M

COMPANIES FORM No. 395

Particulars of a mortgage or charge

395

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Pursuant to section 395 of the Companies Act 1985

CHA 267

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

To the Registrar of Companies

For official use 229

Company number 1777777

Name of company

* insert full name of company

* BRITISH AIRWAYS PLC ("BA")

Date of creation of the charge

18 June 1998

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

Master Novation Agreement dated 18 June 1998 made between BA (1), the Lenders specified in schedule 1 thereto (the "Lenders") (2), the Managing Underwriters specified in schedule 1 thereto (the "Managing Underwriters") (3), the Intermediate Support Providers specified in schedule 1 thereto (the "Intermediate Support Providers") (4), the Principal Support Providers specified in schedule 1 thereto (the "Principal Support Providers") (5), NatWest Aerospace Trust Company Limited (the "Security Trustee") (6), National Westminster Bank PLC (the "Agent" and "Paying Agent") (7), The Mitsubishi Trust and Banking Corporation (the "Account Security Trustee") (8), The Boeing Company ("Boeing") (9), The First National Bank of Chicago, London Branch (the "ISP Agent") (10), National Westminster Bank PLC (the "ISP Paying Agent") (11), Opal Leasing Limited (the "Opal") (12), Ruby Aircraft Leasing and Trading Limited ("Ruby") (13) and Bank of America National Trust & Savings Association (the "Substitute Party") (14) (the "Master Novation Agreement").

Definitions

The following definitions shall apply throughout this form:

"Aircraft" means seven Boeing 767-336R aircraft msn 24333, 24334, 24335, 24336, 24337, 24338 and 24339;

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

Norton Rose
Kempson House
Camomile Street
London EC3A 7AN

AWJB\Z839340\FSA7675.395

Time critical reference

For official Use
Mortgage Section | Post room

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COMPANIES HOUSE 07/07/98

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

"Alternative Funding Letter" means the letter agreement between BA and Ruby dated 21 July 1989 relating to alternative funding elections under paragraph 14 of schedule 6 of the Leases;

"Assignments of Insurances" means the Assignments of Insurances numbers 7671, 7672, 7673, 7674, 7675, 7676 and 7677 between BA and Ruby dated 25 April 1990, 9 February 1990, 21 February 1990, 27 February 1990, 18 March 1990, 23 June 1990 and 13 July 1990 respectively;

"BA Deeds of Covenant and Indemnity" means the BA Deeds of Covenant and Indemnity numbers 7671, 7672, 7673, 7674, 7675, 7676 and 7677 between the Managing Underwriters, the Lenders, the Agent, the Account Security Trustee and BA dated 21 July 1989;

"BA First Security Assignments" means the BA First Security Assignments numbers 7671, 7672, 7673, 7674, 7675, 7676 and 7677 between BA, the Agent, the Paying Agent, the Account Security Trustee, Boeing and Ruby dated 21 July 1989;

"BA Second Security Assignments" means the BA Second Security Assignments numbers 7671, 7672, 7673, 7674, 7675, 7676 and 7677 between BA, the Paying Agent and Ruby dated 21 July 1989;

"BA Security Assignments" means the BA First Security Assignments, the BA Second Security Assignments and the BA Third Security Assignments;

"BA Third Security Assignments" means the BA Third Security Assignments numbers 7671, 7672, 7673, 7674, 7675, 7676 and 7677 between BA, the Agent, the Paying Agent, the Account Security Trustee, Boeing and Ruby dated 21 July 1989;

"BAC 1-11s Letter" means the letter agreement between Ruby and BA relating to the treatment of BAC-11 leases;

"Banks" means the Agent, the Paying Agent, the Account Security Trustee, the Managing Underwriters and the Lenders;

"BFE Agreements" means the BFE Agreements numbers 7671, 7672, 7673, 7674, 7675, 7676 and 7677 between BA and Ruby dated 25 April 1990, 9 February 1990, 21 February 1990, 27 February 1990, 18 March 1990, 23 June 1990 and 18 July 1990 respectively;

"Boeing Novation Agreements" means the Boeing Novation Agreements numbers 7671, 7672, 7673, 7674, 7675, 7676 and 7677 dated 21 July 1989 between Boeing, BA and Ruby;

"Consent Agreement" means the consent agreement dated 21 May 1998 and made between BA (1), the Lenders (2), the Managing Underwriters (3), the Intermediate Support Providers (4), the Principal Support Providers (5), the Security Trustee (6), the Agent and the Paying Agent (7), the Account Security Trustee (8), Boeing (9), the ISP Agent (10), the ISP Paying Agent (11), Opal (12), Ruby (13) and the Substitute Party (14);

"Continuing Parties" means the Lenders, the Managing Underwriters, the Security Trustee, the Agent, the Paying Agent, the Account Security Trustee, the Intermediate Support Providers, the Principal Support Providers, BA, Boeing and Opal;

"Deeds of Priorities" means the Deeds of Priorities relating to BA Security Assignments numbers 7671, 7672, 7673, 7674, 7675, 7676 and 7677 between BA, the Agent, the Paying

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

Agent, the Account Security Trustee and Ruby dated 21 July 1989;

"Effective Time" means the time specified in the Effective Time Notice;

"Effective Time Notice" means a notice in the form set out in Schedule 3 of the Master Novation Agreement;

"Error Letter" means the letter agreement between Ruby and BA relating to possible errors in the Leases and other agreements;

"Insurance Letter" means the letter from BA to the Owner dated 21 July 1989 relating to insurances, as amended by the Consent Agreement;

"Leases" means the Aircraft Lease Agreements numbers 7671, 7672, 7673, 7674, 7675, 7676 and 7677 between Ruby and BA dated 21 July 1989;

"Loan and Guarantee Agreements" means the Loan and Guarantee Agreements numbers 7671, 7672, 7673, 7674, 7675, 7676 and 7677 between Ruby, the Managing Underwriters, the Lenders, the Account Security Trustee and the Agent and Paying Agent dated 21 July 1989;

"Novated Agreements" means the Supplemental Agreements, the Boeing Novation Agreements, the BFE Agreements, the Leases, the Loan and Guarantee Agreements, the BA First Security Assignments, the BA Second Security Assignments, the BA Third Security Assignments, the Deeds of Priorities, the Owner's Remarketing Agreements, Assignments of Insurances, the Put-Option Agreements, the Error Letter, the Recourse Assurance Letter, the BAC 1-11's Letter, the Insurance Letter and the Alternative Funding Letter;

"Opal Mortgages" means the Opal Mortgages numbers 7671, 7672, 7673, 7674, 7675, 7676 and 7677 between Opal and the Security Trustee dated 21 July 1989;

"Opal Support Agreements" means the Opal Support Agreements numbers 7671, 7672, 7673, 7674, 7675, 7676 and 7677 between BA, Opal, the Managing Underwriters, the Intermediate Support Providers, The Chase Manhattan Bank as agent for the Intermediate Support Providers, the ISP Paying Agent, National Westminster Bank PLC as agent for the Lenders for the purposes of the Standby Loan Agreements, the Security Trustee, the Lenders and the Principal Support Providers dated 21 July 1989;

"Other Agreements" means the BA Deeds of Covenant and Indemnity, the Opal Support Agreements, the Standby Loan Agreements and the Opal Mortgages;

"Owner's First Mortgages" means the Owner's First Mortgages numbers 7671, 7672, 7673, 7674, 7675, 7676 and 7677 between Ruby and the Agent and Paying Agent dated 25 April 1990, 9 February 1990, 21 February 1990, 27 February 1990, 18 March 1990, 23 June 1990 and 13 July 1990 respectively;

"Owner's Remarketing Agreements" means the Owner's Remarketing Agreements numbers 7671, 7672, 7673, 7674, 7675, 7676 and 7677 between BA, Ruby, the Managing Underwriters, the Intermediate Support Providers, The Chase Manhattan Bank as agent for the Intermediate Support Providers, the Agent, the Paying Agent, the Security Trustee, the Lenders and the Principal Support Providers dated 21 July 1989;

"Owner's Security Assignments" means the Owner's Security Assignments numbers 7671, 7672, 7673, 7674, 7675, 7676 and 7677 between Ruby, the Agent, the Paying Agent, the

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

Account Security Trustee and Boeing dated 21 July 1989;

"Put-Option Agreements" means the Put-Option Agreements numbers 7671, 7672, 7673, 7674, 7675, 7676 and 7677 between Ruby and Opal dated 21 July 1989;

"Recourse Assurance Letter" means the letter from National Westminster Bank PLC to Ruby dated 21 July 1989 confirming that Ruby has recourse to BA in certain circumstances;

"Standby Loan Agreements" means the Standby Loan Agreements numbers 7671, 7672, 7673, 7674, 7675, 7676 and 7677 between Opal, the Managing Underwriters, the Lenders, National Westminster Bank PLC as agent and paying agent for the Lenders for the purposes of the Standby Loan Agreements and BA dated 21 July 1989;

"Supplemental Agreements" means the following:

(a) Supplemental Agreement between BA, the Managing Underwriters, the Lenders, the Agent, the Paying Agent, the Intermediate Support Providers, the Principal Support Providers, The Chase Manhattan Bank as agent for the Intermediate Support Providers, the Security Trustee, NatWest as ISP Paying Agent, the Account Security Trustee, Ruby and Opal dated 21 July 1989;

(b) Second Supplemental Agreement between BA, the Managing Underwriters, The Chase Manhattan Bank as Retiring Managing Underwriter, ISP Agent as New Managing Underwriter, the Lenders, the Agent and Paying Agent, the Intermediate Support Providers, the Principal Support Providers, The Chase Manhattan Bank as retiring agent for the Intermediate Support Providers, the ISP Agent, the Security Trustee, the ISP Paying Agent, the Account Security Trustee, Ruby and Opal dated 29 January 1990;

(c) Supplemental Deed between BA, the Agent and Paying Agent, the Security Trustee, the Account Security Trustee, Ruby, Opal and Boeing dated 7 February 1990; and

(d) Third Supplemental Agreement between BA, the Managing Underwriters, the Lenders, the Agent and Paying Agent, the Intermediate Support Providers, the Principal Support Providers, the ISP Agent, the Security Trustee, the ISP Paying Agent, the Account Security Trustee, Ruby, Opal and Boeing dated 7 February 1990.

Amount secured by the mortgage or charge

The Master Novation Agreement novates and amends certain documents including the BA First Security Assignment No. 7675 dated 21 July 1989 and made between BA, the Agent, the Paying Agent and Ruby (the "Existing Charge Document").

The amount secured by the Existing Charge Document is as set out in the Form 395 relating to the existing Charge Document dated 4 August 1989.

Paragraph 3.4 of Schedule 2 to the Consent Agreement has amended the BA Deeds of Covenant and Indemnity by the insertion of a new clause 2.03 which provides that if as a result of the transactions contemplated by the Consent Agreement or the Master Novation Agreement (including without limitation the substitution of the Substitute Party for Ruby as Borrower and Owner):

(a) any variation occurs (or does not occur) in respect of the calculation of Rent or Stipulated Loss Value payable under the Lease or any other amounts payable under the Lease, including

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Amount secured by the mortgage or charge

without limitation under paragraph 15 of the Financial Schedule of the Lease, with the result that the amounts expressed to be due and payable by BA under the Lease on any date fall short of the amounts expressed to be due and payable by the Borrower under the Loan and Guarantee Agreement on such date (disregarding clause 20 of the Loan and Guarantee Agreement); or

(b) any of the obligations expressed to have been assumed by the Borrower under the Loan and Guarantee Agreement (as amended by the Consent Agreement and the Master Novation Agreement) prove not to be valid and binding obligations of the Borrower with the result that a shortfall arises in relation to amounts that would have been payable to the Banks had such obligations been valid and binding,

then BA shall pay to the Paying Agent for the account of the Banks on demand an amount equal to the amount certified by the Agent in such demand to be equal to such shortfall.

The novation of the Existing Charge Document is effected by clause 4.1 of the Master Novation Agreement which provides that as of and with effect from the Effective Time:

(a) Ruby's Rights and Liabilities under the Novated Agreements shall be novated to the Substitute Party;

(b) Ruby shall cease to be a party to the Novated Agreements and the Substitute Party shall become a party to them in place of Ruby;

(c) the Substitute Party undertakes with the Continuing Parties (as defined below) to accept, observe, perform and discharge all Liabilities of Ruby or expressed to have been assumed by the Substitute Party howsoever arising under the Novated Agreements in substitution for Ruby whether arising at, before or after the Effective Time, as if the Substitute Party had at all times been a party to the Novated Agreements;

(d) the Continuing Parties agree to the substitution of the Substitute Party in place of Ruby and that the Substitute Party may exercise and enjoy all the Rights of Ruby arising under the Novated Agreements in substitution for Ruby and Ruby acknowledges that it shall no longer be entitled to exercise or enjoy such Rights; and

(e) the Continuing Parties hereby release and discharge Ruby from all claims and demands, and from each of its Liabilities, howsoever arising under the Novated Agreements to the extent assumed by the Substitute Party pursuant to the Master Novation Agreement and accept the Liabilities to each of them of the Substitute Party in place of Ruby.

In clause 4.1 of the Master Novation Agreement, "Liabilities" includes all obligations and liabilities (expressed or implied) present and future, actual and contingent, crystallised and uncertain and, without limitation, obligations to pay or repay principal, interest, deferred interest, costs, fees and expenses, to perform or comply with any covenant or undertaking, to make correctly any representation or warranty or to advance any money or provide any facility, "Rights" includes all rights, title, interest, benefits and powers, proprietary and contractual and including without limitation the right to received payment or repayment of monies and payment of interest and the right to enforce any Liabilities and the plural includes the singular and vice versa.

The amendments to the Existing Charge Document are effected by clause 5.1 of the Master Novation Agreement which provides that as of and with effect from the Effective Time, the Existing Charge Document shall be amended in the manner specified in Schedule 2 of the

Amount secured by the mortgage or charge

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Master Novation Agreement.

Paragraph 4 of Schedule 2 of the Master Novation Agreement amends the Existing Charging Document as follows

(a) The following definition in clause 1.01 is added:

""Master Novation Agreement" means the agreement entitled Master Novation Agreement dated 18 June 1998 and entered into between, inter alia, the parties hereto and Bank of America National Trust and Savings Association;"

(b) The following definitions in clause 1.01 are amended as follows:

In "Lease" and "Deed of Priorities" add at the end:

"as amended and novated pursuant to the Master Novation Agreement."

Clause 5.2 of the Master Novation Agreement provides that with effect from the Effective Time, each reference in the Novated Agreements and the Other Agreements and the documents referred to in clause 2.1(b) and (c) of the Master Novation Agreement:

(a) to a particular document shall be construed as a reference to such document as novated and/or amended pursuant to the Master Novation Agreement;

(b) to the Owner's Security Assignments shall be construed as a reference to the documents referred to in clause 2.1(b) of the Master Novation Agreement;

(c) to the Owner's First Mortgages shall be construed as a reference to the documents referred to in clause 2.1(c) of the Master Novation Agreement;

(d) to "Ruby Aircraft Leasing and Trading Limited" or "the Borrower" or "the Owner" shall be construed as a reference to the Substitute Party;

(e) to the sale of the Aircraft shall not include any sale pursuant to the Business Sale Agreement; and

(f) save as amended and novated by the Master Novation Agreement the provisions of any Novated Agreement or Other Agreement shall continue in full force and effect (so that all references to Ruby by whatever name called shall, as appropriate, be references to the Substitute Party) and the Master Novation Agreement and such documents shall be read and construed as one instrument.

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

National Westminster Bank PLC, 41 Lothbury, London EC2 2BP

Short particulars of all the property mortgaged or charged

Short particulars of the property mortgaged or charged by the Existing Charge Document were set out in the Form 395 in relation to the Existing Charge Document dated 4 August 1989.

The Existing Charge Document is amended by clause 5.1 of the Master Novation Agreement which provides that as of and with effect from the Effective Time, the Existing Charge

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Short particulars of all the property mortgaged or charged

Document shall be amended in the manner specified in Schedule 2 of the Master Novation Agreement.

Paragraph 4 of Schedule 2 of the Master Novation Agreement amends the Existing Charging Document as follows:

(a) The following definition in clause 1.01 is added:

""Master Novation Agreement" means the agreement entitled Master Novation Agreement dated 18 June 1998 and entered into between, inter alia, the parties hereto and Bank of America National Trust and Savings Association;"

(b) The following definitions in clause 1.01 are amended as follows:

In "Lease" and "Deed of Priorities" add at the end:

"as amended and novated pursuant to the Master Novation Agreement."

Particulars as to commission allowance or discount (note 3)

NIL

Signed Norton Rose **Date** 6 July 1998

On behalf of **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.

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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. 01777777

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A MASTER NOVATION AGREEMENT DATED THE 18th JUNE 1998 AND CREATED BY BRITISH AIRWAYS PLC FOR SECURING NOVATING AND AMENDING CERTAIN DOCUMENTS INCLUDING THE BA SECURITY ASSIGNMENT NO.7675 DATED 21 JULY 1989 (THE "EXISTING CHARGE DOCUMENT") AND THE AMOUNT SECURED AS DEFINED ON THE FORM 395 RELATING TO THE EXISTING CHARGE DOCUMENT DATED 4 AUGUST 1989 WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 7th JULY 1998.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 9th JULY 1998.

M. Cornelius

M. CORNELIUS

for the Registrar of Companies

COMPANIES HOUSE

HC026B