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in black type or
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* Insert full name
of company

COMPANIES FORM No. 395

Particulars of a mortgage or charge

395

00400071

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

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

For official use

Company number

Name of company

*TES (535E4) Limited (the *Borrower*)

05838821

Date of creation of the charge

16 June 2006

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

The Equipment Mortgage dated 16 June 2006 between the Borrower and DVB Bank Aktiengesellschaft,
London Branch (the *Security Trustee*)

Amount secured by the mortgage or charge

All moneys, liabilities and obligations which are now or at any time hereafter may be due, owing or payable
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 any Finance Document, 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 any Finance Document; and any amount expressed to be payable under any Finance Document.

All capitalised terms used in this Form 395 have the meaning given to them in the Continuation Sheet unless
defined elsewhere in this Form 395.

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

DVB Bank Aktiengesellschaft, London Branch
80 Cheapside, London

Postcode EC2V 6EE

Presenter's name, address and
reference (if any):

FRESHFIELDS BRUCKHAUS
DERINGER
65 FLEET STREET, LONDON
ENGLAND
UNITED KINGDOM EC4Y 1HS
DX 23 LONDON/CHANCERY LA

Time critical reference
RM/SM/Peter Orlov

For official use (02/2006)
Mortgage Section

Post room



COM395/1

Short particulars of all the property mortgaged or charged

One RB211-535E4 turbo-fan engine bearing manufacturer's serial number 30567, including Equipment Documents and full QEC.

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in black type or
bold block
lettering

A fee is
payable to
Companies House
in respect of each
register entry for a
mortgage or
charge.
(See Note 5)

† Delete as
appropriate

Particulars as to commission allowance or discount (note 3)

NIL

Signed Frenfelds Buckham Deringer Date 27 June 2006

On behalf of [company] [mortgagee/chargee] †

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 are to be made payable to **Companies House**.
6. The address of the Registrar of Companies is:- Companies House, Crown Way, Cardiff CF4 3UZ.

Particulars of a Mortgage or Charge COM395 Continuation Sheet

DVB Bank AG, London Branch

Additional Guarantor means a company which becomes an Additional Guarantor in accordance with Clause 24.9 of the Common Terms Agreement;

Agency Fee Letter means the letter agreement of 16 June 2006 between the Borrower and the Facility Agent relating to the agency fee;

Banking Day means (a) for the purposes of making a payment under any Finance Document, a full working day (other than a Saturday, Sunday or a holiday scheduled by law) on which banks and foreign exchange markets are open for general business in New York and London; (b) for the purposes of determining a Quotation Date or a notification of a rate of interest, a full working day (other than a Saturday, Sunday or a holiday scheduled by law) in which banks and foreign exchange markets are open for general business in London, New York and Frankfurt and (c) for any other purpose a full working day (other than a Saturday, Sunday or holiday scheduled by law) on which banks and foreign exchange markets are open for general business in London;

Borrower Account means the Dollar account of the Borrower with Barclays Bank PLC at its 121 Queen Street, Cardiff CF10 2XU branch with account number 58121066, Sort Code 205478 and Swift BARC GB 22;

Borrower Accounts Charge means a charge executed by the Borrower in favour of the Security Trustee over (i) the Borrower Account and (ii) the Borrower Sterling Account, in form and substance acceptable to the Facility Agent;

Commitment means, in relation to a Lender, the amount set opposite its name in Schedule 1 of the Common Terms Agreement or, as the case may be, in any relevant Transfer Certificate, as reduced, in either case, by any relevant term of the Common Terms Agreement or the Facility Agreement, being the sum which such Lender has agreed to lend to the Borrower on the terms and conditions set forth in the Common Terms Agreement and the Facility Agreement;

Commitment Fee Letter means the letter agreement of 16 June 2006 between the Borrower and the Facility Agent relating to the commitment fee;

Common Terms Agreement means the common terms agreement dated 14 June 2006 and made between, *inter alios*, the Borrower, the Guarantors, the Lenders, the Facility Agent and the Security Trustee;

Compulsory Acquisition means, in relation to an Equipment, any requisition of title or other compulsory acquisition, requisition, appropriation, expropriation, deprivation or confiscation for any reason of the Equipment by any Government Entity or other competent authority, whether *de jure* or *de facto*, but shall exclude requisition for use or hire not involving requisition of title;

Contribution means, in relation to a Lender, the principal amount of the applicable Loan owing to that Lender at any relevant time;

Delivery Date means the date, being a Banking Day, on which the Borrower shall receive title to an Equipment from the Seller pursuant to a Sale Agreement;

Dollars and \$ mean the lawful currency of the United States of America and, in respect of all payments to be made under any Finance Document in Dollars, mean funds which are for same day settlement in the New York Clearing House Interbank Payments System (or such other United States dollar funds as may at the relevant time be customary for the settlement of international banking transactions denominated in United States dollars);

Drawdown Notice means, in relation to a Facility, a notice from the Borrower substantially in the terms of Schedule 2 of the Facility Agreement;

Equipment means:

- (a) each of the engines to be delivered to the Borrower pursuant to a Sale Agreement, details of which are set out in Schedule 4 of the Common Terms Agreement, and
- (b) such other RB211-535E4 engine(s) as approved by the Security Trustee (in writing) to be delivered to the Borrower pursuant to a Sale Agreement,

or any one of them or any part thereof;

Equipment Documents means, in relation to an Equipment, the documents, data, manuals and records relating to the Equipment on the Delivery Date and all additions, revisions, renewals and replacements from time to time made to any of the above;

Facility means the term loan facility in the maximum principal amount of the Facility Amount granted to the Borrower pursuant to the Facility Agreement;

Facility Agent means DVB Bank AG, London Branch in its capacity as facility agent for the Finance Parties and includes any successor appointed pursuant to Clause 14 of the Common terms Agreement;

Facility Agreement means the loan agreement of 16 June 2006 between the Borrower, the Guarantors, the Facility Agent and the Lenders in the agreed form;

Fee Letters means the Agency Fee Letter, the Upfront Fee Letter and Commitment Fee Letter;

Final Repayment Date means, in relation to a Facility, the Final Repayment Date under and as defined in the relevant Facility Agreement;

Finance Documents means together the Common Terms Agreement, the Facility Agreement, the Fee Letters, the Funding Indemnity Letter, the Security Documents and each other document, instrument or agreement entered into from time to time which is designated as a Finance Document by the Borrower and the Facility Agent.

Finance Parties means together the Facility Agent, the Security Trustee and the Lenders and **Finance Party** means any one of them;

Funding Arrangements shall have the meaning given to that term in Clause 18.5 of the Common Terms Agreement;

Funding Indemnity Letter means the letter agreement of even date with the Drawdown Notice between the Obligors and the Lenders in respect of their respective Funding Arrangements;

Government Entity means and includes (whether having a distinct legal personality or not) (i) any national government, political sub-division thereof, or local jurisdiction therein; (ii) any board, commission, department, division, organ, instrumentality, court or agency of any thereof, however constituted; (iii) any public association, organisation or institution of which any thereof is a member or to whose jurisdiction any thereof is subject or in whose activities any thereof is a participant; and (iv) any entity (whether public or private (but if private, acting only in its specific public capacity as a collector of Taxes)) from time to time charged with the collection of Taxes;

Guarantors means the Original Guarantors and any Additional Guarantor(s);

Insurance Assignments means the assignments entered into or to be entered into between the Primary Lessee as assignor and the Borrower as assignee in the agreed form, the assignment entered into or to be entered into between the Servicer as assignor and the Security Trustee as assignee in the agreed form and the assignments entered into or to be entered into between any Lessee or Servicer from time to time taking out Insurances as assignor and the Borrower or the Security Trustee as assignee substantially in the agreed form;

Insurance Proceeds means all proceeds of claims under the Insurances and all other amounts paid by the Insurers under the Insurances (in each case other than in respect of third party liability insurances), including, without limitation, Total Loss Proceeds and damages for breach and return of premium;

Insurances means all policies and contracts of insurance (including, without limitation, re-insurance) required to be effected and maintained from time to time in respect of the Equipment pursuant to the Common Terms Agreement;

Insurers means the insurers through whom the Insurances are effected as approved by the Facility Agent;

Leases means together the Primary Lease and any Subsequent Leases and **Lease** means any one of them;

Lease Documents means together the Primary Lease Documents and the Subsequent Lease Documents;

Lessee means, in relation to a Lease, the lessee thereunder;

Lenders has the meaning given to it in the Facility Agreement and **Lender** means any one of them;

LIBOR means (subject to Clause 9.3 of the Common Terms Agreement), in relation to any amount and for any period the offered rate (if any) for deposits in Dollars for such amount and for such period which is:

- (a) that rate, for such period, appearing on page 3750 of the Telerate screen at or about 11 a.m. (London time) on the Quotation Date; or
- (b) if the relevant page is not displayed at the relevant time or if no such offered rate appears on the Telerate screen, the rate determined by the Facility Agent to be the arithmetic

mean (rounded upwards to the nearest one-sixteenth) of all the rates, for such period, which appear on the "LIBO" page on the Reuters screen at or about 11 a.m. (London time) on the Quotation Date; or

- (c) if the relevant page is not displayed on the Reuters screen or the Reuters screen is not operating at the relevant time or if no such offered rate appears on the Reuters screen, the arithmetic mean (rounded upwards to the nearest one-sixteenth) of the rates respectively quoted to the Facility Agent by each of the Reference Banks at the request of the Facility Agent as such Reference Bank's offered rate for deposits of Dollars in an amount approximately equal to the amount in relation to which LIBOR is to be determined for a period equivalent to such period to prime banks in the London Interbank Market at or about 11 a.m. (London time) on the Quotation Date;

Loan means any loan made or to be made under the Facility or, as the context may require, the principal amount outstanding from time to time in respect of that loan and **Loans** shall be construed accordingly;

Majority Lenders means the Lenders whose aggregate Contributions at any relevant time are not less than sixty-six point six seven per cent (66.67%) of the Loan or, if no Loan has been advanced, the Lenders whose aggregate Commitments are not less than sixty-six point six seven per cent (66.67%) of the aggregate Commitments of all the Lenders;

Mortgages means the first priority mortgages granted or to be granted by the Borrower in favour of the Security Trustee over the Equipment in the agreed form and any additional or replacement mortgages granted or to be granted by the Borrower in favour of the Security Trustee over any of the Equipment in accordance with Schedule 5 of the Common Terms Agreement substantially in the agreed form;

Obligors means together the Borrower and the Guarantors and **Obligor** means any one of them;

Original Guarantors means, jointly and severally, the persons whose names and addresses are set out in Part B of Schedule 1 of the Common Terms Agreement;

Part means, in relation to the Equipment, any appliance, accessory, instrument, furnishing, module, component, part or other equipment or any other such item installed on or furnished with the relevant Equipment on the Delivery Date, and all substitutions, replacements, renewals, repairs and additions made thereto in accordance with any Lease in relation to the relevant Equipment (and in the case of such substitution, replacement or renewal, the substituted, replaced or renewed part shall cease to be a Part to the extent it is not required to remain the property of the Borrower under the terms of the relevant Lease);

Primary Lease means, in relation to the RB211-535E4 turbo-fan engine bearing manufacturer's serial number 30567, the lease agreement between the Borrower and Primary Lessee in a form agreed by the Security Trustee;

Primary Lease Documents means the Primary Lease, the Acceptance Certificate under and as defined in the Primary Lease, the relevant Insurance Assignment and any other document entered into by the Borrower pursuant to any Primary Lease;

Primary Lessee means Iberia or such other lessee as approved by the Security Trustee (in writing);

Purchase Documents means the Sale Agreements and the Acceptance Certificates and Bills of Sale in each case as defined in the Sale Agreements;

Quotation Date means in relation to any period in respect of which LIBOR falls to be determined, the date occurring two (2) Banking Days before the first day of such period;

Reference Banks means HSBC Bank plc, Barclays Bank plc and JP Morgan Chase & Co or such other major banks in the London market as may from time to time be agreed between the Borrower and the Facility Agent acting on the instructions of the Majority Lenders;

Requisition Proceeds means all monies or other proceeds or compensation received in respect of the Compulsory Acquisition of any Engine or Part;

Sale Agreement means, in relation to each of the Equipment:

- (a) the sale agreement entered into or to be entered into between the relevant Seller (as set out in Part C of Schedule 1) and the Borrower in the agreed form under which the Seller is to sell and the Borrower is to purchase the relevant Equipment, and
- (b) such other sale agreement to be entered into between a seller and the Borrower, in form and substance acceptable to the Facility Agent;

Sale Guarantee means the "guaranty" provided by Republic Financial Corporation and Pinnacle Aircraft Parts, Inc. in respect of the sale of the RB211-535E4 engines bearing manufacturing serial numbers 30523, 30531, 30539 and 30567 pursuant to a Sale Agreement dated on or about the date hereof between Parkhead Leasing and Sales Limited and the Borrower;

Security Assignment means the security assignment executed or to be executed by the Borrower in favour of the Security Trustee in the agreed form in respect of its rights under, *inter alia*, the Purchase Documents, the Lease Documents, the Services Agreement, all Insurance Proceeds, all Requisition Proceeds and all Warranty Proceeds and containing a floating charge in respect of all of the Borrower's assets from time to time;

Secured Obligations means all moneys, liabilities and obligations which are now or at any time hereafter may be due, owing or payable 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 any Finance Document, 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 any Finance Document; and any amount expressed to be payable under any Finance Document shall form part of the Secured Obligations;

Security Deposit means all payments by the relevant Lessees (or, as the case may be, the letters of credit provided by the relevant Lessee) on account of the "Deposit" under and as defined in the Primary Lease or any Subsequent Lease;

Security Documents means the Common Terms Agreement, the Mortgages, the Security Assignment (together with all notices and acknowledgements required pursuant to the Security Assignments), the Borrower Accounts Charge, the Sale Guarantee or any letter of credit provided in respect of the Security Deposit, the Share Charge and each other document, instrument or agreement entered into from time to time which is designated as a Security Document by the Borrower and the Facility Agent;

Seller means, in respect of each Equipment, the entity whose name and address is set out in Part C of Schedule 1 of the Common terms Agreement in respect of such Equipment, and **Sellers** means all of them;

Servicer means TES Parts Limited;

Services Agreement means the services, administrative management and inventory management agreement entered into or to be entered into between the Servicer and the Borrower in the agreed form relating to the Borrower, management of the Leases, the inventory management and the Equipment;

Share Charge means the share charge entered into or, as the context may require, to be entered into between the Shareholder and the Security Trustee in respect of the shares of the Borrower in the agreed form;

Shareholder means TES (E4) Limited;

Subsequent Leases means any lease, wet lease, charter or similar agreement or contract entered into or to be entered into by the Borrower in respect of any Equipment or Part and in each case approved by the Facility Agent in accordance with the Common Terms Agreement, except the Primary Lease;

Subsequent Lease Documents means the Subsequent Leases and any other document entered into by the Borrower pursuant to any Subsequent Lease;

Total Loss means:

- (a) in relation to an Equipment subject to a Lease, an "Event of Loss" or "Total Loss" under and as defined in the relevant Lease; and
- (b) in relation to any other Equipment:
 - (i) the actual or constructive total loss of the Equipment (including any damage to the Equipment or requisition for use or hire which results in an insurance settlement on the basis of a total loss); or
 - (ii) the Equipment being destroyed, damaged beyond economic repair or permanently rendered unfit for normal use for any reason whatsoever; or
 - (iii) the theft, disappearance, confiscation, seizure, or requisition for use or hire of the Equipment for more than 45 days or beyond the Final Repayment Date; or
 - (iv) the requisition of title or other compulsory acquisition of title for any reason of the Equipment by any authority (whether *de jure* or *de facto*);

Total Loss Proceeds means all Insurance Proceeds attributable to a Total Loss;

Transfer Certificate means a certificate substantially in the form set out in Schedule 2 of the Common Terms Agreement;

Upfront Fee Letter means the letter agreement of 16 June 2006 between the Borrower and the Facility Agent relating to the upfront fee;

Warranties means all subsisting manufacturers', suppliers' and maintenance performers' warranties in respect of any Equipment or Part; and

Warranty Proceeds means all proceeds of claims under the Warranties.

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CERTIFICATE OF THE REGISTRATION OF A MORTGAGE OR CHARGE

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

COMPANY No. 05838821

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A THE EQUIPMENT MORTGAGE DATED THE 16th JUNE 2006 AND CREATED BY TES (535E4) LIMITED FOR SECURING ALL MONIES DUE OR TO BECOME DUE FROM THE COMPANY TO DVB BANK AKTIENGESELLSCHAFT, LONDON BRANCH 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 27th JUNE 2006.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 29th JUNE 2006.

DYDMM



Companies House

— for the record —



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES