

ACC # 00400107 / 13

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

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

For official use

Company number

[13]

FC004087

Name of company

* El Al Israel Airlines Limited (the "Company")

Date of creation of the charge

29 December 2005

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

First Ranking Fixed Charge Agreement dated 29 December 2005 between the Company (as chargor) and BNP Paribas (the "Lender") (as chargee) in respect of one (1) Rolls-Royce Trent 895 engine with engine manufacturer's serial number 51482 (the "Deed")

Amount secured by the mortgage or charge

Please see attached Schedule 1.
Please see attached Schedule 3 for definitions.

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

BNP Paribas, /16, boulevard des Italiens, 75009 Paris
Postcode

CH London counter
Presenter's name address and reference (if any):
Clifford Chance LLP
10 Upper Bank Street
London E14 5JJ
AWG/70-40004255/RXH

Time critical reference

For official Use (02/00)
Mortgage Section | Post room M
LD3 *L0M2LBY* 447
COMPANIES HOUSE 05/01/2006

M

CHFP025

Please do not write in this margin
Please complete legibly, preferably in black type, or bold block lettering

*insert full name of Company

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Short particulars of all the property mortgaged or charged

Please see attached Schedule 2.

Please see attached Schedule 3 for definitions.

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 *Clifford Chance LLP*

Date *5 January 2006*

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

On behalf of ~~XXXXXXXXXXXXXXXXXX~~ [chargee] †

Notes

† delete as appropriate

- 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 1

to Form 395 in respect of a First Ranking Fixed Charge Agreement dated 29 December 2005 between El Al Israel Airlines Limited (as Company) and BNP Paribas (as Lender) in respect of one (1) Rolls-Royce Trent 895 engine with engine manufacturer's serial number 51482

AMOUNT SECURED BY THE CHARGE

Any and all moneys, liabilities and obligations (whether actual or contingent, whether now existing or hereafter arising, whether or not for the payment of money, and including, without limitation, any obligation or liability to pay damages) which are now or which may at any time and from time to time hereafter be due, owing, payable or incurred or be expressed to be due, owing, payable or incurred from or by the Company or any other person (with the consent of the Company) to any one or more of the ECGD Finance Parties or any other person (with the consent of the Company) under

- (i) any Transaction Document (including the Deed) (the "**Primary Secured Obligations**"); or
- (ii) any Other Transaction Document (the "**Other Secured Obligations**")

and shall include any Expenses together with interest thereon distributable to any of the ECGD Finance Parties in accordance with the terms of the ECGD Loan Agreement (the "**Secured Obligations**").

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SCHEDULE 2

to Form 395 in respect of a First Ranking Fixed Charge Agreement dated 29 December 2005 between El Al Israel Airlines Limited (as Company) and BNP Paribas (as Lender) in respect of one (1) Rolls-Royce Trent 895 engine with engine manufacturer's serial number 51482

SHORT PARTICULARS OF ALL THE PROPERTY CHARGED

As security for the full and punctual payment or performance when due (whether at stated maturity, acceleration or otherwise) of the Secured Obligations by the Company, the Company absolutely and unconditionally (a) charged and pledged in favour of the Lender, by way of first ranking fixed charge and pledge; and (b) assigned to and in favour of the Lender, by way of first ranking fixed charge and pledge (together, the "Fixed Charge") all of the Company's present and future rights, claims (including any Insurance and all related proceeds, claims of any kind, returns of premium and other benefits and including any proceeds of confiscation or any compulsory acquisition of the Engine), remedies and interests in, to and under the Engine (the "Charged Assets").

The Deed contains covenants for further assurance and a negative pledge.

SCHEDULE 3

to Form 395 in respect of a First Ranking Fixed Charge Agreement dated 29 December 2005 between El Al Israel Airlines Limited (as Company) and BNP Paribas (as Lender) in respect of one (1) Rolls-Royce Trent 895 engine with engine manufacturer's serial number 51482

DEFINITIONS

"**Aviation Authority**" means, so long as Israel is the State of Registration the Israeli Civil Aviation Administration of the Ministry of Transport and, if not, the aviation authority or the equivalent authority in the State of Registration;

"**Bill of Sale**" means the bill of sale between the Manufacturer and the Company in respect of the Engine;

"**COFACE**" means *Compagnie Française d'Assurance pour le Commerce Extérieur*;

"**ECA**" means as the context may require, COFACE, HERMES, ECGD and EXIM;

"**ECGD**" means Her Britannic Majesty's Secretary of State acting by the Export Credits Guarantee Department;

"**ECGD Facility Agent**" means BNP Paribas;

"**ECGD Finance Parties**" means, together, the ECGD Lenders, the ECGD Facility Agent and the Security Trustee (and "**ECGD Finance Party**" means any of them);

"**ECGD Lenders**" means those parties listed in Schedule 1 (*ECGD Lenders*) of the ECGD Loan Agreement and any permitted transferees or assigns;

"**ECGD Loan Agreement**" means the loan agreement dated 20 December 2005 between, *inter alia*, the Lender and the Company;

"**Engine**" means one Rolls Royce Trent 895 aircraft engine having the serial number 51482 (and includes the Engine Documents where the context requires or permits);

"**Engine Documents**" means, in relation to the Engine, all manuals, log books, technical data and other records and documents relating to the Engine maintained as required by the Aviation Authority and any applicable law in the State of Registration;

"**Engine Purchase Agreement**" means side letter no 2 dated 5th December 2005 to purchase contract DEG2872 dated 27 March 2000 between the Manufacturer as seller and the Company as buyer in respect of the Engine, as the same may be amended or novated from time to time;

"**Engine Warranties Agreement**" means the warranty agreement dated 29 December 2005 between the Company, the Security Trustee and the Manufacturer in relation to certain warranties made available by the Manufacturer to the Company pursuant to the Engine Purchase Agreement;

"**Engine Warranties**" means any and all rights and warranties granted by the Manufacturer to the Company pursuant to the Engine Warranties Agreement.

"**Engine Warranty Proceeds**" means any proceeds received in respect of the Engine Warranties.

"**EXIM**" means the Export-Import Bank of the United States;

"**Expenses**" means the aggregate at any relevant time (to the extent that the same have not been received or recovered by the ECGD Facility Agent, the Security Trustee or any receiver) of:

- (a) all Losses (but excluding any amounts payable under clause 2.3.1. of the ECGD Loan Agreement as Management Time Expenses) actually suffered, incurred or paid by (i) the Security Trustee or any receiver in connection with the exercise of the rights and remedies granted under the Transaction Documents and the enforcement thereof both in accordance with the terms of the Transaction Documents (including, without limitation, any stamp duty, stamp tax or court fees or similar duties, taxes or fees payable in Israel); and (ii) any agent in connection with the exercise of the powers provided for in the Transaction Documents;
- (b) all Remarketing and Recovery Expenses (but excluding any amounts payable under clause 2.3.1 of the ECGD Loan Agreement as Management Time Expenses); and
- (c) interest on all amounts referred to in (a) and (b) above from the date on which the same were actually suffered, incurred or paid by any such agent or any receiver until the date of receipt or recovery (whether before or after judgment) at the rate specified in clause 8.4 (*Interest on Overdue Amounts*) of the ECGD Loan Agreement (as conclusively certified by such ECGD Facility Agent, the Security Trustee or such receiver as the case may be),

and includes any amounts payable under the ECGD Loan Agreement by the Company in reimbursement of or by way of indemnification for any amounts in the nature of those described in (a) or (b) above which have been paid by ECGD or one or more ECGD Lenders to an ECGD Finance Party and which remain unpaid by the Company;

"**HERMES**" means The Federal Republic of Germany represented by *Euler Hermes Kreditversicherungs AG*;

"**Insurances**" means any and all contracts or policies of insurance (including reinsurance) required to be effected and maintained pursuant to the ECGD Loan Agreement;

"**Israel**" means the State of Israel;

"**Loan**" means the aggregate principal amount advanced or, as the context may require to be advanced by the ECGD Lenders pursuant to the ECGD Loan Agreement and from time to time outstanding;

"**Losses**" means any direct losses, costs, charges, expenses, interest, fees (including, without limitation, reasonable legal fees), payments, demands, liabilities, claims, actions, proceedings, penalties, damages, adverse judgements, orders or other sanctions;

"**Management Time Expenses**" means the reasonable and properly documented costs and expenses of utilising such ECGD Finance Party's management time and the services provided or time and/or other resources expended or contributed calculated on the basis of such reasonable daily or hourly rate as the relevant ECGD Finance Party may notify to the Company;

"**Manufacturer**" means Rolls Royce plc;

"**Mortgage and Security Agreement**" means the mortgage and security agreement dated 29 December 2005 between the Company and the Lender in respect of the Engine;

"**Other ECA Transaction**" means any direct, indirect, past, present or future ECA-supported financing (including, without limitation, whether by way of a loan, a lease or a guarantee) for or for the benefit of the Company (which benefit may be determined conclusively by a letter from the Company to such ECA confirming such direct or indirect benefit, **provided that** the absence of such a letter in respect of any transaction shall not be determinate of whether such transaction is not an ECA-supported financing);

"**Other Transaction Document**" shall mean a "Transaction Document" or an "Operative Document" (as the context may require) as such term may be used and defined in any Other ECA Transaction;

"**Remarketing and Recovery Expenses**" means in respect of the Engine, all costs, expenses (including legal fees and the fees and costs of any technical or other advisers which the ECGD Facility Agent or the Security Trustee may deem necessary), losses, taxes, liabilities, obligations, fees incurred or suffered or to be incurred or suffered, after the date of the ECGD Loan Agreement, by any of ECGD or the ECGD Finance Parties in relation to and including, without limitation, repossessing, remarketing, insuring, storing, inspecting, maintaining, repairing, overhauling, performing maintenance checks on the relevant Engine or in relation to putting the Engine into a condition or in the provision of goods and/or services required in relation to or to facilitate any proposed sale or lease thereof;

"**Security Documents**" means the Deed, the Mortgage and Security Agreement, the TCP Contract, the Engine Warranties Agreement and any other document, instrument or agreement from time to time entered into by the Company or any other person with the consent of the Company which constitutes security for the Loan (including, in each case, all notices, official or court notifications, recordings, acknowledgements and consents required to be issued in accordance with the terms thereof or in order to perfect any of the foregoing agreements);

"**Security Interest**" means any mortgage, pledge, lien, charge, encumbrance, lease, exercise of rights, security interest, claim or other preferred arrangement of any kind, and/or any other arrangement having the effect of creating a security interest or right of possession;

"**Security Trustee**" means BNP Paribas;

"State of Registration" means in relation to an Engine, the country or state in which such Engine is registered (if any) or, if not so registered, the country or state in which the airframe on which such Engine is installed is registered, or if not so registered or installed on any airframe, Israel;

"TCP Contract" means the fleet hour agreement, being the long-term total care (on a "restored" basis) agreement in relation to (*inter alia*) the Engine, dated 27 March 2000 and made between the Company and the Manufacturer;

"Transaction Documents" means the ECGD Loan Agreement, the Bill of Sale, the Engine Purchase Agreement and the Security Documents;

FILE COPY



**CERTIFICATE OF THE REGISTRATION
OF A MORTGAGE OR CHARGE**

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

COMPANY No. FC004087

THE REGISTRAR OF COMPANIES FOR ENGLAND AND WALES HEREBY CERTIFIES THAT A FIRST RANKING FIXED CHARGE AGREEMENT DATED THE 29th DECEMBER 2005 AND CREATED BY "EL AL" ISRAEL AIRLINES LIMITED FOR SECURING ALL MONIES DUE OR TO BECOME DUE FROM THE COMPANY OR ANY OTHER PERSON TO ANY ONE OR MORE OF THE ECGD FINANCE PARTIES OR ANY OTHER PERSON 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 5th JANUARY 2006.

GIVEN AT COMPANIES HOUSE, CARDIFF THE 10th JANUARY 2006.

C. C.



THE OFFICIAL SEAL OF THE
REGISTRAR OF COMPANIES



Companies House

— for the record —