (b) any and all obligations which are (or which are expressed to be) now or at any time hereafter to be performed by the Company in favour of the Chargee under or in relation to any Transaction Document and/or any Other Transaction Document,

"Security Trustee" means Norddeutsche Landesbank Girozentrale, a public law banking institution organised and existing under the laws of Germany or such other person as the Chargee and the Senior Facility Agent may from time to time designate in writing to the Company,

"Senior Facility Agent" means Norddeutsche Landesbank Girozentrale, a public law banking institution organised and existing under the laws of Germany or such other person as the Chargee and the Senior Facility Agent may from time to time designate in writing to the Company,

"TCP Assignment" means the assignment of rights under the Term Cost Plan (to the extent relating to the Engines) entered into on the Delivery Date between the Company, as assignor, and the Chargee, as assignee,

"Term Cost Plan" means the term cost plan for PW150A engines dated August 2003 executed on behalf of the Company and the Engine Maintenance Provider,

"Transaction Documents" means the Lease Agreement, the Parent Guarantee, the Aircraft Purchase Agreement, the TCP Assignment, the Assignment of Insurances, the Warranty Agreement, the Acknowledgements of Assignment, the Account Charge and any schedules or documents executed pursuant to any of the foregoing, any notices or certificates from time to time issued by the Company pursuant to any of the foregoing, and any side letters, supplements, amendments or modifications to any of the foregoing from time to time executed by the Company, and

"Warranty Agreement" means the airframe warranty agreement entered into on the Delivery Date between the Manufacturer, the Company, the Chargee and the Security Trustee

SCHEDULE 2

Name of Company Flybe Limited (the "Company")

Company number 02769768

Name of instrument Security Agreement

1. Short Particulars of all the property mortgaged or charged

1.1 Property Assigned

As security for the payment, performance and discharge of the Secured Obligations, the Company has assigned absolutely and has agreed to assign absolutely, with full title guarantee and by way of first priority security, the Collateral in favour of the Chargee

being

1.2 Property Charged

To the extent that the Collateral is not capable of assignment pursuant to the Security Agreement (and notwithstanding the assignment referred to in paragraph 1.1 above), as security for the payment, performance and discharge of the Secured Obligations, the Company has charged, with full title guarantee and by way of first fixed charge, the Collateral in favour of the Chargee

2. Negative Pledge

The Company has covenanted with the Chargee that (save as provided or permitted under the Transaction Documents)

- 2.1 it will not do anything which may in any way jeopardise or otherwise prejudice the Lien constituted hereby or the rights of the Chargee under the Security Agreement,
- 2.2 it will not, except with the prior written consent of the Chargee, agree to any variation of the Collateral or release any party from its, or waive any breach of any party's obligations under or in relation to the Collateral or consent to any act or omission which would otherwise constitute a breach of any party's obligations under any of the Transaction Documents in relation to the Collateral,
- 2.3 it will not, without the prior written consent of the Chargee, assign, charge, sell or otherwise dispose of the Collateral or create or incur any Lien in or upon the Collateral, save for the Liens constituted by the Security Agreement, and
- 2.4 it will not exercise any right of set-off, counterclaim or defence against the Chargee with respect to the Collateral

3. Power of Attorney

- 3.1 Pursuant to clause 13.1 of the Security Agreement the Company has by way of security irrevocably appointed the Chargee to be its true and lawful attorney (with full power of substitution and delegation) for the Company and in its name or otherwise and on its behalf and as its act and deed to sign, seal, execute, deliver and do all such assurances, acts and things which the Chargee may deem to be necessary or advisable in order to give full effect to the purposes of the Security Agreement including, without limitation, to ask, require, demand, receive,

compound and give acquittance for any and all moneys and claims for any and all moneys due under or arising out of the Collateral (to the extent assigned and/or charged under the Security Agreement), to endorse any cheque, draft or other document, instrument or order in connection therewith and to make any claim or to take any action or to institute any suit, legal action or other proceeding which the Chargee may consider to be necessary or advisable in connection with the Collateral (to the extent assigned and/or charged under the Security Agreement), and generally in the Company's name and on its behalf to exercise all or any of the powers, authorities and discretions conferred by or pursuant to the Security Agreement or applicable law on the Chargee and, without prejudice to the generality of the foregoing, to seal and deliver and otherwise perfect any deed, assurance, agreement, instrument, act or thing which the Chargee may deem appropriate for the purpose of exercising any of such powers, authorities and discretions, provided that the authority conferred under the Security Agreement shall only be exercisable for so long as an Event of Default has occurred and is continuing

- 3 2 The power conferred by clause 13 1 of the Security Agreement is a general power of attorney under the Powers of Attorney Act 1971
- 3 3 Pursuant to clause 13 1 of the Security Agreement the Company unconditionally and irrevocably ratified and confirmed and agreed to ratify and confirm whatever any attorney appointed pursuant to clause 13 1 of the Security Agreement shall do or purport to do in the exercise or purported exercise of all or any of the powers, authorities and discretions conferred pursuant to clause 13 1 of the Security Agreement

4. Further Assurances and Protection of Security

- 4 1 The Company shall from time to time sign, seal, execute, acknowledge, deliver, file and register any additional documents, instruments, agreements, certificates, notices, consents and assurances and do such other acts and things reasonably necessary and as the Chargee may reasonably request from time to time to perfect the security granted by the Security Agreement or to establish, maintain, protect or preserve the rights of the Chargee under the Security Agreement and the Lien and security intended to be constituted by the Security Agreement
- 4 2 The Chargee will, without prejudice to its other rights and powers under the Security Agreement, be entitled (but shall be under no obligation) at any time in consultation with the Company and as often as may be necessary after notice to the Company, to take any such action as it in its reasonable discretion thinks fit for the purpose of protecting the Lien and security constituted by the Security Agreement



FILE COPY

CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

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

COMPANY NO. 2769768
CHARGE NO. 187

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES
HEREBY CERTIFIES THAT A SECURITY AGREEMENT DATED 27
JUNE 2008 AND CREATED BY FLYBE LIMITED FOR SECURING
ALL MONIES DUE OR TO BECOME DUE FROM THE COMPANY
TO FLY 108 LIMITED 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 10 JULY 2008

GIVEN AT COMPANIES HOUSE, CARDIFF THE 15 JULY 2008



Companies House
— for the record —

PS



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES