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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.

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

21011

Company number

02769768

Name of company

* Flybe Limited (the "Mortgagor")

Date of creation of the charge

26 September 2008

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

An engine mortgage dated 26 September 2008 between the Mortgagor and Export Development Canada (the "Security Trustee") relating to one Pratt & Whitney PW150A Engine with serial number FA0487 (the "Mortgage")

Amount secured by the mortgage or charge

Collectively, all moneys, liabilities and obligations which are existing as at 26 September 2008 or which may at any time and from time to time thereafter be due, owing or payable by the Mortgagor 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 Mortgage, any other Transaction Document or as a consequence of any breach, non-performance, disclaimer or repudiation by the Mortgagor (or by any liquidator, receiver, administrative receiver, administrator or any similar officer of the Mortgagor) of any of its obligations under the Facility Agreement, the Mortgage, any other Transaction Document and (except as expressly otherwise provided) references to the secured obligations include references to any of them (the "Secured Obligations")

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

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

Export Development Canada, 151 O'Connor Street, Ottawa, Canada, K1A 1K3 (the "Mortgagee")

Postcode N/A

Presentor's name address and reference (if any)

Clifford Chance LLP
10 Upper Bank Street
London
E14 5JJ

For official Use (06/2007)
Mortgage Section

THURSDAY



LD3

LHAOK3ML

02/10/2008

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COMPANIES HOUSE

Time critical reference

LC/70-40387202/RJXE

Short particulars of all the property mortgaged or charged

The Mortgagor has mortgaged, with full title guarantee to the Security Trustee as security trustee for and on behalf of the Beneficiaries by way of security for the payment and discharge of the Secured Obligations, all of the Mortgagor's present and future interest in and to the Engine, Technical Records and any substitute Part becoming subject to the Mortgage in replacement of any existing Part of the Engine in accordance with the provisions of the Facility Agreement

The Engine shall remain subject to the security created by the Mortgagor whether or not it is installed on an aircraft

The Mortgage contains a negative pledge and a covenant for further assurances

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

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

Cripps Chan LLP

Date 2 October 2008

On behalf of ~~1000000~~ (mortgagee/~~1000000~~ †

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

DEFINITIONS

"Agent" means Export Development Canada of 151 O'Connor Street, Ottawa, Canada, K1A 1K3 as agent for the Lenders,

"BBA Libor" means the British Bankers Association Interest Settlement Rates for Dollar deposits in the London Interbank Market,

"BBA Libor Page" means the display of BBA Libor designated as page LIBOR01 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),

"Beneficiaries" means all or, as the case may be, any of the Lenders, the Agent and the Security Trustee;

"Borrower" means Flybe Limited,

"Business Day" means a day on which banks are open for the transaction of business of the nature required by the Facility Agreement in (i) London, England, (ii) Ottawa, Canada and (iii) New York, New York, USA,

"Delivery Date" means the date on which the Borrower took delivery of and title to the Engine pursuant to the Purchase Agreement,

"Dollars" and **"\$"** means the lawful currency of the United States of America,

"Drawdown Date" means the date being a Business Day on which the Loan is drawn down pursuant to the Facility Agreement;

"Engine" means

- (a) the Pratt & Whitney PW-150A turboprop engine with serial number FA0487, and
- (b) any and all Parts, so long as they are incorporated in or installed on or attached to the Engine or so long as the Borrower owns them after removal from the Engine, and, where the context permits,
- (c) the Technical Records, relating to the Engine and all of its Parts;

"Facility Agreement" means the facility agreement dated 26 September 2008 between the Mortgagor as borrower, the Lenders, the Agent and the Security Trustee in relation to the Engine,

"Facility Period" means the period beginning on the Drawdown Date and ending on the date upon which the Outstanding Indebtedness shall have been irrevocably and unconditionally received in full by the Agent;

"Fee Letter" means the letter agreement dated 26 September 2008 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 tenth anniversary of the Drawdown Date,

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

"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 (which fixed rate of interest shall be inclusive of the Margin), and
- (b) the Mandatory Cost, if any;

"Guarantee" means the guarantee dated 26 September 2008 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 Loan (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.

- (a) 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
- (b) 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

- (a) the Margin,
- (b) 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
- (c) 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 under clause 23 (*Assignments and Transfer*) of the Facility Agreement, Export Development Canada of 151 O'Connor Street, Ottawa, Canada, K1A 1K3 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 the funding of the Loan,

"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 Dollars; 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 Dollars 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 11:00 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 Loan 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 Loan 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,

"Loan" 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,

"Make-Whole Cost" means, with respect to any Fixed Rate of Interest Loan, an amount equal to the excess, if any, of (i) the present value, as of the date of the relevant prepayment of such Loan, of the respective instalments of principal and interest (including the Margin) on such Loan that, but for such prepayment, would have been payable on each scheduled Payment Date after such prepayment over (ii) the principal amount of such Loan 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 Dollar Swap Rate applicable to the then remaining weighted average life of such Loan and (y) 1.20%;

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

"Manufacturer" means Pratt & Whitney Canada Corporation, a company incorporated in Canada with its registered address at 1000 Marie-Victorin Blvd, Longueuil, Quebec, Canada, J4G 1A1;

"Margin" means 1.20 per cent per annum,

"Outstanding Indebtedness" means the aggregate of the Loan, interest thereon and all moneys whatsoever payable at the date of the Facility Agreement and which may at any time and from time to time be 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 the Facility Agreement or any Transaction Document,

"Part" means, whether or not from time to time installed on the Engine.

- (a) any and all components, furnishings, equipment, accessories, modules and other items furnished with the Engine on the Delivery Date; and
- (b) any other component, furnishing or equipment title to which has passed to the Mortgagor;

but excludes any such items which have been properly replaced in accordance with the Facility Agreement and released from the Mortgage,

"Payment Date" means each of:

- (a) the dates set out in Column 1 of Schedule 5 of the Facility Agreement, and
- (b) 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 engine sale quotation relating to, *inter alia*, the purchase of the Engine dated 30 June 2008 with Quotation Number ENG08-038 and entered into between the Manufacturer 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 Documents" means

- (a) the Facility Agreement,
- (b) any Lease Assignment;
- (c) the Guarantee;
- (d) the TCP Assignment,
- (e) the Mortgage,
- (f) 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 Loan is drawn down or subsequently, and
- (g) 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,

"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 IRSB18 for the two closest available annual periods to the weighted average life of the Loan,

"TCP Assignment" means the assignment of rights under the Term Cost Plan (to the extent relating to the Engine) dated 26 September 2008 and granted by the Borrower in favour of the Security Trustee,

"Technical Records" means the documents, data and records in respect of the Engine or any part thereof, and all additions, renewals, revisions and replacements from time to time made to any of the foregoing,

"Term Cost Plan" means the term cost plan for PW150A engines executed on behalf of the Borrower and Pratt & Whitney Canada Customer Service Center of Europe GmbH or Pratt & Whitney Canada Corporation or any of its affiliates and any other agreements entered into in relation thereto,

"Transaction Documents" means

- (a) the Facility Agreement and each of the Security Documents,
- (b) the Fee Letter, and
- (c) each Transfer Certificate;

"Transfer Certificate" means a certificate substantially in the form set out in Schedule 6 (*Form of Transfer Certificate*) of the Facility Agreement signed by the Transferee and a Lender, and

"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



CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

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

**COMPANY NO. 2769768
CHARGE NO. 201**

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES
HEREBY CERTIFIES THAT AN ENGINE MORTGAGE DATED 26
SEPTEMBER 2008 AND CREATED BY FLYBE LIMITED FOR
SECURING ALL MONIES DUE OR TO BECOME DUE FROM THE
COMPANY TO EXPORT DEVELOPMENT CANADA 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
2 OCTOBER 2008

GIVEN AT COMPANIES HOUSE, CARDIFF THE 6 OCTOBER 2008



Companies House
— for the record —



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES