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COMPANIES FORM No. 395

Particulars of a mortgage or charge**395**Please do not
write in
this margin.

Pursuant to section 395 of the Companies Act 1985

Please complete
legibly, preferably
in black type, or
bold block letteringTo the Registrar of Companies
(Address overleaf—Note 5)

For official use

Company number

[] 18 10 []

01777777

Name of company

British Airways Plc ("BA") ✓

* insert full name
of company

Date of creation of the charge

24 March 1995 ✓

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

a First Priority Aircraft Mortgage (the "Mortgage") dated 24 March 1995 between (1) BA and (2) The European Investment Bank (the "Bank")

Amount secured by the charge

All moneys owing, whether actually or contingently, by BA under the Finance Contract dated 27 March 1992 between Caledonian Airways Limited ("CAL") and the Bank as amended and novated by a Novation Agreement dated 24 March 1995 and made between CAL, the Bank and BA.

A

R... the Co

T... the Finance Contract dated 27/3/92
as amended and novated by a Novation
Agreement dated 24/3/95.

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

European Investment Bank whose head office is at

100 boulevard Konrad Adenauer,

Luxembourg-Kirchberg, Grand Duchy of Luxembourg

Postcode

Presentor's name address and
reference (if any):Clifford Chance
200 Aldersgate Street
London EC1A 4JJ
RWKP/E0795/00062/NPMSFor Official Use
Mortgage Section

Post Room

REGISTERED

- 5 APR 1995

Time critical reference

KLO *KF000AAN* 1102
COMPANIES HOUSE 05/04/95

Short particulars of all the property charged

Please do not
write in
this margin

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

1.1 BA as beneficial owner has:

- (a) assigned and agreed to assign all its present and future right and title to, and interest in, the Aircraft and the proceeds of sale thereof, and charged the Aircraft and the proceeds of sale thereof by way of first fixed charge, to and in favour of the Bank;
- (b) also BA assigned and agreed to assign, and charged by way of first fixed charge, to and in favour of the Bank:
 - (i) all its right, title and interest, present and future, to and in respect of proceeds arising, under:

Continued...1...

Particulars as to commission allowance or discount (note 3)

NONE

Signed

Clifford Chance

Date

5 April 1995

Solicitors

On behalf of ~~company~~ (chargee):

I delete as
appropriate

Notes

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.

A description of the instrument, eg "Trust Deed", "Debenture", "Mortgage" or "Legal charge", etc, as the case may be, should be given.

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.

If any of the spaces in this form provide insufficient space the particulars must be entered on the prescribed continuation sheet.

The address of the Registrar of Companies is:-

Companies House, Crown Way, Cardiff CF4 3UZ

Companies 395

Printed by Stat Plus Group plc, London, SW19 2PU

**Particulars of a mortgage or charge
(continued)**

Please do not
write in this
binding margin

Continuation sheet No _____
to Form No 395 and 410 (Scot)

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

Company number

01777777

Name of company

British Airways Plc ("BA")

limited

*delete if
inappropriate

Description of the instrument creating or evidencing the mortgage or charge (continued) (note 2)

Amount due or owing, on the mortgage or charge (continued)

Please do not
write in this
binding margin

Please complete
legibly, precisely in
black type, or bold
black lettering

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write in this
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Please complete
legibly, preferably
in black type, or
bold black ink.

Names, addresses and descriptions of the mortgagees or persons entitled to the charge (continued)

(A) all Insurances in respect of all risks of physical loss or damage (including, but not limited to, war risks) effected in relation to the Aircraft (but for the avoidance of doubt the Mortgage does not constitute an assignment of any policies of insurance but only of the benefit, rights, title, interest and proceeds thereunder insofar as the same relate to the Aircraft);

(B) any Requisition Compensation relating to the Aircraft;

and all benefits thereof (including, without limiting the generality of the foregoing, the benefit of all powers and remedies for enforcing all claims relating to such Insurances and to such Requisition Compensation);

(ii) all BA's right, title and interest, present and future, in all warranties, contracts or other agreements relating to the condition, operation, use or repair of the Aircraft or any part thereof including, without limitation, any right, title or interest which BA may have under any Lease.

1.2 (a) Any item of equipment at any time removed from the Aircraft shall remain subject to the security created by the Mortgage until such time as a replacement or substitute, title to which is vested in BA, free of Liens (other than Permitted Liens), shall have been installed in the Aircraft and shall have become subject to the security created by the Mortgage pursuant to Clause 1.2(b).

(b) Upon installation on the Aircraft, any replacement or substitute item of equipment, title to which is vested in BA, shall, thereupon and without further act, become subject to the security created by the Mortgage for all purposes as though it had been originally installed in, or attached to, the Aircraft and, subject thereto and to Clause 1.2(a), the item of equipment replaced or substituted shall be released from the security created by the Mortgage.

1.3 (a) Any Associated Engine which at any time is not installed on the Aircraft shall remain subject to the security created by the Mortgage until such time as a Suitable Replacement Engine shall have been substituted therefor and shall have become subject to the security created by the Mortgage.

(b) Any Suitable Replacement Engine shall, without further act, become subject to the security created by the Mortgage for all purposes as though it had originally been as Associated Engine upon:

(i) its installation on the Aircraft; or

Continued...2...

**Particulars of a mortgage or charge
(continued)**

Please do not
write in this
binding margin

Continuation sheet No. _____
to Form No 395 and 410 (Scot)

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

Company number

01777777

Name of company

British Airways Plc ("BA")

Limited

*delete if
inappropriate

Description of the instrument creating or evidencing the mortgage or charge (continued) (note 2)

Amount due or owing on the mortgage or charge (continued)

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binding margin

Please complete
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black type, or bold
block lettering

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Names, addresses and descriptions of the mortgagees or persons entitled to the charge (continued)

- (ii) BA obtaining title to an engine installed on the Aircraft pursuant to Article 7.11 of the BA Finance Contract and such engine otherwise complying with the requirements of Article 7.10(f) of the BA Finance Contract such that it becomes a Suitable Replacement Engine for an Associated Engine not then installed on the Aircraft; or
- (iii) the execution by BA of a supplemental deed to the Mortgage, in form and substance satisfactory to the Agent, by virtue of which the definition herein of Mortgaged Property is amended to include such Suitable Replacement Engine;

whereupon the Associated Engine so substituted shall be released from the security created by the Mortgage.

Note also that the Mortgage contains a covenant of Further Assurance in the following terms:-

BA further undertakes from time to time to execute, sign, perfect, do and (if required by the Bank) register every such further assurance document, act or thing as in the reasonable opinion of the Bank may be necessary or desirable for the purpose of more effectually mortgaging and charging the Mortgaged Property or perfecting the security constituted or intended to be constituted by the Mortgage.

In this form the following terms shall have the following meanings:

"Aircraft" means one (1) Boeing 747-436 Aircraft with manufacturer's serial number 25432 and registration mark G-BNLW and the Associated Engines together with (i) the Buyer Furnished Equipment relating to the Aircraft, (ii) any other equipment or partes of whatever nature from time to time installed upon or attached to such aircraft and belonging to BA and any of the same which remain subject to the Mortgage after removal from the Aircraft, (iii) all Manuals and Technical Records, and (iv) insofar as the same belong to BA, all substitutions, replacements or renewals from time to time made in or to the Aircraft and to the items referred to in (i) and (ii) above or to any part thereof but the Aircraft excludes any item of equipment installed on the Aircraft pursuant to Article 7.11 of the Finance Contract and, unless the context otherwise requires, references to the Aircraft include any part thereof;

"Associated Engines" means (i) each of the four Rolls-Royce RB 211-524H engines (whether or not installed on the Aircraft), the manufacturer's serial numbers relating to which are 13233, 13236, 13237 and 13239, (ii) each Suitable Replacement Engine and (iii) insofar as the same belong to BA, any and all appliances, spare parts, instruments, accessories or other equipment or parts of whatever nature from time to time forming part thereof and any of the same which remain subject to the Mortgage when no longer installed on or attached to such engine (excluding any such engine which has been replaced by a Suitable Replacement Engine);

"BA Finance Contract" means the Finance Contract as amended and novated in accordance with the Novation Agreement;

Continued 3

Page 4

**Particulars of a mortgage or charge
(continued)**

Please do not
write in this
binding margin

Continuation sheet No. 3
to Form No 395 and 410 (Scot)

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

Company number

01777777

Name of company

British Airways Plc ("BA")

Limited

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inappropriate

Description of the instrument creating or evidencing the mortgage or charge (continued) (note 2)

Amount due or owing on the mortgage or charge (continued)

Please do not
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binding margin

Please complete
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binding margin

Please complete
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bold block lettering

Names, addresses and descriptions of the mortgagees or persons entitled to the charge (continued)

"BA Secured Indebtedness" means at any time all moneys owing, whether actually or contingently, by BA under the BA Finance Contract;

"Borrower" means Caledonian Airways Limited;

"Buyer Furnished Equipment" means any equipment installed, or to be installed, on the Aircraft and provided, or to be provided by BA;

"Finance Contract" means the loan agreement dated 27th March, 1992 and made between the Borrower and the Bank whereby the Bank agrees to make available to the Borrower a facility of up to the equivalent of US\$110,069,250;

"Insurances" means any and all contracts or policies of insurance required to be taken out or maintained by BA or any Lessee in respect of the Aircraft under Clauses 5.1, 5.2 and 5.3 of the Mortgage;

"Lease" means any lease, charter, hire or other similar arrangement whereby BA parts with possession and/or operational control of the Aircraft;

"Lessee" means any person to whom BA leases, charters, hires or otherwise part with possession and/or operational control of the Aircraft; and

"Lien" means any mortgage, charge (whether fixed or floating), pledge, lien, assignment (not being an absolute assignment otherwise than by way of security and with no proviso for re-assignment), hypothecation, right in rem, security interest, title retention, preferential right, trust arrangement and any other encumbrance, security agreement or arrangement securing any obligation of any person but excluding in any particular context any of the foregoing which are in that context any of the foregoing which are in that context permitted under the Security Documents;

"Manuals and Technical Records" means all appropriately approved records, logs, manuals, technical data and other materials and documents relating to the Aircraft which, from time to time, are required to comply with regulations and requirements of the CAA.

"Mortgaged Property" means all the property from time to time assigned or charged to the Bank by way of security for the BA Secured Indebtedness under the Mortgage and includes any part thereof.

"Novation Agreement" means the agreement dated 24 March 1995 between the Bank, the Borrower and BA in relation to the novation of the Borrower's obligations under the Finance Contract to BA;

"Permitted Liens" means, in relation to the Aircraft, any supplier's, mechanic's, workman's or like possessory lien arising in the ordinary course of business or any other Lien arising in the ordinary course of business by operation of law and not by way of contract, in any case in respect of (i) moneys not yet due and payable or, (ii) moneys that have become due and payable (but only to the extent that the payment of such monies is the subject of a dispute which BA or any Lessee is conducting in good faith) or, (iii) moneys which have not yet become overdue for payment, having regard to the custom of the relevant trade with regard to the settlement of accounts, or (iv) moneys which BA or any Lessee is unable to pay because it is restrained from so doing by exchange control or other applicable regulations, but "Permitted Lien" shall exclude any Lien arising through any neglect or default on the part of BA or any Lessee;

Continued 4

**Particulars of a mortgage or charge
(continued)**

Please do not
write in this
binding margin.

Continuation sheet No. 4
to Form No 395 and 410 (Scot)

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

Company number

01777777

Name of company

British Airways Plc ("BA")

Limited

*delete if
inappropriate

Description of the instrument creating or evidencing the mortgage or charge (continued) (note 2)

Amount due or owing on the mortgage or charge (continued)

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

Names, addresses and descriptions of the mortgagees or persons entitled to the charge (continued)

"Requisition Compensation" means all moneys or other compensation from time to time receivable by BA, any Lessee or any other person in respect of the requisition for hire, title, acquisition, capture, deprivation, detention, condemnation, confiscation or seizure of the Aircraft;

"Security Documents" means the Mortgage and any other documents which constitutes security documentation given or to be given to the Bank;

"Suitable Replacement Engine" means in relation to an Associated Engine, any engine which is for the time being substituted therefor pursuant to Article 7.10(d) or (f) of the Finance Contract or any part thereof but excluding any engine installed on the Aircraft pursuant to Article 7.11 of the Finance Contract.

FILE COPY



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 FIRST PRIORITY AIRCRAFT MORTGAGE DATED THE 24th MARCH 1995 AND CREATED BY BRITISH AIRWAYS PLC FOR SECURING ALL MONIES DUE OR TO BECOME DUE FROM THE COMPANY TO EUROPEAN INVESTMENT BANK UNDER THE TERMS OF THE FINANCE CONTRACT DATED 27 MARCH 1992 AS AMENDED AND NOVATED BY A NOVATION AGREEMENT DATED 24 MARCH 1995 WAS REGISTERED PURSUANT TO CHAPTER 1 PART XII OF THE COMPANIES ACT 1985 ON THE 5th APRIL 1995.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 7th APRIL 1995.

Fiona M. Sangster

FIONA M. SANGSTER
for the Registrar of Companies

N 714



COMPANIES HOUSE

HCO: