

AIRCRAFT LEASE AGREEMENT

Dated *as of* June 12, 2018

BETWEEN

CANADA JETLINES OPERATIONS LTD.

as LESSEE

and

MENELAUS I LIMITED

as LESSOR

Aircraft Make and Model:	Used Airbus A320-200
Aircraft Manufacturer's Serial Number:	2594
Model of Engines:	IAE V2527-A5

Table of Redactions

Item	Description
1.	Confidential and commercially sensitive operational data
2.	Confidential and commercially sensitive terms
3.	Confidential bank account information
4.	Confidential contact information

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AIRCRAFT LEASE AGREEMENT

THIS AIRCRAFT LEASE AGREEMENT (together with all Exhibits and Schedules hereto, the "**Lease**") is made and entered into as of June 12, 2018

BETWEEN:

CANADA JETLINES OPERATIONS LTD., a company whose principal place of business is at 1240-1140 West Pender Street, Vancouver, British Columbia, V6E 4G1, Canada, ("**LESSEE**"); and

MENELAUS I LIMITED, a private company limited by shares incorporated under the laws of Ireland whose address is at 4450 Atlantic Ave., Westpark, Shannon, Co. Clare, Ireland ("**LESSOR**").

The subject matter of this Lease is one used Airbus A320-200 aircraft. In consideration of and subject to the mutual covenants, terms and conditions contained in this Lease, LESSOR hereby agrees to lease to LESSEE and LESSEE hereby agrees to lease from LESSOR the aircraft and LESSEE and LESSOR further agree as follows:

ARTICLE 1 DELIVERY SUMMARY

The following is a summary of the aircraft delivery as contemplated by this Lease. It is set forth for the convenience of the parties only and will not be deemed in any way to amend, detract from or simplify the other provisions of this Lease. In the event of a conflict with any other provision of this Lease or any other Operative Document, such other provision will govern.

1.1 Description of Aircraft

One used Airbus A320-200 aircraft

1.2 Scheduled Delivery Date and Location

On or about March 14, 2019 in New Zealand, or such other location outside Canada as agreed to between LESSOR and LESSEE

1.3 Initial Country of Aircraft Registration

Canada

ARTICLE 2 DEFINITIONS

Except where the context otherwise requires, the following words have the following meanings for all purposes of this Lease. The definitions are equally applicable to the singular and plural forms of the words. Any agreement defined anywhere in this Lease includes each amendment, modification, supplement and waiver thereto in effect from time to time.

2.1 Definitions.

"Acceptance Certificate" means the Estoppel and Acceptance Certificate as executed and delivered by LESSEE at Delivery.

"Actual Utilization" means the actual number of Flight Hours and Cycles operated by the Airframe, an Engine or Part during any stated period.

"Affiliate" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by or under common control with such Person (including, without limitation, a trust of which such Person, or a direct or indirect parent or subsidiary of such Person, is the beneficiary). For the purposes of this definition and the definition of "Subsidiary", "control" (including "controlled by" and "under common control with") means the power, directly or indirectly, to direct or cause the direction of the management and policies of the applicable Person whether through the ownership of voting securities or by contract or otherwise. For the avoidance of doubt, Beneficial Owner (and each Affiliate of Beneficial Owner) is an Affiliate of LESSOR.

"Aircraft" means the Airframe, Engines, APU, Parts and Aircraft Documentation, collectively. As the context requires, "Aircraft" may also mean the Airframe, any Engine, the APU, any Part, the Aircraft Documentation or any part thereof individually. For example, in the context of return to LESSOR the term "Aircraft" means the Airframe, Engines, APU, Parts and Aircraft Documentation collectively, yet in the context of LESSEE not creating any Security Interests other than Permitted Liens on the Aircraft, the term "Aircraft" means any of the Airframe, any Engine, the APU, any Part or the Aircraft Documentation individually.

"Aircraft Activity" means the ownership (for purposes of Articles 16.1 and 17.1), possession, use, import, export, registration, re-registration, deregistration, non-registration, manufacture, performance, transportation, management, location, movement, acquisition, disposal, transfer, exchange, control, design, condition, defect, testing, inspection, acceptance, delivery, redelivery, leasing, subleasing, wetleasing, pooling, interchange, maintenance, repair, loss, damage, emissions, refurbishment, insurance, reinsurance, service, modification, overhaul, replacement, alteration, storage, removal or operation of, or any Security Interest (other than a LESSOR's Lien) on, the Aircraft, the Airframe, any Engine or any Part (whether in the air or on the ground or otherwise) at any time.

"Aircraft Documentation" means all (a) log books, Aircraft records, manuals and other documents provided to LESSEE in connection with the Aircraft, (b) documents listed in the Acceptance Certificate and Exhibit L and (c) any other documents required to be maintained during

the Lease Term and until the Termination Date by the Aviation Authority, the Maintenance Program or this Lease.

"**Airframe**" means the airframe listed in the Acceptance Certificate together with all Parts relating thereto (except Engines or engines and the APU).

"**Airworthiness Directives**" or "**ADs**" means all airworthiness directives (or equivalent) applicable to the Aircraft issued by any one or more of the Aviation Authority, the FAA and EASA.

"**APU**" means (a) the auxiliary power unit of the Aircraft listed in the Acceptance Certificate, (b) any replacement auxiliary power unit acquired by LESSOR and leased to LESSEE pursuant to Article 19.6 following a Total Loss of the APU and (c) all Parts installed in or on such APU at Delivery (or substituted, renewed or replacement Parts in accordance with this Lease) so long as title thereto is or remains vested in Owner in accordance with the terms of Article 12.4.

"**APU Hour**" means each hour or fraction thereof during which the APU is operated.

"**Aviation Authority**" means, as of any time of determination, (i) TCCA or any Government Entity which under the Laws of Canada from time to time has control over civil aviation or the registration, airworthiness or operation of aircraft in Canada or (ii) if, in accordance with this Lease, the Aircraft is registered in a country other than Canada, the agency having jurisdiction over the Aircraft or which regulates and/or controls civil aviation under the laws of the country or state in which the Aircraft is then registered or having jurisdiction over the registration, airworthiness and operation of, or other matters relating to, the Aircraft.

"**Aviation Documents**" means any or all of the following which at any time may be obtainable from the Aviation Authority: (a) if required, a temporary certificate of airworthiness from the Aviation Authority allowing the Aircraft to be flown after Delivery to the State of Registration, (b) an application for registration (commercial) of the Aircraft with the appropriate authority in the State of Registration noting that the Aircraft is to be operated subject to a lease and an IDERA, (c) the temporary certificate of registration (commercial) for the Aircraft issued by the State of Registration, (d) the continuing certificate of registration (commercial) for the Aircraft issued by the State of Registration, (e) a full certificate of airworthiness for the Aircraft in the category for which the Aircraft is intended, (f) an air transport license, (g) an air operator's certificate, (h) such recordation of LESSOR's, Owner's and each other Relevant Party's respective rights, title and interest in and to the Aircraft and the Operative Documents as may be available in the State of Registration and (i) all such other authorizations, approvals, consents and certificates in the State of Registration as may be necessary or advisable to enable LESSEE lawfully to operate the Aircraft.

"**Base Annual Utilization**" means 2800 Flight Hours and/or 1400 Cycles (as applicable).

"**Basic Engine**" means, with respect to an Engine, the engine modules, components and systems as specified in Engine Manufacturer's delivered bill of material for that engine model.

The "Basic Engine" does not include the nacelle, installed components related to the Aircraft systems, thrust reversers, quick engine components (QEC), primary exhaust nozzle or any other Parts which are not considered by Engine Manufacturer to be part of a "basic engine".

"Beneficial Owner" means such Person which, from time to time, LESSOR may notify LESSEE in writing as being the beneficial owner of the Aircraft for the time being.

"Business Day" means a day other than a Saturday or Sunday on which the banks in the city where LESSOR's Bank is located are open for the transaction of business of the type required by this Lease.

"Cape Town Convention" means both the Convention and the Protocol.

"Convention" means the English-language version of the Convention on International Interests in Mobile Equipment which was adopted on November 16, 2001 at a diplomatic conference held in Cape Town, South Africa, as set out in the schedule to the *International Interests in Mobile Equipment (aircraft equipment) Act (Canada)* and, as applicable, the provincial and territorial implementing legislation related thereto in Canada, as the foregoing may be amended from time to time.

"Creditor" means any lessor, owner, bank, lender, mortgagee or other Person which is the owner of or has any interest in an aircraft engine or aircraft operated by LESSEE.

"Creditor Agreement" means the applicable agreement between a Creditor and LESSEE or between Creditors pursuant to which such Creditor owns, leases or has an interest in either an aircraft operated by LESSEE on which an Engine may be installed or in an aircraft engine which may be installed on the Airframe.

"CT Sale" means a "sale" as such term is defined in the Cape Town Convention.

"Cycle" means one take-off and landing of the Aircraft or, in respect of any Engine or Part temporarily installed on another aircraft, of that other aircraft, and for this purpose one "touch and go" will count as one take-off and landing (i.e., one Cycle).

"Default" means any event which, upon the giving of notice, the lapse of time and/or a relevant determination, would constitute an Event of Default.

"Delivery" means the delivery of the Aircraft from LESSOR to LESSEE pursuant to Article 3 and Article 6.

"Delivery Check" means the accomplishment of all tasks which are necessary pursuant to the MPD as in effect on the date which is three months prior to the Delivery Date (including all non-routine work generated as a result of performance of such MPD tasks) to clear the Aircraft for [REDACTED: Item 1] of operation from the Delivery Date. If pursuant to the MPD, the performance interval for a task is shorter than [REDACTED: Item 1], then such task will also be performed. For avoidance of doubt, if the inspection interval pursuant to the MPD for a particular

task only refers to one or two of the three measurements above (i.e., months, Flight Hours or Cycles), then only those particular measurements referred to in the MPD will be utilized in determining whether the task must be performed.

"Delivery Date" means the date on which Delivery takes place.

"Detention Exposure" means any unpaid air navigation or airport fees to any Canadian air navigation or airport authority whether or not unbilled or overdue.

"Dollars", **"\$"** and **"US\$"** mean the lawful currency of the U.S.

"EASA" means the European Aviation Safety Agency or any successor thereto. Where it is stated in this Lease that a repair station or a repair, overhaul or maintenance facility will be an "EASA-approved" station or facility, such station or facility must be approved by EASA to perform maintenance and repair work on an aircraft of the same type as the Aircraft, an Engine or Part submitted to it for maintenance or repair, as applicable.

"Electronic Records Format" means an EASA- or FAA-approved system in a searchable format by which any Aircraft Documentation is stored and retrieved digitally and electronically.

"Engine" means (a) each of the engines listed on the Acceptance Certificate, (b) any replacement engine acquired by LESSOR and leased to LESSEE pursuant to Article 19.5 following a Total Loss of an Engine, and (c) all Parts (including QEC Parts) installed in or on any of such engines at Delivery (or substituted, renewed or replacement Parts in accordance with this Lease) so long as title to such Parts is or remains or should be vested in Owner in accordance with the terms of Article 12.4.

"Engine Manufacturer" means IAE International Aero Engines, AG or its successor in title.

"EU ETS Authority" means any Government Entity or member state of the European Union with jurisdiction for the application and administration of EU ETS Laws in relation to any of LESSEE, any sublessee, any wet lessee or the Aircraft.

"EU ETS Directive" means Directive 2003/87/EC of the European Parliament and of the Council of October 13, 2003 establishing a scheme for greenhouse gas emissions allowance trading and amending Council Directive 96/61/EC, as the same may be amended, supplemented, superseded or readopted from time to time (whether with or without modifications).

"EU ETS Laws" means (a) the EU ETS Directive and (b) any applicable Law of a member state of the European Union implementing the EU ETS Directive.

"Eurocontrol" means the European Organization for the Safety of Air Navigation established by the Convention related to the Co operation for the Safety of Air Navigation (Eurocontrol) signed on December 13, 1960, as amended.

"Event of Default" means any of the events referred to in Article 25.2.

"FAA" means the Federal Aviation Administration of the U.S. Department of Transportation or any successor thereto under the Laws of the U.S. Where it is stated in this Lease that a repair station or a repair, overhaul or maintenance facility will be an "FAA-approved" station or facility, such station or facility must be approved by the FAA to perform maintenance and repair work on the Aircraft, an Engine or Part, as applicable.

"FAA Location" means the jurisdiction in the United States in which LESSEE's agent for service of process for purposes of the FAA and the UCC is located.

"FARs" means the U.S. Federal Aviation Regulations embodied in Title 14 of the U.S. Code of Federal Regulations, as amended from time to time, or any successor regulations thereto.

"Finance Document" means any loan agreement, credit agreement, conditional sale agreement, headlease, participation agreement, mortgage, security agreement, indenture, lease assignment or any other similar agreement entered into by LESSOR, Owner or Beneficial Owner or any of their respective Affiliates with any Finance Party in connection with the financing or refinancing of the Aircraft.

"Finance Parties" means (a) Citibank N.A. as Administrative Agent and as Collateral Agent for and on behalf of itself and the Secured Parties under that certain Aircraft Mortgage and Security Agreement dated as of March 30, 2011, as may be amended, supplemented and/or modified from time to time, (b) any Person which has provided financing (whether by way of superior lease, loan or otherwise) to LESSOR, Owner, Beneficial Owner or any of their respective Affiliates pursuant to any Finance Document, (c) any Person which holds a Security Interest in the Aircraft or LESSOR's right, title and interest in any Operative Document to secure the obligations of LESSOR, Owner, Beneficial Owner or any of their respective Affiliates pursuant to any Finance Document and (d) any agent, loan agent, arranger, trustee, security trustee, collateral trustee or similar Person acting pursuant to any Finance Document (in the case of each of subparts (b) through (d) above, as notified to LESSEE by LESSOR in writing from time to time), and the respective transferees, successors and assigns of any of the foregoing, and the expression "**Finance Party**" means any of the foregoing individually.

"Financial Conduct Laws" means all applicable anti-money laundering Laws and all applicable anticorruption Laws.

"Financial Indebtedness" means any indebtedness in respect of (a) moneys borrowed or raised, (b) any liability under any debenture, guaranty, bond, note, loan stock, acceptance, documentary credit or other security, (c) obligations under capitalized or operating leases, (d) the acquisition cost of any asset to the extent payable before or after the time of acquisition or possession (not being indebtedness in respect of the purchase of goods or services in the ordinary course of trading, payment of which is deferred for a period of not greater than [REDACTED: Item 2]) or (e) any guarantee, indemnity, or similar assurance against financial loss of any Person in respect of the foregoing.

"Flight Hour" means each hour or fraction thereof elapsing from the moment at which the wheels of the Aircraft, or in the case of any Part or Engine temporarily installed on another aircraft, the wheels of that other aircraft, leave the ground on the take-off of the Aircraft or such other aircraft until the wheels of the Aircraft or such other aircraft touch the ground on the landing of such Aircraft or such other aircraft following such flight.

"Government Entity" means any (a) national, state, provincial, territorial, municipal or local government, (b) board, commission, authority, department, division, instrumentality, court, agency or political subdivision thereof or (c) association, organization or institution of which any of the entities listed in (a) or (b) is a member or to whose jurisdiction any such entity is subject.

"Gross Negligence" means any intentional or conscious action or decision or failure to act done or made with reckless disregard for the consequences of such action or decision or failure to act.

"Guarantee" means the unconditional guarantee to be granted by Guarantor in favor of LESSOR in respect of the obligations of LESSEE under this Lease, in substantially in the form set forth in Exhibit P.

"Guarantor" means a guarantor acceptable to LESSOR in its sole discretion, which subject to receipt, review and approval of financial statements of the relevant entities by LESSOR will be Canada Jetlines Ltd.

"Habitual Base" means Canada or, subject to the prior written consent of LESSOR in its absolute discretion, any other country or countries not being a Prohibited Country in which the Aircraft is for the time being habitually based (being the location at which the Aircraft most often arrives, departs or overnights over a period of time equating to the Aircraft's operational cycle).

"IDERA" means an irrevocable de-registration and export request authorization in the form prescribed by the Cape Town Convention, an example of which is set forth in Exhibit H of this Lease.

"International Interest" has the meaning given to such term in the Cape Town Convention.

"International Registry" means the international registration facilities established for the purposes of the Cape Town Convention.

"Landing Gear" means the landing gear assemblies (and their constituent subassemblies and Parts) of the Aircraft.

"Law" means any (a) law, statute, decree, constitution, regulation, judgment, injunction, order or directive of any Government Entity, (b) treaty, pact, compact or other agreement to which any Government Entity is a signatory or party, (c) judicial or administrative interpretation or application of any of the foregoing or (d) any binding judicial precedent having the force of law.

"Lease Termination Agreement" means a lease termination agreement to be entered into between LESSOR and LESSEE in the form set forth in Exhibit G.

"LESSOR's Lien" means (a) any Security Interest from time to time created by or arising through LESSOR, Owner or Beneficial Owner in favor of any Finance Party, (b) any other Security Interest in respect of the Aircraft that results from acts of or claims against LESSOR, Owner or Beneficial Owner not related to or arising out of the transactions contemplated by or permitted under this Lease and (c) any Security Interest in respect of the Aircraft for Taxes for which LESSEE is not required to indemnify any Person in accordance with this Lease or any other Operative Document.

"LLP Life Improvement Value " means an amount equal to the aggregate (for all of the Engine life-limited Parts replaced at the time of performance of an Engine LLP Replacement) of the pro-rata life improvement calculated for each such Engine life-limited Part pursuant to the following formula: $(A - B) \times (C/D)$

where:

- a. "A" is the life remaining (Flight Hours or Cycles, as applicable) on the replacement Engine life-limited Part installed in the Engine during the Engine Performance Restoration;
- b. "B" is the life remaining (Flight Hours or Cycles, as applicable) on the corresponding Engine life-limited Part removed from the Engine during the Engine Performance Restoration;
- c. "C" is Engine Manufacturer's catalog list price for an available new replacement Engine life-limited Part of the same type as the Engine life-limited Part being replaced; and
- d. "D" is the maximum life (in Flight Hours or Cycles, as applicable) approved by Engine Manufacturer and EASA for an available new replacement Engine life-limited Part of the same type as the Engine life-limited Part being replaced.

The catalog list price and maximum life (as described in respect of "C" and "D" above) will be those applicable on the date the Engine was removed for the purpose of accomplishing the Engine Performance Restoration during which the Engine LLP Replacement occurred. Where an Engine life-limited Part has a life limit expressed in both Flight Hours and Cycles, then the most limiting will be used. Where an Engine life-limited Part can be or has been installed in different engines having different thrust ratings and lives, then all life remaining and/or life limits will be converted to those applicable for the dataplate thrust rating of the relevant Engine in accordance with Engine Manufacturer's approved formula.

"Maintenance Performer" means a TCCA approved and an EASA Part 145 and/or FAR 145 approved maintenance, overhaul, repair and modification facility approved for the type of maintenance required on aircraft or engines or parts of the same type as the Aircraft, Engines or Parts, or such other Person approved in advance in writing by LESSOR.

"Maintenance Program" means LESSEE's maintenance program as approved by the Aviation Authority and which conforms at a minimum to the MPD and the MRB Report or such other maintenance program as LESSOR and LESSEE may agree upon in writing.

"Maintenance Rent Activity" or **"MRA"** means each of the following maintenance activities: (i) an Airframe Major Check, (ii) an Engine Performance Restoration, (iii) an Engine LLP Replacement, (iv) a Landing Gear Overhaul, and (v) an APU Performance Restoration.

"Maintenance Rent Adjustment Period" means each of the following periods: (a) with respect to the first such period, the period commencing on the Delivery Date and ending on December 31 of the calendar year in which Delivery occurs; (b) with respect to all subsequent such periods except for the last such period in the Lease Term, the period commencing on January 1 of the calendar year immediately following the first Maintenance Rent Adjustment Period, and of each calendar year thereafter during the Lease Term, and (in each case) ending on December 31 of each such year; and (c) with respect to the final such period, the period commencing on January 1 of the last calendar year of the Lease Term and ending on the Termination Date (thus, the first and the last Maintenance Rent Adjustment Periods may each be less than 12 months).

"Maintenance Rent Payment Date" means the [REDACTED: Item 2] of each calendar month during the Lease Term or, if such day is not a Business Day, then the immediately preceding Business Day. The last Maintenance Rent Payment Date of the Lease Term is the Termination Date.

"Maintenance Rent Period" means each of the following periods throughout the Lease Term: (a) with respect to the first such period, the period commencing on and including the Delivery Date up to and including the [REDACTED: Item 2] in which Delivery occurs; (b) with respect to all subsequent such periods except for the last such period in the Lease Term, each subsequent consecutive calendar month throughout the Lease Term (each commencing on [REDACTED: Item 2] and ending on [REDACTED: Item 2]); and (c) in relation to the last such period of the Lease Term, the period commencing on [REDACTED: Item 2] and ending on [REDACTED: Item 2].

"Manufacturer" means Airbus S.A.S. or its successor in title.

"Modification" means any modification, alteration or addition to or removal from the Aircraft, regardless of cost.

"MPD" means the then current Maintenance Planning Document published by Manufacturer and applicable to the Aircraft. With respect to the Flight Hour/Cycle/calendar time limitation of Parts and inspections, references to the MPD mean the most restrictive limitation set forth therein.

"MRA Claim Settlement Acknowledgement" means an acknowledgement of MRA Claim(s) by LESSEE in the form of Exhibit M hereto.

"MRA Maintenance Rent Balance" means from time to time, and in respect of each category of Maintenance Rent (as set forth in Article 5.5.1), a deemed amount equal to the aggregate Maintenance Rent paid by LESSEE hereunder in respect of the applicable MRA less the aggregate amount previously paid by LESSOR to LESSEE in respect of such MRA pursuant to Article 13.

"MRB Report" means the latest revision of the Maintenance Review Board document published by Manufacturer.

"Non-consensual Right or Interest" has the meaning given to such term in the Cape Town Convention.

"Operative Documents" means this Lease, any side letters and amendments hereto, the Acceptance Certificate, any other agreements, certificates, notices, acknowledgments, consents or documents executed pursuant to this Lease and any other documentation in connection with the leasing of the Aircraft from LESSOR to LESSEE, between LESSOR and LESSEE or LESSOR and Guarantor.

"Other Agreements" means and includes [REDACTED: Item 2].

"Overhaul" means the full reconditioning of the Aircraft, an Engine, the APU, Landing Gear, module or Part, as the case may be, in which such equipment has been fully disassembled, cleaned, thoroughly inspected and returned to the highest standard specified by the applicable manufacturer's manual.

"Owner" means LESSOR or such other Person which, from time to time, LESSOR may notify LESSEE in writing as being the owner of the Aircraft for the time being.

"Part" means any part, component, appliance, system, module, engine module, accessory, material, instrument, communications equipment, furnishing, LESSEE furnished or LESSOR purchased equipment or other item of equipment (other than complete Engines or engines or the APU) for the time being installed in or attached to the Airframe, any Engine or the APU or which, having been removed from the Airframe, any Engine or the APU, remains the property of Owner.

"Permitted Lien" means (a) this Lease and any sublease entered into in accordance with the provisions of this Lease or any other Operative Document, (b) LESSOR's Liens, (c) Security Interests arising in the ordinary course of LESSEE's business for Taxes either not yet assessed or, if assessed, not yet past due or being contested in good faith by appropriate proceedings (and for which adequate reserves have been made or, when required in order to pursue such proceedings, an adequate bond has been provided) so long as such proceedings do not involve any risk of sale, forfeiture, seizure, detention, arrest or loss of the Aircraft or any Engine or any part thereof or of imposition of any civil or criminal liability or penalty upon LESSOR or any other Relevant Party, and (d) materialmen's, mechanics', workmen's, repairmen's or employees' (including liens related to unpaid wages, vacation pay, worker's compensation, unemployment insurance premiums, pension plan contributions, pension plan solvency deficiency, employee or non-resident withholding tax source deductions) liens arising by operation of Law after the Delivery Date in

the ordinary course of LESSEE's business for amounts which are either not yet past due or which are being contested in good faith by appropriate proceedings (and for which adequate reserves have been made or, when required in order to pursue such proceedings, an adequate bond has been provided) so long as such proceedings do not involve any risk of sale, forfeiture, seizure, detention, arrest or loss of the Aircraft or any Engine or any part thereof or of imposition of any civil or criminal liability or penalty upon LESSOR or any other Relevant Party.

"Person" means any individual, firm, partnership, joint venture, trust, corporation, company, Government Entity, committee, department, authority or any body, incorporated or unincorporated, whether having distinct legal personality or not.

"PPSA Location" means, in respect of LESSEE, the office where its most senior executive officers are located, where such officers generally transact business from, and where the chief administrative and policy-making functions of LESSEE emanate for purposes of the *Personal Property Security Act (British Columbia)*.

"Prior Lessee" means Air New Zealand Aircraft Holdings Limited.

"Prior Lessee Lease Agreement" means the aircraft lease agreement between Prior Lessee and LESSOR pursuant to which Prior Lessee leased the Aircraft from LESSOR.

"Prior Lessor" means Aircraft 32A-2594 Inc., a California corporation.

"Prohibited Country" means any state, country or jurisdiction (a) for which the export or operation of the Aircraft to or from, is prohibited by any Trade Laws or (b) in which LESSOR, LESSEE, Owner or Beneficial Owner is generally prohibited from engaging in transactions under, or for which any such action would cause LESSOR, LESSEE, Owner or Beneficial Owner to be in violation of, any Trade Laws.

"Prohibited Person" means any Person (a) with whom the LESSOR, LESSEE, Owner or Beneficial Owner or a citizen of the U.S. is prohibited from or restricted in engaging in transactions with or exporting goods or services to under any Trade Laws, (b) who is a citizen or resident of, or organized under the laws of or domiciled in, a Prohibited Country, (c) who is designated on any sanctions list under any Trade Laws, including any designation of terrorists, narcotics traffickers, proliferators of weapons of mass destruction or other lists of barred or restricted Persons or (d) is "owned or controlled" (as such term is defined under any Trade Laws) by a Person meeting any of the criteria set forth above.

"Prospective International Interest" has the meaning given to such term in the Cape Town Convention.

"Prospective Sale" has the meaning given to such term in the Cape Town Convention.

"Protocol" means the English-language version of the Protocol to the Convention on International Interests in Mobile Equipment on Matters specific to Aircraft Equipment which was adopted on November 16, 2001 at a diplomatic conference held in Cape Town, South Africa, as

set out in the schedule to the *International Interests in Mobile Equipment (aircraft equipment) Act (Canada)* and, as applicable the provincial and territorial implementing legislation related thereto in Canada, as the foregoing may be amended from time to time.

"Qualified Performance Restoration" means at a minimum, a level 2.9 or level 3 maintenance to the combustor, 1st Nozzle Guide Vane and HP Turbine modules (based on their module soft times), plus the level of maintenance to other modules that is recommended in the then current IAE eMMP by comparing soft times to the time since new or time since L3 maintenance of each module.

"Qualifying LLP MRA Amount" means, in respect of any Engine LLP Replacement, the lesser of the Qualifying MRA Amount and the LLP Life Improvement Value.

"Qualifying MRA Amount" means LESSEE's actual out-of-pocket costs for a given MRA minus those costs which are excluded in accordance with the applicable provisions of Article 13.

"Relevant Parties" means LESSOR, Owner, Beneficial Owner, each Servicer, each Finance Party, Prior Lessor and any other Person which, from time to time, LESSOR notifies LESSEE as having (or having had) any right, title or interest in or to the Aircraft or any Operative Document (excluding any prior operator of the Aircraft), and the expression **"Relevant Party"** means any of the foregoing individually.

"Rent" means Base Rent, Maintenance Rent and Supplemental Rent, collectively.

"Return Check" means the accomplishment of all tasks which are necessary pursuant to the MPD as in effect on the date which is three months prior to the Termination Date (including all non-routine work generated as a result of performance of such MPD tasks) to clear the Aircraft for [REDACTED: Item 1] of operation from the Termination Date. If pursuant to the MPD, the performance interval for a task is shorter than every [REDACTED: Item 1] of operation, then such task will also be performed. For avoidance of doubt, if the inspection interval pursuant to the MPD for a particular task only refers to one or two of the three measurements above (i.e., months, Flight Hours or Cycles), then only those particular measurements referred to in the MPD will be utilized in determining whether the task must be performed.

"Security Interest" means any encumbrance or security interest, however and wherever created or arising including (without prejudice to the generality of the foregoing) any right of ownership, security, mortgage, hypothec, assignment by way of security, pledge, charge, encumbrance, lease, lien, International Interest, Non-consensual Right or Interest, statutory or other right in rem, hypothecation, title retention, attachment, levy, claim or right of possession, seizure, detention or other agreement or arrangement having the effect of creating a security interest, or if registered, any Prospective International Interest or Prospective Sale.

"Servicers" means AerCap Ireland Limited and any other Person which, from time to time, acts as a servicer, subservicer or manager on behalf of LESSOR for matters relating to this Lease, any other Operative Document and/or the Aircraft, and their respective delegates, transferees, successors and assignees.

"Short Form Lease" means the short-form lease agreement to be entered into between LESSOR and LESSEE for purposes of filing with TCCA in the form set forth in Exhibit O.

"State of Registration" means Canada or such other country or state of registration of the Aircraft as LESSOR may, in its absolute discretion, approve in writing.

"Subsidiary" means (a) with reference to any Person in relation to any reference to accounts, any Person whose accounts are consolidated with the accounts of such Person in accordance with generally accepted accounting principles and (b) for any other purpose a Person from time to time (i) of which another Person has direct or indirect control (as the term "control" is defined in the definition of "Affiliate") or owns directly or indirectly more than 50 per cent of the voting share capital, or (ii) which is a direct or indirect subsidiary of another Person under the laws of the jurisdiction of such Person's formation.

"Supplemental Rent" means all amounts, liabilities and obligations (other than Base Rent and Maintenance Rent) which LESSEE is required to pay to LESSOR or any Indemnitee or Tax Indemnitee under this Lease or any other Operative Document, including Default Interest, any amounts in respect of the Agreed Value and any payment in respect of indemnity required hereunder or under any other Operative Document.

"Tax Affiliate" means, in the case of any Person that is fiscally transparent in relation to any Tax, each other Person that holds an ownership interest in that fiscally transparent Person (as a partner, member, beneficiary or otherwise), either directly or indirectly through one or more other fiscally transparent Persons. For the purpose of this definition, a Person is "fiscally transparent" in relation to a Tax if the Tax is calculated by reference to any receipts, revenue, income, gain, profit, asset or other attribute of the fiscally transparent Person (or any other fiscally transparent Person in which such Person holds a direct or indirect ownership interest) but is imposed on the holders of ownership interests in such Person by reference to their relative ownership interests in such Person.

"Tax Indemnitees" means LESSOR, Owner, Beneficial Owner, each Servicer, the Finance Parties and the respective Tax Affiliates, directors, officers, employees and managers of the foregoing Persons.

"TCCA" means Transport Canada Civil Aviation, or any successor agency thereto.

"Technical Evaluation Summary" means a written summary in form and substance requested by LESSOR regarding the Engines, APU and Parts and the technical status and condition of the Aircraft.

"Trade Laws" means all economic sanctions and anti-terrorism Laws, including (a) any United Nations Security Council Resolutions imposing sanctions, (b) any sanctions or restrictive measures imposed by European Union Council decision or regulation and (c) United States export control and economic sanctions Laws.

"**UCC**" means the version of the *Uniform Commercial Code* as in effect in any applicable jurisdiction.

"**U.S.**" or "**U.S.A.**" means the United States of America.

Other Definitions. The following terms are defined in the Articles referenced below:

Terms	Article/Schedule
Agreed Value	Schedule I
Airframe 6Y Check	13.1
Airframe 12Y Check	13.2
Airframe 6Y Maintenance Rent	Schedule I
Airframe 12Y Maintenance Rent	Schedule I
Airframe Maintenance Rent	Schedule I
Airframe Major Check	13.2
APU Maintenance Rent	Schedule I
APU Performance Restoration	13.6
Base Rent	Schedule I
Damage Proceeds Threshold	Schedule I
Default Interest	5.8
Default Interest Rate	Schedule I
Delivery Location	3.1
DER Repair	12.2.2
Engine LLP Cost per Cycle	5.5.1(b)
Engine LLP Maintenance Rent	Schedule I
Engine LLP Replacement	13.4
Engine Performance Restoration	13.3
Expenses	17.1
Expiration Date	4.2
Indemnities	17.1
Individual LLP Cost per Cycle	5.5.1(b)
Insurances	18.1
Landing Gear Maintenance Rent	Schedule I
Landing Gear Overhaul	13.5
Lease Term	4.1
LESSEE AD Compliance Period	23.8.14
LESSEE's Bank	5.7
LESSOR's Bank	5.7
Maintenance Rent	5.5.1
Maintenance Rent Rate	5.5.1
Maximum Deductible Amount	Schedule I
Minimum Liability Coverage	Schedule I
MRA Claim	13.7.1
Net Total Loss Proceeds	19.1
OEM Parts	12.2.2

Performance Restoration	Schedule I
Maintenance Rent	
PMA Part	12.2.2
Required LLP Amount	13.11
Required MRA Amount	13.11
Security Deposit	Schedule I
Settlement Amount	13.7.2
Taxes	16.1
Termination Date	4.3
Total Loss	19.1
Total Loss Date	19.1
Total Loss Proceeds	19.1
Transferee	24.2.1

2.2 Construction and Interpretation

2.2.1 References to (or to any specified provision of) this Lease or any other document will be construed as references to this Lease, that provision or that document as in force for the time being and as amended, modified or supplemented in accordance with the terms hereof or thereof, or as the case may be, with the agreement of the applicable parties and (where such consent is, by the terms of this Lease or the relevant document required to be obtained as a condition to such amendment being permitted) the prior written consent of LESSOR;

2.2.2 References to any Law, or to any specified provision of any Law, is a reference to such Law or provision as amended, substituted or re-enacted; and

2.2.3 References to LESSOR, Owner, Beneficial Owner, LESSEE or any of the Relevant Parties will be construed as including each of its/their respective successors in title, permitted assignees and transferees.

ARTICLE 3 PLACE AND DATE OF DELIVERY

3.1 Place of Delivery. LESSOR will deliver the Aircraft to LESSEE in New Zealand or such other place outside Canada as may be agreed in writing between the parties (the "**Delivery Location**").

3.2 Scheduled Delivery Date. As of the date of this Lease, delivery of the Aircraft from Prior Lessee to LESSOR and LESSOR to LESSEE is scheduled to occur on or about March 14, 2019. LESSOR will notify LESSEE from time to time and in a timely manner of the exact date on which LESSOR expects Delivery to take place (the "**Scheduled Delivery Date**").

3.3 Delivery Subject to Prior Lessee Delivery. LESSOR and LESSEE expressly acknowledge that Delivery is subject to and conditioned upon redelivery of the Aircraft by Prior Lessee in accordance with the terms of the Prior Lessee Lease Agreement.

3.4 No LESSOR or Relevant Party Liability. Neither LESSOR nor any other Relevant Party will be liable for any loss or expense arising from any delay or failure in Delivery to LESSEE except that LESSOR will be liable for any loss or expense to the extent that such delay or failure arises solely and directly as a consequence of the Gross Negligence of LESSOR or any Servicer, and in no event will LESSOR be liable for any delay or failure which is caused by any breach or delay on the part of Prior Lessee or any other Person (other than any Servicer).

3.5 Total Loss of Aircraft Prior to Delivery. If a Total Loss of the Aircraft occurs prior to Delivery, neither party will have any further liability to the other except that LESSOR will pay to LESSEE an amount equal to the amount of the Security Deposit then held by LESSOR in accordance with Article 5.1.4 and any prepaid Base Rent.

3.6 Cancellation for Delay. Promptly after LESSOR becomes aware that a delay will cause Delivery to be delayed beyond [REDACTED: Item 2], LESSOR will notify LESSEE. By written notice given to the other party within [REDACTED: Item 2] after LESSEE's receipt of such LESSOR notice, either party may terminate this Lease and this Lease will terminate on the date of receipt of such notice. In the event of such termination, neither party will have any further liability to the other party except that [REDACTED: Item 2]. If neither party gives notice of termination within [REDACTED: Item 2], both parties lose all right to terminate under this Article 3.6 unless otherwise agreed in writing by the parties.

ARTICLE 4 LEASE TERM

4.1 Lease Term. The term of leasing of the Aircraft will commence on the Delivery Date and continue for a term of six years ("**Lease Term**").

4.2 "Expiration Date". "**Expiration Date**" means the date on which LESSEE is required to return the Aircraft to LESSOR in the condition required by Article 23 on the last day of the Lease Term.

4.3 "Termination Date". If LESSEE returns the Aircraft to LESSOR on the Expiration Date in the condition required by Article 23, then "**Termination Date**" has the same meaning as "Expiration Date". If LESSEE does not do so, then "**Termination Date**" means the date on which the first of the following events occurs:

4.3.1 there is a Total Loss of the Aircraft prior to Delivery pursuant to Article 3.5;

4.3.2 cancellation of this Lease occurs pursuant to Article 3.6;

4.3.3 there is a Total Loss of the Aircraft and payment in respect thereof is made in accordance with Article 19.3;

4.3.4 LESSOR repossesses the Aircraft or otherwise terminates the leasing of the Aircraft under this Lease and recovers possession and control of the Aircraft following an Event of Default; or

4.3.5 LESSEE returns the Aircraft in the condition required by Article 23 after the Expiration Date.

4.4 Survival. All representations and warranties of LESSEE set forth in this Lease and in each other Operative Document will survive the execution of this Lease and Delivery. All indemnity and other obligations of LESSEE under this Lease and each other Operative Document which arise or are attributable to circumstances occurring prior to the return of the Aircraft to LESSOR or which by the express terms hereof or thereof are deemed to survive the Termination Date will survive the Termination Date and continue in full force and effect, notwithstanding any breach by LESSOR or LESSEE of the terms of this Lease, the expiration or termination of this Lease, the termination of the leasing of the Aircraft to LESSEE under this Lease or the cancellation or repudiation by LESSOR or LESSEE of this Lease.

ARTICLE 5 RENT AND OTHER PAYMENTS

5.1 Security Deposit.

5.1.1 LESSEE will pay LESSOR the Security Deposit as security for its lease of the Aircraft in accordance with Schedule I.

5.1.2 Upon payment by LESSEE, the Security Deposit will irrevocably and unconditionally become the property of and will be fully earned by LESSOR and may be commingled with the general funds of LESSOR or any Affiliate of LESSOR and any interest earned on such Security Deposit will be for LESSOR's account. LESSOR will not hold (or be deemed to hold) any such funds for the benefit of or in any capacity for LESSEE, including as agent or on trust for LESSEE or otherwise. The Security Deposit may be applied by LESSOR upon the occurrence of a Default or Event of Default hereunder or of a default by LESSEE under any Other Agreements. If the Security Deposit is reduced below the required amount by application to meet LESSEE's unperformed obligations under this Lease or any other Operative Document or any Other Agreement, LESSEE will replenish the Security Deposit within **[REDACTED: Item 2]** after LESSOR's demand therefor. To the extent that LESSEE is deemed to retain any right, title or interest in or to the Security Deposit, LESSEE hereby grants a security interest in and first fixed charge, hypothec and pledge of all of its right, title and interest in and to the Security Deposit, any right to repayment thereof by LESSOR and the proceeds thereof to LESSOR, on behalf of LESSOR and its Affiliates, as security for LESSEE's obligations under this Lease the other Operative Documents and all Other Agreements.

5.1.3 LESSEE acknowledges and agrees that it is not located in the State of New York within the meaning of Section 7-101 1 c. (b) of the New York General Obligations Law and, therefore, the requirements of Section 7-101 of the New York General Obligations Law to the effect that LESSOR hold the Deposit in a separate interest bearing account do not apply.

5.1.4 After the Termination Date, provided (a) no Event of Default has occurred and is continuing and (b) no default by LESSEE exists under any Other Agreement, then LESSOR will pay to LESSEE an amount equal to the amount of the Security Deposit then held by LESSOR as cash, without interest, less an amount determined by LESSOR to be a reasonable estimate of the costs, if any, which LESSOR will incur to remedy any unperformed obligations of LESSEE under this Lease, including the correction of any discrepancies from the required condition of the Aircraft on return of the Aircraft as will have been agreed upon between LESSEE and LESSOR in the Return Acceptance Receipt for the Aircraft.

5.2 Transaction Fee. LESSEE will pay LESSOR a nonrefundable transaction fee in accordance with Schedule I.

5.3 LESSOR Costs. LESSEE will pay to LESSOR on demand (a) all fees, costs and expenses (including reasonable legal, professional and out-of-pocket expenses) directly associated with filing, registering and/or perfecting the Operative Documents and the rights, title and interests

of the Relevant Parties in and to the Aircraft and/or the Operative Documents and/or the Finance Documents, as applicable, in the State of Registration, LESSEE's jurisdiction of formation and/or any other state or country as appropriate having regard to LESSEE's place of business and Aircraft Activity and (b) all fees, costs and expenses (including reasonable legal, professional, inspection, out-of-pocket expenses and other costs) payable or incurred by any Relevant Party in connection with any amendment, waiver or other modification of any Operative Document (unless requested by LESSOR) or with the enforcement of or preservation of any of its/their rights under the Operative Documents (including the enforcement of any indemnity hereunder) or in respect of the repossession, deregistration and/or export of the Aircraft. All amounts payable pursuant to this Article 5.3 will be paid in the currency in which they are incurred by LESSOR or such Relevant Party, as applicable.

5.4 Base Rent.

5.4.1 LESSEE will pay LESSOR Base Rent for the Aircraft in accordance with Schedule I.

5.4.2 The first payment of Base Rent during the Lease Term will be paid no later than **[REDACTED: Item 2]** prior to the Scheduled Delivery Date. Each subsequent payment of Base Rent will be due monthly thereafter no later than the same day of the month as the Delivery Date of the Aircraft except that, if such day is not a Business Day, Base Rent will be due on the immediately preceding Business Day. If Delivery occurred on the 29th, 30th or 31st of the month and in any given month during the Lease Term in which a Base Rent payment is due there is no such corresponding date, Base Rent will be payable on the last Business Day of such month. Any pro rata amount of Base Rent payable hereunder will be prorated based on the actual number of days in the applicable month of the Lease Term. LESSEE hereby acknowledges and agrees that Base Rent will be payable in respect of each of the Delivery Date and the Termination Date.

5.5 Maintenance Rent.

5.5.1 In addition to Base Rent, and subject to escalation and adjustment as provided in this Article 5.5.1, LESSEE will pay to LESSOR the following categories of Maintenance Rent (each as defined on Schedule I) based on the utilization of the Aircraft during the applicable Maintenance Rent Period: Airframe 6Y Maintenance Rent, Airframe 12Y Maintenance Rent, Performance Restoration Maintenance Rent, Engine LLP Maintenance Rent, Landing Gear Maintenance Rent and APU Maintenance Rent, (collectively "**Maintenance Rent**") and each of the rates listed in Schedule I, a "**Maintenance Rent Rate**").

(a) Except for the Engine LLP Maintenance Rent Rate, all of the Maintenance Rent Rates listed in Schedule I are based on **[REDACTED: Item 2]** cost estimates and, without requirement for any notice, will escalate by the percentages specified in Schedule I on the **[REDACTED: Item 2]** of each Maintenance Rent Adjustment Period. For avoidance of doubt, such escalation calculation will be made on the **[REDACTED: Item 2]** of the Maintenance Rent Adjustment Period to the then-existing Maintenance Rent Rates and the resulting escalated Maintenance Rent

Rates will be payable for all operation and lapse of calendar time in respect of the Aircraft in that same Maintenance Rent Adjustment Period. In addition to the foregoing, each Maintenance Rent Rate is subject to further increase based on (a) any material change in the maintenance recommendations (work content or interval) of Manufacturer or Engine Manufacturer, as applicable, and (b) the actual cost experience of Lessee in respect of the corresponding MRA (as evidenced by prior MRA Claims).

(b) The Engine LLP Maintenance Rent Rate will be adjusted as of the **[REDACTED: Item 2]** of each Maintenance Rent Adjustment Period to be equal to the then current Engine LLP Cost per Cycle. The "**Engine LLP Cost per Cycle**" for an Engine for any given calendar year will be calculated by **[REDACTED: Item 2]**.

(c) In respect of Performance Restoration Maintenance Rent payable during the period from **[REDACTED: Item 2]** through **[REDACTED: Item 2]** of the calendar year in which Delivery occurs, LESSEE will pay LESSOR Performance Restoration Maintenance Rent in the amount set out in Schedule I, Section D.3 (as such rates are escalated as described in Article 5.5.1(a)) for each Engine (payable when the Engine is utilized on the Aircraft or another aircraft). On **[REDACTED: Item 2]** of the calendar year immediately following the year in which Delivery occurs and thereafter on the **[REDACTED: Item 2]** of each subsequent Maintenance Rent Adjustment Period during the Lease Term, the Performance Restoration Maintenance Rent Rate applicable to each Engine will be adjusted based upon **[REDACTED: Item 2]**. The adjusted Performance Restoration Maintenance Rent Rate for each Engine will be payable for all utilization of such Engine in the Maintenance Rent Adjustment Period in respect of which the adjustment is made.

5.5.2 LESSEE acknowledges and agrees that (a) Maintenance Rent constitutes additional rent to LESSOR for the lease, possession and operation of the Aircraft, will be fully earned when received by LESSOR and is and will remain the sole and exclusive property of LESSOR upon payment thereof by LESSEE, (b) LESSEE has no right, title or interest therein and (c) LESSOR will be entitled to retain absolutely any Maintenance Rent paid without any obligation to pay interest thereon to LESSEE. LESSOR may commingle the Maintenance Rent with its general or other funds or transfer any such amounts to any other Person, and LESSOR will not hold such amounts as agent or in trust for LESSEE or in any similar capacity.

5.6 Supplemental Rent for Excess Cycles. If in any calendar year (or portion thereof) of the Lease Term the Airframe operates more Cycles than the maximum number of Cycles which would result from a Flight Hour/Cycle ratio of **[REDACTED: Item 1]**, LESSEE will pay LESSOR as Supplemental Rent the amount specified in Schedule I, Section E for each Cycle the Airframe actually operates during such calendar year (or portion thereof) in excess of the number of Cycles which result from a Flight Hour/Cycle ratio of **[REDACTED: Item 1]**. A calculation will be made as of December 31 of each year and as of the Termination Date and such

Supplemental Rent will be due and payable by LESSEE on the date on which the next Maintenance Rent payment is due following such Flight Hour/Cycle calculation period.

5.7 **LESSOR's and LESSEE's Bank Account Information.** The Security Deposit, Rent and any other payment due under this Lease will be paid by wire transfer of immediately available U.S. Dollar funds to LESSOR's bank account at:

[REDACTED: Item 3]

or to such other bank account as LESSOR may from time to time designate by written notice ("**LESSOR's Bank**"). When it is stated in this Lease that an installment of the Security Deposit, Base Rent, Maintenance Rent or any other payment is due or must be paid or made by LESSEE by a specific date, then such payment actually must be received by LESSOR's Bank on or before such specific date, even if, in order for such payment to be received by LESSOR's Bank by such specific date, LESSEE must initiate the wire transfer prior to such specific date.

Any payment due by LESSOR to LESSEE under this Lease, including any Settlement Amount will be paid by wire transfer of immediately available U.S. Dollar funds to LESSEE's bank account at:

[REDACTED: Item 3]

or to such other bank account as LESSEE may from time to time designate by written notice ("**LESSEE's Bank**").

5.8 **Default Interest.** If LESSEE fails to pay any amount payable under the Operative Documents when due, LESSEE will pay to LESSOR, as Supplemental Rent (by way of liquidated damages as compensation for loss and increased risk and not as a penalty), interest calculated at the Default Interest Rate on that amount, until and including the date of payment in full by LESSEE to LESSOR based upon actual days elapsed in an assumed year of 360 days and twelve months of 30 days each ("**Default Interest**"). **[REDACTED: Item 2]**.

5.9 **No Deductions or Withholdings.** All amounts payable by LESSEE under this Lease or any other Operative Document (including Security Deposit installments, Base Rent and Maintenance Rent) will be paid in full without any set-off, counterclaim, deduction or withholding of or in respect of any Tax, wire transfer fee or other charge of any nature unless LESSEE is required by applicable Law to deduct or withhold in respect of such Tax, fee or other charge, in which event LESSEE will, with respect to each affected payment:

5.9.1 Pay, on an after-Tax basis in accordance with Article 16.3, such additional amount as is necessary so that LESSOR receives, after such deduction or withholding (including any deduction or withholding with respect to such additional amount), an amount equal to the amount that LESSOR would have received if such deduction or withholding had not been made or required;

5.9.2 Ensure that the deduction or withholding does not exceed the minimum amount legally required;

5.9.3 Pay to the relevant Government Entity within the period for payment permitted by applicable Law the full amount of the deduction or withholding (including the full amount of any deduction or withholding from any additional amount paid pursuant hereto); and

5.9.4 Furnish to LESSOR within **[REDACTED: Item 2]** after the date of such affected payment an official receipt of the relevant Government Entities for all amounts so deducted or withheld.

[REDACTED: Item 2]

5.10 **[REDACTED: Item 2]**

5.11 **Wire Transfer Disbursement Report.** At the time any payment is made hereunder, LESSEE will advise LESSOR in writing of the payment being made by LESSEE and the allocation of such payment to the Security Deposit, Base Rent, Maintenance Rent, Supplemental Rent, Default Interest and any other amounts then payable by LESSEE. Notwithstanding the allocation set forth in LESSEE's report, if an Event of Default has occurred and is continuing, LESSOR will have complete discretion to allocate LESSEE's payments as LESSOR determines against LESSEE's obligations due.

5.12 **Net Lease.**

5.12.1 This Lease is a net lease and LESSEE's obligations to pay Base Rent and make other payments and to perform its other obligations in accordance with this Lease and the other Operative Documents will be absolute and unconditional under any and all circumstances and regardless of other events, including the following:

(a) any right of set off, counterclaim, recoupment, defense or other right (including any right of reimbursement) which LESSEE may have against LESSOR, any Affiliate of LESSOR, any Servicer or any Affiliate of such Servicer, Prior Lessee, Manufacturer, Engine Manufacturer, any Relevant Party or any other Person for any reason whatsoever, including any claim LESSEE may have for the foregoing;

(b) unavailability or interruption in use of the Aircraft for any reason, including a requisition thereof or any prohibition or interference with or other restriction against LESSEE's use, operation or possession of the Aircraft (whether by Law or otherwise), any defect in title, airworthiness, merchantability, fitness for any purpose, condition, design, specification or operation of any kind or nature of the Aircraft, the ineligibility of the Aircraft for any particular use or trade or for registration under the Laws of any jurisdiction or Total Loss of the Aircraft;

(c) insolvency, bankruptcy, winding-up, arrangement, restructuring, reorganization, arrangement, readjustment of debt, dissolution, liquidation, receivership, administration or similar proceedings by or against LESSOR, LESSEE, any Affiliate of LESSOR or LESSEE, any Servicer or any Affiliate of such Servicer, Prior Lessee, Manufacturer, Engine Manufacturer, any Relevant Party or any other Person;

(d) invalidity or unenforceability or lack of due authorization of or other defect in this Lease;

(e) failure or delay on the part of any party to perform its obligations under this Lease; or

(f) any other circumstance which but for this provision would or might have the effect of terminating or in any other way affecting any obligation of LESSEE hereunder.

5.12.2 **[REDACTED: Item 2]**

5.12.3 Nothing in Article 5.12 will be construed to limit LESSEE's right to claim damages arising from LESSOR's breach of its covenant of quiet enjoyment set forth in Article 21.2.

5.13 [REDACTED: Item 2]

5.14 LESSOR Performance of LESSEE Obligation. If LESSEE fails to make any payment under this Lease to a third party in connection with the Aircraft, which failure may result in the imposition of any Security Interest upon the Aircraft or any part there or risk the sale, forfeiture, seizure, detention, arrest or loss of the Aircraft or any Engine or any part thereof, or fails to perform any other obligation required under this Lease, LESSOR may (but is not required to) at its election and without waiver of its rights perform such obligation and/or pay such amount. Within **[REDACTED: Item 2]** Business Days after written notice to LESSEE of the amount paid by LESSOR on behalf of LESSEE, LESSEE will repay such amount to LESSOR together with Default Interest. Such payment to LESSOR will constitute Supplemental Rent payable by LESSEE to LESSOR hereunder. Any payment, performance or compliance by LESSOR of a LESSEE obligation hereunder will not affect the occurrence or continuance of a Default or Event of Default, as the case may be.

5.15 Consideration for Rent and Other Amounts. The amount of the Rent and other payments contained in this Lease are in consideration of LESSEE's waiver of warranties and acceptance of the disclaimers and LESSEE's provision of indemnities set forth in Article 8 and 16.1, respectively, and the other provisions of this Lease.

5.16 [REDACTED: Item 2]

ARTICLE 6 DELIVERY CONDITION AND INSPECTION OF AIRCRAFT

6.1 LESSEE Selection of Aircraft. LESSEE COVENANTS TO LESSOR AND EACH OTHER RELEVANT PARTY THAT LESSEE HAS USED ITS OWN JUDGMENT IN SELECTING THE AIRCRAFT AND HAS DONE SO BASED ON ITS SIZE, DESIGN AND TYPE. LESSEE ACKNOWLEDGES THAT IN ACCEPTING THE AIRCRAFT IT IS RELYING ON ITS OWN INSPECTION AND KNOWLEDGE OF THE AIRCRAFT IN DETERMINING WHETHER THE AIRCRAFT SATISFIES THE REQUIREMENTS OF THIS LEASE AND THE OTHER OPERATIVE DOCUMENTS. LESSEE ACKNOWLEDGES THAT NEITHER LESSOR NOR ANY OTHER RELEVANT PARTY IS A MANUFACTURER, REPAIRER OR SERVICING AGENT OF THE AIRCRAFT.

6.2 Condition at Delivery. [REDACTED: Item 2]

6.3 LESSEE Inspection of Aircraft at Delivery. LESSEE will have the ground inspection and acceptance flight rights set forth in Exhibit B.

6.4 Delivery of Aircraft to LESSEE. Subject to LESSEE having performed all of the conditions precedent to Delivery set forth in this Lease (or, if applicable, LESSOR's waiver of one or more of such conditions precedent such that, after giving effect to such waiver, all conditions precedent have been satisfied or deemed satisfied), immediately following redelivery of the Aircraft from Prior Lessee to LESSOR, LESSOR will deliver the Aircraft to LESSEE at the Delivery Location. Upon tender of the Aircraft by LESSOR to LESSEE in accordance with this Lease, LESSEE will accept the Aircraft subject to each and every disclaimer and waiver set forth in Article 8 and the date of tender by LESSOR to LESSEE will be deemed to be the Delivery Date for all purposes under this Lease, including the commencement of LESSEE's obligation to pay Rent hereunder. Such acceptance is irrevocable and unconditional. Nothing in this Lease will obligate LESSOR to deliver the Aircraft to LESSEE if LESSEE has not complied with the conditions contained in Articles 7.1 and 7.2.

6.5 Delay or Failure in Acceptance. [REDACTED: Item 2]

6.6 Deregistration. LESSOR is not obligated to take any action to deregister the Aircraft or cause the Aircraft to be deregistered from its prior state of registration unless and until LESSEE has executed and delivered the Acceptance Certificate in accordance with this Lease.

ARTICLE 7 PRE-DELIVERY, DELIVERY AND POST-DELIVERY REQUIREMENTS

7.1 Pre-Delivery Requirements. LESSEE will do each of the following within the time frames set forth below:

7.1.1 At least [**REDACTED: Item 2**] prior to the Scheduled Delivery Date, LESSEE will deliver to LESSOR:

- (a) evidence that this Lease has been duly filed pursuant to the PPSA, the UCC and the International Registry;
- (b) search results in respect of the LESSEE from the Personal Property Register maintain pursuant to the PPSA, evidencing no prior registration in any way relating to this Lease and/or the Aircraft (other than the filing referenced in paragraph (a) above);
- (c) copies of resolutions of the Board of Directors of LESSEE or other written evidence of appropriate action, duly certifying and authorizing the lease of the Aircraft hereunder and the execution, delivery and performance of this Lease and the other Operative Documents, together with an incumbency certificate as to the individual or individuals authorized to execute and deliver documents on behalf of LESSEE hereunder;
- (d) the most recent business plan of LESSEE including monthly cash-flow, profit and loss, and balance sheet projections;
- (e) a certified copy of the audited balance sheet and other financial statements of LESSEE (or consolidated statements of Guarantor) for the financial year ended 2017 (or 2018 if available), and if available the most recent quarterly financial statements, prepared in accordance with generally accepted accounting principles in LESSEE's jurisdiction of formation; and
- (f) such information as LESSOR may request regarding LESSEE, any Person who directly or indirectly owns or controls LESSEE (as determined pursuant to any applicable Trade Laws) or any other applicable Persons and the intended use of the Aircraft, in order for LESSOR to complete due diligence, to comply with the Financial Conduct Laws and to satisfy LESSOR's internal compliance controls.

7.1.2 At least [**REDACTED: Item 2**] prior to the Scheduled Delivery Date, LESSEE will deliver to LESSOR a draft certificate of insurance and broker's letter of undertaking in form and substance acceptable to LESSOR evidencing that insurance of the Aircraft in accordance with this Lease will be in place from the Delivery Date;

7.1.3 At least **[REDACTED: Item 2]** prior to the Scheduled Delivery Date, LESSEE will do each of the following:

- (a) pay to LESSOR the first installment of Base Rent in accordance with Article 5.4.2;
- (b) provide LESSOR with a letter to the Aviation Authority in the form and substance of Exhibit D;
- (c) provide LESSOR with a draft opinion of counsel substantially in the form of Exhibit F, or such other form of opinion of counsel as agreed between LESSOR and LESSEE, that will be issued on the Delivery Date;
- (d) provide LESSOR with documents evidencing that all applicable customs requirements have been satisfied and that LESSEE has obtained any necessary licenses for the importation and ferrying of the Aircraft into Canada and that all applicable customs duties, import taxes, and sales taxes in respect of the Aircraft have been discharged by LESSEE (or arrangements satisfactory to LESSOR have been made for obtaining, complying, or paying for the same), such that at return of the Aircraft to LESSOR no additional fees, duties or taxes will be payable in order to export the Aircraft from the State of Registration
- (e) provide LESSOR with documents reasonably requested by LESSOR evidencing the issuance of each approval, license and consent which may be required in connection with the remittance to LESSOR of any amount payable under this Lease or any other Operative Document or the performance by LESSEE of any of its obligations hereunder or thereunder (including without limitation any exchange control approval);
- (f) provide LESSOR with a copy of such Aviation Documents as may be available prior to the Scheduled Delivery Date;
- (g) provide LESSOR with a power of attorney empowering LESSEE's representative, who may be an officer or employee of LESSEE, to accept the Aircraft on behalf of LESSEE;
- (h) provide LESSOR with an executed original of the Lease Termination Agreement in the form of Exhibit G;
- (i) provide LESSOR with an IDERA in the form of Exhibit H;
- (j) provide LESSOR with an executed copy of the Short Form Lease Agreement in the form of Exhibit O;
- (k) provide LESSOR with a letter from LESSEE to its maintenance providers, any applicable airports and its major lenders pursuant to which such Persons are

authorized to confirm to LESSOR, upon LESSOR's request from time to time, the status of LESSEE's payments to such Persons with respect to the Aircraft and its other aircraft;

- (l) provide LESSOR with evidence of acceptance of appointment by a Person acceptable to LESSOR to accept service of process on behalf of LESSEE and Guarantor in New York (as further described in Article 27 and the Guarantee);
- (m) provide LESSOR with a draft (or copy if previously approved by the Aviation Authority) of the Maintenance Program and evidence of application to the Aviation Authority for approval of the Maintenance Program;
- (n) provide LESSOR with a Notice and Acknowledgment in the form of Exhibit Q duly executed by LESSEE;
- (o) provide LESSOR with a Guarantee in substantially the form of Exhibit P duly executed by Guarantor; and
- (p) provide LESSOR with such other documents as LESSOR may reasonably request.

7.2 Delivery Requirements. On the Delivery Date, each of the following will occur:

7.2.1 LESSEE will execute and deliver to LESSOR an Acceptance Certificate in the form of Exhibit E covering the Aircraft and effective as of the Delivery Date.

7.2.2 LESSEE will deliver a certificate signed by an officer of LESSEE stating all of the following:

- (a) the representations and warranties contained in Article 20 are true and accurate on and as of the Delivery Date as though made on and as of such date (except to the extent that such representations and warranties relate solely to an earlier date); and
- (b) no Default or Event of Default has occurred and is continuing or will result from LESSEE's lease of the Aircraft hereunder.

7.2.3 LESSEE's counsel will deliver the signed original of the opinion of counsel described in Article 7.1.

7.2.4 If any Creditor Agreement provides or contemplates that such Creditor will obtain any right, title or interest in an Engine which is installed on such Creditor's aircraft, LESSEE will deliver to LESSOR an engines cooperation agreement in form and substance acceptable to LESSOR which is executed by LESSEE and LESSEE's Creditors (as defined therein).

7.2.5 To the extent there are any remaining available and assignable warranties in respect of the Airframe and Engines, LESSEE and LESSOR will execute assignments of Manufacturer and Engine Manufacturer rights in a form to be agreed to between LESSOR, LESSEE and the Manufacturer or Engine Manufacturer, as applicable.

7.2.6 LESSEE will execute and deliver to LESSOR a letter addressed to Eurocontrol in the form and substance of Exhibit I.

7.2.7 LESSEE will deliver to LESSOR a copy of such Aviation Documents as have not been previously delivered which are available.

7.2.8 LESSEE will take any steps requested by LESSOR to register, protect and perfect the respective interests of LESSOR and any other Relevant Party in the Aircraft and the Operative Documents in accordance with Article 14.2, and provide evidence of same to LESSOR.

7.2.9 LESSEE will provide LESSOR with a certified copy of the Maintenance Program demonstrating its applicability to the Aircraft and the approval thereof by the Aviation Authority.

7.2.10 LESSEE will cooperate with LESSOR to cause each International Interest constituted in the Aircraft (including in the Engines) by this Lease and the other Operative Documents to be registered on the International Registry in accordance with Article 14.3.

7.2.11 LESSEE will deliver the final certificate of insurance and broker's letter of undertaking as described in Article 7.1.2.

7.3 Post-Delivery Requirements.

7.3.1 Within [**REDACTED: Item 2**] after Delivery (or such other timeframe noted below), if not previously provided or accomplished, LESSEE will do each of the following:

- (a) procure registration of the Aircraft in the register of aircraft of the State of Registration showing Owner as the owner of the Aircraft and provide evidence of the same to LESSOR;
- (b) LESSEE will request the continuing certificate of registration in respect of the Aircraft, and prior to the first revenue service following Delivery will provide LESSOR with the continuing certificate of registration in respect of the Aircraft;
- (c) within [**REDACTED: Item 2**] after Delivery, provide LESSOR with a certified copy of the IDERA, duly endorsed by TCCA;
- (d) prior to the first revenue service following Delivery, provide LESSOR with a copy of the continuing certificate of airworthiness in respect of the Aircraft;

- (e) take any steps then requested by LESSOR to register, protect and perfect the respective interests of LESSOR and any other Relevant Party in the Aircraft and the Operative Documents in accordance with Article 14.2, and provide evidence of same to LESSOR;
- (f) provide LESSOR with copies of all Aviation Documents not previously delivered;
- (g) if the Aircraft could not be registered at Delivery, provide LESSOR with a follow up opinion of counsel advising that the Aircraft has been registered in the State of Registration and that all necessary and advisable filings have been made;
- (h) if not available or provided before Delivery (but in any event prior to the first revenue service following Delivery), LESSEE will provide LESSOR with a copy of the Maintenance Program demonstrating its applicability to the Aircraft and the approval thereof by the Aviation Authority and in any event prior to the first revenue flight of the Aircraft; and
- (i) provide LESSOR with satisfactory evidence that the Aircraft has been imported into Canada in accordance with applicable Law (including a certified copy of the Canada Customs B3 Form and all other necessary customs documents and evidence that any applicable import/customs duties have been paid).

ARTICLE 8 DISCLAIMERS AND WAIVERS

THE DISCLAIMERS, WAIVERS, AND CONFIRMATIONS SET FORTH IN THIS ARTICLE 8 WILL APPLY AT ALL TIMES FROM AND AFTER THE DELIVERY DATE. THUS, FROM AND AFTER THE TIME OF LESSEE'S ACCEPTANCE OF THE AIRCRAFT AND EXECUTION AND DELIVERY OF THE ESTOPPEL AND ACCEPTANCE CERTIFICATE, AS BETWEEN LESSOR AND EACH OTHER RELEVANT PARTY, ON THE ONE HAND, AND LESSEE, ON THE OTHER HAND:

8.1 "As Is, Where Is". LESSEE AGREES THAT IT IS LEASING THE AIRCRAFT AND THAT THE AIRCRAFT IS DELIVERED "AS IS, WHERE IS". LESSEE UNCONDITIONALLY ACKNOWLEDGES AND AGREES THAT NEITHER LESSOR NOR ANY OTHER RELEVANT PARTY NOR ANY OF THEIR RESPECTIVE OFFICERS, DIRECTORS, EMPLOYEES, AFFILIATES, AGENTS OR REPRESENTATIVES HAVE MADE OR WILL BE DEEMED TO HAVE MADE ANY TERM, CONDITION, REPRESENTATION, WARRANTY OR COVENANT EXPRESS OR IMPLIED (WHETHER STATUTORY OR OTHERWISE) AS TO, AND LESSEE HEREBY WAIVES ANY EXPRESS OR IMPLIED WARRANTY OR COVENANT (WHETHER STATUTORY OR OTHERWISE) AS TO (a) THE CAPACITY, AGE, AIRWORTHINESS, VALUE, QUALITY, DURABILITY, CONFORMITY TO THE PROVISIONS OF THIS LEASE AND THE OTHER OPERATIVE DOCUMENTS, DESCRIPTION, CONDITION (WHETHER OF THE AIRCRAFT, ANY ENGINE, ANY PART THEREOF OR THE AIRCRAFT DOCUMENTATION), DESIGN, WORKMANSHIP, MATERIALS, MANUFACTURE, CONSTRUCTION, OPERATION, STATE, MERCHANTABILITY, PERFORMANCE, FITNESS FOR ANY PARTICULAR USE OR PURPOSE (INCLUDING THE ABILITY TO OPERATE OR REGISTER THE AIRCRAFT OR USE THE AIRCRAFT DOCUMENTATION IN ANY OR ALL JURISDICTIONS), SUITABILITY OF THE AIRCRAFT OR ANY PART THEREOF OR THE ABSENCE OF LATENT OR OTHER DEFECTS, WHETHER OR NOT DISCOVERABLE, KNOWN OR UNKNOWN, APPARENT OR CONCEALED, EXTERIOR OR INTERIOR, (b) THE ABSENCE OF ANY INFRINGEMENT OF ANY PATENT, TRADEMARK, COPYRIGHT OR OTHER INTELLECTUAL PROPERTY RIGHTS, (c) ANY IMPLIED WARRANTY ARISING FROM COURSE OF PERFORMANCE, COURSE OF DEALING OR USAGE OF TRADE OR (d) ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO THE AIRCRAFT OR ANY PART THEREOF, ALL OF WHICH ARE HEREBY EXPRESSLY, UNCONDITIONALLY AND IRREVOCABLY EXCLUDED AND EXTINGUISHED.

8.2 Waiver of Warranty of Description. LESSEE HEREBY AGREES THAT ITS ACCEPTANCE OF THE AIRCRAFT AT DELIVERY AND ITS EXECUTION AND DELIVERY OF THE ESTOPPEL AND ACCEPTANCE CERTIFICATE CONSTITUTE LESSEE'S WAIVER OF ANY WARRANTY OF DESCRIPTION, EXPRESS OR IMPLIED, AND ANY CLAIMS LESSEE MAY HAVE AGAINST LESSOR OR ANY OTHER RELEVANT PARTY BASED UPON THE FAILURE OF THE AIRCRAFT TO CONFORM WITH SUCH DESCRIPTION. EVEN IF AT ANY TIME THE FAILURE OF THE AIRCRAFT

TO CONFORM TO SUCH DESCRIPTION SUBSTANTIALLY IMPAIRS THE VALUE AND UTILITY OF THE AIRCRAFT AND EITHER (i) LESSEE ACCEPTED THE AIRCRAFT BASED ON A REASONABLE ASSUMPTION THAT THE NONCONFORMITY WOULD BE CURED AND IT WAS NOT SEASONABLY CURED OR (ii) LESSEE ACCEPTED THE AIRCRAFT WITHOUT DISCOVERING THE NONCONFORMITY BUT LESSEE'S ACCEPTANCE OF THE AIRCRAFT WAS REASONABLY INDUCED EITHER BY THE ASSURANCES OF LESSOR OR ANY OTHER RELEVANT PARTY OR BY THE DIFFICULTY OF DISCOVERING ANY DEFECT PRIOR TO ACCEPTANCE, LESSEE AGREES NOT TO LOOK TO LESSOR OR ANY OTHER RELEVANT PARTY FOR DAMAGES OR RELIEF ARISING OUT OF THE FAILURE OF THE AIRCRAFT TO CONFORM TO SUCH DESCRIPTION.

8.3 **LESSEE Waiver and Disclaimer.** LESSEE HEREBY WAIVES, AS BETWEEN ITSELF, ON THE ONE HAND, AND LESSOR AND EACH OTHER RELEVANT PARTY, ON THE OTHER HAND, AND AGREES NOT TO SEEK TO ESTABLISH OR ENFORCE, ANY RIGHTS OR REMEDIES, EXPRESS OR IMPLIED (WHETHER STATUTORY, IN CONTRACT OR TORT OR UNDER ANY STRICT LIABILITY OR OTHER THEORY), AGAINST LESSOR OR ANY OTHER RELEVANT PARTY OR THE AIRCRAFT RELATING TO ANY OF THE MATTERS MENTIONED IN ARTICLES 8.1 OR 8.2 OR THE CONDITION OF THE AIRCRAFT, REGARDLESS OF THE NEGLIGENCE, WHETHER ACTIVE OR PASSIVE OR OF ANY OTHER TYPE, OF LESSOR OR ANY OTHER RELEVANT PARTY. LESSEE FURTHER AGREES THAT IT WILL NOT BE ENTITLED TO RECOVER, AND HEREBY DISCLAIMS AND WAIVES ANY RIGHT THAT IT MAY OTHERWISE HAVE TO RECOVER, REDUCED OR LOST PROFITS, REDUCED OR LOST REVENUE OR OTHER CONSEQUENTIAL, INCIDENTAL, SPECIAL, INDIRECT OR PUNITIVE DAMAGES AS A RESULT OF ANY BREACH OR ALLEGED BREACH BY LESSOR OF ANY OF THE AGREEMENTS, REPRESENTATIONS OR WARRANTIES CONTAINED IN THIS LEASE OR ANY OTHER OPERATIVE DOCUMENT.

8.4 **Conclusive Proof.** DELIVERY BY LESSEE TO LESSOR OF THE ESTOPPEL AND ACCEPTANCE CERTIFICATE WILL BE CONCLUSIVE PROOF AS BETWEEN LESSOR AND EACH OTHER RELEVANT PARTY, ON THE ONE HAND, AND LESSEE, ON THE OTHER HAND, THAT LESSEE'S TECHNICAL EXPERTS HAVE EXAMINED AND INVESTIGATED THE AIRCRAFT AND ENGINES AND (a) EACH IS AIRWORTHY AND IN GOOD WORKING ORDER AND REPAIR AND (b) THE AIRCRAFT AND ENGINES AND THE AIRCRAFT DOCUMENTATION ARE WITHOUT DEFECT (WHETHER OR NOT DISCOVERABLE AT DELIVERY) AND IN EVERY WAY SATISFACTORY TO LESSEE AND IN SUITABLE CONDITION FOR DELIVERY TO AND ACCEPTANCE BY LESSEE.

8.5 **No Liability to Repair or Replace.** Neither LESSOR nor any other Relevant Party will be liable for any expense in repairing or replacing any item of the Aircraft or be liable to supply another aircraft or any item in lieu of the Aircraft or any Part thereof if the same is lost, confiscated, damaged, destroyed or otherwise rendered unfit for use.

8.6 **No Waiver.** Nothing in this Article 8 or elsewhere in this Lease will be deemed to be a waiver by LESSEE of any rights it may have against Manufacturer, Engine Manufacturer or any supplier or manufacturer of a Part.

8.7 **Consideration for Disclaimers and Waivers.** LESSEE's waiver of warranties and acceptance of the disclaimers set forth in this Lease are made in consideration of (a) LESSEE's rights hereunder to inspect the Aircraft, (b) LESSOR's assignment to LESSEE of any existing and assignable warranties of Manufacturer and Engine Manufacturer and (c) the amount of Rent and other payments set forth in this Lease.

ARTICLE 9 MANUFACTURERS' AND VENDORS' WARRANTIES

9.1 Warranties. As set forth in Article 7.2.5, at Delivery LESSOR will assign or otherwise make available (or will cause Owner to assign or otherwise make available) to LESSEE for the duration of the Lease Term the benefit of all available assignable warranties and indemnities given to LESSOR or Owner by Manufacturer and Engine Manufacturer relating to the Aircraft, if any. Effective on the Delivery Date, all other assignable vendor warranties with respect to the Aircraft are hereby assigned by LESSOR to LESSEE. LESSEE will diligently and promptly pursue any valid claims it may have against Manufacturer, Engine Manufacturer and other vendors and repairers under such warranties with respect to the Aircraft and will promptly provide LESSOR with written notice of any warranty claim with a value greater than **[REDACTED: Item 2]**. LESSEE will not do or permit anything to be done or omit to do anything that would or would be likely to prejudice any material right that LESSOR, Owner or any Finance Party may have against Manufacturer, Engine Manufacturer or the manufacturer of any Part or repairer under any agreement in respect of the Aircraft or any Part thereof.

9.2 Warranties for Work Performed During Lease Term. At the time LESSEE has work performed on the Aircraft, an Engine or any Part during the Lease Term, LESSEE will obtain the written agreement of Manufacturer, Engine Manufacturer and any other vendor or repair facility performing major repair or overhaul work that the warranties received by LESSEE for such work are assignable to and extend to the benefit of Owner and any future owner and any subsequent operator of the Aircraft or Engine after the Termination Date.

9.3 Reassignment. On the Termination Date, the benefit of any warranty assigned by LESSOR to LESSEE pursuant to Articles 7.2.5 and 9.1 will be reassigned automatically to Owner. At LESSOR's election, LESSEE's rights under such warranties (including LESSEE's claims and rights to payment thereunder) will revert to LESSOR or Owner during any period in which an Event of Default is continuing (and during the continuation of such Event of Default LESSOR may recover from LESSEE any portion of the proceeds of any claim previously paid to LESSEE to the extent that such claim relates to any defect in the Aircraft not fully and completely rectified by LESSEE). Similarly, any additional warranties received by LESSEE from Manufacturer, Engine Manufacturer and any other vendor or repair facility for work performed on the Aircraft, Engine or any Part during the Lease Term will be automatically assigned by LESSEE to Owner on the Termination Date. LESSEE at its own cost and expense will do all such things and execute such documents as may be required for these purposes, including providing assistance to LESSOR and Owner following the Termination Date in seeking and obtaining the benefits of such reassigned warranties to the extent that LESSOR and Owner are unable to directly invoke and obtain the benefit thereof (it being agreed that such obligation of LESSEE will survive the Termination Date).

ARTICLE 10 OPERATION OF AIRCRAFT

10.1 Costs of Operation. LESSEE will promptly pay and discharge all costs incurred in connection with or related to any Aircraft Activity during the Lease Term and until the Termination Date, including the costs of flight crews, cabin personnel, fuel, oil, lubricants, maintenance, insurance, storage, landing and navigation fees, airport charges, customs duties, passenger service charges and any and all other expenses of any kind or nature, directly or indirectly, in connection with or related to any Aircraft Activity. The obligations of LESSEE under this Article 10.1 will survive the Termination Date and continue in full force and effect, notwithstanding any breach by LESSOR or LESSEE of the terms of this Lease, the expiration or termination of this Lease, the termination of the leasing of the Aircraft to LESSEE under this Lease or the repudiation by LESSOR or LESSEE of this Lease.

10.2 Compliance with Laws. LESSEE will throughout the Lease Term and until the Termination Date maintain operational control of the Aircraft (except in the case of a sublease entered into in accordance with this Lease or any other Operative Document, in which case the applicable sublessee will maintain operational control of the Aircraft at all times during the term of the applicable sublease) and use (or cause any applicable sublessee to use) the Aircraft in accordance with the applicable Laws of the State of Registration and of any country, state, territory or municipality into or over which LESSEE (or any applicable sublessee) may operate. LESSEE will not operate, use or employ the Aircraft or allow, suffer or cause the Aircraft to be operated, used or employed (a) in any manner which is, or would cause LESSEE, LESSOR, Owner or Beneficial Owner to be, in violation of any Law applicable to LESSEE, LESSOR, Owner, Beneficial Owner or the Aircraft or (b) in any manner which may render the Aircraft liable to condemnation, destruction, seizure, detention or confiscation by any Government Entity. LESSEE will not permit the Aircraft to be exported or operated in any manner to or in (x) any Prohibited Country or (y) any other country if so doing would cause LESSEE, LESSOR, Owner or Beneficial Owner to be in violation of any Law applicable to any of them or to the Aircraft.

10.3 Training. LESSEE will not use the Aircraft for testing or for training of flight crew members other than LESSEE crew members and will not use the Aircraft for training any more than it utilizes for training the other aircraft in its fleet.

10.4 No Violation of Insurance Policies. LESSEE will not use or permit the Aircraft to be used in any manner or for any purpose which is not covered by the insurance policies LESSEE is required to carry and maintain as set forth in this Lease. LESSEE will not carry any goods of any description excepted or exempted from such policies or do any other act or permit to be done anything which could reasonably be expected to invalidate or limit any such insurance policies.

10.5 Flight, Airport and ETS Charges.

10.5.1 LESSEE will pay promptly when due all airport or en route navigation charges (including NAV Canada and Eurocontrol charges), navigation service charges, landing fees

and all other charges payable by LESSEE for the use of or for services provided at any airport, whether in respect of the Aircraft or any other aircraft of LESSEE.

10.5.2 Except to the extent prohibited by the Aviation Authority or by any Law under which LESSEE is bound, LESSEE will (a) comply, and procure that any approved sublessee or wet lessee complies, with all laws relating to aircraft emissions promulgated at any time and from time to time by any Government Entity of any jurisdiction which is not a member state of the European Union, applicable to any of them or the Aircraft (including, without limitation, all EU ETS Laws) and, promptly on request from LESSOR, supply to LESSOR evidence reasonably satisfactory to LESSOR of such compliance, (b) ensure that LESSEE or any approved sublessee or wet lessee be deemed the "aircraft operator" in respect of the Aircraft for purposes of the EU ETS Laws, and (c) identify Owner as the "aircraft owner" in respect of the Aircraft to any EU ETS Authority whenever necessary or advisable under the EU ETS Laws or whenever LESSOR may request.

10.5.3 If requested by LESSOR, LESSEE will provide LESSOR with a list of the airports to which LESSEE regularly operates the Aircraft or its other aircraft. LESSEE hereby authorizes NAV Canada, Eurocontrol or any other aviation authority or airport or creditor claiming rights in respect of the Aircraft to confirm to LESSOR or any Servicer the status of LESSEE's payments to such creditor in respect of the Aircraft and LESSEE's other aircraft, as and when requested by LESSOR or such Servicer.

10.6 **Habitual Base.** LESSEE will ensure that the Aircraft is habitually based in the Habitual Base.

ARTICLE 11 SUBLEASES

11.1 No Sublease without LESSOR Consent. LESSEE WILL NOT SUBLEASE OR PART WITH POSSESSION OF THE AIRCRAFT (EXCEPT FOR MAINTENANCE AND REPAIR) AT ANY TIME WITHOUT THE PRIOR WRITTEN CONSENT OF LESSOR (THE GRANTING OF WHICH BEING AT LESSOR'S SOLE DISCRETION) AND IN ACCORDANCE WITH SUCH REQUIREMENTS AS MAY FROM TIME TO TIME BE AGREED IN WRITING BETWEEN LESSOR AND LESSEE. NO SUBLEASING OF AN ENGINE WILL BE PERMITTED. SUBLEASING TO A PROHIBITED PERSON IS NOT PERMITTED.

11.2 LESSOR Costs. LESSEE will indemnify each of LESSOR, each Servicer, Owner and each Finance Party on demand for all out-of-pocket expenses (including legal fees) incurred in connection with the assessment by each such party of any subleasing proposal (whether or not LESSOR's consent to the applicable sublease is ultimately given) and implementation of any sublease.

11.3 Any Approved Sublease. Any sublease approved by LESSOR will be for a term no greater than the remaining Lease Term. The applicable sublease agreement will contain provisions consistent with this Lease protecting the respective interests of LESSOR, Owner and each other Relevant Party in the Aircraft and the Operative Documents, providing appropriate disclaimers and indemnities in favor of LESSOR, Owner and the other Relevant Parties, regarding the maintenance and repair standards for the Aircraft and concerning the insurances which will be carried by the sublessee and the circumstances which constitute a Total Loss of the Aircraft. Any such sublease will be expressly subject and subordinate to this Lease, the other Operative Documents, the Finance Documents and the respective rights, title and interests of the Relevant Parties in the Aircraft and the Operative Documents. LESSOR will have an opportunity to review the proposed sublease agreement in advance in order to determine that it meets the requirements of this Article 11.3. LESSOR may in its sole discretion require that LESSEE provide to each Relevant Party an opinion of counsel from the jurisdiction(s) in which the proposed sublessee is located and the Aircraft is to be registered under the proposed sublease, in form and substance satisfactory to LESSOR, including opinions to the effect that the rights of the Relevant Parties in and to the Aircraft, the Operative Documents and the Finance Documents will be protected and otherwise unaffected by the entry into and performance of the proposed sublease or any consequent change in the State of Registration (if approved by LESSOR) and that such proposed sublease will not prejudice LESSOR's rights to repossess the Aircraft upon the occurrence of an Event of Default or a default under such sublease. LESSEE may not amend the terms of any approved sublease agreement without the prior written consent of LESSOR. LESSEE will carry the contingent insurances described in Article 18.10 for the term of an approved sublease.

11.4 Assignment of Sublease. Any approved sublease will be assigned to LESSOR or a Finance Party (as designated in writing to LESSEE by LESSOR) as security pursuant to a security assignment agreement in a form satisfactory to LESSOR. LESSEE will deliver the

original counterpart of the sublease to LESSOR and make any filings necessary to protect the respective Security Interests of LESSOR and any applicable Finance Party.

11.5 **Application of Cape Town Convention.** If a sublease constitutes an International Interest in the Aircraft or any of the Engines, LESSEE will cause all International Interests constituted by such sublease to be registered on the International Registry (with such duration as LESSOR specifies), and will assign all such International Interests to LESSOR and transfer the right to discharge all such International Interests to LESSOR. In addition, LESSEE will obtain in favor of LESSOR an IDERA from the approved sublessee in the form of Exhibit H.

11.6 **Wet Leases.** The wet leasing of the Aircraft during the Lease Term (whereby the Aircraft will at all times be subject to the full operational control of LESSEE) will be permitted without LESSOR's consent, provided that (a) the Aircraft remains registered in the State of Registration, (b) the Aircraft not be wet leased to a Prohibited Person or wet leased for operations to, from or within a Prohibited Country, (c) LESSEE provides LESSOR with an officer's certificate from LESSEE confirming that the wetlease agreement complies with the requirements of this Article 11.6, (d) LESSEE complies with Article 18.11 and (e) the wet lease will be for a term no greater than six months and, in any event, no greater than the remaining Lease Term.

11.7 **Continued Responsibility of LESSEE.** LESSEE will continue to be responsible for performance of its obligations under this Lease and the other Operative Documents during any period of sublease or wet lease.

ARTICLE 12 MAINTENANCE OF AIRCRAFT

[REDACTED: Item 2]

ARTICLE 13 MAINTENANCE CONTRIBUTIONS

[REDACTED: Item 2]

ARTICLE 14 TITLE AND REGISTRATION

14.1 Title to the Aircraft. Legal title to the Aircraft will remain vested in Owner subject to the Finance Documents and this Lease and any assignments or transfers carried out in accordance with Article 24. LESSEE will have no right, title or interest in the Aircraft except for the right to lease the Aircraft pursuant to this Lease. LESSEE will not hold itself out as owner of the Aircraft and will, on all occasions when the ownership of the Aircraft or any part thereof is relevant, inform all applicable Persons that Owner holds title thereto (subject to the Finance Documents, if applicable).

14.2 Registration of Aircraft. Throughout the Lease Term LESSEE will, at its sole cost and expense, (i) register and maintain or procure the registration of the Aircraft by filing the Short Form Lease (and any amendments thereto) at the register of aircraft maintained by the Aviation Authority and (ii) from time to time take all other steps then required by Law or by practice, custom or understanding or as LESSOR may request to protect, preserve, maintain and perfect to the fullest extent possible in accordance with applicable Law the rights, title and interests of the Relevant Parties in and to the Aircraft and the Operative Documents (including under the Finance Documents, if applicable) in the State of Registration, the jurisdiction of LESSEE's formation or in any other jurisdiction in or over which the Aircraft may be operated at any time. LESSEE will provide LESSOR with evidence of such registrations as soon as available. LESSEE will ensure that the original certificate of registration for the Aircraft is kept on the Aircraft or, where it is permitted to be removed, in safe custody. LESSEE will not take any action without the prior written consent of LESSOR or omit to take any action that may discharge, deregister or adversely affect the registration of the Aircraft pursuant to this Article 14 or otherwise prejudice the rights, title and interest of the Relevant Parties in and to the Aircraft and/or the Operative Documents (including under the Finance Documents, if applicable). In the event of any conflict between the terms of the Short Form Lease and this Lease, this Lease will prevail.

14.3 Cape Town Convention. LESSEE will cooperate with LESSOR in taking such actions as the Cape Town Convention may require and entitle LESSEE to take so that every International Interest constituted by or pursuant to this Lease with respect to the Aircraft and each Engine will be registered on the International Registry at the time of Delivery. At LESSOR's request from time to time, LESSEE will cooperate with LESSOR in (a) taking such actions as the Cape Town Convention may require and entitle the LESSEE to take so that any (i) International Interest (and any assignment, acquisition, and/or subordination thereof) constituted by or pursuant to this Lease in the Aircraft and/or any Engine, and any International Interest constituted by any amendment, extension and/or assignment or novation of this Lease, may be registered on the International Registry (and any such registration may be amended, extended or discharged), and (ii) CT Sale effected pursuant to the Lease with respect to an Engine may be registered on the International Registry, and (b) obtaining all approvals from and pay all fees to the International Registry as may be required to duly and timely perform LESSEE's obligations under this Lease to register on the International Registry any International Interest (and any assignment, acquisition, subordination, amendment, extension or discharge thereof) and any CT Sale.

14.4 **No Other Registration at International Registry.** Unless LESSOR has requested LESSEE to make or consent to a registration at the International Registry, LESSEE will not consent to or permit any Person other than a Relevant Party to make any registration at the International Registry (including prospective registrations) under the Cape Town Convention in relation to this Lease, the other Operative Documents or the Aircraft (including the Engines). If registered on the International Registry, LESSEE will immediately cause the International Registry to discharge the registration of any International Interest, Prospective International Interest, Prospective Sale or Non-consensual Right or Interest in respect of the Aircraft and/or any Engine other than the registration of an interest that constitutes a Permitted Lien.

14.5 **Filing of this Lease.** To the extent permitted by Law and in accordance with the requirements of the Law from time to time, LESSEE at its sole cost and expense will cause this Lease to be kept, filed, recorded and refiled or rerecorded in the State of Registration and in any other offices necessary to protect LESSOR's rights hereunder. Without limiting the generality of the forgoing, LESSEE will, at its sole cost and expense procure that this Lease, any notice thereof or any financing statement, as applicable, is registered, filed, re-registered or re-filed with the relevant authorities in the jurisdiction or jurisdictions in which LESSEE's PPSA Location and FAA Location are located. LESSEE will procure the renewal of all registrations and filings and take all such other steps as may be necessary to continue to maintain the perfection, preservation, protection and priority of LESSOR's interest in the Aircraft during the Lease Term in those jurisdictions in which this Lease (or any notice or financing statement) is required to be registered or filed pursuant hereto. LESSEE will discharge its obligations to procure any such registration, filing or renewal by requesting that counsel to LESSOR, as notified by LESSOR to LESSEE for a particular transaction, prepare and make such registration, filing or renewal, the form of which to be reasonably acceptable to LESSEE and notwithstanding any other provisions hereof, to be made at the sole cost and expense of LESSEE.

14.6 **Evidence of Registration and Filings.** As LESSOR may reasonably request from time to time, LESSEE will furnish to LESSOR such evidence reasonably satisfactory to LESSOR of the registrations and filings required hereunder, and if reasonably required, an opinion of counsel.

ARTICLE 15 IDENTIFICATION PLATES

LESSOR will affix and LESSEE will at all times maintain on the Airframe and each Engine the identification plates containing the following legends or any other legend requested by LESSOR in writing from time to time:

15.1 Airframe Identification Plates.

Location: One to be affixed to the Aircraft structure above the forward entry door adjacent to and not less prominent than that of Manufacturer's data plate and another prominent place on the flight deck.

Size: No smaller than 10 cm x 7 cm

Legend: "THIS AIRCRAFT WITH MANUFACTURER'S SERIAL NUMBER 2594 IS OWNED BY MENELAUS I LIMITED WHOSE ADDRESS IS AT 4450 ATLANTIC AVE., WESTPARK, SHANNON, CO. CLARE, IRELAND AND IS MORTGAGED TO CITIBANK N.A., AS COLLATERAL AGENT"

15.2 Engine Identification Plates.

Location: The legend on the plate must be no less prominent than Engine Manufacturer's data plate and must be visible.

Size: No smaller than 10 cm x 7cm.

Legend: "THIS ENGINE IS OWNED BY MENELAUS I LIMITED WHOSE ADDRESS IS AT 4450 ATLANTIC AVE., WESTPARK, SHANNON, CO. CLARE, IRELAND AND IS MORTGAGED TO CITIBANK N.A., AS COLLATERAL AGENT."

15.3 Maintenance of Plates.

15.3.1 LESSEE will at all times maintain such plates in good repair, clearly visible and free of obstructions and will cause the plates to be promptly fitted to any replacement Engine.

15.3.2 If LESSOR from time to time notifies LESSEE that the Aircraft will be subject to a Security Interest pursuant to any Finance Document, LESSOR will provide, at LESSOR's cost, and LESSEE will within 30 days affix replacement identification plates complying with

the requirements of this Article 15 and including respective legends as follows: "THIS AIRCRAFT / ENGINE WITH MANUFACTURER'S SERIAL NUMBER [...] IS OWNED BY [...] [OWNER'S ADDRESS] AND SUBJECT TO A SECURITY INTEREST IN FAVOR OF [...]"

ARTICLE 16 TAXES

[REDACTED: Item 2]

ARTICLE 17 INDEMNITIES

17.1 General Indemnity. Except as set forth in Article 17.2, LESSEE agrees to indemnify and hold harmless each of LESSOR, the other Relevant Parties, the respective successors, assigns, transferees, subrogees, shareholders, partners, Affiliates, agents, representatives and subcontractors (so long as such subcontractors are not providers or maintenance or repair services) of LESSOR and each other Relevant Party and the officers, directors and employees of each of the foregoing Persons (individually an "**Indemnitee**" and collectively "**Indemnitees**") from and against any and all liabilities, obligations, losses, damages, fines (whether criminal or civil), penalties, claims, demands, actions, suits, proceedings, judgments, orders, or other sanctions, payments, charges, fees, costs, disbursements and expenses (including legal fees and expenses) of every kind and nature (collectively "**Expenses**") which are imposed on, incurred by or asserted against any Indemnitee or the Aircraft by any Person other than LESSEE and which are in any way relating to, based on or arising out of any of the following:

17.1.1 the death or injury to any observer, representative or employee of LESSEE in connection with any demonstration flight or inspection of the Aircraft by LESSEE prior to the Lease Term;

17.1.2 any Aircraft Activity (whether by LESSEE, any sublessee or any other Person) during the Lease Term and until the Termination Date (including the acceptance flights at return), whether or not the same is in compliance with the terms of this Lease, including without limitation claims for death, personal injury, property damage, other loss or harm to any Person and claims relating to any Laws, including without limitation environmental control, noise and pollution laws, rules or regulations;

17.1.3 fuel, airport or en route navigation charges (including NAV Canada and Eurocontrol charges), navigation service charges, landing fees and all charges payable for the use of or for services provided at any airport, whether in respect of the Aircraft or any other aircraft of LESSEE, during the Lease Term and until the Termination Date;

17.1.4 the prevention or attempt to prevent the arrest, confiscation, seizure, taking in execution, impounding, forfeiture or detention of the Aircraft, or in securing the release of the Aircraft; or

17.1.5 as a consequence of any Default or Event of Default by LESSEE.

The foregoing indemnity by LESSEE is intended to include and cover any Expense to which an Indemnitee may be subject (in contract, tort, strict liability or under any other theory) regardless of the negligence, active or passive or any other type, of such Indemnitee, so long as such Expense does not fall within any of the exceptions listed in Article 17.2.

17.2 Exceptions to General Indemnities. The indemnity provided for in Article 17.1 will not extend to Expenses of any Indemnitee to the extent resulting from or arising out of any of the following:

17.2.1 Expenses which are caused by, and which would not have been incurred but for, the Gross Negligence or willful misconduct of such Indemnitee;

17.2.2 Expenses which LESSEE and LESSOR mutually agree or, absent mutual agreement, are judicially determined to be attributable to acts or events which occur after the Termination Date and return of the Aircraft to LESSOR in the condition required hereunder, but in any such case only to the extent not attributable to acts or omissions of LESSEE;

17.2.3 without prejudice to Article 17.3, Expenses that are Taxes;

17.2.4 Expenses due to the breach by LESSOR of its covenant of quiet enjoyment pursuant to Article 21.2 (except to the extent covered by the insurances LESSEE is required to carry pursuant to Article 18 or other LESSEE insurances); or

17.2.5 Expenses that arise solely as a direct result of a LESSOR's Lien and which do not arise as a result of any Aircraft Activity.

17.3 **[REDACTED: Item 2]**

17.4 **Timing of Payment.** It is the intent of the parties that each Indemnitee will have the right to indemnification for Expenses hereunder as soon as a claim is made and as soon as an Expense is incurred, whether or not such claim is meritorious and whether or not liability is established (but subject to Article 17.8). LESSEE will pay an Indemnitee for Expenses pursuant to this Article 17 within 10 days after receipt of a written demand therefor from such Indemnitee accompanied by a written statement describing in reasonable detail the basis for such indemnity.

17.5 **Subrogation.** Upon the payment in full of any indemnity pursuant to this Article 17 by LESSEE, provided no Default or Event of Default has occurred and is continuing, LESSEE will be subrogated to any right of the Indemnitee in respect of the matter against which such indemnity has been made (except there will be no subrogation with respect to such Indemnitee's insurance policies or its insurers).

17.6 **Notice.** Each Indemnitee and LESSEE will give prompt written notice one to the other of any liability of which such party has knowledge for which LESSEE is, or may be, liable under Article 17.1; provided, however, that failure to give such notice will not terminate any of the rights of Indemnitees under this Article 17 except to the extent that LESSEE has been materially prejudiced by the failure to provide such notice.

17.7 **Refunds.** If any Indemnitee obtains a recovery of all or any part of any amount which LESSEE has paid to such Indemnitee, such Indemnitee will pay to LESSEE the net amount recovered by such Indemnitee.

17.8 **Defense of Claims.** Unless a Default or Event of Default has occurred and is continuing, LESSEE and its insurers will have the right (in each such case at LESSEE's sole expense) to investigate or defend any claim covered by insurance for which indemnification is sought pursuant to Article 17.1 and each Indemnitee will cooperate with LESSEE or its insurers

(to the extent it is reasonable for the Indemnitee to do so) with respect thereto; provided that LESSEE will not and will not permit its insurers to compromise or settle any claim that may result in any admission of culpability on the part of any Indemnitee or otherwise subject any Indemnitee to any material civil or any criminal penalty and provided further that no Indemnitee will be prevented from settling or paying any claim immediately if required by Law to do so or to prevent material prejudice to an Indemnitee if, in such Indemnitee's reasonable judgment, any act, delay or omission of LESSEE indicates that the interests of such Indemnitee may be adversely affected or prejudiced by LESSEE's continued defense of such claim. If LESSEE or its insurers are retaining attorneys to handle such claim, such counsel must be reasonably satisfactory to the Indemnitees.

17.9 **No Double Recovery.** Without limiting LESSOR's right to pursue payment from LESSEE for a particular Expense under both this Article 17 and Article 25.6, LESSOR will not be entitled to actually receive payment from LESSEE for the same Expense twice.

17.10 **Survival of Obligation.** The representations, warranties, indemnities and agreements of LESSEE provided for in this Article 17 will survive the Termination Date and continue in full force and effect notwithstanding any breach by LESSOR or LESSEE of the terms of this Lease, the expiration or termination of this Lease, the termination of the leasing of the Aircraft to LESSEE under this Lease or the cancellation or repudiation by LESSOR or LESSEE of this Lease.

17.11 **Benefit.** This Article 17 is expressly intended for the benefit of, and is enforceable by, each Indemnitee.

ARTICLE 18 INSURANCE

18.1 Insurances. Throughout the Lease Term and as required by Article 18.12 below LESSEE will, at its own expense, effect and maintain in full force and effect the insurance and, where required by LESSOR, reinsurance, and the broker's letter of undertaking described in this Article 18 and in Exhibit C (the "**Insurances**") through brokers and with insurers of recognized international standing in London or New York or such other insurance markets as may be approved by LESSOR and who normally participate in aviation insurances in the leading international insurance markets and led by internationally recognized and reputable underwriters. LESSOR may require LESSEE to amend the Insurances from time to time so that the scope and level of cover are maintained in order that the interests of LESSOR, Owner and the other Indemnitees, in LESSOR's sole opinion, are prudently protected. The certificates of insurance and the broker's letter of undertaking provided to LESSOR in connection with this Lease must be in English.

18.2 Date Recognition. In case a date recognition exclusion clause AVN 2000A or equivalent clause acceptable to insurers is contained or introduced into insurance coverage of LESSEE with respect to the Aircraft or otherwise, LESSEE must fulfill all requirements to enable insurers to write back the insurance cover in accordance with the date recognition limited coverage clause AVN 2001A (with respect to Hull and Aircraft Liability coverage) and AVN 2002A (with respect to non-Aircraft liability) or any equivalent clause with the same effect.

18.3 Renewal. Not less than five Business Days before the expiration or termination date of any Insurances, LESSEE will upon request procure that its brokers confirm in writing to LESSOR that the Insurances have been renewed. Within [**REDACTED: Item 2**] after the renewal date, LESSEE will furnish to LESSOR or, at its request, to LESSOR's insurance brokers, the renewal certificates of insurance (and reinsurance if applicable) and the broker's letter of undertaking.

18.4 Third Party War Liability Insurance. LESSEE will carry third party war liability insurance in an amount at least equal to the Minimum Liability Coverage (and will provide LESSOR with evidence of such coverage).

18.5 Installation of Third Party Engine. If LESSEE installs an engine not owned by LESSOR on the Aircraft, either (a) LESSEE's hull insurance on the Aircraft will automatically increase to such higher amount as is necessary in order to satisfy both LESSOR's requirement to receive the Agreed Value in the event of a Total Loss and the amount required by the third party engine owner (and if the policy has a "maximum agreed value any one aircraft" provision or clause, LESSEE will immediately cause any such limit to be increased to fully cover the aggregate of the required agreed value for the third party-owned engine and the Agreed Value for the Aircraft) or (b) separate additional insurance on such engine will attach in order to satisfy separately the requirements of the LESSEE to such third party engine owner.

18.6 Deductibles. If there is a material adverse change in the financial condition of LESSEE which LESSOR reasonably believes will cause LESSEE to be unable to pay the then current deductible upon the occurrence of a partial loss of the Aircraft or an Engine, then LESSOR

may require LESSEE at LESSEE's expense to lower such deductible to a level which is available on commercially reasonable terms in the insurance market.

18.7 **Assignment of Rights by LESSOR.** If LESSOR assigns all or any of its rights under this Lease or otherwise disposes of its rights, title or interest in the Aircraft to any Person as permitted by this Lease, LESSEE will, upon request, procure that such Person hereunder be added as a loss payee and/or an additional insured in the policies effected hereunder and enjoy the same rights and insurance enjoyed by LESSOR under such policies. LESSOR will nevertheless continue to be covered by such policies.

18.8 **Insurance Covenants.**

LESSEE will:

- (i) ensure that all requirements as to insurance of the Aircraft, any Engine or any Part which may from time to time be imposed by the Laws of the State of Registration, the jurisdiction of organization of LESSEE or any state to, from or over which the Aircraft may be flown, in so far as they affect or concern Aircraft Activity, are complied with;
- (ii) comply with the terms and conditions of each policy of the Insurances and not do, consent or agree to any act or omission which:
 - (a) invalidates or may invalidate the Insurances;
 - (b) renders or may render void or voidable the whole or any part of any of the Insurances; and/or
 - (c) brings any particular insured liability within the scope of an exclusion or exception to the Insurances;
- (iii) not make any modification or alteration to the Insurances adverse to the interests of any of the Indemnitees and notify LESSOR promptly of any modification or alteration;
- (iv) be solely responsible for any deductible under the Insurances;
- (v) provide any other information and assistance in respect of the Insurances that LESSOR may from time to time reasonably require, including, but not limited to, information as to any claim being made or threatened to be made, information as to the payment of premium and evidence as LESSOR may require as to LESSEE's compliance with its obligations under this Article 18;
- (vi) not create any Security Interests over the Insurances other than in favor of LESSOR; and

(vii) not take out insurances with respect to the Aircraft or any Engine other than as required under this Lease where such insurance will or may prejudice the Insurances or recovery hereunder (such as insuring the Aircraft for a value higher than the Agreed Value) provided that LESSEE may carry hull all risks and hull war and allied perils cover on the Aircraft in excess of the Agreed Value (which is payable to LESSOR) only to the extent that such excess insurance (which is payable to the LESSEE) does not exceed 10% of the Agreed Value and only to the extent that such excess insurance will not prejudice the insurance required herein or recovery by the LESSOR thereunder.

18.9 Failure to Insure

18.9.1 If at any time any of the Insurances ceases to be in full force and effect, LESSEE will:

- (i) forthwith ground or cause to be grounded the Aircraft and keep the Aircraft grounded until such time as all Insurances are in full force and effect again; and
- (ii) immediately notify LESSOR of such circumstance and provide LESSOR with full details of any steps which LESSEE is taking or proposes to take, in order to remedy such non-compliance.

18.9.2 If at any time any of the Insurances ceases to be in full force and effect, each of the Indemnitees will be entitled (but not bound), without prejudice to any rights of LESSOR or any other Indemnitee under this Lease:

- (i) to pay the premiums due or to effect and maintain insurances satisfactory to it or otherwise remedy LESSEE's failure in such manner, including to effect and maintain an "owner's interest" policy, as it considers appropriate. Any sums so expended by LESSOR and/or such Indemnitee will become immediately due and payable by LESSEE to LESSOR or, as applicable, the relevant Indemnitee, together with Default Interest thereon, from the date of expenditure by LESSOR or the relevant Indemnitee up to the date of reimbursement by LESSEE; and
- (ii) at any time while such failure is continuing, to require the Aircraft to remain at an airport or to proceed to and remain at an airport designated by LESSOR until the Insurances are in full force and effect.

18.10 Insurances for Subleases. LESSEE will at all times carry the types of insurance and amounts of insurance (including deductibles) described in Exhibit C on a contingent basis during the term of any sublease of the Aircraft pursuant to Article 11. Prior to commencement of the sublease, LESSOR will receive certificates of insurance evidencing both the sublessee's coverages and the LESSEE's contingent coverages.

18.11 Insurance for Wet Lease Operations. In the event LESSEE is performing wet lease operations with the Aircraft pursuant to Article 11.6, the requirements of Article 18 and Exhibit C will continue to apply and LESSEE, and not the wetlessee, will at all times carry the passenger, baggage and cargo liability insurances for such flights.

18.12 Continuation of Insurances. LESSEE will maintain (at no cost to LESSOR) insurance after the Termination Date with respect to its liability under the indemnities in Article 17 (including general third party liability, products liability insurance and war risks liability insurance as described in, and in full compliance with each of the requirements of, Exhibit C) for such period as LESSOR may reasonably require (but in any event for not more than two years), and such insurance will provide for each Indemnatee to be named as additional insured. LESSEE's obligation under this Article 18.12 will not be affected by LESSEE ceasing to be lessee of the Aircraft or any Indemnitees ceasing to have any interest in respect of the Aircraft.

18.13 Application of Insurance Proceeds for Third Party Liability. As between LESSOR and LESSEE, all insurance proceeds in respect of third party liability will, except to the extent paid by the insurers to the relevant third party, be paid in satisfaction of the relevant liability or to LESSOR or any other Indemnatee in reimbursement of any payment so made by LESSOR or such Indemnatee in respect of such liability.

ARTICLE 19 LOSS, DAMAGE AND REQUISITION

Throughout the Lease Term and until the Termination Date, LESSEE will bear all risk of loss, theft, damage and destruction to the Aircraft.

19.1 Definitions. In this Article 19 and this Lease:

"**Net Total Loss Proceeds**" means the Total Loss Proceeds actually received by LESSOR (and/or any other Relevant Party, to the extent required by Article 18 and Exhibit C) following a Total Loss, less any legal and other out-of-pocket expenses, taxes or duties incurred by each of LESSOR and any such other Relevant Party in connection with the collection of such proceeds.

"**Total Loss**" means any of the following in relation to the Aircraft, Airframe, any Engine or the APU and "**Total Loss Date**" means the date set forth in parentheses after each Total Loss:

- (a) destruction, damage beyond repair or being rendered permanently unfit for normal use for any reason (the date such event occurs or, if not known, the date on which the Aircraft, Airframe, Engine or APU was last heard of);
- (b) actual, constructive, compromised, arranged or agreed total loss (the earlier of the date on which the loss is agreed or compromised by the insurers or 30 days after the date of notice to LESSEE's brokers or insurers claiming such total loss);
- (c) requisition of title, confiscation, forfeiture or any compulsory acquisition or other similar event (the date on which the same takes effect);
- (d) sequestration, detention, seizure or any similar event for more than 60 consecutive days (the earlier of the date on which insurers make payment on the basis of a total loss or the date of expiration of such period);
- (e) requisition for use for more than **[REDACTED: Item 2]**, except as set forth in Article 19.9 (the earlier of the date on which the insurers make payment on the basis of a total loss or the date of expiration of such period);
- (f) in the case of an Engine, the event described in Article 12.8.3 (the date on which the same takes effect);
- (g) any sale of the Aircraft in connection with NAV Canada, Eurocontrol or other navigation or airport charges (the date on which the sale occurs);
- (h) any sale of the Aircraft in connection with a LESSEE bankruptcy, whether by an administrator, trustee or court (the date on which the intent to sell the Aircraft becomes known); or

(i) any other occurrence not permitted under this Lease which deprives LESSEE of use or possession for a period of **[REDACTED: Item 2]**.

"**Total Loss Proceeds**" means the proceeds of any insurance or any compensation or similar payment arising in respect of a Total Loss.

19.2 Notice of Total Loss. LESSEE will notify LESSOR in writing within **[REDACTED: Item 2]** Business Days after a Total Loss Date of the Aircraft, Airframe, any Engine or the APU.

19.3 Total Loss of Aircraft or Airframe. If the Total Loss of the Aircraft or Airframe occurs during the Lease Term, the following will occur:

19.3.1 After the Total Loss Date and until receipt by LESSOR (and/or any other Relevant Party, to the extent required by Article 18 and Exhibit C) of an amount equal to the Agreed Value and all other amounts then due under this Lease, LESSEE will continue to pay Base Rent and all other amounts that become due under the Operative Documents and the parties will perform all of their other obligations under this Lease and the other Operative Documents.

19.3.2 On the date which is the earlier of the following dates:

- (a) the date on which the Total Loss Proceeds of the Aircraft or the Airframe are paid by LESSEE's insurance underwriters or brokers and
- (b) the date which falls **[REDACTED: Item 2]** after the Total Loss Date,

LESSEE will pay to LESSOR (and/or to any other Relevant Party directly, to the extent required by Article 18 and Exhibit C) an amount equal to the sum of:

- (x) the Agreed Value and
- (y) all other amounts then due under this Lease,

less an amount equal to the Net Total Loss Proceeds received by LESSOR (and any such other Relevant Party) as of such date.

19.3.3 LESSOR will procure that the Net Total Loss Proceeds and any amounts received from LESSEE pursuant to Article 19.3.2 are applied as follows:

- (a) first, in discharge of any Rent and any other amounts then due under this Lease and the other Operative Documents;
- (b) second, in discharge of the Agreed Value; and
- (c) third, payment of the balance, if any, to LESSEE.

19.3.4 Upon receipt by LESSOR (and/or any other Relevant Party, to the extent required by Article 18 and Exhibit C) of all amounts payable by LESSEE in accordance with Article 19.3, and Base Rent will cease to be payable and the leasing of the Aircraft under this Lease will thereupon immediately terminate, but without prejudice to any continuing obligations of LESSEE hereunder (including LESSEE's obligations under Article 10.5, Article 16 and Article 17).

FOR AVOIDANCE OF DOUBT, THE AGREED VALUE OF THE AIRCRAFT WILL BE PAYABLE PURSUANT TO THIS ARTICLE 19.3 WHEN A TOTAL LOSS OF THE AIRFRAME OCCURS EVEN IF THERE HAS NOT BEEN A TOTAL LOSS OF AN ENGINE, ENGINES OR THE APU.

19.4 Surviving Engine(s). If a Total Loss of the Airframe occurs and there has not been a Total Loss of an Engine or Engines, then, provided no Default or Event of Default has occurred and is continuing, at the request of LESSEE (subject to agreement of relevant insurers) and on receipt of all monies due under Article 19.3 and payment by LESSEE of all airport, navigation and other charges on the Aircraft, LESSOR will procure that Owner transfer all its right, title and interest in the surviving Engine(s) to LESSEE, but without any responsibility, condition or warranty on the part of LESSOR or Owner other than as to freedom from any LESSOR's Lien.

19.5 Total Loss of Engine and not Airframe.

19.5.1 Upon a Total Loss of any Engine not installed on the Airframe or a Total Loss of an Engine installed on the Airframe not involving a Total Loss of the Airframe, LESSEE will replace such Engine as soon as reasonably possible by duly conveying to Owner title to another engine from LESSEE (a) free and clear of all Security Interests (except Permitted Liens) of any kind or description, (b) in airworthy condition and of the same or improved model, service bulletin and modification status and having a value and utility at least equal to the Engine which sustained the Total Loss, (c) not older (by reference to serial number or manufacture date) than the oldest of the Engines delivered by LESSOR to LESSEE with the Aircraft on the Delivery Date, (d) in the same or better operating condition as the Engine which sustained a Total Loss, including time in service, Flight Hours and Cycles since new and Flight Hours and Cycles available to the next inspection, Overhaul or scheduled or anticipated removal, and (e) which has not been operated and does not have any modules that have been operated at a higher thrust rating than the Engine which sustained the Total Loss. Such replacement engine will be an "Engine" as defined in this Lease and the Engine which sustained such Total Loss will cease to be an "Engine".

19.5.2 LESSEE agrees at its own expense to take such action as LESSOR may reasonably request in order that any such replacement Engine becomes the property of Owner and is leased hereunder on the same terms as the destroyed Engine. LESSEE's obligation to pay Rent will continue in full force and effect, but an amount equal to the Net Total Loss Proceeds received by LESSOR with respect to such destroyed Engine will, subject to LESSOR's right to deduct therefrom any amounts then due and payable by LESSEE under this Lease, be paid to LESSEE.

19.5.3 Notwithstanding Articles 19.5.1 and 19.5.2, if at the time of a Total Loss of an Engine not installed on the Aircraft or a Total Loss of an Engine installed on the Airframe not involving a Total Loss of the Airframe, LESSOR and LESSEE are parties to a spare engine lease pursuant to which LESSOR is leasing a spare engine to LESSEE of the same model and type as the Engine which has suffered such Total Loss, LESSOR will receive from LESSEE the replacement cost of the Engine instead of accepting a replacement engine. One of such LESSOR spare engines will then be substituted under this Lease for the Engine which suffered such Total Loss and the applicable spare engine lease will terminate.

19.6 Total Loss of APU.

19.6.1 Upon a Total Loss of the APU when not installed on the Airframe or a Total Loss of the APU while installed on the Airframe not involving a Total Loss of the Airframe, LESSEE will replace such APU as soon as reasonably possible by duly conveying to Owner title to another auxiliary power unit (a) free and clear of all Security Interests (except Permitted Liens) of any kind or description, (b) in airworthy condition and of the same or improved model, service bulletin and modification status and having a value and utility at least equal to the APU which sustained the Total Loss, (c) not older (by reference to serial number or manufacture date) than the APU delivered by LESSOR to LESSEE with the Aircraft on the Delivery Date and (d) in the same or better operating condition as the APU which sustained the Total Loss, including time in service, Flight Hours and Cycles since new and Flight Hours and Cycles available to the next inspection, Overhaul or scheduled or anticipated removal. Such replacement auxiliary power unit will be the "APU" as defined in this Lease and the auxiliary power unit which sustained such Total Loss will cease to be the "APU".

19.6.2 LESSEE agrees at its own expense to take such action as LESSOR may reasonably request in order that any such replacement APU becomes the property of Owner and is leased hereunder on the same terms as the destroyed APU. LESSEE's obligation to pay Rent will continue in full force and effect, but an amount equal to the Net Total Loss Proceeds received by LESSOR with respect to such destroyed APU will, subject to LESSOR's right to deduct therefrom any amounts then due and payable by LESSEE under this Lease, be paid to LESSEE.

19.7 Other Loss or Damage.

19.7.1 If the Aircraft or any Part thereof suffers loss or damage not constituting a Total Loss of the Aircraft or the Airframe or any Engine or the APU, all the obligations of LESSEE under this Lease (including payment of Rent) will continue in full force.

19.7.2 In the event of any loss or damage to the Aircraft or Airframe which does not constitute a Total Loss of the Aircraft or the Airframe, or any loss or damage to an Engine or the APU which does not constitute a Total Loss of such Engine or the APU, LESSEE will at its sole cost and expense fully and promptly repair the Aircraft, Engine or APU in order that the Aircraft, Engine or APU is placed in an airworthy condition and substantially the same condition as it was prior to such loss or damage. All repairs will be performed in a manner which preserves and maintains all warranties and service life policies to the same extent as

they existed prior to such loss or damage. LESSEE will notify LESSOR forthwith of any loss, theft or damage to the Aircraft for which the cost of repairs is estimated to exceed the Damage Proceeds Threshold, together with LESSEE's proposal and timetable for carrying out the repair. In the event that LESSOR does not agree with LESSEE's proposal for repair, LESSOR will so notify LESSEE within [REDACTED: Item 2] after its receipt of such proposal. LESSEE and LESSOR will then consult with Manufacturer and LESSEE and LESSOR agree to accept as conclusive, and be bound by, Manufacturer's directions or recommendations as to the manner in which to carry out such repairs. If Manufacturer declines to give directions or recommendations, LESSEE will carry out the repairs in accordance with the directions of LESSOR. If the Aircraft is airworthy or the Engine or APU serviceable notwithstanding the loss or damage, LESSEE will repair such Aircraft, Engine or APU, as the case may be, within the time frame reasonably established by LESSOR given the circumstances.

19.7.3 All insurance proceeds from any damage or loss to the Aircraft, any Engine, the APU or any Part occurring during the Lease Term not constituting a Total Loss and in excess of the Damage Proceeds Threshold will be paid to a Maintenance Performer (or to reimburse LESSEE) for repairs or replacement property upon LESSOR being satisfied that the repairs or replacement have been accomplished in accordance with this Lease. All insurance proceeds in amounts less than the Damage Proceeds Threshold may be paid by the insurer directly to LESSEE or, at LESSEE's option, to a Maintenance Performer. If at the time of the payment of any such insurance proceeds a Default or Event of Default has occurred and is continuing, all such proceeds will be paid to or retained by LESSOR (so long as such Default or Event of Default is continuing) to be applied toward payment of any amounts which may be or become payable by LESSEE in such order as LESSOR sees fit or as LESSOR may elect.

19.8 Copies of Insurance and Reinsurance Policies. Promptly after the occurrence of a partial loss or Total Loss of the Aircraft, an Engine or the APU, LESSEE will provide LESSOR with copies of the applicable portions of LESSEE's insurance and, if applicable, reinsurance, policies.

19.9 Government Requisition. If the Aircraft, Airframe, any Engine or the APU is requisitioned for use by any Government Entity, LESSEE will promptly notify LESSOR of such requisition. All of LESSEE's obligations hereunder will continue as if such requisition had not occurred. So long as no Default or Event of Default has occurred and is continuing, all payments received by LESSOR or LESSEE from such Government Entity will be paid over to or retained by LESSEE. If a Default or Event of Default has occurred and is continuing, all payments received by LESSEE or LESSOR from such Government Entity may be used by LESSOR to satisfy any obligations due and owing by LESSEE.

ARTICLE 20 REPRESENTATIONS, WARRANTIES AND COVENANTS OF LESSEE

20.1 Representations and Warranties. LESSEE represents and warrants the following to LESSOR as of the date of execution of this Lease and as of the Delivery Date:

20.1.1 Status. LESSEE is a company validly existing and in good standing under the Laws of Canada and is validly extra-provincially registered in British Columbia. It has the power and authority to carry on its business as presently conducted and to perform its obligations under this Lease and the other Operative Documents.

20.1.2 Governmental Approvals. No authorization, approval, consent, license or order of, or registration with, or the giving of notice to the Aviation Authority or any other Government Entity is required for the valid authorization, execution, delivery and performance by LESSEE of its obligations under this Lease and the other Operative Documents, except as will have been duly effected as of the Delivery Date.

20.1.3 Binding. LESSEE's Board of Directors has authorized LESSEE to enter into this Lease and the other Operative Documents and to perform its obligations under the Operative Documents. This Lease and the other Operative Documents have been duly executed and delivered by LESSEE and represent the valid and binding obligations of LESSEE, enforceable in accordance with their terms except as enforceability may be limited by bankruptcy, insolvency, reorganization or other Laws of general application affecting the enforcement of creditors' rights. When executed by LESSEE at Delivery, the same will apply to the Acceptance Certificate.

20.1.4 No Breach. The execution and delivery of the Operative Documents, the consummation by LESSEE of the transactions contemplated in this Lease and compliance by LESSEE with the terms and provisions of this Lease and the other Operative Documents do not and will not contravene any provision of LESSEE's constitutional documents or any Law applicable to LESSEE, or result in any breach of or constitute any default under or result in the creation of any Security Interest upon any property of LESSEE pursuant to any indenture, mortgage, chattel mortgage, deed of trust, conditional sales contract, bank loan or credit agreement, charter, bylaw or other agreement or instrument to which LESSEE is a party or by which LESSEE or its properties or assets may be bound or affected, save for any such contravention breach or default that would not have a material adverse effect on the business, assets or condition (financial or otherwise) of LESSEE as its ability to perform under this Lease. When executed by LESSEE at Delivery, the same will apply to the Acceptance Certificate.

20.1.5 Filings. Except for the filings referenced in Article 7.3 and Article 14, no filing or recording of any instrument or document (including the filing of any financial statement) is necessary under the Laws of the State of Registration (or any applicable subdivision thereof) in order for this Lease to constitute a valid and perfected lease of record relating to the Aircraft.

20.1.6 Translation or Notarization. Neither the Lease nor any other Operative Document needs to be translated, notarized, legalized, apostilled or consularized as a condition to the legality, validity, filing, enforceability or admissibility in evidence thereof.

20.1.7 Licenses. LESSEE holds all licenses, certificates and permits from applicable Government Entities in Canada (and any applicable subdivision thereof) for the performance of its obligations under this Lease and the other Operative Documents, and prior to the first revenue flight of the Aircraft, LESSEE will hold all licenses, certificates and permits from applicable Government Entities in Canada (and any applicable subdivision thereof) for the conduct of its business as a certificated air carrier.

20.1.8 No Suits. There are no suits, arbitrations or other proceedings taking place, pending or threatened before any court, arbitration panel or administrative agency against or affecting LESSEE or any of its Affiliates which would have a material adverse effect on the business, assets or condition (financial or otherwise) of LESSEE or its ability to perform under this Lease, except as described in the filings provided to LESSOR pursuant to Article 22.

20.1.9 No Withholding. Provided every recipient of amounts payable under this Lease or any other Operative Document deals at arm's length with LESSEE for the purposes of the *Income Tax Act* (Canada), as amended, LESSEE is not required under the Laws of Canada to deduct or withhold any Tax from any amount payable by LESSEE under this Lease or any other Operative Document.

20.1.10 No Restrictions on Payments. Under the Laws of Canada (and any applicable subdivision thereof), there are no present restrictions on LESSEE making the payments required by this Lease or the other Operative Documents.

20.1.11 General Obligations. The obligations of LESSEE under this Lease are direct, general and unconditional obligations of LESSEE and rank or will rank at least pari passu with all other present and future unsecured and unsubordinated obligations (including contingent obligations) of LESSEE, with the exception of such obligations as are mandatorily preferred by law.

20.1.12 No Sovereign Immunity. LESSEE, under the Laws of Canada or of any other jurisdiction affecting LESSEE, is subject to private commercial law and suit. Neither LESSEE nor its properties or assets is entitled to sovereign immunity under any such Laws. LESSEE's performance of its obligations hereunder and under the other Operative Documents constitute commercial acts done for commercial purposes.

20.1.13 Tax Returns. LESSEE has duly filed all Tax returns that it is required by applicable Law to file and has duly paid all Taxes that it is required by applicable Law to pay.

20.1.14 No Material Adverse Effect. There has been no material adverse change in the financial condition of LESSEE and its Subsidiaries since the date to which the accounts most recently provided to LESSOR were prepared and LESSEE is not in default under any agreement that could have a material adverse effect on its financial condition or its business or

prospects or its ability to perform its obligations under this Lease and the other Operative Documents.

20.1.15 No Default or Event of Default under this Lease. No Default or Event of Default has occurred and is continuing and the financial statements provided to LESSOR pursuant to Article 22 fairly present the financial condition of LESSEE.

20.1.16 Cape Town Convention. LESSEE is situated in a contracting state, and the Aircraft and each Engine constitutes an aircraft object, for purposes of the Cape Town Convention. On and after the Delivery Date, LESSEE is duly qualified and holds a current and valid account as a transacting user entity at the International Registry and is capable of consenting to registrations and discharges of International Interests in accordance with the regulations and procedures established by the International Registry under the Cape Town Convention. LESSOR holds a valid international interest in the Aircraft, and the transaction contemplated by this Lease with the requirement contained in the Cape Town Convention for LESSOR to be entitled to the protections of the Cape Town Convention, including Alternative A in the Protocol, in connection with its right to take possession of the Aircraft in the event of an Insolvency Proceeding.

20.1.17 Location. LESSEE's PPSA Location is the Province of British Columbia and its FAA Location is the District of Columbia.

20.2 Covenants. LESSEE covenants to LESSOR that it will comply with the following throughout the entire Lease Term:

20.2.1 Licensing. LESSEE will hold all licenses, certificates and permits from applicable Government Entities in Canada (and any applicable subdivision thereof) for the conduct of its business as a certificated air carrier and performance of its obligations under this Lease and the other Operative Documents. LESSEE will advise LESSOR promptly in the event any such licenses, certificates or permits are cancelled, terminated, revoked or not renewed.

20.2.2 Payments. If at any time any such restrictions may be applicable, LESSEE will obtain all certificates, licenses, permits, exemptions and other authorizations which are from time to time required for the making of the payments required by this Lease and the other Operative Documents on the dates and in the amounts and currency which are stipulated hereunder and thereunder, and will maintain the same in full force and effect for so long as the same will be required.

20.2.3 Sovereign Immunity. LESSEE, under the Laws of Canada or of any other jurisdiction affecting LESSEE, will continue to be subject to private commercial law and suit. Neither LESSEE nor its properties or assets will be entitled to sovereign immunity under any such Laws. LESSEE's performance of its obligations hereunder and under the other Operative Documents will constitute commercial acts done for commercial purposes. LESSEE will advise LESSOR promptly of any change in the foregoing.

20.2.4 Information about Suits. LESSEE will promptly give to LESSOR a notice in writing of any suit, arbitration or proceeding before any court, arbitration panel, administrative agency or Government Entity which would materially adversely affect LESSEE's financial condition, affairs, operations or its ability to perform under this Lease and the other Operative Documents.

20.2.5 Restrictions on Mergers. LESSEE will not sell or convey substantially all of its property and assets or merge, amalgamate or consolidate with or into any other Person unless LESSEE has obtained LESSOR's prior written consent, such consent not to be unreasonably withheld or delayed.

20.2.6 Restriction on Relinquishment of Possession. LESSEE will not, without the prior consent of LESSOR, deliver, transfer or relinquish possession of the Aircraft except in accordance with Article 11 and Article 12.

20.2.7 No Security Interests. LESSEE will not create or agree to or permit to arise any Security Interest (other than Permitted Liens) on or with respect to the Aircraft, title thereto or any interest therein. LESSEE will forthwith, at its own expense, take all action as may be necessary to discharge or remove any such Security Interest if it exists at any time. LESSEE will within 24 hours after becoming aware of the existence of any such Security Interest give written notice thereof to LESSOR.

20.2.8 Representations to Other Parties. LESSEE will not represent or hold out LESSOR or any other Relevant Party as carrying goods or passengers on the Aircraft or as being in any way connected or associated with any operation of the Aircraft.

20.2.9 Removal from Revenue Service. If at any time during the Lease Term LESSEE intends to remove the Aircraft from revenue service for longer than three months, or if the Aircraft is in fact removed from revenue service for longer than three months for any reason other than for maintenance performed in accordance with Article 12, LESSEE will immediately notify LESSOR in writing.

20.2.10 Taxes and Claims. LESSEE will pay or cause to be paid (a) all material Taxes required by applicable Law to be paid by it (whether such Taxes are imposed upon it or upon its income and profits or upon any property belonging to it or otherwise) prior to the date on which any penalty accrues, except Taxes which it is contesting in good faith by appropriate proceedings provided that such contest does not involve any risk of criminal penalty, or any risk of a material civil penalty, or any risk of the sale, forfeiture, confiscation, seizure, detention or loss of, or the imposition of any Security Interest on, the Aircraft or any part thereof or any interest therein, and (b) all other lawful claims which, if not paid, are reasonably likely to result in the imposition of a Security Interest upon its property or upon the Aircraft or any part thereof.

20.2.11 Continuing Compliance. Neither LESSEE, nor any officer or director of LESSEE, will be a Prohibited Person. LESSEE will comply with all Financial Conduct Laws insofar as they relate to the transactions contemplated by this Lease.

20.2.12 NAV Canada. LESSEE will, on or before the due date, pay NAV Canada and the Canadian airport authorities for the airports to which it operates in respect of all navigation, operation and other fees and charges.

20.2.13 Location. LESSEE will provide LESSOR with written notice of any change in its PPSA Location or FAA Location during the Lease Term no later than 30 days prior to such change.

ARTICLE 21 REPRESENTATIONS, WARRANTIES AND COVENANTS OF LESSOR

21.1 Representations and Warranties. LESSOR represents and warrants the following to LESSEE as of the date of execution of the Lease and as of the Delivery Date (IT BEING UNDERSTOOD AND AGREED THAT ALL OTHER WARRANTIES, EXPRESS OR IMPLIED HAVE BEEN WAIVED IN ACCORDANCE WITH ARTICLE 8):

21.1.1 Corporate Status. LESSOR is a private company limited by shares duly organized and validly existing under the Laws of Ireland. LESSOR has the power and authority to carry on its business as presently conducted and to perform its obligations hereunder and under the other Operative Documents.

21.1.2 Governmental Approvals. No authorization, approval, consent, license or order of, or registration with, or the giving of notice to any Irish Government Entity is required for the valid authorization, execution, delivery and performance by LESSOR of this Lease and the other Operative Documents.

21.1.3 Binding. This Lease and the other Operative Documents have been duly authorized, executed and delivered by LESSOR and represent the valid and binding obligations of LESSOR, enforceable in accordance with their terms except as enforceability may be limited by bankruptcy, insolvency, reorganization or other Laws of general application affecting the enforcement of creditors' rights.

21.1.4 No Breach. The execution and delivery of the Operative Documents, the consummation by LESSOR of the transactions contemplated in this Lease and compliance by LESSOR with the terms and provisions of this Lease and the other Operative Documents do not and will not contravene any Law applicable to LESSOR, or result in any breach of or constitute any default under any indenture, mortgage, chattel mortgage, deed of trust, conditional sales contract, bank loan or credit agreement, charter, bylaw or other agreement or instrument to which LESSOR is a party or by which LESSOR or its properties or assets may be bound or affected.

21.1.5 Canadian Tax Registrations. LESSOR is not registered for the purposes of Canadian sales taxes.

21.2 Covenant of Quiet Enjoyment. Provided no Default or Event of Default, or Detention Exposure has occurred and is continuing, LESSOR will not interfere with LESSEE's quiet use, possession and enjoyment of the Aircraft in accordance with the terms of this Lease, but the exercise by LESSOR of its rights under or in respect of this Lease or any of the other Operative Documents will not constitute such an interference. LESSEE agrees that its only remedy with respect to a default by or other failure of LESSOR to perform any obligation under this Lease or any Other Agreements, including, without limitation, a breach of the foregoing covenant, is to make a claim against LESSOR for actual damages directly resulting from such breach and in each case subject to all applicable terms, conditions and other limitations set forth in this Lease.

LESSEE agrees that the limitation of this Article 21.2 on LESSEE's rights apply in favor of and for the benefit of Owner.

ARTICLE 22 FINANCIAL AND OTHER INFORMATION

LESSEE agrees to furnish each of the following to LESSOR:

- (a) within 60 days after the end of each fiscal quarter of LESSEE and Guarantor, a copy of the unaudited consolidated financial statements of each of LESSEE and Guarantor, which may be solely the unaudited consolidated financial statements of Guarantor so long as such statements include LESSEE, (including a balance sheet and profit and loss statement) prepared for such quarter in accordance with generally accepted accounting principles in Canada;
- (b) within 120 days after the end of each fiscal year of LESSEE and Guarantor, a copy of the audited consolidated financial statements of each of LESSEE and Guarantor, which may be solely the unaudited consolidated financial statements of Guarantor so long as such statements include LESSEE, (including a balance sheet and profit and loss statement) prepared as of the close of such fiscal year in accordance with generally accepted accounting principles in Canada;
- (c) promptly after distribution, a copy of all reports and financial statements which LESSEE or Guarantor sends or makes available to its equity holders or creditors;
- (d) within 10 days of request by LESSOR (which request will not be made more than one time in any one calendar year), a certificate of an officer of LESSEE stating that, to the best of LESSEE's knowledge, no Default or Event of Default then exists under this Lease except as specifically outlined therein; and
- (e) from time to time, such other reasonable information as LESSOR, Owner, any Servicer or any Finance Party may reasonably request concerning the Aircraft, Aircraft Activity or the financial condition of LESSEE or Guarantor.

ARTICLE 23 RETURN OF AIRCRAFT

[REDACTED: Item 2]

ARTICLE 24 ASSIGNMENT

24.1 No Assignment by LESSEE. NO ASSIGNMENT, NOVATION, TRANSFER, MORTGAGE, HYPOTHEC OR OTHER CHARGE MAY BE MADE BY LESSEE OF ANY OF ITS RIGHTS OR OBLIGATIONS WITH RESPECT TO THE AIRCRAFT, ANY ENGINE OR PART, THIS LEASE OR ANY OTHER OPERATIVE DOCUMENT.

24.2 Sale or Assignment.

24.2.1 Subject to the protections set forth in Article 24.6, LESSOR, Beneficial Owner or Owner may at any time and without LESSEE's consent sell, assign or transfer any or all of its respective rights, interest and obligations under the Lease and the other Operative Documents or with respect to the Aircraft to a third party (a "**Transferee**").

24.2.2 The term "LESSOR" as used in this Lease means the lessor of the Aircraft at the time in question. In the event of a transfer of LESSOR's rights and obligations under this Lease and the other Operative Documents, the applicable Transferee will become "LESSOR" of the Aircraft under this Lease and the transferring party (the prior "LESSOR") will be relieved of all liability to LESSEE under this Lease and the other Operative Documents for obligations arising on and after the time of the transfer. In such case, LESSEE will acknowledge and accept the applicable Transferee as the new "LESSOR" under this Lease and will look solely to such Transferee for the performance of all LESSOR obligations and covenants under this Lease and the other Operative Documents arising on and after the time of the transfer.

24.3 Grant of Security Interest. Subject to the protections set forth in Article 24.6, LESSOR may at any time and without LESSEE's consent grant a Security Interest in the Aircraft and/or LESSOR's right, title and interest in any Operative Document to any Finance Party as security for the obligations of LESSOR or any Affiliate of LESSOR under any Finance Document. Accordingly, if a Finance Party requires, as a condition to providing financing, any non-substantive modification of this Lease, LESSEE agrees to enter into an agreement so modifying this Lease.

24.4 LESSEE Cooperation. In connection with any sale, assignment or transfer under Article 24.2 or any grant of a Security Interest under Article 24.3, and on request by LESSOR, any applicable Transferee or any Finance Party, LESSEE will execute all such documents (such as a notice and acknowledgment of assignment or a lease assignment or novation agreement) and provide a replacement certificate of insurance (in accordance with Article 18 and Exhibit C) as LESSOR, such Transferee or such Finance Party may reasonably require to confirm LESSEE's obligations under this Lease and the other Operative Documents, obtain LESSEE's acknowledgment that LESSOR is not in breach of the Lease or acknowledge any such sale, assignment, transfer or grant. LESSEE will provide all other reasonable assistance and cooperation to LESSOR, Beneficial Owner, Owner, any applicable Transferee and any applicable Finance Party (as any such Person may require) in connection with any such sale assignment, transfer or grant (including assistance in efforts to minimize or eliminate any costs), or the

perfection and maintenance of any such Security Interest (including, at LESSOR's cost, making all necessary filings and registrations in the State of Registration), providing an IDERA for purposes of the Cape Town Convention (if applicable) in favor of any applicable Transferee and providing all opinions of counsel with respect to matters reasonably requested by LESSOR, Beneficial Owner, Owner, any applicable Finance Party or any applicable Transferee. LESSOR will reimburse LESSEE for its reasonable and properly documented out-of-pocket costs in reviewing documents required by LESSOR, Beneficial Owner, Owner or any applicable Finance Party.

24.5 **Advance Consent Under Cape Town Convention.** For the purpose of Article 33(1) of the Convention and Article XV of the Protocol, LESSEE hereby consents in advance to the transfer of the associated rights and related International Interests in respect of any assignment or sale by LESSOR or the granting of any Security Interest by LESSOR in accordance with Articles 24.2 or 24.3. For the avoidance of doubt, no additional consent by LESSEE will be required in connection with any such assignment of associated rights and the related International Interests pursuant to the Cape Town Convention.

24.6 **Protections.**

24.6.1 If requested by LESSEE, at the time of any sale, assignment or transfer under Article 24.2 or any grant of a Security Interest under Article 24.3 LESSOR will obtain for the benefit of LESSEE an acknowledgment from any applicable Transferee, or any applicable Finance Party holding a Security Interest in the Aircraft, that so long as no Default or Event of Default has occurred and is continuing hereunder, such Person will not interfere with LESSEE's quiet use, possession and enjoyment of the Aircraft in accordance with this Lease, but the exercise by such Transferee of any rights of LESSOR under or in respect of this Lease or any of the other Operative Documents will not constitute such an interference.

24.6.2 LESSOR will not be entitled to make a sale, assignment, or transfer under Article 24.2 or any grant a Security Interest under Article 24.3 if at the time thereof, and by reference to applicable Law in effect at the time thereof, a material increase in LESSEE's financial obligations would result, or LESSEE's contractual rights under this Lease would be diminished in any material way, without the prior written consent of LESSEE (which consent will not be unreasonably withheld, conditioned or delayed); provided, that (a) an increase in the number of beneficiaries under any applicable insurance or reinsurance will not constitute an increase in the financial obligations of LESSEE under the Lease and (b) an addition or replacement of one or more Indemnitees or Tax Indemnitees will not be deemed to be an increase in LESSEE's financial obligations.

24.6.3 If the Aircraft was previously financed but such financing is no longer in place at the time of Delivery, the term "LESSOR" in the provisions of this Lease relating to disclaimer, indemnity and insurance contained in Article 8, Article 17 and Article 18, respectively, and with respect to Article 20.2.8, will be deemed to include, in addition to LESSOR, any former lender, security agent, collateral agent, administrative agent and other associated finance party.

24.6.4 In connection with any sale, assignment or transfer by any of LESSOR, Owner or Beneficial Owner under Article 24.2, the disclaimer and indemnity provisions contained in Article 8 and Article 17 will continue to be applicable after the sale, assignment or transfer to (and the term "LESSOR", "Owner" and "Beneficial Owner" (as applicable) as used in such provisions will be deemed to include) the transferring (and any prior) LESSOR, Owner and Beneficial Owner (as applicable) and, if applicable, the parties referred to in Article 24.6.3. For a period of three years after such sale, assignment or transfer and at LESSEE's cost, LESSEE will continue to name the transferring LESSOR, Owner and Beneficial Owner (as applicable), the other Indemnitees (as existing immediately prior to such sale or transfer) and the parties referred to in Article 24.6.3, if applicable, as additional insureds under the Aviation and Airline General Third Party Liability Insurance required by this Lease.

ARTICLE 25 DEFAULT OF LESSEE

25.1 LESSEE Notice to LESSOR. LESSEE will promptly notify LESSOR if LESSEE becomes aware of the occurrence of any Default or Event of Default.

25.2 Events of Default. The occurrence of any of the following will constitute an Event of Default and material repudiatory breach of this Lease by LESSEE:

- (a) Delivery. LESSEE fails to take delivery of the Aircraft when obligated to do so under the terms of this Lease;

- (b) Non-Payment. (i) LESSEE fails to make a payment of Basic Rent, Security Deposit, Maintenance Rent or Agreed Value within two Business Days after the same has become due or (ii) LESSEE fails to make a payment of any other amount due under this Lease or any of the other Operative Documents (including amounts expressed to be payable on demand) after the same has become due and such failure continues for four Business Days;

- (c) Insurance. LESSEE fails to obtain or maintain (or cause to be obtained or maintained) the insurance or reinsurance required by Article 18 or a notice of cancellation is given with respect to any such insurance or reinsurance;

- (d) Return. LESSEE fails to return the Aircraft to LESSOR on the Expiration Date in accordance with Article 23;

- (e) Breach. LESSEE fails to perform or observe any other covenant or obligation to be performed or observed by LESSEE under this Lease or any other Operative Document, which failure is not cured within 10 days after written notice thereof to LESSEE, provided that, if such failure cannot by its nature be cured within 10 days, LESSEE will have the reasonable number of days necessary to cure such failure (not to exceed a period of 30 days) so long as LESSEE uses diligent and best efforts to do so;

- (f) Representations. Any representation or warranty made or deemed to be made by LESSEE under this Lease or any other Operative Document, or any certificate or statement in connection therewith, is or proves to have been untrue, inaccurate or misleading in any material respect at the time made or deemed to be made;

- (g) Registration. The registration of the Aircraft or the Aircraft's certificate of airworthiness is cancelled, revoked, suspended, terminated or not renewed, or otherwise ceases to be in full force and effect, other than as a result of a willful act or omission of LESSOR;

(h) Possession. LESSEE abandons the Aircraft or any of the Engines or LESSEE no longer has unencumbered control (other than Permitted Liens) or possession of the Aircraft and the Engines or LESSEE ceases to operate the Aircraft, unless otherwise expressly permitted by this Lease (it being understood and agreed that an abandonment of possession of the Aircraft will be deemed to include, without limitation, a resignation of all or a majority of the officers and directors of LESSEE without replacement in the normal course of business);

(i) Discontinuation. LESSEE threatens to discontinue or permanently discontinues, all or a substantial part of its business or sells or otherwise disposes of or threatens to dispose of, all or substantially all of its assets;

(j) Material Adverse Change. Subsequent to the date of execution of this Lease and measured in relation thereto, any event or series of events occurs (other than a Total Loss) or circumstances arise which has, or may reasonably be expected to have, a material prejudicial effect on any Relevant Party, title and interest in and to the Aircraft or any of the rights of a Relevant Party under the Operative Documents or the Finance Documents or a material adverse effect on the financial condition or operations of LESSEE or any of its Subsidiaries or on the ability of LESSEE to perform all of its obligations under, or otherwise to comply with the terms of, this Lease or any other Operative Document;

(k) Approvals. LESSEE no longer possesses the licenses, certificates, approvals, registrations and permits required for the conduct of its business as a certificated air carrier or as required to be obtained by LESSEE in order to perform its obligations under this Lease or any other Operative Document;

(l) Charges and Duties. LESSEE fails to pay before they are past due any (i) airport or navigation charges, fees, expenses or taxes (including NAV Canada and Eurocontrol charges), (ii) landing fees, (iii) EU ETS Authority charges or penalties or any charges or penalties in respect of aircraft emissions imposed by any Government Entity of any jurisdiction which is not a member state of the European Union or (iv) customs duties or import taxes assessed or otherwise payable with respect to the Aircraft or any aircraft operated by LESSEE (in each case unless such charges are being contested in good faith and by appropriate proceedings and such proceedings do not involve any risk of seizure, detention, interference with the use or operation, sale, forfeiture or loss of the Aircraft or the APU or any Engine or Part);

(m) Insolvency. LESSEE, Guarantor or any Subsidiary of LESSEE or Guarantor (i) is or becomes, or is deemed for the purposes of any Law to be, insolvent or unable to pay its debts or other obligations as they fall due, or admits its inability to pay its debts or other obligations as they fall due, (ii) suspends or threatens in writing to suspend payment with respect to all or any of its debts or other payment obligations or a moratorium is declared in respect of all or any of LESSEE's or Guarantor's (or such Subsidiary's) debts or other payment obligations

or (iii) proposes, enters into or is a party to any proceeding regarding (or takes any corporate action to authorize or facilitate) any arrangement or composition with, or any assignment for the benefit of, its creditors, save for any such proceeding instituted against LESSEE being contested in good faith by appropriate proceedings so long as enforcement remains stayed, none of the relief sought thereunder is granted (either on an interim or permanent basis) and such proceeding is dismissed within 60 days of its commencement;

(n) Voluntary Bankruptcy. LESSEE, Guarantor or any Subsidiary of LESSEE or Guarantor commences a voluntary case or other proceeding seeking liquidation, reorganization, protection from creditors or other relief with respect to LESSEE or Guarantor (or such Subsidiary) or its debts under any bankruptcy, insolvency or similar Laws, or seeking the appointment of a trustee, examiner, liquidator, administrator, receiver, custodian or similar official of LESSEE or Guarantor (or such Subsidiary) or any material part of the business or assets of LESSEE or Guarantor (or such Subsidiary), or seeking the sequestration of a material part of the business or assets of LESSEE or Guarantor (or such Subsidiary), or consents to any such relief or to the appointment of or taking possession by any such official, or takes any corporate action to authorize or facilitate any of the foregoing;

(o) Involuntary Bankruptcy. An involuntary case or other proceeding is commenced against LESSEE or Guarantor (or any Subsidiary of LESSEE or Guarantor) seeking liquidation, reorganization, protection from creditors or other relief with respect to LESSEE or Guarantor (or such Subsidiary) or its debts under any bankruptcy, insolvency or similar Laws, or seeking the appointment of a trustee, examiner, liquidator, administrator, receiver, custodian or similar official of LESSEE or Guarantor (or such Subsidiary) or any material part of the business or assets of LESSEE or Guarantor (or such Subsidiary), or seeking the sequestration of a material part of the business or assets of LESSEE or Guarantor (or such Subsidiary), and (i) such involuntary case or other proceeding is not withdrawn or dismissed within 60 days thereafter, (ii) a decree, judgment or order for relief sought thereby is entered by any court of competent jurisdiction in connection with any such involuntary case or other proceeding, or (iii) LESSEE or Guarantor consents to any such relief or to the appointment of or taking possession by any such official;

(p) Cross-Default.

(i) any Financial Indebtedness of LESSEE, Guarantor or any Subsidiary of LESSEE (in an aggregate amount of US\$2,000,000 or more (or its equivalent in other currencies) is not paid when due (subject to any applicable cure periods) or becomes due and payable prior to its stated maturity by reason of default thereunder (unless such default is being contested in good faith by appropriate proceedings and such proceeding is

dismissed or favorably resolved so as to remedy such default and early maturity);

(ii) any judgment, award or order is made against LESSEE, Guarantor or any Subsidiary of LESSEE for an uninsured amount in excess of US\$2,000,000 or more (or its equivalent in other currencies) that is not stayed or complied with or for which an adequate bond has not been provided as soon as practicable and in any event by the earlier of (A) the time required under such judgment, award or order and (B) 30 days from the day of such judgment, award or order;

(iii) LESSEE, Guarantor or any Subsidiary of LESSEE is in default under any agreement, lease, sublease, hire purchase, conditional sale or credit sale agreement with respect to aircraft, engines or aircraft components which default would have a material adverse effect on the business, assets or condition (financial or otherwise) of LESSEE or its ability to perform under this Lease; or

(iv) LESSEE, Guarantor or any Subsidiary of LESSEE or Affiliate of LESSEE is in breach of or, in default under, any Other Agreement;

(q) Attachment. Any attachment, sequestration, distress or execution of any of the Aircraft (with the exception of Permitted Liens) or of a material portion of the assets of LESSEE occurs;

(r) Sublease. (i) LESSEE enters into any sublease of the Aircraft other than as permitted by this Lease or any other Operative Document, (ii) an approved sublessee acts or omits to act so as to prevent performance by LESSEE of its obligations under this Lease or so as to harm the respective interests of LESSOR or any other Relevant Party in the Aircraft and the Operative Documents or (iii) an event under any approved sublease has occurred and is continuing which, if such event had occurred under this Lease would constitute an Event of Default, excluding such events which, if capable of being remedied, have been remedied by LESSEE (or by the applicable approved sublessee) to LESSOR's satisfaction;

(s) Change of Control. LESSEE sells or conveys substantially all of its property and assets or merges, amalgamates or consolidates with or into any other Person without LESSOR's prior written consent, as required by Article 20.2.5;

(t) Unlawfulness. It becomes unlawful for LESSEE to perform any of its material obligations under this Lease or any other Operative Document, or this Lease or any other Operative Document becomes wholly or partially invalid or unenforceable, provided that any such partial invalidity or unenforceability will only constitute an Event of Default if it has a material adverse effect on LESSEE's ability to perform its obligations under this Lease and the other Operative Documents or on LESSOR's or any other Relevant Party's respective rights, title

and interest in and to the Aircraft or under this Lease and the other Operative Documents;

(u) Operation of Aircraft. LESSEE operates, uses or employs the Aircraft or allows, suffers or causes the Aircraft to be operated, used or employed in violation of the requirements of Article 10.2;

(v) Other Managed Agreements. LESSEE is in default under any other aircraft or aircraft equipment lease agreement which is managed by LESSOR, any Affiliate of LESSOR or any Servicer on behalf of another Person and the same is not cured within its specified cure period; or

(w) Removal of Parts. LESSEE fails to promptly replace all Parts removed from the Aircraft (as required by Article 12.4.1) within three calendar days following notice from LESSOR that, in LESSOR's opinion, LESSEE has removed Parts from the Aircraft for installation on other aircraft in LESSEE's fleet without prompt replacement thereof to the extent that LESSEE is using the Aircraft primarily as a source of parts for other aircraft in LESSEE's fleet and not for revenue service; or

(x) Termination or Cancellation of the Guarantee. Guarantor terminates, cancels or otherwise repudiates the Guarantee.

25.3 LESSOR's General Rights. Upon the occurrence of any Event of Default, LESSOR may do all or any of the following at its option (in addition to such other rights and remedies which LESSOR may have by statute or otherwise):

(a) if such Event of Default occurs prior to Delivery, and by written notice to LESSEE, terminate LESSEE's right to lease the Aircraft and terminate LESSOR's obligations hereunder (but without prejudice to the indemnity obligations and any continuing obligations of LESSEE under this Lease and any other Operative Document, including the obligations set forth in Article 16 and Article 17);

(b) by written notice to LESSEE, terminate the leasing of the Aircraft whereupon (as LESSEE hereby acknowledges and agrees) all rights of LESSEE to possess and operate the Aircraft will immediately cease and terminate and in which case LESSEE's obligations under this Lease will continue in full force and effect (including the obligations set forth in Article 10.5, Article 16, Article 17 and Article 18); provided, however, that upon the occurrence of an Event of Default under any of Articles 25.2(m), 25.2(n) or 25.2(o), such termination will occur automatically and with immediate effect without any notice or further action from LESSOR;

(c) by written notice to LESSEE, require that LESSEE immediately cease operating the Aircraft and leave it parked in its then current location, in which case LESSEE's obligations under this Lease will continue in full force and effect (including the obligations set forth in Article 10.5, Article 16, Article 17 and Article 18);

- (d) by written notice to LESSEE, require that LESSEE immediately move the Aircraft to an airport or other location designated by LESSOR and park the Aircraft there, in which case LESSEE's obligations under this Lease will continue in full force and effect (including the obligations set forth in Article 10.5, Article 16, Article 17 and Article 18);
- (e) enter upon the premises where the Airframe, the APU or any or all Engines or any or all Parts or Aircraft Documents are (or are believed to be) located without liability and take immediate possession of and remove them or cause the Aircraft to be returned to LESSOR at the location specified in Article 23.3 (or such other location within Canada or the United States as LESSOR may require) or, by serving notice require LESSEE to return the Aircraft to LESSOR at the location specified in Article 23.3 (or such other location within Canada or the United States as LESSOR may require) and LESSEE hereby irrevocably by way of security for LESSEE's obligations under this Lease appoints LESSOR as LESSEE's attorney and agent in causing the return or in directing the pilots of LESSEE or other pilots to fly the Aircraft to the location specified in Article 23.3 (or such other location within Canada or the United States as LESSOR may designate) and LESSOR will have all the powers and authorizations necessary for taking that action;
- (f) instruct any maintenance or repair facility which is in possession of the Aircraft, any Engine, the APU or any Part as to its disposition or release;
- (g) require LESSEE to (i) provide LESSOR with unlimited access to the Aircraft at such location and at such time as LESSOR may specify, and (ii) provide LESSOR all information required by LESSOR as to the location and status of any Engine or Part not installed on the Aircraft;
- (h) require LESSEE to immediately provide the originals of the Aircraft Documentation to LESSOR;
- (i) with or without taking possession of the Aircraft, sell all or any part of the Aircraft at public or private sale, with or without advertisement, or otherwise dispose of, hold, use, operate, lease to another Person or keep idle all or any part of the Aircraft as LESSOR in its sole discretion may determine appropriate, all free and clear of any rights of LESSEE and without any duty to account to LESSEE with respect to such action or inaction or for any proceeds thereof, all in such manner and on such terms as LESSOR considers appropriate in its absolute discretion, as if LESSOR and LESSEE had never entered into this Lease;
- (j) for LESSEE's account, do anything that may be necessary or advisable to cure any default and recover from LESSEE all costs and expenses (including legal fees and expenses incurred) in doing so;

(k) proceed as appropriate to enforce performance of this Lease and the other Operative Documents and to recover any damages for the breach hereof and thereof, including the amounts specified in Article 25.6;

(l) apply all or any portion of the Security Deposit and any other security deposits or other amounts held by LESSOR or any Affiliate of LESSOR pursuant to any of the Operative Documents or any Other Agreements to any amounts due by LESSEE and/or any Affiliate of LESSEE pursuant to any Operative Document or any Other Agreement; or

(m) set off all or any portion of the MRA Maintenance Rent Balance against any amounts due by LESSEE or any Affiliate of LESSEE to LESSOR or any Affiliate of LESSOR pursuant to any Operative Agreement or any Other Agreement.

25.4 **Deregistration and Export of Aircraft.** If an Event of Default has occurred and is continuing, LESSOR may take all steps necessary to deregister the Aircraft in and export the Aircraft from the State of Registration, the Habitual Base and/or any other applicable jurisdiction.

25.5 **Cape Town Convention Remedies.** LESSEE and LESSOR acknowledge and agree that:

(a) each of the Events of Default set forth in Article 25.2 will be deemed to be an event that constitutes a "default" as such term is used in the Cape Town Convention;

(b) upon the occurrence of any Event of Default (i) LESSOR will be afforded all speedy and other relief, rights and remedies specified in the Cape Town Convention as a result of such Event of Default, (ii) all of the rights of LESSOR specified in Article 25.3 will be construed to be "additional remedies" as permitted by the Cape Town Convention which may be exercised by LESSOR pursuant to this Lease subject to the requirements of applicable Law and (iii) LESSOR may, without notice to LESSEE, take all steps as are contemplated by the Cape Town Convention to deregister the Aircraft, export the Aircraft from the State of Registration and, if applicable, discharge the International Interest in respect of the Aircraft, this Lease and the other Operative Documents from the International Registry; and

(c) LESSEE will not take the position or assert that the protection of Alternative A of the Protocol should be unavailable to LESSOR in respect of the Aircraft or this Lease including, without limitation, in the event of an Insolvency Proceeding.

25.6 **LESSEE Liability for Damages.** If an Event of Default occurs, in addition to all other remedies available under applicable Law, LESSOR has the right to recover from LESSEE, and LESSEE will indemnify LESSOR on LESSOR's first written demand against, any loss, damage, expense, cost or liability which LESSOR may sustain or incur directly or indirectly as a result, including:

- (a) any losses suffered by LESSOR as a result of a delay in Delivery of the Aircraft to LESSEE, including Aircraft parking, maintenance costs and insurance costs during the period of delay;
- (b) all amounts which are then due and unpaid hereunder or under any other Operative Document or which become due prior to LESSOR's recovery of possession of the Aircraft;
- (c) any losses suffered by LESSOR or Owner because of an inability by LESSOR or Owner to place the Aircraft on lease with another lessee or to otherwise utilize the Aircraft on financial terms as favorable to LESSOR as the terms of this Lease and the other Operative Documents (and LESSOR will be entitled to accelerate any and all Rent which would have been due from the date of LESSOR's recovery of possession of the Aircraft through the Expiration Date);
- (d) if LESSOR, Owner or any other Relevant Party elects to dispose of or transfer its respective interest in the Aircraft, any losses suffered by LESSOR, Owner or such other Relevant Party because the funds arising from a sale, transfer or other disposition of the Aircraft or any interest therein are not as profitable to LESSOR, Owner or such other Relevant Party as leasing the Aircraft in accordance with the terms hereof would have been (and LESSOR will be entitled to accelerate any and all Rent which would have been due from the date of LESSOR's recovery of possession of the Aircraft through the Expiration Date);
- (e) all costs associated with LESSOR's exercise of its remedies hereunder, including repossession costs, insurance costs, reasonable legal fees, Aircraft storage, maintenance and preservation costs, Aircraft re lease or sale costs and LESSOR's internal costs and expenses (including the cost of personnel time calculated based upon the compensation paid to the individuals involved on an annual basis and a general LESSOR overhead allocation);
- (f) any amount of principal, interest, fees or other sums paid or payable on account of funds borrowed in order to carry any unpaid amount;
- (g) any loss, premium, penalty or expense which may be incurred in repaying funds raised to finance the Aircraft or in unwinding any financial instrument relating in whole or in part to the financing of the Aircraft;
- (h) any loss, cost, expense or liability sustained by LESSOR or Owner due to LESSEE's failure to return the Aircraft in the condition required by this Lease, including an amount equal to the costs incurred (or likely to be incurred) by LESSOR or Owner for maintenance and modifications as necessary to put the Aircraft into such condition and into the condition necessary for delivery to a purchaser or next lessee and an amount sufficient to fully compensate Owner and LESSOR for loss of bargain if such failure results in the cancellation of a pending sale or lease of the Aircraft;

- (i) an amount sufficient to fully compensate Owner for any loss or diminution to Owner's residual interest in the Aircraft due to LESSEE's failure to maintain the Aircraft in accordance with this Lease and the other Operative Documents; and
- (j) any additional amount(s) as may be necessary to place LESSOR in the same economic position, on an after tax basis, as LESSOR would have been in if LESSEE had properly and fully performed each of its obligations under this Lease and the other Operative Documents.

25.7 **Waiver of Default.** By written notice to LESSEE, LESSOR may at its election waive any Default or Event of Default and its consequences (with or without conditions, at LESSOR's sole discretion). The respective rights of the parties will then be as they would have been had no Default or Event of Default occurred. LESSOR's waiver of any Default or Event of Default will not constitute a waiver of any subsequent Default or Event of Default.

25.8 **Present Value of Payments.** In calculating LESSOR's damages hereunder, on the Termination Date all Rent and other amounts which would have been due hereunder during the Lease Term if an Event of Default had not occurred will be calculated on a present value basis using a discounting rate of the prime rate announced by LESSOR's Bank discounted to the date on which LESSOR recovers possession of the Aircraft.

25.9 **Use of "Termination Date".** For avoidance of doubt, it is agreed that if LESSOR terminates the leasing of the Aircraft to LESSEE and the Aircraft is repossessed by LESSOR due to an Event of Default or a Detention Exposure, then, notwithstanding the use of the term "Termination Date" in this Lease, the period of the Lease Term and the "Expiration Date" will be utilized in calculating the damages to which LESSOR is entitled pursuant to Article 25.6. For example, it is agreed and understood that LESSOR is entitled to receive from LESSEE the Rent and the benefit of LESSEE's insurance and maintenance of the Aircraft until expiration of the Lease Term.

25.10 **Lease Termination.** LESSOR will hold the Lease Termination Agreement in escrow until such time as Detention Exposure occurs and is continuing for three days, in which case LESSOR may promptly, upon notice to LESSEE, date and file the Lease Termination Agreement with TCCA. Notwithstanding the foregoing, where LESSOR reasonably believes that the Detention Exposure creates a substantial and imminent risk of giving rise to a right of forfeiture, right of detention, imposition of a lien, right of sale or other Security Interest in respect of the Aircraft, an Engine, or any Part, LESSOR may immediately date and file the Lease Termination Agreement with the TCCA. In the event that a Lease Termination Agreement is so filed with TCCA, LESSEE will have a period of up to 15 days to satisfy LESSOR that the Detention Exposure is not continuing. If, during such period LESSOR is satisfied that the Detention Exposure is not continuing, it will enter into a replacement lease in respect of the Aircraft with LESSEE with terms identical, with the necessary changes, to this Lease. Otherwise, LESSEE will comply with all obligations, including, without limitation, return conditions which result from an early termination of this Lease; but, for greater certainty, LESSOR will continue to maintain legal custody and control of the Aircraft while LESSEE complies with such obligations.

ARTICLE 27 GOVERNING LAW AND JURISDICTION

27.1 Governing Law.

THIS LEASE IS DEEMED DELIVERED IN AND WILL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH STATE WITHOUT REGARD FOR CONFLICT OF LAW PRINCIPLES (OTHER THAN SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW, WHICH THE PARTIES AGREE APPLIES HERETO).

27.2 Jurisdiction and Service of Process.

27.2.1 Each of the parties hereto agrees that any legal proceedings (including any legal action or other process for seeking legal relief) against it or any of its assets with respect to, or in any way relating to or based on, this Lease and/or any other Operative Documents or dealings between them related to the subject matter of the transactions contemplated hereby or the LESSOR/LESSEE relationship being established (whether a contract claim, a tort claim, a breach of duty claim or any other common law or statutory claim) may be brought in any court of the State of New York in the County of New York or any Federal court of the United States of America sitting in such County, and the related appellate court. Each such party hereby irrevocably submits to and accepts with regard to any such action or proceeding, for itself and in respect of its assets, generally and unconditionally, the non-exclusive jurisdiction of the aforesaid courts. LESSEE hereby irrevocably designates, appoints and empowers [REDACTED: Item 2] as its authorized agent for service of process in the State of New York in any such action or proceeding. A copy of any such process served on such agent will be promptly forwarded by express courier by the person commencing such proceeding to LESSEE at its address set forth in Article 26.2, but the failure of LESSEE to receive such copy will not affect in any way the service of such process as aforesaid, LESSEE further irrevocably consents to the service of process out of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof by registered or certified airmail, postage prepaid, to LESSEE at its address set forth in Article 26.2 hereof. The foregoing, however, will not limit the rights of LESSOR to serve process in any other manner permitted by Law or the rights of LESSOR and LESSEE to bring any legal action or proceeding or to obtain execution of judgment in any jurisdiction. Each of LESSOR and LESSEE further agrees that final judgment against it in any such action or proceeding in any of the courts specified in the first sentence of this Article 27.2.1 will be conclusive and may be enforced in any other jurisdiction within or outside the United States of America by suit on the judgment, a certified or exemplified copy of which will be conclusive evidence of the fact and the amount of its indebtedness. Each of LESSOR and LESSEE hereby irrevocably waives, to the fullest extent permitted by Law, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Lease brought in any of the courts specified in the first sentence of this Article 27.2.1, and hereby further irrevocably waives any claim that any such suit, action or proceeding brought in any of the aforesaid courts

has been brought in an inconvenient forum. To the extent that LESSEE or LESSOR may in any jurisdiction in which proceedings may at any time be taken for the determination of any question arising under or for the enforcement of this Lease (including any interlocutory proceedings or the execution of any judgment or award arising therefrom) be entitled to claim or to otherwise be accorded for itself of its property, assets or revenues immunity from suit or attachment (whether in aid of execution, before judgment or otherwise) or other legal process, and to the extent that in any such jurisdiction, there may be attributed to LESSEE or LESSOR, or its property, assets or revenues such immunity (whether or not claimed), LESSEE and LESSOR each hereby irrevocably agrees not to claim and waives such immunity to the fullest extent permitted by the Law of such jurisdiction.

27.2.2 Prevailing Party in Dispute. If any proceeding is brought, the prevailing party will be entitled to recover legal fees and other costs incurred in such proceeding, to the extent permitted by Law. The prevailing party will also, to the extent permissible by Law, be entitled to receive pre- and post-judgment Default Interest.

27.2.3 Waiver of Jury Trial. EACH OF LESSEE AND LESSOR HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY AND ALL RIGHTS TO A JURY TRIAL IN RESPECT OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS LEASE OR ANY DEALINGS BETWEEN THEM RELATING TO THE SUBJECT MATTER OF THE TRANSACTIONS CONTEMPLATED HEREBY (OR THE LESSOR/LESSEE RELATIONSHIP BEING ESTABLISHED), INCLUDING, WITHOUT LIMITATION, CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS AND OTHER COMMON LAW AND STATUTORY CLAIMS. EACH OF LESSOR AND LESSEE REPRESENTS AND WARRANTS THAT EACH HAS REVIEWED AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH ITS LEGAL COUNSEL. THIS WAIVER IS IRREVOCABLE AND THIS WAIVER WILL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS LEASE OR ANY OF THE OPERATIVE DOCUMENTS. IN THE EVENT OF LITIGATION, THIS ARTICLE 27.2.3 MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

ARTICLE 28 MISCELLANEOUS

28.1 Servicer. Each Servicer will act as a servicer on behalf of LESSOR for all matters relating to this Lease, each other Operative Document and the Aircraft.

28.2 Press Releases. The parties will give copies to one another, in advance if possible, of all news, articles and other releases provided to the public media regarding this Lease or the Aircraft.

28.3 LESSOR Performance for LESSEE. The exercise by LESSOR of its remedy of performing a LESSEE obligation hereunder is not a waiver of and will not relieve LESSEE from the performance of such obligation at any subsequent time or from the performance of any of its other obligations hereunder.

28.4 LESSOR's Payment Obligations. [REDACTED: Item 2]

28.5 Application of Payments. Any amounts paid or recovered in respect of LESSEE liabilities hereunder may be applied to Rent, Default Interest, fees or any other amount due hereunder in such proportions, order and manner as LESSOR determines.

28.6 Third Parties. Except as expressly provided in this Lease with regard to Owner, Beneficial Owner, Relevant Parties, Indemnitees, Tax Indemnitees, Finance Parties, Transferee and the other parties referred to in Articles 24.6.3 and 24.6.4 (each of which is hereby agreed to be an express third party beneficiary hereof), LESSEE and LESSOR do not intend that any terms of the Operative Documents be enforceable by any Person who is not a party to this Lease.

28.7 Usury Laws. The parties intend to contract in strict compliance with all applicable usury Laws. Notwithstanding anything to the contrary in the Operative Documents, LESSEE will not be obligated to pay Default Interest or other interest in excess of the maximum non-usurious interest rate, as in effect from time to time, which may by applicable Law be charged, contracted for, reserved, received or collected by LESSOR in connection with the Operative Documents. During any period in which the then applicable highest lawful rate is lower than the Default Interest rate, Default Interest will accrue and be payable at such highest lawful rate; however, if at any subsequent time such highest lawful rate is greater than the Default Interest rate, then LESSEE will pay Default Interest at the highest lawful rate until the Default Interest which is paid by LESSEE equals the amount of interest that would have been payable in accordance with the interest rate set forth in Article 5.8.

28.8 Delegation by LESSOR. LESSOR may delegate to any Person(s) all or any of the rights, powers or discretion vested in it by this Lease and any such delegation may be made upon such terms and conditions as LESSOR in its absolute discretion thinks fit.

28.9 Confidentiality. The Operative Documents and all non public information obtained by either party about the other are confidential and are between LESSOR and LESSEE only and will not be disclosed by a party to third parties (other than to any Servicer, to such party's

auditors, shareholders and professional advisors, to Indemnitees and Tax Indemnitees, as required in connection with any filings of this Lease in accordance with Article 14, in connection with LESSOR's financing or potential sale of the Aircraft or assignment of this Lease, as required for enforcement by either party of its rights and remedies with respect to this Lease or as required by applicable Law) without the prior written consent of the other party. If any disclosure will result in an Operative Document becoming publicly available, LESSEE and LESSOR will cooperate with one another to obtain confidential treatment as to the commercial terms and other material provisions of such Operative Document. The obligations of LESSOR and LESSEE under this Article 28.9 will survive the Termination Date.

28.10 **Waiver.** The rights of LESSOR hereunder are cumulative, not exclusive, may be exercised as often as the LESSOR considers appropriate and are in addition to its rights under general Law. The rights of LESSOR are not capable of being waived or amended except by an express waiver or amendment in writing. Any failure to exercise or any delay in exercising any of such LESSOR's rights will not operate as a waiver or amendment of that or any other such right. Any defective or partial exercise of any rights of LESSOR will not preclude any other or further exercise of that or any other such right and no act or course of conduct or negotiation on LESSOR's part or on its behalf will in any way preclude LESSOR from exercising any such right or constitute a suspension or any amendment of any such right.

28.11 **Further Assurances.** Each party hereto agrees from time to time to do and perform such other and further acts and execute and deliver any and all such other instruments as may be required by Law, reasonably requested by the auditors of the other party or requested by the other party to establish, maintain, protect or perfect the rights, interests and remedies of the requesting party or any Relevant Party or to carry out and effect the intent and purpose of this Lease and the other Operative Documents.

28.12 **Translations of Lease.** If this Lease or any other Operative Document is translated into another language, whether or not signed by LESSEE and LESSOR in such other language, solely the terms and provisions of this English version of the Lease or such other Operative Document will prevail in any dispute. Further, all written communication and certificates and other documents delivered to LESSOR in connection with this Lease will be in English.

28.13 **Nature of Lease.** This Lease transfers to LESSEE with respect to the Aircraft a leasehold interest only and Owner is the owner and lessor of the Aircraft, and LESSEE is the lessee of the Aircraft, for all purposes, including for purposes of the application of all relevant Laws, all relevant financial accounting principles and all relevant Tax purposes.

28.14 **Use of Word "including".** The term "including" is used in this Lease without limitation.

28.15 **Headings.** All article and paragraph headings and captions are purely for convenience and will not affect the interpretation of this Lease. Any reference to a specific article, paragraph or section will be interpreted as a reference to such article, paragraph or section of this Lease.

28.16 **Invalidity of any Provision.** If any of the provisions of this Lease become invalid, illegal or unenforceable in any respect under any Law, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired.

28.17 **Construction.** This Lease and the other Operative Documents are the result of negotiations between LESSEE and LESSOR and are the product of both parties. Accordingly this Lease and the other Operative Documents or any uncertainty or ambiguity in any such agreements will be interpreted to fairly accomplish the purposes and intentions of LESSEE and LESSOR and will not be construed or resolved against LESSOR merely because of LESSOR's involvement in the preparation of this Lease and the other Operative Documents, regardless of any rule of construction.

28.18 **Time is of the Essence.** Time is of the essence in the performance of all obligations of LESSOR and LESSEE under the Operative Documents and, consequently, all time limitations applicable to LESSOR and LESSEE set forth in the provisions of this Lease will be strictly observed.

28.19 **Amendments in Writing.** The provisions of this Lease may only be amended or modified by a writing executed by LESSOR and LESSEE.

28.20 **Counterparts.** This Lease may be executed in any number of identical counterparts, each of which will be deemed to be an original, and all of which together will be deemed to be one and the same instrument when each party has signed and delivered one such counterpart to the other party.

28.21 **No Broker.** Each of the parties hereby represents and warrants to the other that it has not paid, agreed to pay or caused to be paid directly or indirectly in any form, any commission, percentage, contingent fee, brokerage or other similar payment of any kind, in connection with the establishment or operation of this Lease, to any Person.

28.22 **Delivery of Documents by Fax or E mail.** Delivery of an executed counterpart of this Lease or of any other documents in connection with this Lease by fax or e mail will be deemed as effective as delivery of an originally executed counterpart. Any party delivering an executed counterpart of this Lease or other document by fax or e mail will also deliver an originally executed counterpart, but the failure of any party to deliver an originally executed counterpart of this Lease or such other document will not affect the validity or effectiveness of this Lease or such other document.

28.23 **Entire Agreement.** This Lease and the other Operative Documents constitute the entire agreement between the parties in relation to the leasing of the Aircraft by LESSOR to LESSEE and supersede all previous proposals, agreements and other written and oral communications in relation hereto. The parties acknowledge that there have been no representations, warranties, promises, guarantees or agreements, express or implied, except as set forth in this Lease.

IN WITNESS WHEREOF, LESSEE and LESSOR have executed this Lease as of the date shown at the beginning of this Lease.

Signed for and on behalf of
MENELAUS I LIMITED

By:

“Ken Faulkner”

Signature

Ken Faulkner, Attorney-in-Fact

Name

Signed for and on behalf of
CANADA JETLINES OPERATIONS LTD.

By:

“Mark Morabito”

Signature

Mark Morabito, Executive Chairman

Name

EXHIBIT A AIRCRAFT DESCRIPTION

The description of the Aircraft set forth in this Exhibit A and the description of the delivery condition of the Aircraft set forth in Exhibit B are solely for the purposes of describing the condition in which the Aircraft is required to be in all material respects in order for LESSEE to be obligated to accept the Aircraft on the Delivery Date according to the standard set forth in Article 6.2. Nothing in this Exhibit A or in Exhibit B will be construed as a guaranty, representation, warranty or agreement of any kind, whatsoever, express or implied, by LESSOR with respect to the Aircraft or its condition, all of which have been disclaimed by LESSOR and waived by LESSEE as set forth in the Lease.

Subject to the above:

Part 1. Identifying Information

<u>AIRFRAME:</u>	Airbus A320-200
<u>ENGINES:</u>	IAE V2527-A5

Part 2. Full Description

[REDACTED: Item 1]

EXHIBIT B **CONDITION AT DELIVERY**

[REDACTED: Item 1]

EXHIBIT C **INSURANCE REQUIREMENTS**

[REDACTED: Item 2]

EXHIBIT D AVIATION AUTHORITY UNDERTAKING LETTER

[Date]

TO: THE AIR AUTHORITIES LISTED ON SCHEDULE "A" HERETO
SUBJECT: STATEMENT OF ACCOUNTS FOR CANADA JETLINES OPERATIONS
LTD.

Dear Sirs:

We refer to the Aircraft Lease Agreement dated as of _____ 2018, between Menelaus I Limited, as lessor ("**Lessor**"), and Canada Jetlines Operations Ltd., as lessee ("**Lessee**"), in respect of one (1) Airbus A320-200 aircraft bearing manufacturer's serial number 2594 and Canadian registration mark C-____ (the "**Aircraft**").

We hereby irrevocably authorize you to release to Lessor (or its duly authorized representatives) at any time upon Lessor's request, so long as Lessor has an interest in the Aircraft, a statement of account of all fees and charges then owed by Lessee and or an Affiliate of Lessee in the event that the Aircraft is subleased to such Affiliate (whether or not currently due and payable), as at the date of such request.

Yours truly,

CANADA JETLINES OPERATIONS LTD.

By: _____
Name:
Title:

Aviation Authority Letter – MSN 2594

SCHEDULE "A"

ABBOTSFORD AIRPORT AUTHORITY

30440 Liberator Avenue Abbotsford, BC Canada V2T 6H5

AEROPORTS DE MONTREAL

Bureau 2100, 1100 boulevard René-Levesque, Montréal, PQ H3B 4X8

EDMONTON REGIONAL AIRPORT AUTHORITY

Suite 3-10908, 120 Avenue NW, Edmonton, AB
T5G 2Z3

GREATER TORONTO AIRPORTS AUTHORITY

Toronto Pearson International Airport, P.O. Box 6031, 3111 Convair Drive, Toronto, ON
L5P 1B2

HALIFAX STANFIELD INTERNATIONAL AIRPORT

1 Bell Boulevard, Enfield, NS B2T 1K2

MONTREAL-PIERRE ELLIOTT TRUDEAU INTERNATIONAL AIRPORT

975 Romeo-Vachon Blvd North, Suite 317 Montreal, PQ H4Y 1H1

NAV CANADA

77 Metcalfe Street, Ottawa, ON K1P 5L6

OTTAWA INTERNATIONAL AIRPORT AUTHORITY

1000 Airport Parkway Private, Suite 2500, Ottawa, ON K1V 9B4

THE CALGARY AIRPORT AUTHORITY

2000 Airport Road NE, Calgary, AB V2E 6W5

VANCOUVER INTERNATIONAL AIRPORT AUTHORITY

Vancouver International Airport, 3211 Grant McConachie Way, Richmond, BC V7B 1Y7

ANY OTHER CANADIAN AIRPORT AND/OR AIR AUTHORITY

EXHIBIT E ESTOPPEL AND ACCEPTANCE CERTIFICATE

CANADA JETLINES OPERATIONS LTD. ("**LESSEE**"), a company organized under the laws of Canada, does hereby represent, acknowledge, warrant and agree as follows:

1. **LESSEE** and MENELAUS I LIMITED ("**LESSOR**") have entered into an Aircraft Lease Agreement dated as of _____, 2018 (hereinafter referred to as the "**Lease**"). Words used herein with capital letters and not otherwise defined will have the meanings set forth in the Lease.

2. **LESSEE** has this ____ day of _____, _____
(Time: _____) at _____ received from **LESSOR** possession of:

(a) One Airbus A320-200 aircraft bearing manufacturer's serial number 2594 and registration mark _____, together with two IAE V2527-A5 engines bearing manufacturer's serial numbers _____ and _____ (each of which has 550 or more rated takeoff horsepower) and an APU bearing part number _____ and manufacturer's serial number _____.

(b) All Aircraft Documentation, including the usual and customary manuals, logbooks, flight records and historical information regarding the Aircraft, Engines, APU and Parts.

(c) The loose equipment set forth in the list of Loose Equipment attached hereto.

3. The Aircraft had the following seating configuration at Delivery:
_____ first _____ business _____ coach

4. An auxiliary center tank (ACT) is / is not installed (circle one) at Delivery.

If yes, quantity of auxiliary center tanks: _____

5. The Airframe, Engines, APU and Parts had the Flight Hours/Cycles at Delivery set forth in the Technical Evaluation Summary attached hereto and the Aircraft was otherwise in the condition described by the Technical Evaluation Summary attached hereto.

6. The amount of fuel on board at Delivery is _____
pounds/gallons/kilos of fuel (circle one).

7. The Agreed Value of the Aircraft is US\$ _____.

8. All of the foregoing has been delivered and irrevocably and unconditionally accepted on the date set forth above to **LESSEE**'s full satisfaction and pursuant to the terms and

provisions of the Lease. The foregoing is without prejudice to LESSOR's obligations to take such actions (if any) as expressly set forth in the List of Other Obligations attached hereto.

9. The Aircraft, Engines, APU, Parts and Aircraft Documentation as described in the Lease have been fully examined by LESSEE and have been received in a condition fully satisfactory to LESSEE and in full conformity with the Lease in every respect without exception or reservation.

10. LESSEE hereby repeats the provisions of Article 8 (Disclaimers and Waivers) of the Lease as if set out in full herein.

11. The Lease is in full force and effect, LESSOR has fully, duly and timely performed all of its obligations of every kind or nature thereunder and LESSEE has no claims, offsets, deductions, set off or defenses of any kind or nature in connection with the Lease.

12. The Delivery of the Aircraft evidenced by LESSEE's execution of this Estoppel and Acceptance Certificate creates an international interest for all purposes of the Cape Town Convention including, without limitation, affording LESSOR all rights and remedies thereunder. "**Cape Town Convention**" means both the Convention on International Interests in Mobile Equipment and the Protocol to the Convention on International Interests in Mobile Equipment on Matters specific to Aircraft Equipment which were adopted on November 16, 2001 at a diplomatic conference held in Cape Town, South Africa (as either of them may be amended from time to time).

13. Each Finance Party may rely upon all of the foregoing in granting substantial financial accommodations to LESSOR or any Affiliate of LESSOR and LESSEE understands and agrees that any funds being advanced by such Finance Party will be made in reliance upon the foregoing.

14. Prior to the first revenue flight of the Aircraft, LESSEE will obtain all required permits, authorizations, licenses and fees of the State of Registration or any Government Entity thereof necessary in order for LESSEE to operate the Aircraft as permitted by the terms of the Lease.

Dated on the date set forth above

CANADA JETLINES OPERATIONS LTD.

By:

Printed Name:

Title:

ATTACHMENTS:

1. List of Other Obligations
2. Technical Evaluation Summary
3. List of Aircraft Documentation
4. Current Aircraft layout passenger arrangement (LOPA)
6. Dent and damage chart
7. List of loose equipment
8. List of free of charge kits
9. Engine disk sheets
10. Engine power assurance test conditions and results
11. Engine trend data

EXHIBIT F OPINION OF COUNSEL

[REDACTED: Item 2]

EXHIBIT G FORM OF LEASE TERMINATION AGREEMENT

**LEASE TERMINATION AGREEMENT
MSN 2594**

THIS AGREEMENT is made as of _____, _____,

BETWEEN: CANADA JETLINES OPERATIONS LTD. ("**Lessee**"); and MENELAUS I LIMITED ("**Lessor**").

RE: Aircraft Lease Agreement, dated as of _____ 2018 between Lessor and Lessee (the "**Lease**") with respect to one Airbus A320-200 model Aircraft, MSN 2594, C-_____ (the "**Aircraft**").

IT IS AGREED as follows:

1. LEASE TERMINATION

Lessor and Lessee hereby terminate the Lease and all rights of Lessee to operate the Aircraft as of _____ o'clock _____ m. _____ time on the date hereof and release the Aircraft from all of the terms and conditions of the Lease.

IN WITNESS whereof the parties hereto have executed this Agreement as of the date first written above.

CANADA JETLINES OPERATIONS LTD.

By: _____
Name:
Title:

MENELAUS I LIMITED

By: _____
Name:
Title:

EXHIBIT H **FORM OF CAPE TOWN IDERA**

Form of Irrevocable Deregistration and Export Request Authorization

[Date]

To: Transport Canada Civil Aviation Authority

Re: Irrevocable Deregistration and Export Request Authorization

The undersigned is the registered operator of the Airbus A320-200 aircraft bearing Manufacturer's serial number 2594 and registration mark _____ (together with all installed, incorporated or attached accessories, parts and equipment, the "**Aircraft**").

This instrument is an irrevocable deregistration export request authorization issued by the undersigned in favor of MENELAUS I LIMITED (the "**Authorized Party**") under the authority of Article XIII of the Protocol to the Convention on International Interests in Mobile Equipment on Matters specific to Aircraft Equipment. In accordance with that Article, the undersigned hereby requests:

(a) recognition that the Authorized Party or the person it certifies as its designee is the sole person entitled to:

(1) procure the deregistration of the Aircraft from the Canadian Civil Aircraft Registry maintained by Transport Canada for the purposes of Chapter III of the Convention on International Civil Aviation, signed at Chicago, on 7 December 1944; and

(2) procure the export and physical transfer of the Aircraft from Canada;
and

(b) confirmation that the Authorized Party or the person it certifies as its designee may take the action specified in clause (a) above on written demand without the consent of the undersigned and that, upon such demand, the authorities in Canada will cooperate with the Authorized Party with a view to the speedy completion of such action.

The rights in favor of the Authorized Party established by this instrument may not be revoked by the undersigned without the written consent of the Authorized Party.

Please acknowledge your agreement to this request and its terms by the appropriate notation in the space provided below and lodge this instrument in the Canadian Civil Aircraft Registry maintained by Transport Canada.

By:

Printed Name:

Title:

Date:

Agreed to and lodged on the date specified below.

TRANSPORT CANADA

By: _____

Its: _____

Date: _____

EXHIBIT I **FORM OF EUROCONTROL AUTHORISATION LETTER**

- *Printed on Aircraft Operator letter head paper (logo of the company)*
- *Duly signed by an official representative of the Aircraft Operator, with name and position clearly written*
- *One page*
- *Letter dated*
- *Date of Lease entered*
- *To be returned to: crco.cat.head@eurocontrol.int*

(Logo of the Aircraft Operator)

DATE _____

The Director of the Central Route Charges Office
European Organisation for the Safety of Air Navigation ("**EUROCONTROL**")
Rue de la Fusée, 96
1130 BRUXELLES
BELGIUM

Crco.cat.head@eurocontrol.int

Dear Sir,

Letter of Authorisation

MSN 2594, Reg: C- (the "Aircraft")

We have leased the above Aircraft from MENELAUS I LIMITED (the "**Lessor**"), in accordance with a lease agreement (dated as of _____), between us and the Lessor.

We hereby authorise you to provide the Lessor, hereby represented by AerCap Holdings N.V. with a general statement of account in relation to air navigation charges incurred by us and due to EUROCONTROL. Access to the statement(s) of account will be provided in accordance with the procedures established by EUROCONTROL.

The authorisation contained in this letter may only be revoked or amended by a written instruction signed by us and the Lessor.

Yours faithfully,

.....
For and on behalf of

CANADA JETLINES OPERATIONS LTD.
Name:
Title:

EXHIBIT J RETURN ACCEPTANCE RECEIPT

Date: _____, _____

1. CANADA JETLINES OPERATIONS LTD. ("**LESSEE**") and MENELAUS I LIMITED ("**LESSOR**") have entered into an Aircraft Lease Agreement dated as of _____, (the "**Lease**"). Words used herein with capital letters and not otherwise defined will have the meanings set forth in the Lease.

2. LESSOR has this ____ day of _____, _____ (Time: _____) at _____ received from LESSEE possession of:

(a) One Airbus A320-200 Aircraft bearing manufacturer's serial number 2594, together with two IAE V2527-A5 Engines bearing manufacturer's serial numbers _____ and _____, an APU bearing manufacturer's serial number _____, and all Parts attached thereto and thereon; and

(b) All Aircraft Documentation, including the usual and customary manuals, logbooks, flight records and historical information regarding the Aircraft, Engines, APU and Parts, as listed in the Document Receipt attached hereto.

3. The Aircraft had the following seating configuration at return:

_____ first _____ business _____ coach

4. An auxiliary center tank (ACT) is / is not installed (circle one) at return.

If yes, quantity of auxiliary center tanks: _____

5. The Airframe, Engines, APU and Parts had the Flight Hours/Cycles at return set forth in the Technical Evaluation Summary attached hereto and the Aircraft was otherwise in the condition described by the Technical Evaluation Summary attached hereto.

6. The amount of fuel on board at return is _____ pounds/gallons/kilos of fuel (circle one).

7. Other technical information regarding the Aircraft and its components are correctly set forth on the Technical Evaluation Summary attached hereto.

8. With reference to Article 13.10 of the Lease regarding payment in respect of maintenance contributions by LESSOR after return of the Aircraft:

_____	There are no claims for payment which will be submitted after the date hereof.	
or		
_____	Claims for payment will be submitted after the date hereof for the following:	
	<u>Type of Work</u>	<u>Estimated Invoice Amount</u>

9. LESSEE confirms that it has delivered to LESSOR all free of charge kits for the Aircraft received by LESSEE.

10. The above specified aircraft, engines and documentation are hereby accepted by LESSOR subject to (i) the provisions of the Lease and (ii) correction by LESSEE (or procurement by LESSEE at LESSEE's cost) as soon as reasonably possible of the discrepancies specified in the list attached.

11. Subject to the following paragraph, the leasing of the Aircraft by LESSOR to LESSEE pursuant to the Lease is hereby terminated without prejudice to LESSEE's continuing obligations under the Lease and the other Operative Documents including, without limitation, paragraph 10(ii) above and the obligations of LESSEE described in Article 4.4 of the Lease.

12. LESSEE represents and warrants that during the term of the Lease all maintenance and repairs to the Airframe and Engines were performed in accordance with the requirements contained in the Lease. LESSEE further confirms that all of its obligations under the Lease and the other Operative Documents whether accruing prior to the date hereof or which survive the expiration of the Lease or the termination of the leasing of the Aircraft under the Lease by their terms and accrue after the date hereof, will remain in full force and effect until all such obligations have been satisfactorily completed.

13. This Return Acceptance Receipt is executed and delivered by the parties in _____.

IN WITNESS WHEREOF, the parties hereto have caused this Return Acceptance Receipt to be executed in their respective company names by their duly authorized representatives as of the day and year first above written.

CANADA JETLINES OPERATIONS LTD.

MENELAUS I LIMITED

By: _____

By: _____

Printed Name:

Printed Name:

Its: _____

Its: _____

ATTACHMENTS:

1. List of discrepancies
2. List of Aircraft Documentation
3. Current Aircraft layout passenger arrangement (LOPA)
4. Incident/accident letter (IATA form or other form acceptable to LESSOR)
5. Dent and damage chart
6. List of loose equipment
7. List of free of charge kits
8. Engine disk sheets
9. Engine power assurance test conditions and results
10. Engine trend data
11. Technical Evaluation Summary

EXHIBIT K **MONTHLY REPORT**

(SEE FOLLOWING SHEET)

MONTHLY AIRCRAFT UTILIZATION AND STATUS REPORT

[REDACTED: Item 2]

EXHIBIT L AIRCRAFT DOCUMENTATION

AIRCRAFT RECORDS

1. Copies of original Certificates delivered by Manufacturer, such as:
 - a. Airworthiness Certificate for Export
 - b. Radio installation conformity certificate
 - c. Noise limitation certificate
2. Copies of original Documents delivered by Manufacturer, such as:
 - a. Airworthiness Directive Compliance list
 - b. Aircraft inspection report
 - c. Aircraft Definition Report
 - d. Weighing report
3. Copies of current Certificates:
 - a. Airworthiness Certificate
 - b. Noise limitation
 - c. Radio license
 - d. Interior material burn certificates
 - e. Certificate of Export
 - f. Aircraft deregistration confirmation
 - g. Aircraft Registration
4. Letters signed and stamped by Quality Assurance:
 - a. Current aircraft hours and Cycles
 - b. Current engines hours and Cycles
 - c. Accident and Incident report
 - d. Summary of Maintenance Program
 - e. AD compliance during the lease term
5. Aircraft log books and Aircraft Definition Report
6. Aircraft Hard Time (HT) inspection status
7. One year forecast for HT inspection
8. Aircraft Modification status, including service bulletins
9. Most recent weighing report
10. AD compliance report with original signoffs
11. Corrosion Prevention Control Program compliance summary
12. Routine and non routine job cards of the Return Check
13. Routine and non routine maintenance work cards for tasks performed during the Lease Term that were not repeated at or superseded by the Return Check
14. Past year pilot and maintenance discrepancies
15. Major and Minor structural repairs with applicable approvals
16. Compass Swing report of the last three years
17. Cabin Configuration drawing (LOPA)
18. Emergency equipment location drawing
19. Engineering data package for all Modifications

ENGINES RECORDS

1. Last test cell run reports
2. Life limited Parts status and traceability
3. AD compliance report with original signoffs
4. Engine Modification / service bulletin / inspection report and applicable forms
5. Last heavy maintenance records for each module
6. Engine log books
7. Engine removal history
8. Past year trend monitoring reports
9. Historical borescope reports
10. Engine component report

APU RECORDS

1. APU status (FH, FC, limits)
2. Life limited Part status and traceability
3. AD compliance report with original signoffs
4. Modification status
5. Last heavy maintenance documents
6. APU log books
7. Last test cell report

COMPONENT RECORDS

1. Aircraft component inventory
2. Hard time component inventory
3. All required serviceable tags
4. Landing Gear status with last overhaul and life limited Part status
5. AD compliance report with original signoffs
6. Modification status
7. Auxiliary fuel tank log book

EXHIBIT M **MRA CLAIM SETTLEMENT ACKNOWLEDGEMENT**

[REDACTED: Item 2]

EXHIBIT N **MRA CLAIM SUPPORTING DOCUMENTATION**

[REDACTED: Item 2]

EXHIBIT O FORM OF SHORT FORM LEASE

AIRCRAFT LEASE AGREEMENT (SHORT-FORM) (MSN 2594)

THIS SHORT-FORM LEASE (the **Lease**) is made as of _____, 2019

BETWEEN:

1. **MENELAUS I LIMITED**, a private company limited by shares duly incorporated under the laws of Ireland (**Lessor**); and
2. **CANADA JETLINES OPERATIONS LTD.**, a company existing under the laws of Canada (**Lessee**).

WHEREAS:

- (A) The Aircraft (as hereinafter defined) is the subject of an Aircraft Lease Agreement entered into between Lessor and Lessee dated as of _____ 2018 (as amended, supplemented and novated from time to time, the **Lease Agreement**);
- (B) The Aircraft is described in the Lease Agreement as follows:

One Airbus A320-200 aircraft
Manufacturer's Serial Number: 2594
Canadian Registration Mark: C-____
(the **Aircraft**); and
- (C) The terms of the Lease Agreement provide for the lease of the Aircraft to Lessee by Lessor in exchange for payments of rent and all other amounts due as specified in the Lease Agreement,

NOW, THEREFORE, for good and valuable consideration the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

1. The term of the Lease will commence on _____ and will terminate on _____ or otherwise as agreed by Lessor and Lessee.
2. The Aircraft will be in the legal custody and control of Lessee during the term of the Lease.
3. Lessee will be responsible for the airworthiness and maintenance of the Aircraft during the term of the Lease.
4. Lessor does not and will not provide, directly or indirectly, any flight crew designated

to operate the Aircraft.

5. Lessee will be responsible for insuring the Aircraft for such limits and coverage as will be required by law from time to time.
6. Subleasing or assignment of the Aircraft is not permitted without the prior consent of Lessor.
7. The Lease maybe cancelled prior to its scheduled termination date following the occurrence of an event of default or such other terminating event as agreed by Lessor and Lessee, and Lessor providing a notice to Lessee terminating the Lease.
8. This Lease is subject in all respects to the terms and conditions of the Lease Agreement, it being acknowledged that the Lease Agreement or any other agreement between the parties in respect of the Aircraft does not contradict the conditions contained in this Short Form Lease.
9. This Lease is delivered pursuant to the requirements for registration of the Aircraft in the Canadian Civil Aircraft Register in accordance with the terms and conditions of the Lease Agreement.

IN WITNESS WHEREOF, Lessee and Lessor have executed this Lease as of the date first above written.

**CANADA JETLINES OPERATIONS
LTD.**

By: _____

Name: _____

Title: _____

MENELAUS I LIMITED

By: _____

Name: _____

Title: _____

EXHIBIT P FORM OF GUARANTEE

[REDACTED: Item 2]

EXHIBIT Q **FORM OF NOTICE AND ACKNOWLEDGEMENT**

From: MENELAUS I LIMITED (the "**Lessor**")

To: CANADA JETLINES OPERATIONS LTD. (the "**Lessee**")

_____, 2019

Ladies and Gentlemen:

We refer to the Aircraft Lease Agreement dated as of _____ 2018 (as amended and supplemented, the "**Lease**") entered into between Lessee and Lessor pertaining to one (1) Airbus A320-200 aircraft bearing manufacturer's serial number 2594 and registration number C-____ and two IAE V2527-A5 engines bearing manufacturer's serial numbers _____ and _____, each of which is a jet propulsion engine bearing at least 1750 pounds of thrust or the equivalent thereof.

Any and all initially capitalized terms used herein shall have the meanings ascribed thereto in the Lease, unless specifically defined herein.

The Lessor hereby gives you notice that by that certain Aircraft Mortgage and Security Agreement dated as of March 30, 2011, and made between the parties named therein including Lessor and Citibank, N.A., as the Collateral Agent (the "**Collateral Agent**"), the Lessor has assigned to the Collateral Agent by way of security all its right, title and interest in and to the Lease and the proceeds thereof, including certain insurance proceeds (the "**Security Assignment**"). The Lessor also notifies you that the Collateral Agent is a Finance Party as defined under the Lease.

Notwithstanding any contrary provision in the Lease, Citibank, N.A., as Collateral Agent, shall be the loss payee, a contract party and an additional insured, as applicable, on all hull and war risk policies of insurance and Citibank, N.A., as Collateral Agent and Administrative Agent shall be a contract party and an additional insured, as applicable, on all liability policies of insurance.

If the Collateral Agent issues to you a notice (a "**Relevant Notice**") that its rights as assignee under the Security Assignment have become exercisable as provided therein, you are hereby authorized and required to thereafter perform, observe and comply with all your undertakings and obligations under the Lease in favor and for the benefit of the Collateral Agent as if the Collateral Agent were named as lessor therein instead of Lessor, and from and after the date of the Relevant Notice, you shall make all payments under the Lease as provided in the Relevant Notice or as the Collateral Agent shall otherwise direct.

This notice and the instructions herein contained are irrevocable unless and until the Collateral Agent revokes them.

This notice shall be governed by and construed in accordance with New York law.

Very truly yours,

MENELAUS I LIMITED

By: _____
Name:
Title:

Acknowledged and Agreed:

CANADA JETLINES OPERATIONS LTD.

By: _____
Name:
Title:

SCHEDULE I ECONOMIC TERMS

A. Security Deposit

The "Security Deposit" is an amount equal to [REDACTED: Item 2]. The Security Deposit is payable as follows (in US\$):

Payment Date	Amount
Received	[REDACTED: Item 2]
No later than three Business Days following execution of this Lease	[REDACTED: Item 2]
No later than [REDACTED: Item 2]	[REDACTED: Item 2]
No later than three Business Days prior to Delivery	[REDACTED: Item 2]

B. Transaction Fee

LESSEE will pay LESSOR a nonrefundable transaction fee in an amount equal to [REDACTED: Item 2] within two Business Days after execution of the Lease.

C. Base Rent

LESSEE will pay LESSOR the following amounts monthly in advance on each date specified in Article 5.4.2 as rent for the Aircraft ("**Base Rent**"):

Period of Lease Term	Amount of Base Rent
Lease Term	[REDACTED: Item 2]

D. Maintenance Rent

D.1

Type of Maintenance Rent	Amount of Maintenance Rent
"Airframe 6Y Maintenance Rent" means:	[REDACTED: Item 2] per calendar month
"Airframe 12Y Maintenance Rent" means:	[REDACTED: Item 2] per calendar month

	(the foregoing together, the " <u>Airframe Maintenance Rent</u> ")
" Performance Restoration Maintenance Rent " means:	[REDACTED: Item 2] per engine Flight Hour for each Engine (payable when the Engine is utilized on the Aircraft or on another aircraft) and payable based upon an assumed Flight Hour to Cycle utilization ratio of 1.5:1, subject to adjustment as described in Section D.3 below
" Engine LLP Maintenance Rent " means:	[REDACTED: Item 2] per engine Cycle for each Engine (payable when the Engine is utilized on the Aircraft or on another aircraft)
" Landing Gear Maintenance Rent " means:	[REDACTED: Item 2] per calendar month
" APU Maintenance Rent " means:	[REDACTED: Item 2] per APU Airframe Cycle (payable when the APU is utilized on the Aircraft or on another aircraft)

D.2 Escalation

In the case of Airframe Maintenance Rent, Landing Gear Maintenance Rent, and APU Maintenance Rent, by [REDACTED: Item 2] (rounded to the nearest Dollar) of the then current Maintenance Rent Rate, and in the case of Performance Restoration Maintenance Rent, by [REDACTED: Item 2] (rounded to the nearest Dollar) of the then current Maintenance Rent Rate.

D.3 The Performance Restoration Maintenance Rent will be adjusted in accordance with Article 5.5.1(c) and the table below:

Flight Hour to Cycle ratio (number of Flight Hours per Cycle):	Performance Restoration Maintenance Rent Rates (payable per engine Flight Hour for each Engine) (subject to escalation as described in this Schedule I):
Greater than or equal to 1 Hour but less than 2 Hours	[REDACTED: Item 2]
Greater than or equal to 2 Hours but less than 3 Hours	[REDACTED: Item 2]
Greater than or equal to 3 Hours but less than 4 Hours	[REDACTED: Item 2]
Greater than or equal to 4 Hours	[REDACTED: Item 2]

D.4 All Maintenance Rent payable in respect of a given calendar month will be paid on or before the Maintenance Rent Payment Date **[REDACTED: Item 2]**.

E. Supplemental Rent for Excess Cycles

The amount of Supplemental Rent payable for excess Cycles will be **[REDACTED: Item 2]** per Cycle.

Example: If the Airframe operates **[REDACTED: Item 2]** Flight Hours in a calendar year, it would have **[REDACTED: Item 2]** Cycles resulting from a Flight Hour/Cycle ratio of **[REDACTED: Item 2]**. If in fact the Airframe operates **[REDACTED: Item 2]** Cycles in such calendar year, the Airframe would have operated **[REDACTED: Item 1]** excess Cycles in such calendar year and LESSEE will pay LESSOR **[REDACTED: Item 2]**

F. Default Interest Rate

"Default Interest Rate" means **[REDACTED: Item 2]** percent above the one month USD LIBOR rate in effect on the applicable due date.

I. Certain Insurance Definitions

"Agreed Value" means **[REDACTED: Item 2]**.

"Damage Proceeds Threshold" means excess of **[REDACTED: Item 2]**.

"Maximum Deductible Amount" means **[REDACTED: Item 2]**.

"Minimum Liability Coverages" means **[REDACTED: Item 2]**.