

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**  
**Washington, DC 20549**  
**Form 10-K**

(Mark One)

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the fiscal year ended December 31, 2017**

**OR**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**Commission File Number: 001-33155**

**IPG PHOTONICS CORPORATION**

*(Exact name of registrant as specified in its charter)*

**Delaware**

*(State or other jurisdiction of incorporation or organization)*

**50 Old Webster Road, Oxford, Massachusetts**

*(Address of principal executive offices)*

**04-3444218**

*(IRS Employer Identification No.)*

**01540**

*(Zip Code)*

**Registrant's telephone number, including area code:  
(508) 373-1100**

**Securities registered pursuant to Section 12(b) of the Act:**

<b>Title of Class</b>	<b>Name of Exchange on Which Registered</b>
<b>Common Stock, Par Value \$0.0001 per share</b>	<b>The NASDAQ Stock Market LLC</b>

**Securities registered pursuant to Section 12(g) of the Act: None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer  Smaller reporting company

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes  No

The aggregate market value of the registrant's common stock held by non-affiliates of the registrant was approximately \$4.1 billion, calculated based upon the closing price as reported by the Nasdaq Global Market on June 30, 2017. For purposes of this disclosure, shares of common stock held by persons who own 5% or more of the outstanding common stock and shares of common stock held by each officer and director have been excluded in that such persons may be deemed to be "affiliates" as that term is defined under the Rules and Regulations of the Exchange Act. This determination of affiliate status is not necessarily conclusive.

As of February 22, 2018 , 54,056,120 shares of the registrant's common stock were outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE**

Portions of the registrant's Proxy Statement for its 2018 Annual Meeting of Stockholders to be filed pursuant to Regulation 14A within 120 days of the end of the registrant's fiscal year ended December 31, 2017 are incorporated by reference into Part III of this Annual Report on Form 10-K to the extent stated herein.

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*This Annual Report on Form 10-K contains certain forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and we intend that such forward-looking statements be subject to the safe harbors created thereby. For this purpose, any statements contained in this Annual Report on Form 10-K except for historical information are forward-looking statements. Without limiting the generality of the foregoing, words such as "may," "will," "expect," "believe," "anticipate," "intend," "could," "estimate," or "continue" or the negative or other variations thereof or comparable terminology are intended to identify forward-looking statements. In addition, any statements that refer to projections of our future financial performance, trends in our businesses, or other characterizations of future events or circumstances are forward-looking statements.*

*The forward-looking statements included herein are based on current expectations of our management based on available information and involve a number of risks and uncertainties, all of which are difficult or impossible to accurately predict and many of which are beyond our control. As such, our actual results may differ significantly from those expressed in any forward-looking statements. Factors that may cause or contribute to such differences include, but are not limited to, those discussed in more detail in Item 1 (Business) and Item 1A (Risk Factors) of Part I and Item 7 (Management's Discussion and Analysis of Financial Condition and Results of Operations) of Part II of this Annual Report on Form 10-K. Readers should carefully review these risks, as well as the additional risks described in other documents we file from time to time with the Securities and Exchange Commission (the "SEC"). In light of the significant risks and uncertainties inherent in the forward-looking information included herein, the inclusion of such information should not be regarded as a representation by us or any other person that such results will be achieved, and readers are cautioned not to rely on such forward-looking information. We undertake no obligation to revise the forward-looking statements contained herein to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.*

## PART I

### ITEM 1. BUSINESS

#### Our Company

IPG Photonics Corporation ("IPG", the "Company", the "Registrant", "we", "us" or "our") is the leading developer and manufacturer of a broad line of high-performance fiber lasers, fiber amplifiers and diode lasers that are used for diverse applications, primarily in materials processing. Fiber lasers are a type of laser that combine the advantages of semiconductor diodes, such as long life and high efficiency, with the high amplification and precise beam qualities of specialty optical fibers to deliver superior performance, reliability and usability.

Our diverse lines of low, mid and high power lasers and amplifiers are used in materials processing, advanced communications and medical applications. We sell our products globally to original equipment manufacturers ("OEMs"), system integrators and end users. We market our products internationally primarily through our direct sales force. Our major manufacturing facilities are located in the United States, Germany and Russia. We have sales service offices and applications laboratories worldwide.

We are vertically integrated such that we design and manufacture most of the key components used in our finished products, from semiconductor diodes to optical fiber preforms, finished fiber lasers and amplifiers. We also manufacture complementary products used with our lasers including optical delivery cables, fiber couplers, beam switches, optical processing heads and chillers. In addition, we offer laser-based systems for certain markets and applications. Our vertically integrated operations allow us to reduce manufacturing costs, control quality, rapidly develop and integrate advanced products and protect our proprietary technology.

We are listed on the Nasdaq Global Market (ticker: IPGP). We began operations in 1990, and we were incorporated in Delaware in 1998. Our principal executive offices are located at 50 Old Webster Road, Oxford, Massachusetts 01540, and our telephone number is (508) 373-1100.

#### Industry Background

Since the laser was invented over 50 years ago, laser technology has revolutionized a broad range of applications and products in various industries, including general manufacturing, automotive, medical, research, consumer products, electronics, semiconductors and communications. A laser works by converting electrical energy to optical energy. In a laser, an energy source excites or pumps a lasing medium, which converts the energy from the source into an emission consisting of particles of light, called photons, at particular wavelengths. Lasers provide flexible, non-contact and high-speed ways to process and treat various materials and are a key enabler of advanced manufacturing techniques including automation and miniaturization. They are incorporated into manufacturing, medical and other systems by OEMs, system integrators and end users. Also, they are widely used for various medical applications and test and measurement systems and to transmit large volumes of data in optical communications systems. For a wide variety of applications, lasers provide superior performance and a more cost-effective solution than non-laser technologies.

Lasers emit an intense light beam that can be focused on a small area, causing metals and other materials to melt, vaporize or change their character. These properties are utilized in materials processing applications requiring very high power densities, such as cutting, welding, marking and engraving, additive manufacturing, ablation, printing, drilling and cladding. Many different types of machine tools have been used within the materials processing industry to cut, form or otherwise process metal in the production of finished goods such as automobiles, consumer appliances, electronics, and heavy machinery. These machine tools include (but are not limited to) grinding machines, mechanical saws, milling machines, lathes, presses, stamping machines, electrical-discharge machines, plasma, water-jet and lasers. The 2017 World Machine Tool Survey conducted by Gardner Business Intelligence estimates global machine tool consumption of \$82 billion in 2017. Laser-based systems are increasingly gaining share within the materials processing market given the greater precision, processing speeds, and flexibility enabled by this technology. Because laser energy can be delivered remotely, with greater precision and power, the trends toward automated production, miniaturization and increasing product complexity are helping drive adoption of laser technology. Beyond materials processing, lasers are well-suited for imaging and inspection applications, and the ability to confine laser light to narrow wavelengths makes them particularly effective in medical and sensing applications.

#### Other Laser Technologies

Historically, carbon dioxide ("CO<sub>2</sub>") gas lasers and crystal lasers have been the two principal laser types used in materials processing and many other applications. They are named for the materials used to create the lasing action. A CO<sub>2</sub> laser produces light by electrically stimulating a gas-filled tube and delivers the beam through free space using mirrors to provide

direction. A crystal laser uses an arc lamp, pulsed flash lamp or diode stack or array to optically pump a special crystal. The most common crystal lasers use yttrium aluminum garnet ("YAG") crystals infused with neodymium or ytterbium. Crystal lasers also use mirrors in free space to deliver the beam or direct the beam through fiber optics.

### ***Fiber Lasers***

Fiber lasers use semiconductor diodes as the light source to pump specialty optical fibers, which are infused with rare earth ions. These fibers are called active fibers and are comparable in diameter to a human hair. The laser emission is created within optical fibers and delivered through a flexible optical fiber cable. As a result of their different design and components, fiber lasers are more reliable, efficient, robust, compact and easier to operate than other laser technologies. In addition, fiber lasers free the end users from fine mechanical adjustments and the high maintenance costs that are typical for other laser technologies.

Although low power fiber lasers were introduced four decades ago, their increased adoption in the last decade has been driven primarily by our improvements in their output power levels and cost, as well as their superior performance, lower cost of ownership and greater reliability compared with other laser technologies. We have successfully increased output power levels by developing improved optical components such as diodes and active fibers that have increased their power capacities and improved their performance. Fiber lasers now offer output powers that exceed those of other laser technologies in many categories. Also, semiconductor diodes historically have represented the majority of the cost of fiber lasers. In the past, the high cost of diodes meant that fiber lasers could not compete with other laser technologies on price and limited their use to high value-added applications. Over the last twenty years, however, our semiconductor diodes have become more affordable and reliable due, in part, to substantial advancements in semiconductor diode technology, packaging design and increased production volumes. As a result, the average cost per watt of output power has decreased dramatically over the last fifteen years. Because of these improvements, our fiber lasers can now effectively compete with other laser technologies over a wide range of output powers and applications, and begin to compete with non-laser technologies in many applications that that did not use lasers historically. As a pioneer in the development and commercialization of fiber lasers, we have contributed to many advancements in fiber laser technology and products.

### ***Advantages of Fiber Lasers***

We believe that fiber lasers provide a combination of benefits that include:

- *Superior Performance.* Fiber lasers provide uniform beam quality over the entire power range. In most other laser solutions, the beam quality is sensitive to output power, while in fiber lasers, the output beam is virtually non-divergent over a wide power range. A non-divergent beam enables higher levels of precision, increased power densities and the ability to deliver the beam over greater distances to where processing can be completed. The superior beam quality and greater intensity of a fiber laser's beam allow tasks to be accomplished more rapidly, with lower power units and with greater flexibility than comparable lasers.
- *Enhanced End User Productivity.* The near-infrared ("IR") wavelengths produced by ytterbium fiber lasers are absorbed well by metals, enabling faster processing speeds than other lasers and non-laser technologies across many metal-based materials processing applications. Because IPG fiber lasers utilize rigorously-tested long-lived semiconductor diodes, unique active fibers to prevent photo darkening and other leading-edge, proprietary technologies, our fiber lasers have demonstrated greater uptime and reliability in the field, with less required maintenance and fewer service interventions than many competing technologies.
- *Cost of Ownership.* Fiber lasers are less expensive to operate due to their faster processing speeds, higher energy efficiency and lower required maintenance costs. Fiber lasers convert electrical energy to optical energy approximately 2 to 3 times more efficiently than diode-pumped YAG lasers or disc lasers, approximately 3 to 4 times more efficiently than conventional CO<sub>2</sub> lasers and approximately 15 to 30 times more efficiently than lamp-pumped YAG lasers. Because fiber lasers are much more energy-efficient and place lower levels of thermal stress on their internal components, they have substantially lower cooling requirements compared to those of other lasers, which also improves overall energy efficiency. Fiber lasers have lower maintenance costs due to the high performance and long life of our single-emitter diodes, fiber optics and other optical components.
- *Ease of Use.* Numerous features of fiber lasers make them easier to operate, maintain and integrate into laser-based systems as compared to other lasers, many of which require mirrors to direct the beam. There are no moving parts in fiber lasers and the beam is contained in a flexible fiber optic cable so they do not require adjustments of internal components or mirrors to direct the beam.

- *Compact Size.* Fiber lasers are typically smaller and lighter in weight than other lasers, saving valuable floor space. While other laser technologies are delicate due to the precise alignment of mirrors, fiber lasers are more durable and able to perform in variable environments.
- *Choice of Wavelengths and Precise Control of Beam.* The design of fiber lasers generally provides a broad range of wavelength choices, allowing users to select the precise wavelength that best matches their application and materials. As the beam is delivered through a flexible fiber optic cable, it can be directed to the work area over longer distances without loss of beam quality.

Fiber amplifiers are similar in design to fiber lasers, use many of the same components, such as semiconductor diodes and specialty optical fibers, and provide many of the same advantages in the applications that require amplification.

Notwithstanding the benefits offered by fiber lasers, there remain applications and processes where other laser technologies may provide superior performance with respect to particular features. For example, crystal lasers can provide higher peak power pulses necessary in certain applications and fiber lasers cannot now generate the deep ("UV") light that is used for photolithography in many semiconductor applications. In addition, CO<sub>2</sub> lasers operate at wavelengths that are optimal for use on many non-metallic materials, including organic materials like wood.

## **Our Competitive Strengths**

Our key strengths and competitive advantages include:

*World's Leading Producer of Fiber Laser Technology.* We are the world's largest manufacturer of fiber lasers. As a pioneer and technology leader in fiber lasers, we have built leading positions in our various end markets with a large and diverse customer base. Based on our leadership positions, we are able to leverage our scale to reduce costs for our customers and drive the proliferation of fiber lasers in existing and new applications. We rely on several key proprietary technologies, including pumping and combining technologies, manufacturing fibers to withstand the high output powers of our lasers, fiber gain blocks and optics that contribute to the superior performance and reliability of our products. As a result of our technology leadership, we can commercially manufacture reliable high power fiber lasers in high volumes at a lower cost per watt than our competitors.

*Vertically Integrated Development and Manufacturing.* We develop and manufacture all of our key high-volume specialty components, including semiconductor diodes, active fibers, passive fibers and specialty optical components. We also produce beam switches, fiber optic delivery cables, certain optical processing heads, power suppliers, printed circuit boards and mechanical parts developed especially for use with our lasers. Recently, we have been able to expand our product portfolio by offering systems capabilities in certain applications. We believe that our vertical integration enhances our ability to meet customer requirements, reduce costs, accelerate and focus development, shorten lead times, limit the spread of trade secrets and provide competitive pricing advantages while maintaining high performance and quality standards.

*Manufacturing Scale.* We have invested extensively in our production capabilities allowing us to deliver large volumes of fiber lasers in short delivery cycles which provide us with a competitive advantage. In 2017, we shipped more than 46,000 devices across a wide variety of applications and end markets.

*Breadth and Depth of Expertise.* We have extensive know-how in materials sciences, which enables us to make our specialty optical fibers, semiconductor diodes and other critical components. We also have experience in optical, electrical, mechanical and semiconductor engineering, which we use to develop and manufacture our proprietary components, products, accessories and systems. We also operate numerous application development centers worldwide and offer custom engineered systems solutions which allow us to assist customers in improving their manufacturing using our deep experience with fiber lasers.

*Broad Product Portfolio and Ability to Meet Customer Requirements.* We offer a broad range of standard and custom fiber lasers operating at various wavelengths and pulse durations and amplifiers, enabling deployment in a wide variety of applications and end markets. Our vertically integrated manufacturing, broad technology expertise and investment in inventory enable us to design, prototype and commence high-volume production of our products rapidly, allowing us to meet customer requests for quick deliveries.

*Diverse Customer Base, End Markets and Applications.* Our diverse customer base, end markets and applications provide us with many growth opportunities. In 2017, we shipped products to over 3,750 customers worldwide. Our principal end markets and representative applications within those markets include:

**Materials Processing**

**General manufacturing**

- Flat sheet, tube and 3D cutting
- Welding, brazing and hardening
- Marking, engraving and printing
- 3D printing, selective laser melting and sintering
- Ablation and cleaning

**Automotive**

- High-strength steel and aluminum cutting and welding
- Welding tailored metal blanks, frames, seats and transmissions
- Brazing and welding of auto frames
- Seam welding • Electric vehicle battery welding

**Consumer**

- Welding, cutting and marking for smart phones, electronics and appliances
- Electronics and credit card marking
- Stent, pacemaker and medical device manufacturing

**Heavy industry**

- Hardening and welding pipes in nuclear and pipeline industries
- Welding and cutting thick plates for ships and rail cars
- Cladding of turbine blades for power generators and drill bits for energy extraction

**Aerospace**

- Welding titanium air frames
- Cladding parts
- Percussion drilling of parts

**Semiconductor and electronics**

- Wafer inspections
- Photovoltaic manufacturing
- Dicing and scribing

**Advanced Applications**

- Obstacle warning and light detecting and ranging
- Special projects and research
- Directed energy demonstrations
- Laser cinema projection

**Communications**

- Short to ultra long reach, 1G to 100G+ DWDM for all network segments
- Broadband — fiber to premises, cable video signal transport
- Metro and long-haul wire-line DWDM transport • Pluggable optical transceivers

**Medical**

- Skin rejuvenation and wrinkle removal
- General surgery and urology
- Dental • Hair Removal
- Treatment of pigmented and vascular lesions

**Our Strategy**

Our objective is to maintain and extend our leadership position in our industry by pursuing the following key elements of our strategy:

*Leverage Our Technology to Increase Sales.* As fiber lasers become more widely accepted, we plan to leverage our position as the leader in fiber lasers and our applications expertise to develop solutions for customers and increase our position in the market. We believe that our fiber lasers can perform many tasks that have been done with other machine tools in current non-laser applications and will continue to displace other laser technologies. Over the last few years, our high power lasers have become widely accepted in two- and three-dimension cutting, one of the largest laser materials processing applications. We plan to continue to leverage our fiber laser technology by pursuing large-scale laser applications where our fiber lasers offer improved customer value and performance. Some of the more significant applications we intend to target include: (i) joining

processes including laser welding and brazing, (ii) deposition technology (cladding) and additive manufacturing (also called 3D printing); (iii) ablation processes including cleaning and stripping of materials; and (iv) micro-processing, scribing and marking with high power green lasers, ultrafast pulsed lasers, UV and ultrafast, IR lasers now under development.

*Target New Applications for Lasers and Expand into Broader Markets.* We intend to expand the use of fiber lasers into additional applications in which lasers are not widely used. We believe that the advantages of fiber laser technology can overcome many of the limitations that have hindered the broader adoption of laser technology. Using our manufacturing scale and technological innovations, we have been successful in reducing the cost of manufacturing with lasers, which we believe has made fiber lasers a more attractive manufacturing alternative as compared to other laser technologies and many non-laser methods. We target applications where the cost, reliability, mobility, quality of the final process and speed can lead customers to adopt fiber lasers instead of non-laser solutions. Certain industry trends such as the use of high-strength steel and aluminum in automotive manufacturing in order to decrease the weight of vehicles and improve structural rigidity are driving the use of fiber lasers over other manufacturing methods such as stamping, non-laser welding, riveting and adhesives. Other trends, such as increasing automation and miniaturization of parts and electronics, contribute to the use of lasers because no other tools can work as precisely or quickly. Large scale fiber laser applications outside of materials processing are also targeted. We are developing a fiber laser projection technology platform as an alternative to xenon bulb projection platforms in cinemas and other entertainment venues.

*Expand Our Product Portfolio.* We plan to continue to invest in research and development to produce lasers at additional wavelengths, power levels and more rapid pulse durations as well as new laser-based systems. We are developing and introducing lasers with ultrashort pulse durations (picosecond and femtosecond), UV and mid infra-red lasers. We have introduced a line of optical processing cutting, welding and scanning heads optimized for use with our laser sources. We have also grown our product portfolio through acquisitions. In 2017, we acquired Innovative Laser Technologies, LLC ("ILT"), a developer of high-precision laser systems for the medical device industry, OptiGrate, a pioneer of chirped volume Bragg grating technologies used in ultrafast lasers for pulse compression, and Laser Depth Dynamics Inc., which develops and manufactures in-process quality monitoring and control solutions for laser-based welding applications. In 2016, we acquired Menara Networks which expanded our telecom product offerings to include pluggable optical transceivers.

*Lower Our Costs Through Manufacturing Improvements and Innovation.* We plan to seek further improvements in component manufacturing processes and device assembly as well as innovation in components and device designs to improve performance and decrease the overall cost per watt for our products. As we increase our production volumes, we improve our internal manufacturing economies of scale and we believe we will be able to better negotiate price reductions with certain suppliers. We intend to leverage our technology and operations expertise to manufacture additional components in order to reduce costs, ensure component quality, ensure supply and improve product performance. We continue to manufacture more of the mechanical parts, printed circuit boards and power supplies we use and redesign certain optical components to improve quality and power capacities. We further decreased the manufacturing cost of our packaged diodes and other key components and sub-assemblies. Additionally, we have developed the capability of growing and processing crystals used in certain of our lasers. By reducing the cost per watt of our lasers and maintaining the lower operating cost of our products, we believe that we can increase the use of fiber lasers in applications for which other laser technologies are not an economical or competitive option.

*Expand Global Reach to Attract Customers Worldwide.* The acceptance of fiber laser technology has expanded in both developed and emerging markets around the world. As a result, we have increased and continue to increase our international sales and service locations to respond to our customer needs. In 2017, we established a new office in Mexico and the Czech Republic and continued to expand our facilities in Russia, the United States and Germany to increase manufacturing capacity.

## **Products**

We design and manufacture a broad range of high-performance optical fiber-based lasers and amplifiers. We also make packaged diodes, direct diode lasers, laser systems and communications components and systems. Many of our products are designed to be used as general-purpose energy or light sources, making them useful in diverse applications and markets.

Our products are based on a common proprietary technology platform using many of the same core components, such as semiconductor diodes and specialty fibers, which we configure to our customers' specifications. Our engineers and scientists work closely with OEMs, system integrators and end users to develop and customize our products for their needs. Because of our flexible and modular product architecture, we offer products in different configurations according to the desired application, including modules, rack-mounted units and tabletop units. Our engineers and other technical experts work directly with the customer in our application and development centers to develop and configure the optimal solution for each customer's manufacturing requirements. We also manufacture certain complementary products that are used with our lasers, such as optical delivery cables, fiber couplers, beam switches, optical processing heads and chillers.

### ***Lasers***

Our laser products include low (1 to 99 watts), medium (100 to 999 watts) and high (1,000 watts and above) output power lasers from 0.3 to 4.5 microns in wavelength. These lasers may be continuous wave ("CW"), quasi-continuous wave ("QCW") or pulsed. Our pulsed line includes nanosecond, picosecond and femtosecond lasers. We offer several different types of lasers, which are defined by the type of gain medium they use. These are ytterbium, erbium and thulium, as well as Raman and hybrid fiber-crystal lasers. We also sell fiber pigtailed packaged diodes and fiber coupled direct diode laser systems that use semiconductor diodes rather than optical fibers as their gain medium. In addition, we offer high-energy pulsed lasers, multi-wavelength lasers, tunable lasers, single-polarization and single-frequency lasers, as well as other versions of our products.

We believe that we produce the highest power solid-state lasers in the industry. Our ytterbium fiber lasers reach power levels of up to 120,000 watts. We also make single-mode and low-mode output ytterbium fiber lasers with power levels of up to 20,000 watts and single-mode, erbium and thulium fiber lasers with power levels of up to 500 watts. Our compact, durable design and integrated fiber optic beam delivery allow us to offer versatile laser energy sources and simple laser integration for complex production processes without compromising quality, speed or power.

We also sell laser diode chips and packaged laser diodes operating at 8XX to 9XX nanometers. We sell our own family of high power optical fiber delivery cables, fiber couplers, beam switches, chillers, scanners and other accessories for our fiber lasers. We are expanding our line of cutting and welding optical processing heads for use with our fiber lasers, including in-line coherent monitoring for welding.

We also make active and passive laser materials and tunable lasers in the mid-IR region.

### ***Amplifiers***

Our amplifier products range from milliwatts to up to 1,500 watts of output power from 1 to 2 microns in wavelength. We offer erbium-doped fiber amplifiers ("EDFAs"), Raman amplifiers and integrated communications systems that incorporate our amplifiers. These products are predominantly deployed in broadband networks such as fiber to the home ("FTTH"), fiber to the curb ("FTTC"), and passive optical networks ("PON"), and dense wavelength division multiplexing ("DWDM") networks. We also offer ytterbium and thulium specialty fiber amplifiers and broadband light sources that are used in advanced applications. In addition, we sell single-frequency, linearly polarized and polarization-maintaining versions of our amplifier products. As with our fiber lasers, our fiber amplifiers offer some of the highest output power levels and highest number of optical outputs in the industry. We believe our line of fiber amplifiers offers the best commercially available output power and performance.

### ***Transceivers***

Our transceivers provide interconnect, coarse wavelength division multiplexing ("CWDM"), DWDM, and tunable-based pluggable interfaces to serve optical transmission needs from 100 meters over multimode fiber to over 1,200 kilometers. A transceiver combines the functions of a transmitter, which uses a laser and modulation to convert electrical signals into optical signals for transmission over optical fiber, and a receiver, which uses photo detectors to convert incoming optical signals into electrical signals, within a single device. These optical subsystems provide the interface for interconnecting electronic equipment including Ethernet switches, IP routers and SONET/SDH optical transport modules within telecommunications, cable multi-system operator ("MSO") and data center networks.

### ***Systems***

Besides selling laser sources, we also offer integrated laser systems for particular geographic markets or custom-developed for a customer's manufacturing requirements. We offer 2D flat sheet cutter systems and multi-axis systems for fine welding, cutting and drilling. In 2017, we acquired ILT, a producer of high precision laser systems for the medical device industry. Also we offer a welding seam stepper and picker, which is an automated and integrated fiber laser welding tool providing customers increased processing speeds, better quality and the elimination of certain clamping tools and laser safety enclosures.

IPG also develops and sells specialized fiber laser systems for unique material processing applications as requested by customers desiring a complete laser-based solution, including orbital welding, pipe welding and remote welding. The platforms include robotic and multi-axis workstations for welding, cutting and cladding, flatbed cutting systems, and diode markers.

The following table lists our principal product lines that generated a substantial majority of our revenues in 2017, and the principal applications markets in which they are used:

Product Line	Principal Markets	Principal Applications
High Power Ytterbium CW (1,000 — 120,000 Watts)	Automotive Heavy Industry General Manufacturing Natural Resources Aerospace	<ul style="list-style-type: none"> <li>• Cutting</li> <li>• Welding</li> <li>• Annealing</li> <li>• Drilling</li> <li>• Cladding</li> <li>• Brazing</li> <li>• 3D Printing</li> </ul>
Medium Power Ytterbium CW (100 — 999 Watts)	General Manufacturing Consumer Medical Devices Printing Electronics	<ul style="list-style-type: none"> <li>• Cutting</li> <li>• Welding</li> <li>• Scribing</li> <li>• Engraving</li> <li>• 3D printing</li> </ul>
Pulsed Ytterbium (0.1 to 200 Watts)	General Manufacturing Semiconductor Medical Devices Consumer Electronics Panel Displays	<ul style="list-style-type: none"> <li>• Marking</li> <li>• Engraving</li> <li>• Scribing</li> <li>• Drilling</li> <li>• Coating removal</li> <li>• Cutting</li> </ul>
Ultrafast Pulsed Ytterbium	General Manufacturing Semiconductor Medical Scientific Consumer Electronics Panel Displays	<ul style="list-style-type: none"> <li>• Marking</li> <li>• Engraving</li> <li>• Coating removal</li> <li>• Scribing</li> <li>• Cutting</li> <li>• Drilling</li> <li>• Solar</li> </ul>
Quasi-CW Ytterbium (100 — 4,500 Watts)	Medical Device Computer Components Fine-Processing	<ul style="list-style-type: none"> <li>• Welding and micro-welding</li> <li>• Drilling</li> <li>• Cutting metals and crystals</li> </ul>
Pulsed and CW Green Lasers	Microprocessing and Semiconductor Solar General Manufacturing	<ul style="list-style-type: none"> <li>• Annealing silicon wafers</li> <li>• Thin film ablation</li> <li>• Marking plastics</li> </ul>
Pulsed Ultraviolet	Consumer Pharmaceutical Semiconductor Consumer Electronics	<ul style="list-style-type: none"> <li>• Marking</li> <li>• Engraving</li> <li>• Scribing</li> <li>• Micro punching</li> </ul>
Erbium Amplifiers	Broadband Access Cable TV DWDM Instrumentation Scientific Research	<ul style="list-style-type: none"> <li>• Telephony</li> <li>• Video on demand</li> <li>• High-speed internet</li> <li>• Ultra-long-haul transmission</li> <li>• Beam combining</li> </ul>
Transceivers	Telecommunications Cable TV Data Center Networking	<ul style="list-style-type: none"> <li>• SONET/SDH optical transport</li> <li>• Ethernet switching</li> <li>• IP routing</li> </ul>

Our products are used in a broad range of applications. The major application is materials processing, comprising approximately 94% of our sales in 2017. Our products also address other applications, including advanced applications (approximately 3% of sales), communications (approximately 2% of sales) and medical (approximately 1% of sales).

## Our Markets

### *Materials Processing*

The most significant materials processing applications for fiber lasers are cutting, welding and brazing, marking and engraving, additive manufacturing such as 3D printing and ablation. Other applications include micro-processing, surface treatment, drilling, and annealing.

*Cutting and Welding Applications.* Laser-based cutting technology has several advantages compared to alternative technologies. Laser cutting is fast, flexible and highly precise and can be used to cut complex contours on flat, tubular or three-dimensional materials. The laser source can be programmed to process many different kinds of materials such as steel, aluminum, brass, copper, glass, ceramic and plastic at various thicknesses. Laser cutting technology is a non-contact process that is easy to integrate into an automated production line and is not subject to wear of the cutting medium. We sell low, mid and high power ytterbium fiber lasers for laser cutting. High electrical efficiency, low maintenance and operating cost, high

beam quality, wide operating power range, power stability and small spot size are some of the qualities offered by IPG fiber lasers for many cutting applications, which enable customers to cut a variety of materials faster.

Laser welding offers several important advantages compared to conventional welding technology as it is non-contact, easy to automate, provides high process speed and results in narrow-seamed, high-quality welds that generally require little or no post-processing machining. The high beam quality of our fiber lasers coupled with high CW power offer deep penetration welding as well as shallow conduction mode welding. In addition, fiber lasers can be focused to a small spot with extremely long focal lengths, enabling remote welding "on the fly," a flexible method of three-dimensional welding in which the laser beam is positioned by a robot-guided scanner. Such remote welding stations equipped with fiber lasers are used for welding door panels and seat backs, the multiple welding of spot and lap welds over the entire auto body frame, tailor blank welding and welding "body-in-white," which is welding pieces of metal with different thicknesses for automotive applications. Typically, mid to high power ytterbium fiber lasers and long-pulse QCW ytterbium fiber lasers are used in welding applications. Our products are used also for laser brazing of visible joints in automobiles such as tailgates, roof joints and columns. Brazing is a method of joining sheet metal by using a melted filler material similar to soldering but requiring higher temperatures.

*3D Printing.* Historically, metalworking has been performed with processes that remove material to produce component parts. The development of 3D printing technology enables the production of three-dimensional objects from digital design data through an additive manufacturing process, which builds up components in layers using materials that are available in fine powder form. 3D printers take advantage of improvements in computing power and motion and process control to deposit a range of materials, including metals, plastics and composite materials, accurately at high speed. Within metal-based 3D printing processes that include laser metal deposition (LMD) and selective laser melting (SLM), a laser beam is used to fuse metallic powder at points defined by computer-generated design data. In many metal-based 3D printers, multiple laser sources are used to fuse the metallic powder more quickly and at multiple angles. 3D printing permits highly complex structures, with a high degree of customization capability and significantly less waste than subtractive manufacturing processes. The trends toward automation and miniaturization, as well as the stability and reliability of our fiber lasers have played important roles in the development of additive manufacturing technology.

*Marking and Engraving.* With the increasing need for source traceability, component identification and product tracking as a means of reducing product liability and preventing falsification, as well as the demand for modern robotic production systems, manufacturers increasingly demand marking systems capable of applying serialized alphanumeric, graphic or bar code identifications directly onto their manufactured components. Laser engraving is similar to marking but forms deeper grooves in the material. In contrast to conventional acid etching and ink-based technologies, lasers can mark a wide variety of metal and non-metal materials, such as ceramic, glass and plastic surfaces, at high speeds and without contact by changing the surface structure of the material or by engraving. Laser marking systems can be easily integrated into a customer's production process and do not subject the item being marked to mechanical stress. Our ytterbium pulsed fiber lasers are used for these applications.

In the semiconductor industry, lasers typically are used to mark wafers and integrated circuits. In the electronics industry, lasers typically are used to mark electrical components such as contactors, relays and printed circuit boards. Consumer electronic devices such as mobile phones, computers and handheld computers contain many parts that are laser-marked, including keyboards, logos and labels. With the increase in marking speed in the past few years, the cost of laser marking has decreased. In the photovoltaic or solar panel industry, pulsed lasers increasingly are used to remove materials and to scribe, or cut, solar cells. The high beam quality, increased peak output powers, flexible fiber delivery and competitive price of fiber lasers have accelerated the adoption of fiber lasers in these low power applications.

*Micro-Processing and Fine Processing.* The trend toward miniaturization in numerous industries such as consumer electronics, as well as innovations in materials and structures, is driving end users to utilize lasers in processing and fabrication. The ability of lasers to cut, weld, drill, ablate, etch and add materials on a fine scale is enabling new technologies and products across many industries. Our low power CW and QCW lasers are used to cut medical stents and weld medical batteries. In photovoltaic manufacturing, our lasers etch and perform edge isolation processes. The aerospace industry requires precise manufacturing of engine parts so that cooling is effective and aerospace manufacturers use lasers to conduct percussion drilling. Processing of plastics and semi-conductors require short pulse and high energy lasers, in the green, UV and mid-IR wavelengths.

#### ***Advanced Applications***

Our fiber lasers and amplifiers are utilized by commercial firms and by academic and government institutions worldwide for manufacturing of commercial systems and for research in advanced technologies and products. These markets may use specialty products developed by us or commercial versions of our products.

*Special Projects.* Due to the high power, compactness, performance, ruggedness and electrical efficiency of our fiber lasers and amplifiers, we sell our commercial products for government research and projects. These include materials testing, ordnance destruction, coherent beam combining, directed energy demonstrations, advanced communications and research.

*Research and Development.* Our products are used in a variety of applications for research and development by scientists and industrial researchers, including atom trapping. In addition, our lasers and amplifiers are used to design, test and characterize components and systems in a variety of markets and applications.

*Optical Pumping and Harmonic Generation.* Several types of our lasers are used to optically pump other solid-state lasers and for harmonic generation and parametric converters to support research in sensing, medical and other scientific research in the IR and visible wavelength domains. Our lasers are used as a power source for these other lasers. Green visible lasers are used to pump titanium sapphire lasers. Visible lasers can be used in cinema projection, amusement parks, planetariums and light shows.

*Remote Sensing.* Our products are used in light detection and ranging ("LIDAR"), a laser technique for remote sensing. Optical fiber can be used as a sensor for measuring changes in temperature, pressure and gas concentration in oil wells, atmospheric and pollution measurements and seismic exploration.

*Obstacle Warning and Mapping.* Our products are used for obstacle warning and 3-dimensional mapping of earth surfaces.

### **Communications**

We design and manufacture enhanced optical transmission modules and systems and DWDM transport systems for transmission of multiple wavelength channels over a single optical fiber.

We make optical pluggable systems, based upon mixed signal ASIC proprietary designs, intended to simplify optical networks and reduce customer capital costs. These are integrated into advanced 100G/400G software-defined, flexible and configurable coherent DWDM transceiver modules to comprise a "system-in-module". Major customers of this technology include a leading MSO, a large US data center operator and leading optical network system integrators.

IPG's fiber amplifiers are deployed in some of the world's largest broadband FTTH networks. In addition, we design and manufacture transceivers for interconnecting electronic equipment within telecommunications, cable MSO, and data center networks.

*DWDM.* DWDM is a technology that expands the capacity of optical networks, allowing service providers to extend the life of existing fiber networks and reduce operating and capital costs by maximizing bandwidth capacity. We provide a broad range of high power products for DWDM applications including EDFAs and Raman lasers. We provide a DWDM transport system that offers service providers and private network operators a simple, flexible, optical layer solution scalable to 80 channels that aggregates and multiplexes multiprotocol clients into optical transport network signals operating at 10, 40 and 100 gigabits per second per channel. We also provide both fixed wavelength DWDM transceivers and tunable DWDM transceivers that are capable of dynamically tuning across a range of wavelengths.

*Broadband Access.* The delivery to subscribers of television programming and Internet-based information and communication services is converging, driven by advances in Internet Protocol ("IP") technology and by changes in the regulatory and competitive environment. Fiber optic lines now offer connection speeds of up to 10 gigabits per second to the subscriber, or 1,000 times faster than digital subscriber lines ("DSL"), or cable links. We offer a series of specialty multi-port EDFAs and cable television ("TV") nodes and transmitters that support different types of passive optical network architectures, enabling high-speed data, voice, video on demand and high-definition TV. We provide an EDFA that supports up to 64 output ports, which allows service providers to support a high number of customers in a small space, reducing overall power consumption and network cost. End users for our products include communications network operators for video wavelength division multiplexing overlay solutions, operators of metro and long-haul networks for DWDM and amplification solutions, as well as cable and multiple system operators for optical amplification solutions.

### **Medical**

We sell our commercial fiber and diode lasers to OEMs that incorporate our products into their medical laser systems. Our ultrafast and CW ytterbium, erbium and thulium fiber lasers from 1 to 150 watts and diode laser systems can be used in various medical and biomedical applications. Aesthetic applications addressed by lasers include skin rejuvenation, hair removal, and treatment of pigmented and vascular lesions. Purchasers use our diode lasers in dental and skin rejuvenation procedures. Through our medical business, we are developing laser systems for dental (soft tissue and bone surgery) and

surgical (benign prostatic hyperplasia and lithotripsy) aesthetic, and veterinary uses. Other medical procedures are also being investigated.

## **Technology**

Our products are based on our proprietary technology platform that we have developed and refined since our formation. The following technologies are key elements in our products.

### ***Specialty Optical Fibers***

We have extensive expertise in the disciplines and techniques that form the basis for the multi-clad active and passive optical fibers used in our products. Active optical fibers form the laser cavity or gain medium in which lasing or amplification of light occurs in our products. Passive optical fibers deliver the optical energy created in our products. Our active fibers consist of an inner core that is infused with the appropriate rare earth ion, such as ytterbium, erbium or thulium, and outer cores of un-doped glass having different indices of refraction. We believe that our large portfolio of specialty active and passive optical fibers has a number of advantages as compared to other commercially available optical fibers. These advantages include higher concentrations of rare earth ions, fibers that will not degrade at the high power levels over the useful life of the product, high lasing efficiency, ability to achieve single-mode outputs at high powers, ability to withstand high optical energies and temperatures and scalable side-pumping capability.

### ***Semiconductor Diode Laser Processing and Packaging Technologies***

Another key element of our technology platform is that we use multiple multi-mode, or broad area, single-emitter diodes rather than diode bars or stacks as a pump source. We believe that multi-mode single-emitter diodes are the most efficient and reliable pumping source presently available, surpassing diode bars and stacks in efficiency, brightness and reliability. Single-emitter diodes have substantially reduced cooling requirements and typically have long lifetimes at high operating currents, compared to typical lifetimes of diode bars.

We developed advanced molecular beam epitaxy techniques to grow alumina indium gallium arsenide wafers for our diodes. This method yields high-quality optoelectronic material for low-defect density and high uniformity of optoelectronic parameters. In addition, we have developed numerous proprietary wafer processes and testing and qualification procedures in order to create a high energy output in a reliable and high power diode. We package our diodes in hermetically sealed pump modules in which the diodes are combined with an optical fiber output. Characteristics such as the ability of the package to dissipate heat produced by the diode and withstand vibration, shock, high temperature, humidity and other environmental conditions are critical to the reliability and efficiency of the products.

### ***Specialty Components and Combining Techniques***

We developed a wide range of advanced optical components that are capable of handling high optical power levels and contribute to the superior performance, efficiency and reliability of our products. In addition to fibers and diodes, our optical component portfolio includes fiber gratings, couplers, isolators and combiners. We also developed special methods and expertise in splicing fibers together with low optical energy loss and on-line loss testing. We believe that our internal development and manufacturing of key optical components allows us to lower our manufacturing costs and improve product performance.

### ***Side Pumping of Fibers and Fiber Block Technologies***

Our technology platform allows us to efficiently combine a large number of multi-mode single-emitter semiconductor diodes with our active optical fibers that are used in all of our products. A key element of this technology is that we pump our fiber lasers through the cladding surrounding the active core. We splice our specialty active optical fibers with other optical components and package them in a sealed box, which we call a fiber block. The fiber blocks are compact and eliminate the risk of contamination or misalignment due to mechanical vibrations and shocks as well as temperature or humidity variations. Our design is scalable and modular, permitting us to make products with high output power by coupling a large number of diodes with fiber blocks, which can be combined in parallel and serially.

### ***High-Stress Testing***

We employ high-stress techniques in testing components and final products that help increase reliability and accelerate product development. For example, we test all of our diodes with high current and temperatures to accelerate aging. We also have built a large database of diode test results that allows us to predict the estimated lifetime of our diodes. This testing allows us to eliminate defective diodes prior to further assembly and thus increase reliability.

## **Customers**

We sell our products globally to OEMs, system integrators and end users in a wide range of diverse markets who have the in-house engineering capability to integrate our products into their own systems. We have thousands of customers worldwide. Our primary end market is materials processing, comprised of general manufacturing, automotive, heavy industry, aerospace, consumer products, medical device manufacturing, natural resources, photovoltaic, semiconductor and electronics. We estimate that in 2017, approximately 54%, 20% and 9% of our net sales were generated from sales for cutting, welding and brazing, and marking and engraving applications, respectively. In 2016, approximately 51%, 18% and 11% and 2015, approximately 50%, 18% and 15% of our net sales were generated from sales for cutting, welding and brazing, and marking and engraving applications, respectively. These estimates are based upon customer information and when customer information has not been provided, upon our best information and belief. Within each of these applications, the lasers may vary substantially in terms of output powers depending upon the types of materials processed (e.g., thick steel cutting, aluminum cutting and fine metal cutting) and the industry served within the diverse materials processing end market, some of which are listed above. We also sell our products to other end markets, including advanced applications (comprised of commercial companies, universities, research entities and government entities), communications (comprised of system integrators, utilities and municipalities) and medical (comprised of medical laser systems manufacturers and researchers). We believe that our customer, geographic and end market diversification minimizes dependence on any single industry or group of customers.

The following table shows the allocation of our net sales (in thousands) among our principal markets:

	Year Ended December 31,					
	2017		2016		2015	
		% of Total		% of Total		% of Total
Materials Processing	\$ 1,332,607	94.6%	\$ 942,119	93.6%	\$ 849,335	94.2%
Other applications:						
Advanced Applications	36,836	2.6	28,166	2.8	28,866	3.2
Communications	32,023	2.3	28,823	2.9	14,399	1.6
Medical	7,423	0.5	7,065	0.7	8,665	1.0
Total other applications:	76,282	5.4	64,054	6.4	51,930	5.8
<b>Total</b>	<b>\$ 1,408,889</b>	<b>100.0%</b>	<b>\$ 1,006,173</b>	<b>100.0%</b>	<b>\$ 901,265</b>	<b>100.0%</b>

One of our customers, Han's Laser, headquartered in China, accounted for 13%, 9% and 13% of our net sales in 2017, 2016 and 2015, respectively. No other customer accounted for 10% or more of our net sales in 2017, 2016 or 2015.

Our net sales (in thousands) were derived from customers in the following geographic regions:

	Year Ended December 31,					
	2017		2016		2015	
		% of Total		% of Total		% of Total
United States and other North America (1)	\$ 165,363	11.8%	\$ 141,184	14.0%	\$ 131,525	14.6%
Europe:						
Germany	114,608	8.1	90,893	9.1	93,802	10.4
Other including Eastern Europe/CIS	290,067	20.6	224,836	22.3	189,123	21.0
Asia and Australia:						
China	621,283	44.1	358,476	35.7	311,946	34.7
Japan	80,612	5.7	88,592	8.8	76,033	8.4
Other	131,511	9.3	100,052	9.9	95,494	10.6
Rest of World	5,445	0.4	2,140	0.2	3,342	0.3
<b>Total</b>	<b>\$ 1,408,889</b>	<b>100.0%</b>	<b>\$ 1,006,173</b>	<b>100.0%</b>	<b>\$ 901,265</b>	<b>100.0%</b>

(1) The substantial majority of sales in North America are to customers in the United States.

## Backlog

At December 31, 2017, our backlog of orders (generally scheduled for shipment within one year) was approximately \$743.6 million compared to \$413.9 million at December 31, 2016. At December 31, 2017, our backlog included \$326.1 million of orders with firm shipment dates and \$417.4 million of frame agreements that we expect to ship within one year, compared to \$226.7 million of orders with firm shipment dates and \$187.2 million of frame agreements at December 31, 2016. Frame agreements are non-binding indications of customer pricing and volume levels but are not firm customer purchase obligations. Orders used to compute backlog are generally cancelable without substantial penalties. Historically, we have not experienced a

significant cancellation rate in ordinary economic conditions. We manage the risk of cancellation by establishing the right to charge a cancellation fee that generally covers a portion of the purchase price, any materials and development costs incurred prior to the order being canceled. Our ability to enforce this right depends on many factors including, but not limited to, the customer's requested length of delay, the number of other outstanding orders with the customer and our ability to quickly convert the canceled order to another sale.

We anticipate shipping a substantial majority of the present backlog during fiscal year 2018. However, our backlog at any given date is not necessarily indicative of actual sales for any future period.

### **Sales, Marketing and Support**

We market our products internationally primarily through our direct sales force. Our direct sales force sells to end users, OEMs and systems integrators. Once our fiber laser products are designed into an OEM's system, the OEM's sales force markets its systems, allowing us to take advantage of numerous OEMs' sales forces, each typically having several sales persons in locations other than where our sales offices are located. We have sales offices in the countries in which we have major manufacturing: United States, Germany and Russia.

We also have sales and service offices in the following countries: Brazil, Canada, China, Czech Republic, France, India, Italy, Japan, Mexico, Poland, Singapore, South Korea, Spain, Taiwan, Turkey and the United Kingdom. We have materials processing application centers in the United States, Germany, Russia, China, Italy, Japan and South Korea, which we use to demonstrate our products and develop new applications. Our application centers are fundamental to developing new laser applications for customers and assisting them in integrating lasers into their production processes.

To a lesser extent, we market through agreements with independent sales representatives and distributors. Sales to foreign customers may be priced in non-U.S. currencies and are therefore subject to currency exchange fluctuations.

We maintain a customer support and field service staff in our major markets. We work closely with customers and independent representatives to service equipment and to train customers to use our products. We have expanded our support and field service, particularly in locations where customer concentration or volume requires local service capabilities. We repair products at our facilities or at customer sites.

We typically provide one to three-year parts and service warranties on our lasers and amplifiers. Most of our sales offices provide support to customers in their respective geographic areas. Warranty reserves have generally been sufficient to cover product warranty repair and replacement costs.

### **Manufacturing**

Vertical integration is one of our core business strategies through which we control our proprietary processes and technologies as well as the supply of key components and assemblies. We believe that our vertically integrated business model gives us the following advantages:

- maintaining a technological lead over competitors;
- reducing component and final product costs compared to market prices available to competitors;
- ensuring access to critical components, enabling us to better meet customer demands;
- controlling performance, quality and consistency;
- enabling rapid development and deployment of new products and technologies;
- short lead times for customer deliveries; and
- limiting the spread our trade secrets.

Our vertically integrated manufacturing operations include optical preform making, specialty fiber drawing, semiconductor wafer growth, diode processing and packaging, specialty optical component manufacturing, fiber block and fiber module assembly for different power units, circuit board, software and electronics development and production, crystal growth, cleaning and polishing, machining of metal parts and casings and final assembly of finished product. In addition we make some of the testing, tool manufacturing and automated production systems that we use in our own manufacturing processes. Over the last several years, we added additional production capabilities, including five multi-wafer growth reactors, diode test stations, fiber pre-form and fiber drawing equipment and low, mid and high power laser production and testing, in order to increase our capacity as well as reduce the risks associated with our production process.

We operate our own semiconductor foundry for the production of the multi-mode single-emitter diodes. Diodes are the pumps that are used as the light source in each device we make. We also process, package and extensively test all of our diodes.

Because pump diodes represent a significant component cost of the final laser or amplifier, we have developed internal manufacturing capabilities for diodes. As a result of our high-volume production levels of pump diodes, proprietary processes and use of a small number of chip designs, we have been able to increase yields, lower component costs and assure high quality. We also design, manufacture and optimize many of our own test instruments, diode test racks, robotic and automated assembly tools and machines.

We developed these proprietary components, manufacturing tools, equipment and techniques over many years in an effort to address the major issues that had been inhibiting the development of fiber laser technology and to provide products that differentiate us from our competitors. In addition, we have acquired additional components including volume Bragg gratings. We believe that the proprietary components, manufacturing tools, equipment, techniques and software utilized in all of our product lines provide extensive barriers to potential competitors. Generally, we do not sell our proprietary components to third parties in significant quantities. Using our technology platform, we configure standard products based upon each customer's specifications. Through our vertically integrated manufacturing operations, we believe that we can develop, test and produce new products and configurations with higher performance and reliability and in less time than by working with external vendors. We have developed proprietary testing methodologies that allow us to develop higher power components and products in short periods of time, enable us to introduce products to the market more quickly, capitalize on new opportunities and provide superior service to our customers.

Our in-house manufacturing generally includes those operations and components that are critical to the protection of our intellectual property, the reduction of our costs or the achievement of performance and quality standards. We purchase from vendors common and specialized mechanical, electrical and optical parts and raw materials.

### **Research and Development**

We have extensive research and development experience in laser materials, fiber, optoelectronic and optomechanical components. We have assembled a team of scientists and engineers with specialized experience and extensive knowledge in fiber lasers and amplifiers, materials science, optics, critical components, testing and manufacturing process design, and laser application development.

We focus our research and development efforts on designing and introducing new and improved standard and customized products and complementary products, and the mass production of components for our products. In addition to our cladding-pumped specialty fiber platform, we have core competencies in high power multi-mode and single-mode semiconductor laser diodes, diode packaging, specialty active and passive optical fibers, high-performance optical components, crystal growth and processing, fiber gain blocks and fiber modules, thin film optical coatings, as well as splicing and combining techniques and high-stress test methods. Our research and development efforts are aided by our vertical integration and our proprietary high-stress testing techniques that result in accelerated development cycles. The strategy of developing our proprietary components has allowed us to leverage our optical experience and large volume requirements to lower the cost of our products.

Our research and development efforts are also directed at expanding our product line by increasing power levels, improving beam quality and electrical efficiency, decreasing the size of our products and lowering the cost per watt. We also are engaged in research projects to expand the spectral range of products that we offer, including the development of UV pulsed fiber lasers, ultrafast pulsed fiber lasers, and a mid-IR line of lasers from 2 to 5 microns, with a hybrid fiber and crystal laser design. We are also investing our research and development funds on laser systems, products for medical applications, and telecommunications products and components. Our team of experienced scientists and engineers works closely with many of our customers to develop and introduce custom products and laser processing that address specific applications and performance requirements.

We incurred research and development costs of approximately \$100.9 million, \$78.6 million and \$63.3 million for the years ended December 31, 2017, 2016 and 2015, respectively. We expect to continue our commitment to research and development and to introduce new products, systems and complementary products that would allow us to maintain our competitive position. See Item 7, "Management's Discussion and Analysis of Financial Condition of Results of Operations."

### **Intellectual Property**

We seek to protect our proprietary technology primarily through the U.S. and foreign laws affording protection for trade secrets, and to seek U.S. and foreign patent, copyright and trademark protection of our products and processes where appropriate. Historically, we relied primarily on trade secrets, technical know-how and other unpatented proprietary information relating to our product development and manufacturing activities. We seek to protect our trade secrets and proprietary information, in part, by requiring our employees to enter into agreements providing for the maintenance of confidentiality and the assignment to us of rights to inventions that they make while we employ them. We also enter into non-disclosure agreements with our consultants and suppliers to protect confidential information delivered to them. We believe that

our vertical integration, including our extensive experience in making a wide range of specialty and high power capacity components, as well as our technology platform make it difficult for others to reverse engineer our products.

We have increased our efforts to expand our patent portfolio globally. As of December 31, 2017, we have over 270 patents issued and over 420 pending patent applications worldwide relating principally to optical fiber lasers, amplifiers, bulk optics, semiconductors, laser and telecommunications systems and applications of fiber lasers. With respect to the United States, we were issued 20 patents and we filed 23 applications containing new subject matter in 2017. We own a portfolio of photonics patents in the fields of optical fiber lasers and amplifiers, semiconductor devices, integrated optics, fiber gratings, high-speed systems and optical networking. Intellectual property rights, including those that we own, those that we license and those of others, involve significant risks. See Item 1A, "Risk Factors—Our Inability to Protect Our Intellectual Property and Proprietary Technologies Could Result in the Unauthorized Use of Our Technologies by Third Parties, Hurt Our Competitive Position and Adversely Affect Our Operating Results."

## **Competition**

Our markets are competitive and characterized by rapidly changing technology and continuously evolving customer requirements. We believe that the primary competitive factors in our markets are:

- product performance and reliability;
- quality and service support;
- price and value to the customer;
- ability to manufacture and deliver products on a timely basis;
- ability to achieve qualification for and integration into OEM systems;
- ability to meet customer specifications; and
- ability to respond quickly to market demand and technological developments.

We believe we compete favorably with respect to these criteria. In the materials processing market, the competition is fragmented and includes a large number of competitors. We compete with makers of high power CO<sub>2</sub>, YAG and disc lasers, including Coherent, Inc., Fanuc Corporation, Inc. and Trumpf GmbH + Co. KG, makers of mid and low power CO<sub>2</sub>, solid-state lasers such as Coherent, Inc., and direct diode lasers such as Laserline GmbH and TeraDiode, Inc., a subsidiary of Panasonic. We also compete with fiber laser makers, including Trumpf GmbH + Co. KG, Coherent Inc., Fanuc Corporation, Furukawa Electric Co., Ltd., Keopsys SA, Raycus Fiber Laser Technologies Co. Ltd., Maxphotonics Co., Ltd, nLight Corporation and Lumentum Holdings Inc. In addition, some customers recently introduced fiber lasers and most competitors are increasing the output powers of their fiber lasers to compete with our products. We believe that we compete favorably with other makers of fiber lasers on price and value to customer, reliability, service and performance.

We also compete in the materials processing, advanced and medical applications markets with end users that produce their own solid-state and gas lasers as well as with manufacturers of non-laser methods and tools, such as traditional non-laser welding and cutting dies in the materials processing market and scalpels in the medical market.

Some of our competitors are larger than we are and have substantially greater financial, managerial and technical resources, more extensive distribution and service networks, greater sales and marketing capacity, and larger installed customer bases than we do.

## **Employees**

As of December 31, 2017, we had approximately 5,030 full-time employees, including 560 in research and development, 3,900 in manufacturing operations, 240 in sales, service and marketing, and 330 in general and administrative functions. Of our total full-time employees at our principal facilities, approximately 1,870 were in the United States, 1,300 were in Germany, 1,570 were in Russia and 190 were in China. We have never experienced a work stoppage, and none of our employees are subject to a collective bargaining agreement. We believe that our current relations with our employees are good. We also have approximately 360 independent contractors worldwide who are principally used in manufacturing operations.

## **Government Regulation**

### ***Regulatory Compliance***

The majority of our laser and amplifier products sold in the United States are classified as Class IV Laser Products under the applicable rules and regulations of the Center for Devices and Radiological Health ("CDRH") of the U.S. Food and Drug

Administration ("FDA"). The same classification system is applied in the European markets. Safety rules are formulated with "Deutsche Industrie Norm" (i.e., German Industrial Standards) or International Organization for Standardization ("ISO") standards, which are internationally harmonized.

CDRH regulations generally require a self-certification procedure pursuant to which a manufacturer must submit a filing to the CDRH with respect to each product incorporating a laser device, make periodic reports of sales and purchases and comply with product labeling standards, product safety and design features and informational requirements. The CDRH is empowered to seek fines and other remedies for violations of their requirements. We believe that our products are in material compliance with applicable laws and regulations relating to the manufacture of laser devices.

#### ***Environmental Regulation***

Our operations are subject to various federal, state, local and international laws governing the environment, including those relating to the storage, use, discharge, disposal, product composition and labeling of, human exposure to and hazardous and toxic materials. We believe that our operations are in material compliance with applicable environmental protection laws and regulations. Although we believe that our safety procedures for using, handling, storing and disposing of such materials comply with the standards required by federal and state laws and regulations, we cannot completely eliminate the risk of accidental contamination or injury from these materials. In the event of such an accident involving such materials, we could be liable for damages and such liability could exceed the amount of our liability insurance coverage and the resources of our business.

#### **Availability of Reports**

Our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to such reports are available free of charge on our web site at [www.ipgphotonics.com](http://www.ipgphotonics.com) as soon as reasonably practicable after such reports are electronically filed with, or furnished to, the Securities and Exchange Commission ("SEC") ([www.sec.gov](http://www.sec.gov)). We will also provide electronic or paper copies of such reports free of charge, upon request made to our Corporate Secretary. The information included on our website is not a part of, nor is it incorporated by reference into, this annual report on Form 10-K.

#### **ITEM 1A. RISK FACTORS**

*The factors described below are the principal risks that could materially adversely affect our operating results and financial condition. Other factors may exist that we do not consider significant based on information that is currently available. In addition, new risks may emerge at any time, and we cannot predict those risks or estimate the extent to which they may affect us.*

#### ***Downturns in the markets we serve, particularly materials processing, could have a material adverse effect on our sales and profitability.***

Our business depends substantially upon capital expenditures by our customers, particularly by manufacturers in the materials processing market, which includes general manufacturing, automotive, aerospace, other transportation, heavy industry, electronics and photovoltaic industries. Approximately 94% of our revenues in 2017 were from customers in the materials processing market. Although applications in this market are broad, sales for these applications are cyclical and have historically experienced sudden and severe downturns and periods of oversupply, resulting in significantly reduced demand for capital equipment, including the products that we manufacture and market. For example, our sales decreased by 25% in the materials processing market in 2009 as a result of the global economic recession. For the foreseeable future, our operations will continue to depend upon capital expenditures by customers in these industries or markets, which, in turn, depend upon the demand for their products or services. Decreased demand for products and services from customers for these applications during an economic downturn may lead to decreased demand for our products, which would reduce our sales and margins. We may not be able to respond by decreasing our expenses quickly enough or sufficiently, due in part, to our fixed overhead structure related to our vertically integrated operations and our commitments to continuing investment in research and development and infrastructure for long term growth.

#### ***Uncertainty and adverse changes in the general economic conditions of markets in which we participate negatively affect our business.***

Current and future conditions in the economy have an inherent degree of uncertainty. As a result, it is difficult to estimate the level of growth or contraction for the economy as a whole. It is even more difficult to estimate growth or contraction in various parts, sectors and regions of the economy, including the materials processing, telecommunications, advanced and medical markets and applications in which we participate. Because all components of our budgeting and forecasting are dependent upon estimates of growth or contraction in the markets and applications we serve and demand for our products, the

prevailing economic uncertainties render estimates of future income and expenditures very difficult to make. A significant portion of our sales are to customers in China, which accounted for 44% , 36% and 35% in 2017 , 2016 and 2015 , respectively. A slowing of economic growth or recession, other adverse economic developments or uncertainty in any of our key markets, including in China, would slow our growth rates or may result in a decrease in our sales. Adverse changes have occurred and may occur in the future as a result of declining or flat global or regional economic conditions, fluctuations in currency and commodity prices, wavering confidence, capital expenditure reductions, unemployment, declines in stock markets, contraction of credit availability, declines in real estate values, or other factors affecting economic conditions generally. These changes may negatively affect the sales of our lasers and amplifiers, increase exposure to losses from bad debts, increase the cost and decrease the availability of financing, increase the risk of loss on investments, or increase costs associated with manufacturing and distributing products. An economic downturn could have a material adverse effect on our business, financial condition and results of operations.

***The markets for our products are highly competitive and increased competition could increase our costs, reduce our sales or cause us to lose market share.***

The industries in which we operate are characterized by significant price and technological competition. Our fiber laser and amplifier products compete with other laser technologies and amplifier products, some offered by well-established companies. Several of these are larger and have substantially greater financial, managerial and technical resources, more extensive distribution and service networks, greater sales and marketing capacity, and larger installed customer bases than we do. Also, we compete with widely used non-laser production methods, such as water-jet cutting and resistance welding. We believe that competition will be particularly intense from makers of CO<sub>2</sub>, YAG, disc and direct diode lasers, as these makers of laser solutions may lower prices to maintain or gain current market share and have committed significant research and development resources to pursue opportunities related to these technologies.

In addition, we face competition from a growing number of fiber laser makers, including Coherent Inc., Fanuc Corporation, Keopsys SA, Lumentum Holdings Inc., Maxphotonics Co., Ltd., nLight Corporation, Raycus Fiber Laser Technologies Co. Ltd., Shenzhen JPT Opto-Electronics Co., Ltd., The Furukawa Electric Co., Ltd. and Trumpf GmbH + Co. KG. In addition, some customers recently introduced fiber lasers and most competitors are increasing the output powers of their fiber lasers to compete with our products. We may not be able to successfully differentiate our current and proposed products from our competitors' products and current or prospective customers may not consider our products to be superior to competitors' products. To maintain our competitive position, we believe that we will be required to continue a high level of investment in research and development, application development, manufacturing facilities and customer service and support, and to react to market pricing conditions. We may not have sufficient resources to continue to make these investments and we may not be able to make the technological advances or price adjustments necessary to maintain our competitive position. In addition, there are no assurances that our investments in research and development, application development and customer service and support will be successful. We also compete against our OEM customers' internal production of competitive laser and amplifier technologies.

***The laser and amplifier industries are experiencing declining average selling prices, which could cause our gross margins to decline and harm our operating results.***

Products in the laser and amplifier industries generally, and our products specifically, are experiencing and may in the future continue to experience a significant decline in average selling prices ("ASPs") as a result of new product and technology introductions, increased competition and price pressures from significant customers. If the ASPs of our products decline further and we are unable to increase our unit volumes, introduce new or enhanced products with higher margins or reduce manufacturing costs to offset anticipated decreases in the prices of our existing products, our operating results may be adversely affected. In addition, because of our significant fixed costs, we are limited in our ability to reduce total costs quickly in response to any revenue shortfalls. Because of these factors, we have experienced and we may experience in the future material adverse fluctuations in our operating results on a quarterly or annual basis if the ASPs of our products continue to decline.

***Our sales growth depends upon our ability to penetrate new applications and end markets for fiber lasers and increase our market share in existing applications.***

Our level of sales will depend on our ability to generate sales of fiber lasers in applications where conventional lasers, such as CO<sub>2</sub> and YAG lasers, have been used or in new and developing markets and applications for lasers where they have not been used previously. To date, a significant portion of our revenue growth has been derived from sales of fiber lasers primarily for applications where CO<sub>2</sub> and YAG lasers historically have been used. We have made significant sales into the cutting, welding and marking and engraving applications, three large applications where other laser technologies are used. As fiber lasers reach higher levels of penetration in core materials processing applications, the development of new applications, end

markets and products outside our core applications becomes more important to our growth. In order to maintain or increase market demand for our fiber laser products, we will need to devote substantial resources to:

- demonstrate the effectiveness of fiber lasers in new applications for materials processing, medical, communications or other applications such as cinema and projection;
- successfully develop new product lines, such as UV, visible and ultrafast fiber lasers, that extend our product line to address different applications than our current products;
- increase our direct and indirect sales efforts;
- effectively service and support our installed product base on a global basis;
- effectively meet growing competition and pricing pressures; and
- continue to reduce our manufacturing costs and enhance our competitive position.

Potential customers may have substantial investments and know-how related to their existing laser and non-laser technologies. They may perceive risks relating to the reliability, quality, usefulness and profitability of integrating of fiber lasers in their systems when compared to other laser or non-laser technologies available in the market or that they manufacture themselves. Despite fiber lasers having better performance and prices compared to other lasers or tools, OEM customers may be reluctant to switch incumbent suppliers or we may miss the design cycles of our customers. Many of our target markets, such as the automotive, machine tool and other manufacturing, communications and medical industries, have historically adopted new technologies slowly. These markets often require long test and qualification periods or lengthy government approval processes before adopting new technologies.

If we are unable to implement our strategy to develop new applications and end markets for our products or develop new products, our revenues, operating results and financial condition could be adversely affected. We cannot assure you that we will be able to successfully implement our business strategy in part or whole. In addition, any newly developed or enhanced products may not achieve market acceptance or may be rendered obsolete or less competitive by the introduction of new products by other companies.

***Our vertically integrated business results in high levels of fixed costs and inventory levels that may adversely impact our gross profits and our operating results in the event that demand for our products declines or we maintain excess inventory levels.***

We have a high fixed cost base due to our vertically integrated business model, including the fact that approximately 78% of our approximately 5,030 employees as of December 31, 2017 were employed in our manufacturing operations. We may not adjust these fixed costs quickly enough or sufficiently to adapt to rapidly changing market conditions. Our gross profit, in absolute dollars and as a percentage of net sales, is impacted by our sales volume, the corresponding absorption of fixed manufacturing overhead expenses and manufacturing yields. In addition, because we are a vertically integrated manufacturer and design and manufacture our key specialty components, insufficient demand for our products may subject us to the risks of high inventory carrying costs and increased inventory obsolescence. If our capacity and production levels are not properly sized in relation to expected demand, we may need to record write-downs for excess or obsolete inventory. Because we are vertically integrated, the rate at which we turn inventory has historically been low when compared to our cost of sales. We do not expect this to change significantly in the future and believe that we will have to maintain a relatively high level of inventory compared to our cost of sales. As a result, we expect to have a significant amount of working capital invested in inventory. Changes in our level of inventory lead to an increase in cash generated from our operations when inventory is sold or a decrease in cash generated from our operations at times when the amount of inventory increases.

***Our manufacturing capacity and operations may not be appropriate for future levels of demand and may adversely affect our gross margins.***

We have added and are continuing to add substantial manufacturing capacity at our facilities in the United States, Germany and Russia. A significant portion of our manufacturing facilities and production equipment, such as our semiconductor production and processing equipment, diode packaging equipment and diode burn-in stations, are special-purpose in nature and cannot be adapted easily to make other products. If the demand for fiber lasers or amplifiers does not increase or if our revenue decreases from current levels, we may have significant excess manufacturing capacity and under-absorption of our fixed costs, which could in turn adversely affect our gross margins and profitability.

To maintain our competitive position as the leading developer and manufacturer of fiber lasers and to meet anticipated demand for our products, we invest significantly in the expansion of our manufacturing and operations throughout the world and may do so in the future. We incurred in the past and will incur in the future significant costs associated with the acquisition,

build-out and preparation of our facilities. We had capital expenditures of \$126.5 million and \$127.0 million in 2017 and 2016, respectively, and we expect to incur approximately \$170 million to \$190 million in capital expenditures, excluding acquisitions, in 2018. In connection with these projects, we may incur cost overruns, construction delays, labor difficulties or regulatory issues which could cause our capital expenditures to be higher than what we currently anticipate, possibly by a material amount, which would in turn adversely impact our operating results. Moreover, we may experience higher costs due to yield loss, production inefficiencies and equipment problems until any operational issues associated with the opening of new manufacturing facilities are resolved.

***A few customers account for a significant portion of our sales, and if we lose any of these customers or they significantly curtail their purchases of our products, our results of operations could be adversely affected.***

We rely on a few customers for a significant portion of our sales. In the aggregate, our top five customers accounted for 28%, 22% and 25% of our consolidated net sales in 2017, 2016 and 2015, respectively. Our largest customer is located in China and accounted for 13%, 9% and 13% of sales in 2017, 2016 and 2015, respectively. A few of our larger customers are making fiber lasers or announced plans to develop fiber lasers. We generally do not enter into agreements with our customers obligating them to purchase our fiber lasers or amplifiers. Our business is characterized by short-term purchase orders and shipment schedules. If any of our principal customers discontinues its relationship with us, replaces us as a vendor for certain products or suffers downturns in its business, our business and results of operations could be adversely affected.

***Foreign currency risk may negatively affect our net sales, cost of sales and operating margins and could result in exchange losses.***

We conduct our business and incur costs in the local currency of most countries in which we operate. In 2017, our net sales outside the United States represented a substantial majority of our total sales. We incur currency transaction risk whenever one of our operating subsidiaries enters into either a purchase or a sales transaction using a different currency from the currency in which it operates or holds assets or liabilities in currencies different than their functional currency. Changes in exchange rates can also affect our results of operations when the value of sales and expenses of foreign subsidiaries are translated to U.S. dollars. We cannot accurately predict the impact of future exchange rate fluctuations on our results of operations. Further, given the volatility of exchange rates, we may not be able to effectively manage our currency risks, and any volatility in currency exchange rates may increase the price of our products in local currency to our foreign customers or increase the manufacturing cost of our products, which may have an adverse effect on our financial condition, cash flows and profitability.

***Our inability to manage risks associated with our international customers and operations could adversely affect our business.***

We have significant facilities in and our products are sold in numerous countries. Our principal markets include China, the United States, Germany, Turkey, Switzerland, Italy, Japan, Korea and Russia. A substantial majority of our revenues are derived from customers outside the United States. In addition we have substantial tangible assets outside of the United States. We anticipate that foreign sales will continue to account for a significant portion of our revenues in the foreseeable future. Our operations and sales in these markets are subject to risks inherent in international business activities, including:

- fluctuations in the values of foreign currencies;
- longer accounts receivable collection periods and less developed credit assessment and collection procedures;
- changes in a specific country's or region's economic conditions, such as recession;
- compliance with a wide variety of domestic and foreign laws and regulations and unexpected changes in those laws and regulatory requirements, including uncertainties regarding taxes, tariffs, quotas, export controls, export licenses and other trade barriers;
- certification requirements;
- environmental regulations;
- less effective protection of intellectual property rights in some countries;
- potentially adverse tax consequences;
- different capital expenditure and budget cycles for our customers, which affect the timing of their spending;
- political, legal and economic instability, foreign conflicts, labor unrest and the impact of regional and global infectious illnesses in the countries in which we and our customers, suppliers, manufacturers and subcontractors are located;
- preference for locally produced products;

- difficulties and costs of staffing and managing international operations across different geographic areas and cultures;
- seasonal reductions in business activities;
- fluctuations in freight rates and transportation disruptions;
- investment restrictions or requirements;
- repatriation restrictions or requirements;
- export and import restrictions; and
- limitations on the ability of our employees to travel without restriction to certain countries in which we operate.

Political, economic and monetary instability and changes in governmental regulations or policies, including trade tariffs and protectionism, could adversely affect both our ability to effectively operate our foreign sales offices and the ability of our foreign suppliers to supply us with required materials or services. Any interruption or delay in the supply of our required components, products, materials or services, or our inability to obtain these components, materials, products or services from alternate sources at acceptable prices and within a reasonable amount of time, could impair our ability to meet scheduled product deliveries to our customers and could cause customers to cancel orders.

We are subject to risks of doing business in Russia through our subsidiary, NTO IRE-Polus, which provides components and test equipment to us and sells finished fiber devices to customers in Russia and neighboring countries as well as finished lasers to China. Further, approximately 44% of our sales are to customers in China. The results of our operations, business prospects and facilities in these two countries are subject to the economic and political environment in Russia and China. In recent years, both countries have undergone substantial political, economic and social change. As is typical of an emerging economy, neither China nor Russia possesses a well-developed business, financial, legal and regulatory infrastructure that would generally exist in a more mature free market economy. In addition, tax, currency and customs legislation is subject to varying interpretations and changes, which can occur frequently. The future economic direction of these two emerging market countries remains largely dependent upon the effectiveness of economic, financial and monetary measures undertaken by the government, together with tax, legal, regulatory and political developments. Our failure to manage the risks associated with our operations in Russia and China and our other existing and potential future international business operations could have a material adverse effect upon our results of operations.

We are subject to many laws governing our international operations, including those that prohibit improper payments to government officials, including but not limited to the U.S. Foreign Corrupt Practices Act and the anti-corruption laws of the countries in which we operate. Violations of these laws, which are complex and often difficult to interpret and apply, could result in significant criminal penalties or sanctions that could materially adversely affect our business, financial condition, operating results and cash flows.

***We must comply with and could be impacted by various export controls and trade and economic sanctions laws and regulations that are fluid and may change due to diplomatic and political considerations outside of our control.***

Our business activities are subject to various export controls and trade and economic sanctions laws and regulations, including, without limitation, the U.S. Commerce Department's Export Administration Regulations, the U.S. Treasury Department's Office of Foreign Assets Control's trade and economic sanctions programs, and the U.S. Department of State's Nonproliferation Sanctions, which we collectively refer to as Trade Controls.

We have a large manufacturing facility and research and development operations in Russia which supplies components to our U.S. and German manufacturing facilities and finished lasers to our subsidiary in China. In addition, we supply components from our U.S. and German manufacturing facilities to our Russian facility. Should there be any disruption of our supplies from or to our Russian operations, or should the United States, the European Union or Russia implement new or broad-based Trade Controls, our production and/or deliveries as well as results of operations would be affected. Although we have implemented compliance measures designed to prevent transactions prohibited by the Trade Controls, our failure to successfully comply with applicable Trade Controls may expose us to negative legal and business consequences, including civil or criminal penalties, government investigations, and reputational harm.

In addition, Trade Controls and their implementation are fluid and may change due to diplomatic and political considerations outside of our control. Such changes, including the potential expansion of sanctions and sanctions designations, as well as public statements by government officials, could be significant, require us to take certain actions to be in compliance, adversely affect prevailing market prices of our common stock, have a reputational impact, or otherwise have a material adverse impact on us, our business, and our ability to raise capital.

*We have experienced, and expect to experience in the future, fluctuations in our quarterly operating results. These fluctuations may increase the volatility of our stock price and may be difficult to predict.*

We have experienced, and expect to continue to experience, fluctuations in our quarterly operating results. We believe that fluctuations in quarterly results may cause the market price of our common stock to fluctuate, perhaps substantially. Factors which may have an influence on our operating results in a particular quarter include:

- the increase, decrease, cancellation or rescheduling of significant customer orders;
- the timing of revenue recognition based on the installation or acceptance of certain products shipped to our customers;
- seasonality attributable to different purchasing patterns and levels of activity throughout the year in the areas where we operate;
- the timing of customer qualification of our products and commencement of volume sales of systems that include our products;
- our ability to obtain export licenses for our products on a timely basis or at all;
- the rate at which our present and future customers and end users adopt our technologies;
- the gain or loss of a key customer;
- product or customer mix;
- competitive pricing pressures and new market entrants;
- our ability to design, manufacture and introduce new products on a cost-effective and timely basis;
- our ability to manage our inventory levels and any provisions for excess or obsolete inventory;
- our ability to collect outstanding accounts receivable balances;
- the incurrence of expenses to develop and improve application and support capabilities, the benefits of which may not be realized until future periods, if at all;
- the incurrence of expenses related to impairment of values for goodwill, intangibles and other long-lived assets;
- different capital expenditure and budget cycles for our customers, which affect the timing of their spending;
- foreign currency fluctuations;
- economic and market conditions in a particular geography or country; and
- our ability to control expenses.

These factors make it difficult for us to accurately predict our operating results. In addition, our ability to accurately predict our operating results is complicated by the fact that many of our products have long sales cycles, some lasting as long as twelve months or more. Once a sale is made, our delivery schedule typically ranges from four weeks to four months, and therefore our sales will often reflect orders shipped in the same quarter that they are received and will not enhance our ability to predict our results for future quarters. In addition, long sales cycles may cause us to incur significant expenses without offsetting revenues since customers typically expend significant effort in evaluating, testing and qualifying our products before making a decision to purchase them. Moreover, customers may cancel or reschedule shipments, and production difficulties could delay shipments. Accordingly, our results of operations are subject to significant fluctuations from quarter to quarter, and we may not be able to accurately predict when these fluctuations will occur.

***Because we lack long-term purchase commitments from our customers, our sales can be difficult to predict, which could lead to excess or obsolete inventory and adversely affect our operating results.***

We generally do not enter into long-term agreements with our customers obligating them to purchase our fiber lasers or amplifiers. Our business is characterized by short-term purchase orders and shipment schedules and, in some cases, orders may be canceled or delayed without significant penalty. As a result, it is difficult to forecast our revenues and to determine the appropriate levels of inventory required to meet future demand. In addition, due to the absence of long-term volume purchase agreements, we forecast our revenues and plan our production and inventory levels based upon the demand forecasts of our OEM customers, end users and distributors, which are highly unpredictable and can fluctuate substantially. This could lead to increased inventory levels and increased carrying costs and risk of excess or obsolete inventory due to unanticipated reductions in purchases by our customers. In addition, provisions have been recorded as a result of changes in market prices of certain components, the value of those inventories that was realizable through finished product sales due to declines in certain end market demand and uncertainties related to the recoverability of the value of inventories due to technological and product changes, and excess quantities. In this regard, we recorded provisions for slow-moving, obsolete or excess inventory totaling \$16.9 million, \$22.8 million and \$15.4 million in 2017, 2016 and 2015, respectively. If our OEM customers, end users or distributors fail to accurately forecast the demand for our products, fail to accurately forecast the timing of such demand, or are unable to consistently negotiate acceptable purchase order terms with customers, our results of operations may be adversely affected.

***We pursue acquisitions and investments in new businesses, products, patents or technologies. These involve risks which could disrupt our business and may harm our financial results and condition.***

We make acquisitions of and investments in new businesses, products, patents and technologies and expand into new geographic areas, or we may acquire operations, products or technologies that expand our current capabilities. Although we have pursued acquisitions small in size in the past, we may pursue larger transactions in the future. Acquisitions present a number of potential risks and challenges that could, if not met, disrupt our business operations, increase our operating costs and reduce the value of the acquired company, asset or technology to us. For example, if we identify an acquisition candidate, we may not be able to successfully negotiate or finance the acquisition on favorable terms. Even if we are successful, we may not be able to integrate the acquired businesses, products, patents or technologies into our existing business and products, or retain key employees. As a result of the rapid pace of technological change in our industry, we may misjudge the long-term potential of an acquired business, product, patent or technology, or the acquisition may not be complementary to our existing business. Furthermore, potential acquisitions and investments, whether or not consummated, may divert our management's attention and require considerable cash outlays at the expense of our existing operations. In addition, to complete future acquisitions, we may issue equity securities, incur debt, assume contingent liabilities or have amortization expenses and write-downs of acquired assets, which could adversely affect our profitability and result in dilution to our existing and future stockholders.

***We rely on the significant experience and specialized expertise of our senior management and scientific staff and if we are unable to retain these key employees and attract other highly skilled personnel necessary to grow our business successfully, our business and results of operations could suffer.***

Our future success is substantially dependent on the continued service of our executive officers, particularly our founder and chief executive officer, Dr. Valentin P. Gapontsev, age 79, and the chief operating officer, Dr. Eugene Scherbakov, age 70, our highly trained team of scientists, many of whom have numerous years of experience and specialized expertise in optical fibers, semiconductors and optical component technology, and other key engineering, sales, marketing, manufacturing and support personnel, any of whom may leave, which could harm our business. The members of our scientific staff who are expected to make significant individual contributions to our business are also members of our executive management team as disclosed under Item 10, "Directors, Executive Officers and Corporate Governance" below. Furthermore, our business requires scientists and engineers with experience in several disciplines, including physics, optics, materials sciences, chemistry and electronics. We will need to continue to recruit and retain highly skilled scientists and engineers for certain functions. Our future success also depends on our ability to identify, attract, hire, train, retain and motivate highly skilled research and development, managerial, operations, sales, marketing and customer service personnel. If we fail to attract, integrate and retain the necessary personnel, our ability to extend and maintain our scientific expertise and grow our business could suffer significantly.

***We are subject to litigation alleging that we are infringing third-party intellectual property rights. Intellectual property claims could result in costly litigation and harm our business.***

In recent years, there has been significant litigation involving intellectual property rights in many technology-based industries, including our own. We face risks and uncertainties in connection with such litigation, including the risk that patents issued to others may harm our ability to do business; that there could be existing patents of which we are unaware that could be

pertinent to our business; and that it is not possible for us to know whether there are patent applications pending that our products might infringe upon, since patent applications often are not disclosed until a patent is issued or published. Moreover, the frequency with which new patents are granted and the diversity of jurisdictions in which they are granted make it impractical and expensive for us to monitor all patents that may be relevant to our business.

From time to time, we have been notified of allegations and claims that we may be infringing patents or intellectual property rights owned by third parties. We were named a defendant in an action filed November 2015 in the United States District Court for the Eastern District of Texas for patent infringement relating to an apparatus for coupling radiation beams into optical waveguides. The complaint seeks unspecified damages, injunctive relief and attorneys' fees. Following a federal jury trial in 2011, we won a patent infringement lawsuit asserted by IMRA America, Inc. in 2006 alleging that certain products we produce infringe one U.S. patent allegedly owned by IMRA America. IMRA America has also informed us that it has patents and applications in the United States and in foreign jurisdictions directed to fiber lasers and fiber amplifiers, but has not asserted them against us. We are engaged in opposition proceedings in Japan and Germany with respect to several patents allegedly owned by IMRA America which are part of the same patent family for which IMRA America asserted one patent against us in the United States.

There can be no assurance that we will be able to dispose without a material effect any claims or other allegations made or asserted in the future. The outcome of any litigation is uncertain. Even if we ultimately are successful on the merits of any such litigation or re-examination, legal and administrative proceedings related to intellectual property are typically expensive and time-consuming, generate negative publicity and divert financial and managerial resources. Some litigants may have greater financial resources than we have and may be able to sustain the costs of complex intellectual property litigation more easily than we can.

If we do not prevail in any intellectual property litigation brought against us, it could affect our ability to sell our products and materially harm our business, financial condition and results of operations. These developments could adversely affect our ability to compete for customers and increase our revenues. Plaintiffs in intellectual property cases often seek, and sometimes obtain, injunctive relief. Intellectual property litigation commenced against us could force us to take actions that could be harmful to our business, competitive position, results of operations and financial condition, including the following:

- stop selling our products or using the technology that contains the allegedly infringing intellectual property;
- pay actual monetary damages, royalties, lost profits or increased damages and the plaintiff's attorneys' fees, which individually or in the aggregate may be substantial; and
- attempt to obtain a license to use the relevant intellectual property, which may not be available on reasonable terms or at all.

In addition, intellectual property lawsuits can be brought by third parties against OEMs and end users that incorporate our products into their systems or processes. In some cases, we indemnify OEMs against third-party infringement claims relating to our products and we often make representations affirming, among other things, that our products do not infringe the intellectual property rights of others. As a result, we may incur liabilities in connection with lawsuits against our customers. Any such lawsuits, whether or not they have merit, could be time-consuming to defend, damage our reputation or result in substantial and unanticipated costs.

***Our inability to protect our intellectual property and proprietary technologies could result in the unauthorized use of our technologies by third parties, hurt our competitive position and adversely affect our operating results.***

We rely on patents, trade secret laws, contractual agreements, technical know-how and other unpatented proprietary information to protect our products, product development and manufacturing activities from unauthorized copying by third parties. Our patents do not cover all of our technologies, systems, products and product components and may not prevent third parties from unauthorized copying of our technologies, products and product components. We seek to protect our proprietary technology under laws affording protection for trade secrets. We also seek to protect our trade secrets and proprietary information, in part, by requiring employees to enter into agreements providing for the maintenance of confidentiality and the assignment of rights to inventions made by them while employed by us. We have significant international operations and we are subject to foreign laws which differ in many respects from U.S. laws. Policing unauthorized use of our trade secret technologies throughout the world and proving misappropriation of our technologies are particularly difficult, especially due to the number of our employees and operations in numerous foreign countries. The steps that we take to acquire ownership of our employees' inventions and trade secrets in foreign countries may not have been effective under all such local laws, which could expose us to potential claims or the inability to protect intellectual property developed by our employees. Furthermore, any changes in, or unexpected interpretations of, the trade secret and other intellectual property laws in any country in which we operate may adversely affect our ability to enforce our trade secret and intellectual property positions. Costly and time-

consuming litigation could be necessary to determine the scope of our confidential information and trade secret protection. We also enter into confidentiality agreements with our consultants and other suppliers to protect our confidential information that we deliver to them. However, there can be no assurance that our confidentiality agreements will not be breached, that we will be able to effectively enforce them or that we will have adequate remedies for any breach.

Given our reliance on trade secret laws, others may independently develop similar or alternative technologies or duplicate our technologies and commercialize discoveries that we have made. Therefore, our intellectual property efforts may be insufficient to maintain our competitive advantage or to stop other parties from commercializing similar products or technologies. Many countries outside of the United States afford little or no protection to trade secrets and other intellectual property rights. Intellectual property litigation can be time-consuming and expensive, and there is no guarantee that we will have the resources to fully enforce our rights. If we are unable to prevent misappropriation or infringement of our intellectual property rights, or the independent development or design of similar technologies, our competitive position and operating results could suffer.

***We depend upon internal production and on outside single or limited-source suppliers for many of our key components and raw materials, including cutting-edge optics and materials. Any interruption in the supply of these key components and raw materials could adversely affect our results of operations.***

We rely exclusively on our own production capabilities to manufacture certain of our key components, such as semiconductor diodes, specialty optical fibers and optical components. We do not have redundant production lines for some of our components, such as our diodes, specialty optical fibers and some other components, which are made at a single manufacturing facility. These are not readily available from other sources at our current costs. If our manufacturing activities were obstructed or hampered significantly, it could take a considerable length of time, or it could increase our costs, for us to resume manufacturing or find alternative sources of supply. Many of the tools and equipment we use are custom-designed, and it could take a significant period of time to repair or replace them. Our three major manufacturing facilities are located in Oxford, Massachusetts; Burbach, Germany; and Fryazino, Russia. Despite our efforts to mitigate the impact of any flood, fire, natural disaster, political unrest, act of terrorism, war, outbreak of disease or other similar event, our business could be adversely affected to the extent that we do not have redundant production capabilities if any of our three major manufacturing facilities or equipment should become inoperable, inaccessible, damaged or destroyed.

Also, we purchase certain raw materials used to manufacture our products and other components, such as semiconductor wafer substrates, diode packages, modulators, micro-optics, bulk optics and high power beam delivery products, from single or limited-source suppliers. We typically purchase our components and materials through purchase orders or agreed-upon terms and conditions and we do not have guaranteed supply arrangements with many of these suppliers. These suppliers are relatively small private companies that may discontinue their operations at any time and may be particularly susceptible to prevailing economic conditions. Some of our suppliers are also our competitors. Some of our suppliers may not be able to meet demand from our growing business or because of global demand for their components. As a result, we experienced and may in the future experience longer lead times or delays in fulfillment of our orders. Furthermore, other than our current suppliers, there are a limited number of entities from whom we could obtain these supplies. We do not anticipate that we would be able to purchase these components or raw materials that we require in a short period of time or at the same cost from other sources in commercial quantities or that have our required performance specifications. Any interruption or delay in the supply of any of these components or materials, or the inability to obtain these components and materials from alternate sources at acceptable prices and within a reasonable amount of time, could adversely affect our business. If our suppliers face financial or other difficulties, if our suppliers do not maintain sufficient inventory on hand or if there are significant changes in demand for the components and materials we obtain from them, they could limit the availability of these components and materials to us, which in turn could adversely affect our business.

***We depend on our OEM customers and system integrators to incorporate our products into their systems.***

Our sales depend in part on our ability to maintain existing and secure new OEM customers. Our revenues also depend in part upon the ability of our current and potential OEM customers and system integrators to incorporate our laser and amplifier products. The commercial success of these systems depends to a substantial degree on the efforts of these OEM customers and system integrators to develop and market products that incorporate our technologies. Relationships and experience with traditional laser makers, limited marketing resources, reluctance to invest in research and development and other factors affecting these OEM customers and third-party system integrators could have a substantial impact upon our financial results. If OEM customers or integrators are not able to adapt existing tools or develop new systems to take advantage of the features and benefits of fiber lasers or if they perceive us to be an actual or potential competitor, then the opportunities to increase our revenues and profitability may be severely limited or delayed. In addition, some of our OEM customers are developing their own fiber laser sources. If they are successful, this may reduce our sales to these customers. Furthermore, if our OEM

customers or third-party system integrators experience financial or other difficulties that adversely affect their operations, our financial condition or results of operations may also be adversely affected.

***Changes in tax rates, tax liabilities or tax accounting rules could affect future results.***

As a global company, we are subject to taxation in the United States and various other countries and jurisdictions. Significant judgment is required to determine worldwide tax liabilities. Our future tax rates could be affected by changes in the composition of earnings in countries or states with differing tax rates, transfer pricing rules, changes in the valuation of our deferred tax assets and liabilities, or changes in the tax laws. In addition, we are subject to regular examination of our income tax returns by the Internal Revenue Service ("IRS") and other tax authorities. From time to time the United States, foreign and state governments make substantive changes to tax rules and the application of rules to companies, including various announcements from the United States government potentially impacting our ability to defer taxes on international earnings. We regularly assess the likelihood of favorable or unfavorable outcomes resulting from these examinations to determine the adequacy of our provision for income taxes. Although we believe our tax estimates are reasonable, there can be no assurance that any final determination will not be materially different than the treatment reflected in our historical income tax provisions and accruals, which could materially and adversely affect our operating results and financial condition.

***Failure to effectively maintain and expand our direct field service and support organization could have an adverse effect on our business.***

It is important for us to provide rapid, responsive service directly to our customers throughout the world and to maintain and expand our own personnel resources to provide these services. Any actual or perceived lack of direct field service in the locations where we sell or try to sell our products may negatively impact our sales efforts and, consequently, our revenues. This requires us to recruit and train additional qualified field service and support personnel as well as maintain effective and highly trained organizations that can provide service to our customers in various countries. We may not be able to attract and train additional qualified personnel to expand our direct support operations successfully. We may not be able to find and engage additional qualified third-party resources to supplement and enhance our direct support operations. Further, we may incur significant costs in providing these direct field and support services. Failure to implement and manage our direct support operation effectively could adversely affect our relationships with our customers, and our operating results may suffer.

***Our products could contain defects, which may reduce sales of those products, harm market acceptance of our fiber laser products or result in claims against us.***

The manufacture of our fiber lasers and amplifiers involves highly complex and precise processes. Despite testing by us and our customers, errors have been found, and may be found in the future, in our products. These defects may cause us to incur significant warranty, support and repair costs, incur additional costs related to a recall, divert the attention of our engineering personnel from our product development efforts and harm our relationships with our customers. These problems could result in, among other things, loss of revenues or a delay in revenue recognition, loss of market share, harm to our reputation or a delay or loss of market acceptance of our fiber laser products. Defects, integration issues or other performance problems in our fiber laser and amplifier products could also result in personal injury or financial or other damages to our customers, which in turn could damage market acceptance of our products. Our customers could also seek damages from us for their losses. A product liability claim brought against us, even if unsuccessful, could be time-consuming and costly to defend.

***We may experience lower than expected manufacturing yields, which would adversely affect our gross margins.***

The manufacture of semiconductor diodes and the packaging of them is a highly complex process. Manufacturers often encounter difficulties in achieving acceptable product yields from diode and packaging operations. We have from time to time experienced lower than anticipated manufacturing yields for our diodes and packaged diodes. This occurs during the production of new designs and the installation and start-up of new process technologies and new equipment. If we do not achieve planned yields, our product costs could increase resulting in lower gross margins, and key component availability would decrease.

***Failure to maintain effective internal controls may cause a loss of investor confidence in the reliability of our financial statements or to cause us to delay filing our periodic reports with the SEC and adversely affect our stock price.***

The SEC, as directed by Section 404 of the Sarbanes-Oxley Act of 2002, adopted rules requiring public companies to include a report of management on internal control over financial reporting in their annual reports on Form 10-K that contain an assessment by management of the effectiveness of our internal control over financial reporting. In addition, our independent registered public accounting firm must attest to and report on the effectiveness of our internal control over financial reporting. We have experienced rapid growth and have extensive and complex international manufacturing and sales and service locations which may make us more vulnerable to weaknesses in our internal controls. Although we test our internal control over financial reporting in order to ensure compliance with the Section 404 requirements, our failure to maintain adequate internal controls

over financial reporting could result in an adverse reaction in the financial marketplace due to a loss of investor confidence in the reliability of our financial statements or a delay in our ability to timely file our periodic reports with the SEC, which ultimately could negatively impact our stock price.

***Our information systems are subject to attacks, interruptions and failures. If unauthorized access is obtained to our information systems, we may incur significant legal and financial exposure and liabilities.***

Like many multinational corporations, we maintain several information technology systems, including software products licensed from third parties. These systems vary from country to country. Any system, network or internet failures, misuse by system users, the hacking into or disruption caused by the unauthorized access by third parties or loss of license rights could disrupt our ability to timely and accurately manufacture and ship products or to report our financial information in compliance with the timelines mandated by the SEC. Any such failure, misuse, hacking, disruptions or loss would likely cause a diversion of management's attention from the underlying business and could harm our operations. In addition, a significant failure of our various information technology systems could adversely affect our ability to complete an evaluation of our internal controls and attestation activities pursuant to Section 404 of the Sarbanes-Oxley Act of 2002 under the updated framework issued in 2013.

As part of our day-to-day business, we store our data and certain data about our customers, employees and service providers in our information technology system. While our system is designed with access security, if a third party gains unauthorized access to our data or technology, including information regarding our customers, employees and service providers, such security breach could expose us to a risk of loss of this information, loss of business, litigation and possible liability. Our security measures may be breached as a result of third-party action, including intentional misconduct by computer hackers, employee error, malfeasance or otherwise. Additionally, third parties may attempt to fraudulently induce employees or customers into disclosing sensitive information such as user names, passwords or other information in order to gain access to our customers' data or our data, including our intellectual property and other confidential business information, employee information or our information technology systems. Because the techniques used to obtain unauthorized access, or to sabotage systems, change frequently and generally are not recognized until launched against a target, we may be unable to anticipate or detect these techniques or to implement adequate preventative measures. Any unauthorized access could result in a loss of confidence by our customers, damage our reputation, disrupt our business, result in a misappropriation of our assets (including cash), lead to legal liability and negatively impact our future sales. Additionally, such actions could result in significant costs associated with loss of our intellectual property, impairment of our ability to conduct our operations, rebuilding our network and systems, prosecuting and defending litigation, responding to regulatory inquiries or actions, paying damages or taking other remedial steps.

***We may face particular privacy, data security and data protection risks due to the new European General Data Protection Regulation***

We may face particular privacy, data security and data protection risks in Europe due to the new European General Data Protection Regulation ("GDPR"). Effective May 25, 2018, the GDPR imposes additional obligations and risk upon our business and increases substantially the penalties to which we could be subject in the event of any non-compliance. The GDPR requires companies to satisfy new requirements regarding the handling of personal data, including its use, protection and the rights of affected persons regarding their data. Failure to comply with GDPR requirements could result in penalties of up to 4% of worldwide revenue. The GDPR and other similar laws and regulations, as well as any associated inquiries or investigations or any other government actions, may be costly to comply with, result in negative publicity, increase our operating costs, require significant management time and attention, and subject us to remedies that may harm our business. The company is evaluating its processes and taking measures to ensure compliance with the GDPR. Due to the lack of experience with the interpretation of this new regulation and its enforcement, some measures initially might not satisfy the best practices that will be established in the coming years.

***We are subject to export control regulations that could restrict our ability to increase our international sales and may adversely affect our business.***

A significant part of our business involves the export of our products to other countries. The U.S. government has in place a number of laws and regulations that control the export, re-export or transfer of U.S.-origin products, software and technology. The governments of other countries in which we do business have similar regulations regarding products, software and technology originating in those countries. These laws and regulations may require that we obtain a license before we can export, re-export or transfer certain products, software or technology. The requirement to obtain a license could put us at a competitive disadvantage by restricting our ability to sell products to customers in certain countries or by giving rise to delays or expenses related to obtaining a license. In applying for a license and responding to questions from licensing authorities, we have experienced and, in the future, may experience delays in obtaining export licenses based on issues solely within the

control of the applicable government agency. Under the discretion of the issuing government agency, an export license may permit the export of one unit to a single customer or multiple units to one or more customers. Licenses may also include conditions that limit the use, resale, transfer, re-export, modification, disassembly, or transfer of a product, software or technology after it is exported without first obtaining permission from the relevant government agency. Failure to comply with these laws and regulations could result in government sanctions, including substantial monetary penalties, denial of export privileges, debarment from government contracts and a loss of revenues. Delays in obtaining or failure to obtain required export licenses may require us to defer shipments for substantial periods or cancel orders. Any of these circumstances could adversely affect our operations and, as a result, our financial results could suffer.

***We are subject to various environmental laws and regulations that could impose substantial costs upon us and may adversely affect our business, operating results and financial condition.***

Some of our operations use substances regulated under various federal, state, local and international laws governing the environment, including those relating to the storage, use, discharge, disposal, product composition and labeling of, and human exposure to, hazardous and toxic materials. We could incur costs, fines and civil or criminal sanctions, third-party property damage or personal injury claims, or could be required to incur substantial investigation or remediation costs, if we were to violate or become liable under environmental laws. Liability under environmental laws can be joint and several and without regard to comparative fault. Compliance with current or future environmental laws and regulations could restrict our ability to expand our facilities or require us to acquire additional expensive equipment, modify our manufacturing processes, or incur other significant expenses in order to remain in compliance with such laws and regulations. At this time, we do not believe the costs to maintain compliance with current environmental laws to be material. Although we do not currently anticipate that such costs will become material, if such costs were to become material in the future, whether due to unanticipated changes in environmental laws, unanticipated changes in our operations or other unanticipated changes, we may be required to dedicate additional staff or financial resources in order to maintain compliance. There can be no assurance that violations of environmental laws or regulations will not occur in the future as a result of the lack of, or failure to obtain, permits, human error, accident, equipment failure or other causes.

***We are exposed to credit risk and fluctuations in the market values of our cash, cash equivalents and marketable securities.***

Given the global nature of our business, we have both domestic and international investments. At December 31, 2017, 36% of our cash, cash equivalents and marketable securities were in the United States and 64% were outside the United States. Credit ratings and pricing of our investments can be negatively affected by liquidity, credit deterioration, prevailing interest rates, financial results, economic risk, political risk, sovereign risk or other factors. Also, our investments may be negatively affected by events that impact the banks or depositories that hold our investments. As a result, the value and liquidity of our cash, cash equivalents and marketable securities may fluctuate substantially. Therefore, although we have not realized any significant losses on our cash, cash equivalents and marketable securities, future fluctuations in their value could result in a significant realized loss.

***Our ability to access financial markets to raise capital or finance a portion of our working capital requirements and support our liquidity needs may be adversely affected by factors beyond our control and could negatively impact our ability to finance our operations, meet certain obligations, implement our operating strategy or complete acquisitions.***

We occasionally borrow under our existing credit facilities to fund operations, including working capital investments. Our major credit lines in the United States and Germany expire in April 2020 and July 2020, respectively. In the past, market disruptions experienced in the United States and abroad have materially impacted liquidity in the credit and debt markets, making financing terms for borrowers less attractive, and, in certain cases, have resulted in the unavailability of certain types of financing. Uncertainty in the financial markets may negatively impact our ability to access additional financing or to refinance our existing credit facilities or existing debt arrangements on favorable terms or at all, which could negatively affect our ability to fund current and future expansion as well as future acquisitions and development. These disruptions may include turmoil in the financial services industry, unprecedented volatility in the markets where our outstanding securities trade, and general economic downturns in the areas where we do business. If we are unable to access funds at competitive rates, or if our short-term or long-term borrowing costs increase, our ability to finance our operations, meet our short-term obligations and implement our operating strategy could be adversely affected.

We also may in the future be required to raise capital through public or private financing or other arrangements. Such financing may not be available on acceptable terms, or at all, and our failure to raise capital when needed could harm our business. Additional equity financing may be dilutive to the holders of our common stock, and debt financing, if available, may involve restrictive covenants and could reduce our profitability. If we cannot raise funds on acceptable terms, we may not be able to grow our business or respond to competitive pressures.

***Substantial sales of our common stock, including shares issued upon the exercise of currently outstanding options, restricted stock units and performance stock units could cause our stock price to decline.***

Sales of a substantial number of shares of common stock, or the perception that sales could occur, could adversely affect the market price of our common stock. As of December 31, 2017, we had 53,629,439 shares of common stock outstanding and 2,251,703 shares subject to outstanding options, restricted stock units and performance stock units. We have registered all shares of common stock that we may issue under our stock option plans and our employee stock ownership plan. In addition, all of the unregistered shares of our common stock are now eligible for sale under Rule 144 or Rule 701 under the Securities Act. As these shares are issued, they may be freely sold in the public market subject, in the case of any awards under our stock-based compensation plans, to applicable vesting requirements.

We currently have the ability to file a registration statement and immediately offer and sell common stock, preferred stock, warrants, debt and convertible securities because of our current status as a well-known seasoned issuer. In the future, we may issue additional options, warrants or other securities convertible into our common stock. Sales of substantial amounts of shares of our common stock or other securities under any future registration statement that we may file covering newly issued shares or shares held by affiliates or others could lower the market price of our common stock and impair our ability to raise capital through the sale of equity securities.

***Dr. Valentin P. Gapontsev, our Chairman and Chief Executive Officer, and three trusts he created collectively control approximately 31% of our voting power and have a significant influence on the outcome of director elections and other matters requiring stockholder approval, including a change in corporate control.***

Dr. Valentin P. Gapontsev, our Chairman and Chief Executive Officer, and IP Fibre Devices (UK) Ltd., of which Dr. Gapontsev is the managing director, together with three trusts he created beneficially own approximately 31% of our common stock. Trustees of the trusts are officers or employees of the Company.

Dr. Gapontsev and the trusts have a significant influence on the outcome of matters requiring stockholder approval, including:

- election of our directors;
- amendment of our certificate of incorporation or by-laws; and
- approval of mergers, consolidations or the sale of all or substantially all of our assets.

Dr. Gapontsev and the trusts may vote their shares of our common stock in ways that are adverse to the interests of other holders of our common stock. These significant ownership interests could delay, prevent or cause a change in control of the Company, any of which could adversely affect the market price of our common stock.

***Anti-takeover provisions in our charter documents and Delaware law could prevent or delay a change in control of our company, even if a change in control would be beneficial to our stockholders.***

Provisions of our certificate of incorporation and by-laws, including certain provisions that will take effect when Dr. Valentin P. Gapontsev (together with his affiliates and associates) ceases to beneficially own an aggregate of 25% or more of our outstanding voting securities, may discourage, delay or prevent a merger, acquisition or change of control, even if it would be beneficial to our stockholders. The existence of these provisions could also limit the price that investors might be willing to pay in the future for shares of our common stock. These provisions include:

- authorizing the issuance of "blank check" preferred stock;
- establishing a classified board;
- providing that directors may only be removed for cause;
- prohibiting stockholder action by written consent;
- limiting the persons who may call a special meeting of stockholders;
- establishing advance notice requirements for nominations for election to the board of directors and for proposing matters to be submitted to a stockholder vote; and
- supermajority stockholder approval to change these provisions.

Provisions of Delaware law may also discourage, delay or prevent someone from acquiring or merging with the Company or obtaining control of our company. Specifically, Section 203 of the Delaware General Corporation Law, which will apply to the Company following such time as Dr. Gapontsev (together with his affiliates and associates) ceases to beneficially

own 25% or more of the total voting power of our outstanding shares, may prohibit business combinations with stockholders owning 15% or more of our outstanding voting stock.

*If securities analysts stop publishing research or reports about our business, or if they downgrade our stock, the price of our stock could decline.*

The trading market for our common stock relies in part on the research and reports that industry or financial analysts publish about us. If one or more of these analysts who cover us downgrade our stock, our stock price would likely decline. Further, if one or more of these analysts cease coverage of the Company, we could lose visibility in the market, which in turn could cause our stock price to decline.

#### ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

#### ITEM 2. PROPERTIES

Our facilities consisting of 20,000 or more square feet at December 31, 2017 include the following:

Location	Owned or Leased	Lease Expiration	Approximate Size (sq. ft.)	Primary Activity
Fryazino, Russia	Owned	—	509,500	Manufacturing, administration
	Leased	September 2019	73,500	Components, complete device manufacturing
Oxford, Massachusetts	Owned	—	427,300	Diodes, components, complete device manufacturing, administration
Burbach, Germany	Owned	—	415,500	Optical fiber, components, final assembly, complete device manufacturing, administration
Marlborough, Massachusetts	Owned	—	115,000	Components, administration
	Owned	—	112,000	Manufacturing, administration
Moscow Russia	Owned	—	51,500	Components, complete device manufacturing
Beijing, China	Owned	—	34,500	Administration, service
	Leased	April 2019	20,100	Service
Birmingham, Alabama	Owned	—	39,000	Administration, service
Cerro Maggiore, Italy	Owned	—	33,000	Complete device manufacturing, administration
Daejeon, South Korea	Owned	—	24,000	Administration, service
Shanghai, China	Leased	April 2019	20,000	Administration, service
Mountain View, California	Leased	—	30,000	Components, administration
Total sq. ft. occupied:			<u>1,904,900</u>	

We maintain our corporate headquarters in Oxford, Massachusetts, and we operate four principal manufacturing facilities for lasers, laser systems, amplifiers and components, which are located in the United States, Germany, Russia and Italy. We are committed to meeting internationally recognized manufacturing standards. Our facilities in the United States and Germany are ISO 9001 certified, and we have ISO certification in Russia for specific products. We conduct our major research and development activities in Oxford and Marlborough, Massachusetts; Burbach, Germany; and Fryazino, Russia, and at several other facilities in the United States. We have sales personnel at each of our manufacturing facilities, and at the countries in which we operate.

We plan to continue our expansion of our operations in Russia, Germany and the United States, and to build manufacturing in Belarus to meet the demand for our products and our sales and support needs. The additional expansion for the United States, Russia, Germany, and Belarus will provide an approximately additional 120,200 square feet, 15,600 square feet, 270,900 square feet, and 136,100 square feet, respectively once these additions are completed and occupied in 2018. With the amount occupied as of December 31, 2017, once all expansions are completed in 2018, we will have over approximately 2.4 million square feet of occupied space to continue to execute on our planned strategies.

#### ITEM 3. LEGAL PROCEEDINGS

From time to time, we are party to various legal claims and legal proceedings and other disputes incidental to our business, such as employment, intellectual property or product issues. For a discussion of the risks associated with intellectual property legal proceedings and other disputes, see Item 1A. "Risk Factors — We are subject to litigation alleging that we are infringing third-party intellectual property rights. Intellectual property claims could result in costly litigation and harm our business."

**ITEM 4. MINE SAFETY DISCLOSURES**

Not applicable.

**PART II**

**ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES**

**Price Range of Common Stock**

Our common stock is quoted on the Nasdaq Global Market under the symbol "IPGP". The following table sets forth the quarterly high and low sale prices of our common stock as reported on the Nasdaq Global Market.

	Common Stock Price Range	
	High	Low
First Quarter ended March 31, 2016	\$ 98.26	\$ 73.55
Second Quarter ended June 30, 2016	\$ 102.90	\$ 76.22
Third Quarter ended September 30, 2016	\$ 88.76	\$ 76.64
Fourth Quarter ended December 31, 2016	\$ 102.46	\$ 81.00
First Quarter ended March 31, 2017	\$ 124.27	\$ 95.04
Second Quarter ended June 30, 2017	\$ 149.29	\$ 116.82
Third Quarter ended September 30, 2017	\$ 187.98	\$ 144.71
Fourth Quarter ended December 31, 2017	\$ 248.23	\$ 185.00

As of February 22, 2018, there were 54,056,120 shares of our common stock outstanding held by approximately 36 holders of record, which does not include beneficial owners of common stock whose shares are held in the names of various securities brokers, dealers and registered clearing agencies.

**Stock Price Performance Graph**

The following Stock Price Performance Graph and related information includes comparisons required by the SEC. The graph does not constitute "soliciting material" and should not be deemed "filed" or incorporated by reference into any other filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except to the extent that we specifically incorporate this information by reference into such filing.

The following graph presents the cumulative shareholder returns for our Common Stock compared with the NASDAQ Composite Index and the Russell 3000 Index. We selected these comparative groups due to industry similarities and the fact that they contain several direct competitors.

**COMPARISON OF CUMULATIVE TOTAL RETURN  
AMONG THE COMPANY, THE NASDAQ COMPOSITE INDEX AND RUSSELL 3000 INDEX**



**5-Year Cumulative Total Return**

	12/31/2012	12/31/2013	12/31/2014	12/31/2015	12/31/2016	12/31/2017
IPG Photonics Corporation	\$ 100.00	\$ 116.44	\$ 112.41	\$ 133.77	\$ 148.10	\$ 321.28
Nasdaq Composite (U.S. & Foreign)	\$ 100.00	\$ 138.32	\$ 156.85	\$ 165.84	\$ 178.28	\$ 228.63
Russell 3000 Index	\$ 100.00	\$ 130.95	\$ 144.63	\$ 142.50	\$ 157.34	\$ 187.01

The above graph represents and compares the value, through December 31, 2017, of a hypothetical investment of \$100 made at the closing price on December 31, 2012 in each of (i) our common stock, (ii) the NASDAQ Composite Stock Index and (iii) the Russell 3000 Index, in each case assuming the reinvestment of dividends. The stock price performance shown in this graph is not necessarily indicative of, and not is intended to suggest, future stock price performance.

**Dividends**

We declared and paid a special cash dividend on our capital stock in December 2012 of \$33.4 million or \$0.65 per share. We anticipate that we will retain future earnings to support operations, fund acquisitions and to finance the growth and development of our business. Therefore, we do not expect to pay cash dividends in the foreseeable future. Our payment of any future dividends will be at the discretion of our Board of Directors after taking into account any business conditions, any contractual and legal restrictions on our payment of dividends, and our financial condition, operating results, cash needs, growth plans and other factors. In addition, a current agreement with one lender contains a restrictive covenant that prohibits us from paying cash dividends, making any distribution on any class of stock or making stock repurchases if a breach of a financial covenant or an event of default exists or would result from the dividend, distribution or repurchase.

**Recent Sales of Unregistered Securities; Use of Proceeds from Registered Securities**

There have been no sales of unregistered securities during the past year.

## Issuer Purchases of Equity Securities

The following table shows repurchases of our common stock in the fiscal quarter ended December 31, 2017 .

Date	Total Number of Shares (or Units) Purchased		Average Price Paid per Share (or Unit)	Total Number of Shares (or Units) Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs
October 1, 2017 — October 31, 2017	266	(1)	\$ 207.62	\$ —	\$ 64,143
November 1, 2017 — November 30, 2017	24,191	(1),(2)	232.89	23,235	58,711
December 1, 2017 — December 31, 2017	36,400	(2)	210.00	36,400	51,067
Total	60,857		\$ 219.09	\$ 59,635	\$ 51,067

- (1) In 2012, our Board of Directors approved "withhold to cover" as a tax payment method for vesting of restricted stock awards for certain employees. Pursuant to the "withhold to cover" method, we withheld from such employees the shares noted in the table above to cover tax withholding related to the vesting of their awards. For the fourth quarter of 2017 , the Company withheld 1,222 shares at an average price of \$210.02 .
- (2) In July 2016, the Board of Directors authorized a share repurchase program (the "Program"). Under the Program, the Company's management is authorized to repurchase shares of common stock in an amount not to exceed the number of shares issued to employees and directors under its various employee and director equity compensation and employee stock purchase plans from January 1, 2016 through December 31, 2017. The Program limits aggregate share repurchases to no more than \$100 million over a period ending June 30, 2018. For the fourth quarter of 2017 , the Company repurchased 59,635 shares of its common stock with an average price of \$219.27 per share in the open market. Since the beginning of the Program, the Company has purchased \$48.9 million in shares pursuant to the Program.

## Information Regarding Equity Compensation Plans

The following table sets forth information with respect to securities authorized for issuance under our equity compensation plans as of December 31, 2017 :

### Equity Compensation Plan Information

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options, RSUs and PSUs (a)	Weighted-Average Exercise Price of Outstanding Options, RSUs and PSUs (b)	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity Compensation Plans Approved by Security Holders	2,251,703	\$ 79.23	4,089,061
Equity Compensation Plans Not Approved by Security Holders	—		—
Total	2,251,703		4,089,061

**ITEM 6. SELECTED FINANCIAL DATA**

The following selected consolidated financial data should be read in conjunction with, and is qualified by reference to, our consolidated financial statements and related notes and Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this Annual Report on Form 10-K. The data as of December 31, 2017 and 2016, and for the years ended December 31, 2017, 2016 and 2015, is derived from our audited consolidated financial statements and related notes included elsewhere in this Annual Report on Form 10-K. The data as of December 31, 2015, 2014 and 2013, and for the years ended December 31, 2014 and 2013, is derived from our audited consolidated financial statements and related notes not included in this Annual Report on Form 10-K. Our historical results are not necessarily indicative of the results for any future period.

	Year Ended December 31,				
	2017	2016	2015	2014	2013
(In thousands, except per share data)					
<b>Consolidated Statement of Income Data:</b>					
Net sales	\$ 1,408,889	\$ 1,006,173	\$ 901,265	\$ 769,832	\$ 648,034
Cost of sales	611,978	453,933	409,388	353,314	308,136
Gross profit	796,911	552,240	491,877	416,518	339,898
Operating expenses:					
Sales and marketing	49,801	38,393	31,868	30,637	26,692
Research and development	100,870	78,552	63,334	53,403	41,660
General and administrative	80,668	66,486	57,192	55,338	50,863
Loss (gain) on foreign exchange	14,460	4,496	(2,560)	(6,618)	2,536
Total operating expenses	245,799	187,927	149,834	132,760	121,751
Operating income	551,112	364,313	342,043	283,758	218,147
Interest income (expense), net	737	1,304	(301)	(77)	(1)
Other income (expense), net	22	948	(125)	793	155
Income before provision for income taxes	551,871	366,565	341,617	284,474	218,301
Provision for income taxes	(204,283)	(105,849)	(99,590)	(84,029)	(62,521)
Net income	347,588	260,716	242,027	200,445	155,780
Less: Net (loss) income attributable to noncontrolling interests	(26)	(36)	(127)	—	—
Net income attributable to IPG Photonics Corporation	347,614	260,752	242,154	200,445	155,780
Net income attributable to common shareholders	\$ 347,614	\$ 260,752	\$ 242,154	\$ 200,445	\$ 155,780
Net income per share:					
Basic	\$ 6.50	\$ 4.91	\$ 4.60	\$ 3.85	\$ 3.02
Diluted	\$ 6.36	\$ 4.85	\$ 4.53	\$ 3.79	\$ 2.97
Weighted-average shares outstanding:					
Basic	53,495	53,068	52,676	52,104	51,548
Diluted	54,699	53,797	53,427	52,824	52,375
Dividends per common share	\$ —	\$ —	\$ —	\$ —	\$ —

	As of December 31,				
	2017	2016	2015	2014	2013
	(In thousands)				
<b>Consolidated Balance Sheet Data:</b>					
Cash and cash equivalents	\$ 909,900	\$ 623,855	\$ 582,532	\$ 522,150	\$ 448,776
Short-term investments	206,257	206,779	106,584	—	—
Working capital, excluding cash and cash equivalents and short-term investments	438,950	312,053	271,683	237,546	225,365
Total assets	2,371,975	1,789,999	1,453,429	1,210,887	1,061,216
Revolving line-of-credit facilities	—	—	—	2,631	3,296
Long-term debt, including current portion	48,982	40,823	19,667	33,000	12,666
Noncontrolling interests and redeemable noncontrolling interests	—	166	1,137	—	—
IPG Photonics Corporation equity	2,022,322	1,557,558	1,259,528	1,046,561	927,969

## ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with Item 6, "Selected Financial Data" and our consolidated financial statements and related notes included in this Annual Report on Form 10-K. This discussion contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors including, but not limited to, those discussed under Item 1A, "Risk Factors."

### Overview

We develop and manufacture a broad line of high-performance fiber lasers, fiber amplifiers and diode lasers that are used in numerous applications, primarily in materials processing. We sell our products globally to OEMs, system integrators and end users. We market our products internationally primarily through our direct sales force.

We are vertically integrated such that we design and manufacture most of our key components used in our finished products, from semiconductor diodes to optical fiber preforms, finished fiber lasers and amplifiers. We also manufacture certain complementary products used with our lasers, including optical delivery cables, fiber couplers, beam switches, optical processing heads and chillers. In addition, we offer laser-based systems for certain markets and applications.

### Description of Our Net Sales, Costs and Expenses

*Net sales.* We derive net sales primarily from the sale of fiber lasers and amplifiers. We also sell diode lasers, communications systems, laser systems and complementary products. We sell our products through our direct sales organization and our network of distributors and sales representatives, as well as system integrators. We sell our products to OEMs that supply materials processing laser systems, communications systems, medical laser systems and other laser systems for advanced applications to end users. We also sell our products to end users that build their own systems which incorporate our products or use our products as an energy or light source. Our scientists and engineers work closely with OEMs, systems integrators and end users to analyze their system requirements and match appropriate fiber laser or amplifier specifications. Our sales cycle varies substantially, ranging from a period of a few weeks to as long as one year or more, but is typically several months.

Sales of our products generally are recognized upon shipment, provided that no obligations remain and collection of the receivable is reasonably assured. Our sales typically are made on a purchase order basis rather than through long-term purchase commitments.

We develop our products to standard specifications and use a common set of components within our product architectures. Our major products are based upon a common technology platform. We continually enhance these and other products by improving their components and developing new components and new product designs.

The average selling prices of our products generally decrease as the products mature. These decreases result from factors such as decreased manufacturing costs and increases in unit volumes, increased competition, the introduction of new products and market share considerations. In the past, we have lowered our selling prices in order to penetrate new

markets and applications. Furthermore, we may negotiate discounted selling prices from time to time with certain customers that purchase multiple units.

*Cost of sales.* Our cost of sales consists primarily of the cost of raw materials and components, direct labor expenses and manufacturing overhead. We are vertically integrated and currently manufacture all critical components for our products as well as assemble finished products. We believe our vertical integration allows us to increase efficiencies, leverage our scale and lower our cost of sales. Cost of sales also includes personnel costs and overhead related to our manufacturing, engineering and service operations, related occupancy and equipment costs, shipping costs and reserves for inventory obsolescence and for warranty obligations. Inventories are written off and charged to cost of sales when identified as excess or obsolete.

Due to our vertical integration strategy and ongoing investment in plant and machinery, we maintain a relatively high fixed manufacturing overhead. We may not be able to or choose not to adjust these fixed costs to adapt to rapidly changing market conditions. Our gross margin is therefore significantly affected by our sales volume and the corresponding utilization of capacity and absorption of fixed manufacturing overhead expenses.

*Sales and marketing.* Our sales and marketing expense consists primarily of costs related to compensation, trade shows, professional and technical conferences, travel, facilities, depreciation of equipment used for demonstration purposes and other marketing costs.

*Research and development.* Our research and development expense consists primarily of compensation, development expenses related to the design of our products and certain components, the cost of materials and components to build prototype devices for testing and facilities costs. Costs related to product development are recorded as research and development expenses in the period in which they are incurred.

*General and administrative.* Our general and administrative expense consists primarily of compensation and associated costs for executive management, finance, legal, information technology and other administrative personnel, outside legal and professional fees, insurance premiums and fees, allocated facilities costs and other corporate expenses such as charges and benefits related to the change in allowance for doubtful debt.

### **Factors and Trends That Affect Our Operations and Financial Results**

In reading our financial statements, you should be aware of the following factors and trends that our management believes are important in understanding our financial performance.

*Net sales.* Our net sales grew from \$769.8 million in 2014 to \$1,408.9 million in 2017, representing a three year compound annual growth rate of approximately 22%. Net sales growth was driven by (i) increasing demand for our products, fueled by their superior performance and decreasing average cost per watt of output power which has resulted in a substantial improvement in their competitiveness and increased market share compared to other laser technologies including CO<sub>2</sub> and YAG lasers, (ii) increased sales of fiber lasers for cutting and welding applications and the development of OEM customers in these applications, (iii) the introduction of new products, including our high power lasers with higher output power levels, quasi-continuous wave ("QCW") lasers, laser systems, high power pulsed lasers and optical heads and other accessories and (iv) the development of new applications for our products some of which displace non-laser technologies. Our annual revenue growth rates have varied. Net sales increased by 40%, 12% and 17% in 2017, 2016 and 2015, respectively.

Our business depends substantially upon capital expenditures by our customers, particularly by manufacturers using our products for materials processing, which includes general manufacturing, automotive, aerospace, heavy industry, consumer, semiconductor and electronics. Approximately 94% of our revenues in 2017 were from customers using our products for materials processing. Although applications within materials processing are broad, the capital equipment market in general is cyclical and historically has experienced sudden and severe downturns. For the foreseeable future, our operations will continue to depend upon capital expenditures by customers for materials processing and will be subject to the broader fluctuations of capital equipment spending.

Our net sales have historically fluctuated from quarter to quarter. The increase or decrease in sales from a prior quarter can be affected by the timing of orders received from customers, the shipment, installation and acceptance of products at our customers' facilities, the mix of OEM orders and one-time orders for products with large purchase prices, economic and political conditions in a certain country or region and seasonal factors such as the purchasing patterns and levels of activity throughout the year in the regions where we operate. Historically, our net sales have been higher in the second half of the year than in the first half of the year. Furthermore, net sales can be affected by the time taken to qualify our products for use in new applications in the end markets that we serve. The adoption of our products by a new customer or qualification in a new application can lead to an increase in net sales for a period, which may then slow until we penetrate new markets or obtain new customers.

*Gross margin* . Our total gross margin in any period can be significantly affected by total net sales in any period, by product mix, that is, the percentage of our revenue in the period that is attributable to higher or lower power products and the mix of sales between laser and amplifier sources and complete systems, by sales mix between OEM customers who purchase devices from us in high unit volumes and other customers, by mix of sales in different geographies and by other factors, some of which are not under our control.

Our product mix affects our margins because the selling price per watt is generally higher for medium power devices and certain specialty products than for high power devices and certain pulsed lasers sold in large volumes. The overall cost of high power lasers may be partially offset by improved absorption of fixed overhead costs associated with sales of larger volumes of higher power products because they use a greater number of optical components and drive economies of scale in manufacturing. Also, the profit margins on systems can be lower than margins for our laser and amplifier sources, depending on the configuration, volume and competitive forces, among other factors.

We believe our strategy to maintain and extend our leadership position will result in industry-leading revenue growth and profitability. Although our fiber laser technology has a leading market position within select materials processing applications, our share within many other laser applications is significantly smaller and non-existent in many other applications. We estimate fiber lasers comprise less than 35% of total laser source sales and that laser-based machine tools comprise less than 25% of all machine tools used for cutting and welding of metals. Given the potential for our fiber laser technology to gain deeper penetration within the broader markets we serve and plan to target, we continue to introduce new technologies and products to expand our market presence. We expect that some new technologies and products will have returns above our cost of capital but may have gross margins below our corporate average. If we are able to develop opportunities that are significant in size, competitively advantageous or leverage our existing technology base and leadership, our current gross margin levels may not be maintained. Instead, we aim to deliver industry-leading levels of gross and operating margins by growing our market position across the broader markets we serve.

The mix of sales between OEM customers and other customers can affect gross margin because we provide sales price discounts on products based on the number of units ordered. As the number of OEM customers increase and the number of units ordered increases, the average sales price per unit will be reduced. We expect that the impact of reduced sales price per unit will be offset by the manufacturing efficiency provided by high unit volume orders, but the timing and extent of achieving these efficiencies may not always match the mix of sales in any given time period or be realized at all.

We invested \$126.5 million , \$127.0 million and \$70.1 million in capital expenditures in 2017 , 2016 and 2015 , respectively. Most of this investment relates to expansion of our manufacturing capacity and, to a lesser extent, research and development and sales-related facilities.

A high proportion of our costs is fixed so costs are generally difficult or may take time to adjust in response to changes in demand. In addition, our fixed costs increase as we expand our capacity. If we expand capacity faster than is required by sales growth, gross margins could be negatively affected. Gross margins generally decline if production volumes are lower as a result of a decrease in sales or a reduction in inventory because the absorption of fixed manufacturing costs will be reduced. Gross margins generally improve when the opposite occurs. If both sales and inventory decrease in the same period, the decline in gross margin may be greater if we cannot reduce fixed costs or choose not to reduce fixed costs to match the decrease in the level of production. If we experience a decline in sales that reduces absorption of our fixed costs, or if we have production issues, our gross margins will be negatively affected.

We also regularly review our inventory for items that are slow-moving, have been rendered obsolete or are determined to be excess. Any provision for such slow-moving, obsolete or excess inventory affects our gross margins. For example, we recorded provisions for slow-moving, obsolete or excess inventory totaling \$16.9 million , \$22.8 million and \$15.4 million in 2017 , 2016 and 2015 , respectively.

*Sales and marketing expense* . We expect to continue to expand our worldwide direct sales organization, build and expand applications centers, hire additional sales and marketing personnel at our existing and new geographic locations as well as to support sales of new product lines, increase the number of units for demonstration purposes and otherwise increase expenditures on sales and marketing activities in order to support the growth in our net sales. As such, we expect that our sales and marketing expenses will increase in the aggregate.

*Research and development expense* . We plan to continue to invest in research and development to improve our existing components and products and develop new components, products, systems and applications technology. The amount of research and development expense we incur may vary from period to period. In general, if net sales continue to increase we expect research and development expense to increase in the aggregate.

*General and administrative expense.* We expect our general and administrative expenses to increase as we continue to invest in systems and resources in management, finance, legal, information technology, human resources and administration to support our worldwide operations. Legal expenses vary from quarter to quarter based primarily upon the level of litigation and transaction activities.

*Major customers.* While we have historically depended on a few customers for a large percentage of our annual net sales, the composition of this group can change from year to year. Net sales derived from our five largest customers as a percentage of our annual net sales were 28% , 22% and 25% in 2017 , 2016 and 2015 . Our largest customer accounted for 13% , 9% and 13% of our net sales in 2017 , 2016 and 2015 , respectively. We seek to add new customers and to expand our relationships with existing customers. We anticipate that the composition of our significant customers will continue to change. We generally do not enter into agreements with our customers obligating them to purchase our fiber lasers or amplifiers. If any of our significant customers were to substantially reduce their purchases from us, our results would be adversely affected.

### **Critical Accounting Policies and Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States ("GAAP") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of net sales and expenses. By their nature, these estimates and judgments are subject to an inherent degree of uncertainty. On an ongoing basis we re-evaluate our judgments and estimates including those related to inventories, warranty obligations, contingent liabilities, income taxes and the fair value of certain debt and equity instruments including stock-based compensation. We base our estimates and judgments on our historical experience and on other assumptions that we believe are reasonable under the circumstances, the results of which form the basis for making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates, which may materially affect our operating results and financial position. The accounting policies described below are those which, in our opinion, involve the most significant application of judgment, or involve complex estimation, and which could, if different judgments or estimates were made, materially affect our reported results of operations and financial position.

*Revenue Recognition.* We recognize revenue in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 605. Revenue from orders with multiple deliverables is divided into separate units of accounting when certain criteria are met. These separate units generally consist of equipment and installation. The consideration for the arrangement is then allocated to the separate units of accounting based on their relative selling prices. The selling price of equipment is based on vendor-specific objective evidence and the selling price of installation is based on third-party evidence. Applicable revenue recognition criteria are then applied separately for each separate unit of accounting. Revenue for laser and amplifier sources generally is recognized upon the transfer of ownership which is typically at the time of shipment. Installation revenue is recognized upon completion of the installation service which typically occurs within 30 to 90 days of delivery. For laser systems that have customer specific processing requirements, revenue is recognized at the latter of customer acceptance date or shipment date if the customer acceptance is made prior to shipment. Returns and customer credits are infrequent and are recorded as a reduction to revenue. Rights of return generally are not included in sales arrangements.

*Accounts Receivable and Allowance for Doubtful Accounts.* Accounts receivable include \$46.1 million and \$24.0 million of bank acceptance drafts issued in China at December 31, 2017 and 2016 , respectively. Bank acceptance drafts are bank guarantees of payment on specified dates. The maturity of these bank acceptance drafts is less than 90 days. We maintain an allowance for doubtful accounts to provide for the estimated amount of accounts receivable that will not be collected. The allowance is based upon an assessment of customer creditworthiness, historical payment experience and the age of outstanding receivables.

*Inventory.* Inventory is stated at the lower of cost (first-in, first-out method) or market value. Inventory includes parts and components that may be specialized in nature and subject to rapid obsolescence. We maintain a reserve for excess or obsolete inventory items. The reserve is based upon a review of inventory materials on hand, which we compare with historic usage, estimated future usage and age. In addition, we review the inventory and compare recorded costs with estimates of current market value. Write-downs are recorded to reduce the carrying value to the net realizable value with respect to any part with costs in excess of current market value. Estimating demand and current market values is inherently difficult, particularly given that we make highly specialized components and products. We determine the valuation of excess and obsolete inventory by making our best estimate considering the current quantities of inventory on hand and our forecast of the need for this inventory to support future sales of our products. We often have limited information on which to base our forecasts. If future sales differ from these forecasts, the valuation of excess and obsolete inventory may change and additional inventory provisions may be required. Because of our vertical integration, a significant or sudden decrease in sales could result in a significant change in the estimates of excess or obsolete inventory valuation.

*Warranty.* We maintain an accrual for warranty claims for units sold that are subject to warranty. We estimate this accrual considering past claims experience, the number of units still carrying warranty coverage and the average life of the remaining warranty period.

*Stock-based compensation.* Stock-based compensation is included in the following financial statement captions as follows:

	Year Ended December 31,		
	2017	2016	2015
Cost of sales	\$ 5,863	\$ 6,018	\$ 5,316
Sales and marketing	2,041	1,820	1,998
Research and development	5,001	4,905	4,049
General and administrative	10,116	8,991	7,626
Total stock-based compensation	23,021	21,734	18,989
Tax benefit recognized	(7,367)	(6,971)	(6,141)
Net stock-based compensation	\$ 15,654	\$ 14,763	\$ 12,848

We account for stock-based compensation using the fair value of the awards granted. We estimate the fair value of stock options granted using the Black-Scholes model, we value restricted stock units using the intrinsic value method and we use a Monte Carlo simulation model to estimate the fair value of market-based performance stock units. We amortize the fair value of stock options and awards on a straight-line basis over the requisite service periods of the awards, which are generally the vesting periods. After adoption of Accounting Standards Update ("ASU") 2016-09 effective January 1, 2017, we account for forfeitures as they occur whereas previous to that date, we estimated the effect of forfeitures at the date of issuance. The assumptions used to calculate the fair value of stock-based payment awards represent management's best estimates, but the estimates involve inherent uncertainties and the application of management judgment. As a result, if factors change and we use different assumptions, our stock-based compensation expense could be materially different in the future.

The weighted-average assumptions used in the Black-Scholes model were as follows:

	Year Ended December 31,		
	2017	2016	2015
Expected term	3.8-5.0 years	4.4-6.1 years	4.4-6.3 years
Volatility	31%-35%	37%-45%	45%-48%
Risk-free rate of return	1.57%-1.97%	1.06%-1.41%	1.38%-1.74%
Dividend yield	0.25%	0.25%	0.25%
Forfeiture rate	—%	2.65%-5.26%	3.47%-5.88%

The weighted-average assumptions used in the Monte Carlo simulation model was as follows:

	Year Ended December 31,		
	2017	2016	2015
Expected term	3.0 years	3.0 years	3.2 years
Volatility	13%-31%	13%-32%	12%-36%
Risk-free rate of return	1.49%	0.88%	0.98%
Dividend yield	—%	—%	—%
Weighted-average fair value per share	147.25	88.51	128.42

We offer an employee stock purchase plan covering our U.S. and German employees. The plan allows employees who participate to purchase shares of common stock through payroll deductions at a 15% discount to the lower of the stock price on the first day or last day of the six-month purchase period. Payroll deductions may not exceed 10% of the employee's compensation. Compensation expense related to the employee stock purchase plan for the years ended 2017, 2016 and 2015, was approximately \$1.0 million, \$0.8 million and \$0.7 million, respectively.

*Income Taxes and Deferred Taxes.* Our annual tax rate is based on our income, statutory tax rates and tax planning opportunities available to us in the various jurisdictions in which we operate.

We file federal and state income tax returns in the United States and tax returns in numerous international jurisdictions. We must estimate our income tax expense after considering, among other factors, if inter-company transactions have been made

on an arm's length basis, differing tax rates between jurisdictions, allocation factors, tax credits, nondeductible items and changes in enacted tax rates. Significant judgment is required in determining our annual tax expense and in evaluating our tax positions. As we continue to expand globally, there is a risk that, due to complexity within and diversity among the various jurisdictions in which we do business, a governmental agency may disagree with the manner in which we have computed our taxes. Additionally, due to the lack of uniformity among all of the foreign and domestic taxing authorities, there may be situations where the tax treatment of an item in one jurisdiction is different from the tax treatment in another jurisdiction or that the transaction causes a tax liability to arise in another jurisdiction.

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act"). The Tax Act makes broad and complex changes to the U.S. tax code including, but not limited to: (1) reducing the U.S. federal corporate tax rate from 35 percent to 21 percent; (2) requiring companies to pay a one-time transition tax on certain un-repatriated earnings of foreign subsidiaries; (3) generally eliminating U.S. federal income taxes on dividends from foreign subsidiaries; and (4) bonus depreciation that will allow for full expensing of qualified property. Our accounting for the Deemed Repatriation Transition Tax ("Transition Tax") element of the Tax Act is incomplete. However, we were able to make estimates of certain effects and, therefore, recorded provisional adjustments. As a result of the enactment of the Tax Act, we recorded a \$47.0 million accrual for the federal Transition Tax and an associated \$1.1 million state tax liability with a corresponding adjustment to current income tax expense. The federal Transition Tax is payable over eight years. We also recorded a \$1.3 million reduction of net deferred tax assets as a result of the lower enacted tax rate in the Tax Act with a corresponding adjustment to deferred income tax expense.

While our annual tax rate is dependent on the factors detailed above, we expect that the reduction in the U.S. federal corporate rate will reduce our consolidated effective tax rate by approximately four percentage points in 2018 as compared to what the effective tax rate would have been without the enacted tax rate reduction.

We have provided a \$2.2 million deferred tax liability for certain withholding and dividend taxes related to possible distributions from non-U.S. subsidiaries to their non-U.S. parents. With regard to repatriation of undistributed earnings of non-U.S. subsidiaries back to the U.S., we previously considered these earnings to be indefinitely reinvested and, accordingly, recorded no deferred income taxes. We are currently analyzing our global working capital and cash requirements and the potential tax liabilities attributable to a repatriation. We have yet to determine whether we will change our prior assertion and repatriate earnings. Accordingly, we have not recorded any deferred taxes attributable to repatriation to the U.S. of our investments in its foreign subsidiaries. We will record the tax effects of any change in our prior assertion in the period that we complete our analysis and are able to make a reasonable estimate.

Deferred taxes arise because of the different treatment between financial statement accounting and tax accounting, known as "temporary differences." The tax effects of these temporary differences are recorded as deferred tax assets and deferred tax liabilities on the consolidated balance sheet. At December 31, 2017, we had a net deferred tax asset of \$5.6 million. If insufficient evidence of our ability to generate future taxable income arises, we may be required to record a valuation allowance against these assets, which will result in additional income tax expense. On a quarterly basis, we evaluate whether the deferred tax assets may be realized in the future and assess the need for a valuation allowance.

We provide reserves for potential payments of tax to various tax authorities related to uncertain tax positions and other issues. Reserves recorded are based on a determination of whether and how much of a tax benefit taken by us in our tax filings or positions is "more likely than not" to be realized following resolution of any potential contingencies present related to the tax benefit, assuming that the matter in question will be raised by the tax authorities. Potential interest and penalties associated with such uncertain tax positions is recorded as a component of income tax expense. At December 31, 2017, we had unrecognized tax benefits of approximately \$10.4 million that, if recognized, would be recorded as a reduction in income tax expense.

At December 31, 2017, we had \$191.7 million of cash and cash equivalents and \$206.3 million in short-term investments in the United States and \$718.2 million of cash and cash equivalents at foreign locations. Cash and cash equivalents outside of the United States are intended to fund working capital, capital expenditures and business expansion outside the United States.

## Results of Operations

The following table sets forth selected statement of operations data for the periods indicated in dollar amounts and expressed as a percentage of net sales.

	Year Ended December 31,					
	2017		2016		2015	
	(In thousands, except percentages and per share data)					
Net sales	\$ 1,408,889	100.0 %	\$ 1,006,173	100.0 %	\$ 901,265	100.0 %
Cost of sales	611,978	43.4	453,933	45.1	409,388	45.4
Gross profit	796,911	56.6	552,240	54.9	491,877	54.6
Operating expenses:						
Sales and marketing	49,801	3.5	38,393	3.8	31,868	3.5
Research and development	100,870	7.2	78,552	7.8	63,334	7.0
General and administrative	80,668	5.7	66,486	6.6	57,192	6.3
Loss (gain) on foreign exchange	14,460	1.0	4,496	0.4	(2,560)	(0.3)
Total operating expenses	245,799	17.4	187,927	18.6	149,834	16.5
Operating income	551,112	39.2	364,313	36.3	342,043	38.1
Interest income (expense), net	737	0.1	1,304	0.1	(301)	—
Other income (expense), net	22	—	948	0.1	(125)	—
Income before provision for income taxes	551,871	39.2	366,565	36.4	341,617	37.9
Provision for income taxes	(204,283)	(14.5)	(105,849)	(10.5)	(99,590)	(11.1)
Net income	347,588	24.7	260,716	25.9	242,027	26.9
Less: Net loss attributable to noncontrolling interest	(26)	—	(36)	—	(127)	—
Net income attributable to IPG Photonics Corporation	\$ 347,614	24.7 %	\$ 260,752	25.9 %	\$ 242,154	26.9 %
Net income attributable to IPG Photonics Corporation per share:						
Basic	\$ 6.50		\$ 4.91		\$ 4.60	
Diluted	\$ 6.36		\$ 4.85		\$ 4.53	
Weighted-average shares outstanding:						
Basic	53,495		53,068		52,676	
Diluted	54,699		53,797		53,427	

## Comparison of Year Ended December 31, 2017 to Year Ended December 31, 2016

*Net sales.* Net sales increased by \$402.7 million , or 40.0% , to \$1,408.9 million in 2017 from \$1,006.2 million in 2016 . The table below sets forth sales by application (in thousands, except for percentages):

	Year Ended December 31,					
	2017		2016		Change	
		% of Total		% of Total		
Materials Processing	\$ 1,332,607	94.6%	\$ 942,119	93.6%	\$ 390,488	41.4%
Other Applications	76,282	5.4%	64,054	6.4%	12,228	19.1%
Total	\$ 1,408,889	100.0%	\$ 1,006,173	100.0%	\$ 402,716	40.0%

The table below sets forth sales by type of product and other revenue (in thousands, except for percentages):

	Year Ended December 31,				Change	
	2017		2016			
		% of Total		% of Total		
High Power CW Lasers	\$ 867,464	61.6%	\$ 578,668	57.5%	\$ 288,796	49.9%
Medium Power CW Lasers	105,547	7.5%	98,855	9.8%	6,692	6.8%
Low Power CW Lasers	13,158	0.9%	12,788	1.3%	370	2.9%
Pulsed Lasers	148,701	10.5%	128,971	12.8%	19,730	15.3%
QCW Lasers	88,329	6.3%	48,612	4.8%	39,717	81.7%
Other Revenue including Amplifiers, Laser Systems, Service, Parts, Accessories and Change in Deferred Revenue	185,690	13.2%	138,279	13.8%	47,411	34.3%
<b>Total</b>	<b>\$ 1,408,889</b>	<b>100.0%</b>	<b>\$ 1,006,173</b>	<b>100.0%</b>	<b>\$ 402,716</b>	<b>40.0%</b>

Sales for materials processing applications increased due to higher sales of high power lasers, medium power lasers, pulsed lasers, QCW lasers and laser systems.

- The increase in high power laser sales related to growth in cutting and welding. High power lasers continue to displace CO2 lasers. We believe our revenue growth has benefited from an accelerated replacement cycle for older CO2 based cutting systems and also from displacement of non-laser technologies, which has resulted in higher demand for the fiber based cutting and welding systems sold by our OEM customers. Within cutting applications, we continue to see a migration to lasers with higher output powers which improve processing speeds and enable processing of thicker materials. The shift towards lasers with higher output powers has also benefited sales due to their higher average selling prices.
- Medium power sales increased due to growth in laser sintering and fine welding applications, which was partially offset by decreases in sales for fine cutting applications because fine cutting systems using medium power lasers migrated to using high power 1 to 2 kilowatt lasers. Average selling prices for medium power lasers also declined.
- Pulsed laser sales increased due to growth in marking and engraving, cleaning and stripping, solar cell manufacturing and cutting applications. Within the pulsed laser category, the rate of sales increases was larger for high power pulsed lasers than for pulsed lasers with lower average power.
- QCW laser sales increased due to the demand for welding and drilling applications. Welding applications for QCW lasers are primarily related to consumer electronics.
- Materials processing sales also increased as a result of improved laser systems and parts and service sales, which are included in Other Revenue in the Sales by Product chart above. The increase in laser systems sales was mainly driven by the July 2017 acquisition of Innovative Laser Technologies, LLC ("ILT").

Sales for other applications increased due to higher sales for telecom and advanced applications. Telecom sales benefited from an increase in sales of pluggable transceivers used in data transmission and an increase in amplifier sales used for last mile fiber access to the home applications. For 2017, the rate of growth of telecom sales benefited from the contribution of sales by Menara, which we acquired in May 2016. Sales of telecom products are included in Other Revenue in the Sales by Product chart above. Advanced application sales are typically uneven from quarter to quarter. The increase in advanced applications sales was driven by increase in demand from defense, semiconductor and scientific applications across various product lines.

*Cost of sales and gross margin.* Cost of sales increased by \$158.0 million , or 34.8% , to \$612.0 million in 2017 from \$453.9 million in 2016 . Our gross margin increased to 56.6% in 2017 from 54.9% in 2016 . Gross margin increased due to a decrease in the cost of internally manufactured components, increased manufacturing efficiency and product mix which included increased sales of high power, QCW and pulsed lasers with higher average powers. These increases in gross margin were partially offset by lower average selling prices. Expenses related to provisions for excess or obsolete inventory and other valuation adjustments decreased by \$5.9 million to \$16.9 million , or 1.2% of sales, for the year ended December 31, 2017 , as compared to \$22.8 million , or 2.3% of sales, for the year ended December 31, 2016 .

*Sales and marketing expense.* Sales and marketing expense increased by \$11.4 million , or 29.7% , to \$49.8 million in 2017 from \$38.4 million in 2016 , primarily as a result of an increase in personnel, trade show and exhibitions, travel and

depreciation expense. As a percentage of sales, sales and marketing expense decreased to 3.5% in 2017 from 3.8% in 2016 . As we continue to expand our worldwide sales organization, we expect sales and marketing expenses to increase in the aggregate.

*Research and development expense.* Research and development expense increased by \$22.3 million , or 28.4% , to \$100.9 million in 2017 from \$78.6 million in 2016 , primarily as a result of an increase in personnel, contractors, consultants, materials, depreciation and other research and development expense. Research and development continues to focus on developing new products, enhancing performance of existing components, improving production processes and developing manufacturing of new components such as crystals and refining production processes to improve manufacturing yields and productivity. New products include lasers that operate at different wavelengths such as UV, visible and mid-IR, lasers with ultrafast pulses, laser based systems for material processing, projection, display and medical as well as accessories such as welding and cutting heads. In addition to new products research and development is focused on enhancing the performance of our existing products by improving their electrical efficiency and increasing their average power. As a percentage of sales, research and development expense decreased to 7.2% in 2017 from 7.8% in 2016 . We expect to continue to invest in research and development and that research and development expense will increase in the aggregate.

*General and administrative expense.* General and administrative expense increased by \$14.2 million , or 21.3% , to \$80.7 million in 2017 from \$66.5 million in 2016 , primarily as a result of increased expenses for personnel, stock-based compensation, accounting, subscription fees, recruitment, information technology, travel and depreciation expense. In 2016, general and administrative expense also includes a non-cash impairment charge of \$2.9 million related to our corporate aircraft. As a percentage of sales, general and administrative expense decreased to 5.7% in 2017 from 6.6% in 2016 . We expect general and administrative expenses to increase as we invest to support the expected growth in net sales.

*Effect of exchange rates on sales, gross margin and operating expenses.* We estimate that if exchange rates had been the same as one year ago, sales in 2017 would have been \$2.0 million higher, gross margin would have been \$4.3 million higher and operating expenses in total would have been \$3.7 million lower. These estimates assume constant exchange rates between fiscal year 2017 and fiscal year 2016 and are calculated using the average exchange rates for the twelve-month period ended December 31, 2016 for the respective currencies, which were US\$1=Euro 0.90 , US\$1=Japanese Yen 109 , US\$1=Chinese Yuan 6.65 and US\$1=Russian Ruble 67 .

*Loss (gain) on foreign exchange.* We incurred a foreign exchange loss of \$14.5 million in 2017 as compared to a loss of \$4.5 million in 2016 . The change was primarily attributable to the appreciation of the Euro and Russian Ruble as compared to the U.S. Dollar, which was partially offset by appreciation of the Chinese Yuan as compared to the U.S. Dollar.

*Interest income (expense), net.* Interest income (expense), net decreased to \$0.7 million of income in 2017 compared to \$1.3 million of income in 2016 .

*Other income (expense), net.* Other income (expense), net decreased to approximately \$0 in 2017 compared to \$0.9 million of income in 2016 as a result of the loss incurred upon sale of available-for-sale-securities being partially offset by increases in net rental income from a building in the United States purchased in the second quarter of 2016 that is partially leased to third parties.

*Provision for income taxes .* Provision for income taxes was \$204.3 million in 2017 compared to \$105.8 million in 2016 , representing an effective tax rate of 37.0% in 2017 and 28.9% in 2016 . The increase in the effective tax rate was primarily driven by the amounts recorded upon adoption of the Tax Act including \$47.0 million of accrued federal Transition Taxes for undistributed earnings of foreign subsidiaries with an associated \$1.1 million state tax liability and a \$1.3 million write down of deferred tax assets as a result of the rate reductions in the Tax Act. In addition, the provision for income taxes includes a \$4.4 million provision for uncertain tax positions. These increases in the provision for income taxes were partially offset by \$14.6 million of excess tax benefits related to exercise of stock options and release of restricted stock units which vested during the period. Effective as of the beginning of 2017, the accounting standard related to excess tax benefits and deficits changed, and these items are now recognized in the provision for income taxes whereas previously they were accounted for within additional paid-in capital. The tax effects of the accounting for share-based compensation will increase or decrease our effective rate based upon the difference between our share-based compensation expense and the benefits taken on our tax return which will depend upon the quantity and intrinsic value of RSUs that vest and options that are exercised in the period. Additionally, we recognize excess tax benefits on a discrete basis and we anticipate that our effective rate will vary from quarter to quarter depending upon the factors described above.

*Net income.* Net income attributable to IPG Photonics Corporation increased by \$86.8 million to \$347.6 million in 2017 from \$260.8 million in 2016 . Net income attributable to IPG Photonics Corporation as a percentage of our net sales decreased by 1.2% to 24.7% in 2017 from 25.9% in 2016 due to the factors described above.

**Comparison of Year Ended December 31, 2016 to Year Ended December 31, 2015**

*Net sales.* Net sales increased by \$104.9 million, or 11.6%, to \$1,006.2 million in 2016 from \$901.3 million in 2015. The table below sets forth sales by application (in thousands, except for percentages):

	Year Ended December 31,					
	2016		2015		Change	
		% of Total		% of Total		
Materials Processing	\$ 942,119	93.6%	\$ 849,335	94.2%	\$ 92,784	10.9%
Other Applications	64,054	6.4%	51,930	5.8%	12,124	23.3%
<b>Total</b>	<b>\$ 1,006,173</b>	<b>100.0%</b>	<b>\$ 901,265</b>	<b>100.0%</b>	<b>\$ 104,908</b>	<b>11.6%</b>

The table below sets forth sales by type of product and other revenue (in thousands, except for percentages):

	Year Ended December 31,					
	2016		2015		Change	
		% of Total		% of Total		
High Power CW Lasers	\$ 578,668	57.5%	\$ 499,643	55.4%	\$ 79,025	15.8 %
Medium Power CW Lasers	98,855	9.8%	99,452	11.0%	(597)	(0.6)%
Low Power CW Lasers	12,788	1.3%	13,761	1.5%	(973)	(7.1)%
Pulsed Lasers	128,971	12.8%	124,824	13.8%	4,147	3.3 %
QCW Lasers	48,612	4.8%	56,506	6.3%	(7,894)	(14.0)%
Other Revenue including Amplifiers, Laser Systems, Service, Parts, Accessories and Change in Deferred Revenue	138,279	13.7%	107,079	11.9%	31,200	29.1 %
<b>Total</b>	<b>\$ 1,006,173</b>	<b>100.0%</b>	<b>\$ 901,265</b>	<b>100.0%</b>	<b>\$ 104,908</b>	<b>11.6 %</b>

Sales for materials processing applications increased due to higher sales of high power lasers, pulsed lasers and laser systems.

- The increase in high power laser sales related to growth in cutting, cladding, laser sintering, heat treatment and annealing applications partially offset by a decline in surface patterning and automotive related welding applications and decreases in average selling prices. High power lasers are continuing to displace CO2 lasers in cutting systems sold by our OEM customers. We are also seeing increased use of high power lasers for deposition applications like cladding and laser sintering which is used in additive manufacturing. Our cutting and additive manufacturing OEM customers are producing systems using lasers with higher output powers in order to improve the speed with which parts are cut and grown.
- The decrease in medium power sales related to fine cutting applications partially offset by a higher demand for medium power lasers used for fine welding, sintering and ablation applications. In part the increase in sintering applications transitioned to high power lasers because our additive manufacturing OEM customers are increasingly using high power lasers instead of medium power lasers in their systems. While the number of units shipped of medium power lasers increased, this increase was offset by declines in average selling prices.
- Low power laser sales decreased due to lower sales for medical applications.
- Pulsed laser sales increased due to higher demand for ablation and cleaning and stripping applications. Marking and engraving applications, which is the largest application for pulsed lasers, was relatively flat. Within the pulsed laser category, increased sales of high power pulsed lasers and green pulsed lasers were partially offset by decreased sales of pulsed lasers with lower average power.
- QCW laser sales decreased due to lower demand for fine cutting from consumer electronics applications partially offset by increased sales for welding and drilling applications.
- Materials processing sales also increased as a result of higher sales and service related sales which are included in above.

Sales for other applications increased due to higher sales for telecom applications. The increase in telecom sales was driven by sales from Menara, which we acquired in May 2016, and an increase in amplifier sales used for last mile fiber access

to the home applications. Sales of telecom products are included in Other Revenue. These sales increases were partially offset by a decrease in medical application sales.

*Cost of sales and gross margin.* Cost of sales increased by \$44.5 million, or 10.9%, to \$453.9 million in 2016 from \$409.4 million in 2015. Our gross margin increased to 54.9% in 2016 from 54.6% in 2015. Gross margin increased due to decreases in the cost of internally manufactured components and increased manufacturing efficiency which have offset decreases in average selling prices. Gross margin also benefited from product mix including increased sales of CW high power lasers with output power of more than 6 kilowatts, high power pulsed lasers and higher power QCW lasers. These benefits were partially offset by a decrease in absorption of manufacturing costs, increased provision for inventory reserves, an increase in expenses related to the amortization of intangibles and the step-up to fair value of inventory acquired in the Menara transaction. Expenses related to provisions for excess or obsolete inventory and other valuation adjustments increased by \$7.4 million to \$22.8 million, or 2.3% of sales, for the year ended December 31, 2016, as compared to \$15.4 million, or 1.7% of sales, for the year ended December 31, 2015.

*Sales and marketing expense.* Sales and marketing expense increased by \$6.6 million, or 20.5%, to \$38.4 million in 2016 from \$31.9 million in 2015, primarily as a result of an increase in personnel, premises and trade show and exhibitions expense. As a percentage of sales, sales and marketing expense increased to 3.8% in 2016 from 3.5% in 2015.

*Research and development expense.* Research and development expense increased by \$15.2 million, or 24.0%, to \$78.6 million in 2016 from \$63.3 million in 2015, primarily as a result of an increase in personnel, stock-based compensation, materials, depreciation and other research and development expense. Research and development continues to focus on developing new products, enhancing performance of existing components, improving production processes and developing manufacturing of new components such as crystals and refining production processes to improve manufacturing yields and productivity. New products include lasers that operate at different wavelengths such as UV, visible and mid-IR, lasers with ultrafast pulses, laser based systems for material processing, projection, display and medical as well as accessories such as welding and cutting heads. In addition to new products research and development is focused on enhancing the performance of our existing products by improving their electrical efficiency and increasing their average power. As a percentage of sales, research and development expense increased to 7.8% in 2016 from 7.0% in 2015.

*General and administrative expense.* General and administrative expense increased by \$9.3 million, or 16.3%, to \$66.5 million in 2016 from \$57.2 million in 2015, primarily as a result of increased expenses for personnel, stock-based compensation, legal, consulting, information technology and travel. It also includes a non-cash impairment charge of \$2.9 million related to our corporate aircraft. As a percentage of sales, general and administrative expense increased to 6.6% in 2016 from 6.3% in 2015.

*Effect of exchange rates on sales, gross margin and operating expenses.* We estimate that if exchange rates had been the same as one year ago, sales in 2016 would have been \$16.1 million higher, gross margin would have been \$8.6 million higher and operating expenses in total would have been \$2.2 million higher. These estimates assume constant exchange rates between fiscal year 2016 and fiscal year 2015 and are calculated using the average exchange rates for the twelve-month period ended December 31, 2015 for the respective currencies, which were US\$1=Euro 0.90, US\$1=Japanese Yen 121, US\$1=Chinese Yuan 6.24 and US\$1=Russian Ruble 61.

*Loss (gain) on foreign exchange.* We incurred a foreign exchange loss of \$4.5 million in 2016 as compared to a gain of -\$2.6 million in 2015. The change was primarily attributable to the appreciation of the Russian Ruble and depreciation of the Chinese Yuan as compared to the U.S. Dollar partially offset by the depreciation of the Euro as compared to the U.S. Dollar.

*Interest income (expense), net.* Interest income (expense), net increased to \$1.3 million of income in 2016 compared to \$0.3 million of expense in 2015 as a result of higher yielding interest and increases in short-term investments.

*Other income (expense), net.* Other income (expense), net increased to \$0.9 million of income in 2016 compared to \$0.1 million of expense in 2015 as a result of increased rental income from current occupied spaces in a recently acquired building.

*Provision for income taxes.* Provision for income taxes was \$105.8 million in 2016 compared to \$99.6 million in 2015, representing an effective tax rate of 28.9% in 2016 and 29.2% in 2015. The increase in the provision for income taxes was primarily the result of increased income before provision for income taxes. The decrease in effective rate was due to the release of income tax reserves upon the completion of a tax audit, the mix of income earned in various tax jurisdictions, and an increase in the benefit related to research and development tax credits. The legislation enabling research and development credits in the United States was permanently enacted at the end of 2015. The effective rate decrease was partially offset by a \$1.6 million deferred tax liability for certain withholding and dividend taxes related to possible distributions from non-U.S. subsidiaries to their non-U.S. parents in 2016.

*Net income.* Net income attributable to IPG Photonics Corporation increased by \$18.6 million to \$260.8 million in 2016 from \$242.2 million in 2015. Net income attributable to IPG Photonics Corporation as a percentage of our net sales decreased by 1.0% to 25.9% in 2016 from 26.9% in 2015 due to the factors described above.

## Liquidity and Capital Resources

Our principal sources of liquidity as of December 31, 2017 consisted of cash and cash equivalents of \$909.9 million, short-term investments of \$206.3 million, unused credit lines and overdraft facilities of \$111.0 million and working capital (excluding cash and cash equivalents and short-term investments) of \$439.0 million. This compares to cash and cash equivalents of \$623.9 million, short-term investments of \$206.8 million, unused credit lines and overdraft facilities of \$71.5 million and working capital (excluding cash and cash equivalents and short-term investments) of \$312.1 million as of December 31, 2016. The increase in cash and cash equivalents and short-term investments of \$285.5 million from \$830.7 million to \$1,116.2 million relates primarily to cash provided by operating activities in 2017 of \$405.4 million, which was partially offset by cash used in investing activities of \$170.8 million and cash used in financing activities of \$3.4 million.

Short-term investments consist of liquid investments including U.S. government and government agency notes, corporate notes, commercial paper and certificates of deposit with original maturities of greater than three months but less than one year.

Our long-term debt consists of two long-term notes with a combined total outstanding balance at December 31, 2017 of \$49.0 million of which \$3.6 million is the current portion. We have an unsecured note with an outstanding balance at December 31, 2017 of \$22.0 million of which \$1.2 million is the current portion. The interest on this unsecured note is variable at 1.20% above LIBOR and is fixed using an interest rate swap at 2.85% per annum. The unsecured note matures in May 2023, at which time the outstanding debt balance will be \$15.4 million. We have another note that is secured by our corporate aircraft. The outstanding balance on this secured note at December 31, 2017 was \$27.0 million of which \$2.4 million is the current portion. The interest rate on this secured note is fixed at 2.74% per annum and it matures in July 2022, at which time the outstanding debt balance will be \$15.4 million.

We believe that our existing cash and cash equivalents, short-term investments, our cash flows from operations and our existing lines of credit provide us with the financial flexibility to meet our liquidity and capital needs, as well as to complete certain acquisitions of businesses and technologies. We intend to continue to pursue acquisition opportunities based upon market conditions and the strategic importance and valuation of the target company. We may consider issuing debt to finance acquisitions depending on the timing and size of the acquisition among other reasons. Our future long-term capital requirements will depend on many factors including our level of sales, the impact of economic environment on our sales levels, the timing and extent of spending to support development efforts, the expansion of the global sales and marketing activities, government regulation including trade sanctions, the timing and introduction of new products, the need to ensure access to adequate manufacturing capacity and the continuing market acceptance of our products.

The following table details our line-of-credit facilities as of December 31, 2017 :

Description	Available Principal	Interest Rate	Maturity	Security
U.S. Revolving Line of Credit (1)	Up to \$50.0 million	LIBOR plus 0.80% to 1.20%, depending on our performance	April 2020	Unsecured
Euro Credit Facilities (Germany) (2)	Euro 50.0 million (\$59.9 million)	Euribor plus 0.75% or EONIA 1.00%	July 2020	Unsecured, guaranteed by parent company and Germany subsidiary
Euro Overdraft Facilities (3)	Euro 2.0 million (\$2.4 million)	1.0%-6.5%	October 2018	Common pool of assets of Italian subsidiary

- (1) This facility is available to certain foreign subsidiaries in their respective local currencies. At December 31, 2017, there were no amounts drawn on this line, however, there were \$0.5 million of guarantees issued against the line which reduces total availability.
- (2) This facility is available to certain foreign subsidiaries in their respective local currencies. At December 31, 2017, there were no drawings, however, there were \$0.8 million of guarantees issued against the line which reduces total availability.
- (3) At December 31, 2017, there were no drawings.

Our largest committed credit lines are with Bank of America N.A. and Deutsche Bank AG in the amounts of \$50.0 million and \$59.9 million (or 50 million Euro as described above), respectively, and neither of them is syndicated.

We are required to meet certain financial covenants associated with our U.S. revolving line of credit and long-term debt facilities. These covenants, tested quarterly, include a debt service coverage ratio and a funded debt to earnings before interest, taxes, depreciation and amortization ("EBITDA") ratio. The debt service coverage covenant requires that we maintain a trailing twelve month ratio of cash flow to debt service that is greater than 1.5:1. Debt service is defined as required principal and interest payments during the period. Debt service in the calculation is decreased by our cash held in the U.S.A. in excess of \$50 million up to a maximum of \$250 million. Cash flow is defined as EBITDA less unfunded capital expenditures. The funded debt to EBITDA covenant requires that the sum of all indebtedness for borrowed money on a consolidated basis be less than two times our trailing twelve months EBITDA. We were in compliance with all such financial covenants as of and for the three months ended December 31, 2017.

The financial covenants in our loan documents may cause us to not take or to delay investments and actions that we might otherwise undertake because of limits on capital expenditures and amounts that we can borrow or lease. In the event that we do not comply with any one of these covenants, we would be in default under the loan agreement or loan agreements, which may result in acceleration of the debt, cross-defaults on other debt or a reduction in available liquidity, any of which could harm our results of operations and financial condition.

*Operating activities.* Net cash provided by operating activities increased by \$107.7 million to \$405.4 million in 2017 from \$297.7 million in 2016. Our business has experienced a compounded annual growth rate over the past three years of 22% in net sales and of 20% in net income. In 2017, net sales and net income grew by 40% and 33%, respectively. As the business and net income has grown, cash provided by net income after adding back non-cash charges has increased. This increase has been partially offset by continued increases in working capital to support the growth of the business. Our largest working capital items are inventory and accounts receivable. Items such as accounts payable to third parties, prepaid expenses and other current assets and accrued expenses and other liabilities are not as significant as our working capital investment in accounts receivable and inventory because of the amount of value added within IPG due to our vertically integrated structure. Accruals and payables for personnel costs including bonuses and income and other taxes payable are largely dependent on the timing of payments for those items. The increase in cash flow from operating activities in 2017 primarily resulted from:

- An increase in cash provided by net income after adding back non-cash charges of \$512.0 million in 2017 as compared to \$372.5 million in 2016; and
- An increase in cash due to an increase in income and other taxes payable of \$16.7 million in 2017 compared with a decrease of \$10.7 million in 2016; partially offset by
- An increase in cash used by accounts receivable of \$63.2 million in 2017 as compared to \$11.4 million in 2016 due to higher sales volume and an increase in days sales outstanding; and
- An increase in cash used by inventory of \$71.1 million in 2017 as compared to \$53.6 million in 2016 due to an increase in inventory to support the sales growth and an increase in days inventory on hand.

Given our vertical integration, rigorous and time-consuming testing procedures for both internally manufactured and externally purchased components and the lead time required to manufacture components used in our finished products, the rate at which we turn inventory has historically been comparatively low when compared to our cost of sales. Also, our historic growth rates required investment in inventories to support future sales and enable us to quote short delivery times to our customers, providing what we believe is a competitive advantage. Furthermore, if there was a disruption to the manufacturing capacity of any of our key technologies, our inventories of components should enable us to continue to build finished products for a reasonable period of time. We believe that we will continue to maintain a relatively high level of inventory compared to our cost of sales. As a result, we expect to have a significant amount of working capital invested in inventory. A reduction in our level of net sales or the rate of growth of our net sales from their current levels would mean that the rate at which we are able to convert our inventory into cash would decrease.

We assess our intention and ability to reinvest the earnings of non-U.S. subsidiaries in those operations. The Tax Act estimated charges include \$47.0 million related to the one-time Transition tax on undistributed foreign earnings which is payable over eight years. The provisions of the Tax Act allow for tax free repatriation of undistributed foreign earnings. We have recorded a deferred tax liability of \$1.1 million for the state tax effect of future repatriation. In addition, we have a \$2.2 million deferred tax liability for certain withholding and dividend taxes related to possible distributions from non-U.S. subsidiaries to their non-U.S. parents. With regard to repatriation of undistributed earnings of non-U.S. subsidiaries back to the U.S., we are currently analyzing our global working capital and cash requirements and the potential additional tax liabilities attributable to a repatriation. We have yet to determine whether we will repatriate earnings. Accordingly, we have not recorded any deferred taxes attributable to repatriation to the U.S. of our investments in its foreign subsidiaries.

*Investing activities.* Net cash used in investing activities was \$170.8 million and \$274.4 million in 2017 and 2016, respectively. The cash used in investing activities in 2017 related to \$126.5 million for property, plant and equipment including the purchase of a new corporate aircraft and \$60.5 million for the acquisition of three businesses during 2017, net of cash acquired. These cash uses were partially offset by \$15.9 million of cash generated by the sale of fixed assets, primarily the previous corporate aircraft. The cash used in investing activities in 2016 related to \$127.0 million for property, plant and equipment, \$100.7 million of net purchases of short-term investments and \$47.8 million for the acquisition of two businesses, net of cash acquired.

In 2018, we expect to incur approximately \$170 million to \$190 million in capital expenditures, excluding acquisitions. Capital expenditures include investments in property, facilities and equipment to add capacity worldwide to support anticipated revenue growth. The timing and extent of any capital expenditures in and between periods can have a significant effect on our cash flow. If we obtain financing for certain projects, our cash expenditures would be reduced in the year of expenditure. Many of the capital expenditure projects that we undertake have long lead times and are difficult to cancel or defer to a later period.

*Financing activities.* Net cash (used in) provided by financing activities was \$(3.4) million and \$27.4 million in 2017 and 2016, respectively. The cash used in financing activities in 2017 was primarily related to the purchase of treasury stock of \$40.0 million and payments on our long-term borrowings of \$19.8 million, the majority of which related to repayment of the long-term note secured by our previous corporate aircraft. These cash uses were partially offset by net proceeds from the exercise of stock options and shares issued under our employee stock purchase plan and proceeds of debt issued to fund the new corporate aircraft purchase. The cash provided by financing activities in 2016 was primarily related to the cash provided by the proceeds on long-term borrowings, the exercise of stock options, issuances under our employee stock purchase plan, the related tax benefits of the exercises, partially offset by the purchase of treasury stock and noncontrolling interest as well as payments on our long-term debt.

### Contractual Obligations

The following table describes our contractual obligations as of December 31, 2017 (in thousands):

	Payments Due in				
	Total	Less Than 1 Year	1-3 Years	3-5 Years	More Than 5 Years
Operating lease obligations	\$ 17,315	\$ 4,734	\$ 5,277	\$ 1,951	\$ 5,353
Purchase obligations	119,960	119,152	404	404	—
Long-term debt obligations (including interest)(1)	50,298	3,654	11,532	35,112	—
Contingent consideration	902	21	881	—	—
Total(2)	\$ 188,475	\$ 127,561	\$ 18,094	\$ 37,467	\$ 5,353

(1) Interest for long-term debt obligations was calculated including the effect of our fixed rate amounts. The weighted average fixed rate amount was 2.79%

(2) Excludes obligations related to ASC 740, reserves for uncertain tax positions, because we are unable to provide a reasonable estimate of the timing of future payments relating to the remainder of these obligations. See Note 14 to the Consolidated Financial Statements.

### Recent Accounting Pronouncements

See Note 1 in the Notes to Consolidated Financial Statements for a full description of recent accounting pronouncements, including the respective dates of adoption or expected adoption and effects on our consolidated financial statements contained in Part IV of this Annual Report.

### ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to market risk in the ordinary course of business, which consists primarily of interest rate risk associated with our cash and cash equivalents and our debt and foreign exchange rate risk.

*Interest rate risk.* Our investments have limited exposure to market risk. We maintain a portfolio of cash, cash equivalents and short-term investments, consisting primarily of bank deposits, money market funds, certificates of deposit, corporate notes and government and agency securities. None of these investments have a maturity date in excess of one year. The interest rates are variable and fluctuate with current market conditions. Because of the short-term nature of these instruments, a sudden change in market interest rates would not be expected to have a material impact on our financial condition or results of operations.

We are also exposed to market risk as a result of increases or decreases in the amount of interest expense we must pay on our bank debt and borrowings on our bank credit facilities. Our interest obligations on our long-term debt are fixed. Although our U.S. revolving line of credit and our Euro credit facility have variable rates, we do not believe that a 10% change in market interest rates would have a material impact on our financial position or results of operations.

*Exchange rates.* Due to our international operations, a significant portion of our net sales, cost of sales and operating expenses are denominated in currencies other than the U.S. Dollar, principally the Euro, the Russian Ruble, the Chinese Yuan and the Japanese Yen. As a result, our international operations give rise to transactional market risk associated with exchange rate movements of the U.S. Dollar, the Euro, the Chinese Yuan, the Japanese Yen, and the Russian Ruble. In 2017 we incurred a loss on foreign exchange transactions of \$14.5 million as compared to a loss of \$4.5 million in 2016. Management attempts to minimize these exposures by partially or fully off-setting foreign currency denominated assets and liabilities at our subsidiaries that operate in different functional currencies. The effectiveness of this strategy can be limited by the volume of underlying transactions at various subsidiaries and by our ability to accelerate or delay inter-company cash settlements. As a result, we are unable to create a perfect offset of the foreign currency denominated assets and liabilities. Furthermore, if we expect a currency movement to be beneficial to us in the short or medium term, we have, on occasions, chosen not to hedge or otherwise off-set the underlying assets or liabilities. However, it is difficult to predict foreign currency movements accurately. At December 31, 2017, our material foreign currency exposure is net U.S. Dollar denominated assets at subsidiaries where the Euro or the Russian Ruble is the functional currency and U.S. Dollar denominated liabilities where the Chinese Yuan is the functional currency. The net U.S. Dollar denominated assets are comprised of cash, third party receivables, inter-company receivables and inter-company notes offset by third party and inter-company U.S. Dollar denominated payables. The U.S. Dollar denominated liabilities are comprised of inter-company payables. A 5% change in the relative exchange rate of the U.S. Dollar to the Euro applied to the net U.S. Dollar asset balances as of December 31, 2017, would result in a foreign exchange gain of \$0.5 million if the U.S. Dollar appreciated and a \$0.5 million foreign exchange loss if the U.S. Dollar depreciated.

In addition we are exposed to foreign currency translation risk for those subsidiaries whose functional currency is not the U.S. Dollar as changes in the value of their functional currency relative to the U.S. Dollar can adversely affect the translated amounts of our revenue, expenses, net income, assets and liabilities. As discussed in our Results of Operations, this can, in turn, affect the reported value and relative growth of sales and net income from one period to the next. In addition changes in the translated value of assets and liabilities due to changes in functional currency exchange rates relative to the U.S. Dollar result in foreign currency translation adjustments that are a component of other comprehensive income or loss.

Foreign currency derivative instruments can also be used to hedge exposures and reduce the risks of certain foreign currency transactions; however, these instruments provide only limited protection and can carry significant cost. We have no foreign currency derivative instrument hedges as of December 31, 2017. We will continue to analyze our exposure to currency exchange rate fluctuations and may engage in financial hedging techniques in the future to attempt to minimize the effect of these potential fluctuations. Exchange rate fluctuations may adversely affect our financial results in the future.

#### **ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

This information is incorporated by reference from pages F- 1 through F-27 of this report.

#### **ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

None.

#### **ITEM 9A. CONTROLS AND PROCEDURES**

##### **Evaluation of Disclosure Controls and Procedures**

Under the supervision of our Chief Executive Officer and our Chief Financial Officer, our management has evaluated the effectiveness of the design and operation of our "disclosure controls and procedures" (as defined in Rules 13a-15(e) and 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), as of the end of the period covered by this Annual Report on Form 10-K (the "Evaluation Date") utilizing the Committee of Sponsoring Organizations of the Treadway Commission's Internal Control - Integrated Framework ("COSO") Updated Framework issued in 2013. Based upon that evaluation, our Chief Executive Officer and our Chief Financial Officer have concluded that, as of the Evaluation Date, our disclosure controls and procedures are effective to ensure that information we are required to disclose in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by an issuer in the reports that it files or submits under the Exchange Act is accumulated and communicated to the issuer's management, including its principal executive and principal

financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

### **Management's Annual Report on Internal Control Over Financial Reporting**

Our management, including our Chief Executive Officer and Chief Financial Officer, is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and its subsidiaries. Internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Our management conducted an assessment of the effectiveness of our internal control over financial reporting as of the Evaluation Date based on criteria established in COSO utilizing the Updated Framework issued in 2013. Based on this assessment, our management concluded that, as of the Evaluation Date, our internal control over financial reporting was effective.

Our independent registered public accounting firm, Deloitte & Touche LLP, has audited our internal control over financial reporting, as stated in their report below.

### **Changes in Internal Controls**

There was no change in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that occurred during the last fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

### **Limitations on Effectiveness of Controls**

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that the disclosure controls and procedures or internal control over financial reporting will prevent or detect all error and all fraud. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Due to the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues, errors and instances of fraud, if any, within the company have been or will be detected.

**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Shareholders and the Board of Directors of  
IPG Photonics Corporation  
Oxford, Massachusetts

**Opinion on Internal Control over Financial Reporting**

We have audited the internal control over financial reporting of IPG Photonics Corporation and subsidiaries (the "Company") as of December 31, 2017, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2017, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2017, of the Company and our report dated February 27, 2018, expressed an unqualified opinion on those financial statements.

**Basis for Opinion**

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying "Management's Annual Report on Internal Control over Financial Reporting." Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

**Definition and Limitations of Internal Control over Financial Reporting**

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ DELOITTE & TOUCHE LLP

Boston, Massachusetts  
February 27, 2018

**ITEM 9B. CONTROLS AND PROCEDURES**

None.

**PART III**

**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

The information required hereunder is incorporated herein by reference to our definitive Proxy Statement to be filed pursuant to Regulation 14A, which Proxy Statement is anticipated to be filed with the SEC within 120 days after December 31, 2017 .

**ITEM 11. EXECUTIVE COMPENSATION**

The information required hereunder is incorporated herein by reference to our definitive Proxy Statement to be filed pursuant to Regulation 14A, which Proxy Statement is anticipated to be filed with the SEC within 120 days after December 31, 2017 .

**ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS**

The information required hereunder is incorporated herein by reference to our definitive Proxy Statement to be filed pursuant to Regulation 14A, which Proxy Statement is anticipated to be filed with the SEC within 120 days after December 31, 2017 , with the exception of the information regarding securities authorized for issuance under our equity compensation plans, which is set forth in Item 5, "Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities Information Regarding Equity Compensation Plans" and is incorporated herein by reference.

**ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE**

The information required hereunder is incorporated herein by reference to our definitive Proxy Statement to be filed pursuant to Regulation 14A, which Proxy Statement is anticipated to be filed with the SEC within 120 days after December 31, 2017 .

**ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES**

The information required hereunder is incorporated herein by reference to our definitive Proxy Statement to be filed pursuant to Regulation 14A, which Proxy Statement is anticipated to be filed with the SEC within 120 days after December 31, 2017 .

**PART IV**

**ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES**

(a) The following documents are filed as part of this Annual Report on Form 10-K:

(1) Financial Statements.

See Index to Financial Statements on page F-1.

(2) Financial Statement Schedules.

All schedules are omitted because they are not applicable or the required information is shown on the financial statements or notes thereto.

(3) The exhibits listed in the "Index to Exhibits" preceding the Exhibits attached hereto are filed with this Form 10-K or incorporated by reference as set forth therein.

(b) Exhibits.

See (a)(3) above.

(c) Additional Financial Statement Schedules.

All schedules are omitted because they are not applicable or the required information is shown on the financial statements or notes thereto.

**ITEM 16. FORM 10-K SUMMARY**

None.

**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on February 27, 2018 .

IPG PHOTONICS CORPORATION

By: /s/ Valentin P. Gapontsev  
Valentin P. Gapontsev  
*Chief Executive Officer and  
Chairman of the Board*

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

<b>Signature</b>	<b>Title</b>	
<u>/s/ Valentin P. Gapontsev</u> Valentin P. Gapontsev	Chief Executive Officer, Chairman of the Board and Director (Principal Executive Officer)	February 27, 2018
<u>/s/ Timothy P.V. Mammen</u> Timothy P.V. Mammen	Senior Vice President, Chief Financial Officer (Principal Financial Officer)	February 27, 2018
<u>/s/ Thomas J. Burgomaster</u> Thomas J. Burgomaster	Vice President, Corporate Controller (Principal Accounting Officer)	February 27, 2018
<u>/s/ Michael C. Child</u> Michael C. Child	Director	February 27, 2018
<u>/s/ Henry E. Gauthier</u> Henry E. Gauthier	Director	February 27, 2018
<u>/s/ William S. Hurley</u> William S. Hurley	Director	February 27, 2018
<u>/s/ Catherine P. Lego</u> Catherine P. Lego	Director	February 27, 2018
<u>/s/ Eric Meurice</u> Eric Meurice	Director	February 27, 2018
<u>/s/ John R. Peeler</u> John Peeler	Director	February 27, 2018
<u>/s/ Igor Samartsev</u> Igor Samartsev	Director	February 27, 2018
<u>/s/ Eugene A. Scherbakov</u> Eugene Scherbakov	Director	February 27, 2018
<u>/s/ Thomas J. Seifert</u> Thomas J. Seifert	Director	February 27, 2018

**INDEX TO FINANCIAL STATEMENTS**

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Consolidated Statements of Income for the Years Ended December 31, 2017, 2016 and 2015	<a href="#">F- 4</a>
Consolidated Statements of Comprehensive Income for the Years Ended December 31, 2017, 2016 and 2015	<a href="#">F- 5</a>
Consolidated Statements of Equity for the Years Ended December 31, 2017, 2016 and 2015	<a href="#">F- 6</a>
Consolidated Statements of Cash Flows for the Years Ended December 31, 2017, 2016 and 2015	<a href="#">F- 7</a>
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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To the Shareholders and the Board of Directors of  
IPG Photonics Corporation  
Oxford, Massachusetts

**Opinion on the Financial Statements**

We have audited the accompanying consolidated balance sheets of IPG Photonics Corporation and subsidiaries (the "Company") as of December 31, 2017 and 2016 , and the related consolidated statements of income, comprehensive income, equity and cash flows for each of the three years in the period ended December 31, 2017 , and the related notes (collectively referred to as the "financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2017 and 2016 , and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2017 , in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2017 , based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 27, 2018 , expressed an unqualified opinion on the Company's internal control over financial reporting.

**Basis for Opinion**

These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on the Company's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ DELOITTE & TOUCHE LLP

Boston, Massachusetts  
February 27, 2018

We have served as the Company's auditor since 1999.

**IPG PHOTONICS CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**

	December 31,	
	2017	2016
(In thousands, except share and per share data)		
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 909,900	\$ 623,855
Short-term investments	206,257	206,779
Accounts receivable, net	237,278	155,901
Inventories	307,712	239,010
Prepaid income taxes	44,944	34,128
Prepaid expenses and other current assets	47,919	41,289
Total current assets	1,754,010	1,300,962
DEFERRED INCOME TAXES, NET	26,976	42,442
GOODWILL	55,831	19,828
INTANGIBLE ASSETS, NET	51,223	28,789
PROPERTY, PLANT AND EQUIPMENT, NET	460,206	379,375
OTHER ASSETS	19,009	18,603
<b>TOTAL</b>	<b>\$ 2,367,255</b>	<b>\$ 1,789,999</b>
<b>LIABILITIES AND EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Current portion of long-term debt	\$ 3,604	\$ 3,188
Accounts payable	35,109	28,048
Accrued expenses and other liabilities	144,417	102,485
Income taxes payable	15,773	24,554
Total current liabilities	198,903	158,275
DEFERRED INCOME TAXES AND OTHER LONG-TERM LIABILITIES	100,652	36,365
LONG-TERM DEBT, NET OF CURRENT PORTION	45,378	37,635
Total liabilities	344,933	232,275
<b>COMMITMENTS AND CONTINGENCIES (NOTE 10)</b>		
<b>IPG PHOTONICS CORPORATION EQUITY:</b>		
Common stock, \$0.0001 par value, 175,000,000 shares authorized; 54,007,708 and 53,629,439 shares issued and outstanding, respectively, at December 31, 2017; 53,354,579 and 53,251,805 shares issued and outstanding, respectively, at December 31, 2016	5	5
Treasury stock, at cost (378,269 and 102,774 shares held)	(48,933)	(8,946)
Additional paid-in capital	704,727	650,974
Retained earnings	1,443,867	1,094,108
Accumulated other comprehensive loss	(77,344)	(178,583)
Total IPG Photonics Corporation equity	2,022,322	1,557,558
NONCONTROLLING INTERESTS	—	166
Total equity	2,022,322	1,557,724
<b>TOTAL</b>	<b>\$ 2,367,255</b>	<b>\$ 1,789,999</b>

See notes to consolidated financial statements.

**IPG PHOTONICS CORPORATION**  
**CONSOLIDATED STATEMENTS OF INCOME**

	Year Ended December 31,		
	2017	2016	2015
	(in thousands, except per share data)		
NET SALES	\$ 1,408,889	\$ 1,006,173	\$ 901,265
COST OF SALES	611,978	453,933	409,388
GROSS PROFIT	796,911	552,240	491,877
OPERATING EXPENSES:			
Sales and marketing	49,801	38,393	31,868
Research and development	100,870	78,552	63,334
General and administrative	80,668	66,486	57,192
Loss (gain) on foreign exchange	14,460	4,496	(2,560)
Total operating expenses	245,799	187,927	149,834
OPERATING INCOME	551,112	364,313	342,043
OTHER INCOME (EXPENSE), Net:			
Interest income (expense), net	737	1,304	(301)
Other income (expense), net	22	948	(125)
Total other income (expense)	759	2,252	(426)
INCOME BEFORE PROVISION FOR INCOME TAXES	551,871	366,565	341,617
PROVISION FOR INCOME TAXES	(204,283)	(105,849)	(99,590)
NET INCOME	347,588	260,716	242,027
LESS: NET LOSS ATTRIBUTABLE TO NONCONTROLLING INTERESTS	(26)	(36)	(127)
NET INCOME ATTRIBUTABLE TO IPG PHOTONICS CORPORATION	\$ 347,614	\$ 260,752	\$ 242,154
NET INCOME ATTRIBUTABLE TO IPG PHOTONICS CORPORATION PER SHARE:			
Basic	\$ 6.50	\$ 4.91	\$ 4.60
Diluted	\$ 6.36	\$ 4.85	\$ 4.53
WEIGHTED AVERAGE SHARES OUTSTANDING:			
Basic	53,495	53,068	52,676
Diluted	54,699	53,797	53,427

See notes to consolidated financial statements.

**IPG PHOTONICS CORPORATION**  
**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	<u>Year Ended December 31,</u>		
	<u>2017</u>	<u>2016</u>	<u>2015</u>
	<b>(In thousands)</b>		
Net income	\$ 347,588	\$ 260,716	\$ 242,027
Other comprehensive income (loss), net of tax:			
Translation adjustments	100,999	3,163	(69,314)
Unrealized (loss) gain on derivatives	(58)	49	95
Unrealized loss on available-for-sale investments	(240)	(298)	—
Loss on available-for-sale investments, net of tax reclassified to net income	538	—	—
Total other comprehensive income (loss)	<u>101,239</u>	<u>2,914</u>	<u>(69,219)</u>
Comprehensive income	448,827	263,630	172,808
Comprehensive gain (loss) attributable to noncontrolling interest	31	(21)	(442)
Comprehensive income attributable to IPG Photonics Corporation	<u>\$ 448,796</u>	<u>\$ 263,651</u>	<u>\$ 173,250</u>

See notes to consolidated financial statements.

**IPG PHOTONICS CORPORATION**  
**CONSOLIDATED STATEMENTS OF EQUITY**

	Year Ended December 31,					
	2017		2016		2015	
	(In thousands, except share data)					
	Shares	Amount	Shares	Amount	Shares	Amount
<b>COMMON STOCK</b>						
Balance, beginning of year	53,251,805	\$ 5	52,883,902	\$ 5	52,369,688	\$ 5
Exercise of stock options and conversion of restricted stock units	617,662	—	430,930	—	477,785	—
Common stock issued under employee stock purchase plan	35,467	—	39,747	—	36,429	—
Purchased common stock	(275,495)	—	(102,774)	—	—	—
Balance, end of period	<u>53,629,439</u>	<u>5</u>	<u>53,251,805</u>	<u>5</u>	<u>52,883,902</u>	<u>5</u>
<b>TREASURY STOCK</b>						
Balance, beginning of year	(102,774)	(8,946)	—	—	—	—
Purchased treasury stock	(275,495)	(39,987)	(102,774)	(8,946)	—	—
Balance, end of period	<u>(378,269)</u>	<u>(48,933)</u>	<u>(102,774)</u>	<u>(8,946)</u>	<u>—</u>	<u>—</u>
<b>ADDITIONAL PAID-IN CAPITAL</b>						
Balance, beginning of year		650,974		607,649		567,617
Stock-based compensation		23,021		21,734		18,989
Common stock issued under employee stock option plan, net of shares withheld for employee taxes and related tax benefit for 2016 and 2015		25,062		18,889		18,582
Proceeds from issuance of common stock issued under employee stock purchase plan		3,592		2,702		2,461
Effect of adopted accounting standards		2,078		—		—
Balance, end of period		<u>704,727</u>		<u>650,974</u>		<u>607,649</u>
<b>RETAINED EARNINGS</b>						
Balance, beginning of year		1,094,108		833,356		591,202
Net income attributable to IPG Photonics Corporation		347,614		260,752		242,154
Effect of adopted accounting standards		2,145		—		—
Balance, end of period		<u>1,443,867</u>		<u>1,094,108</u>		<u>833,356</u>
<b>ACCUMULATED OTHER COMPREHENSIVE LOSS</b>						
Balance, beginning of year		(178,583)		(181,482)		(112,263)
Translation adjustments		100,999		3,148		(69,314)
Unrealized (loss) gain on derivatives, net of tax		(58)		49		95
Unrealized loss on available-for-sale investments, net of tax		(240)		(298)		—
Realized loss on available-for-sale investments, net of tax, reclassified to net income		538		—		—
Balance, end of period		<u>(77,344)</u>		<u>(178,583)</u>		<u>(181,482)</u>
<b>TOTAL IPG PHOTONICS CORPORATION EQUITY</b>		<u>2,022,322</u>		<u>1,557,558</u>		<u>1,259,528</u>
<b>NONCONTROLLING INTERESTS</b>						
Balance, beginning of year		166		1,137		—
Purchase of NCI		(197)		(950)		—
Attribution to NCI		—		—		1,579
Net loss attributable to NCI		(26)		(36)		(127)
Other comprehensive income (loss) attributable to NCI		57		15		(315)
Balance, end of period		<u>—</u>		<u>166</u>		<u>1,137</u>
<b>TOTAL EQUITY</b>		<u>\$ 2,022,322</u>		<u>\$ 1,557,724</u>		<u>\$ 1,260,665</u>

See notes to consolidated financial statements.

**IPG PHOTONICS CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Year Ended December 31,		
	2017	2016	2015
	(In thousands)		
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net income	\$ 347,588	\$ 260,716	\$ 242,027
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	64,568	51,475	42,415
Deferred income taxes	22,881	(12,908)	(7,153)
Stock-based compensation	23,021	21,734	18,989
Unrealized losses (gains) on foreign currency transactions	7,949	2,298	(5,491)
Other	986	2,724	510
Provisions for inventory, warranty and bad debt	44,978	46,469	39,985
Changes in assets and liabilities that (used) provided cash, net of acquisitions:			
Accounts receivable	(63,225)	(11,444)	(19,036)
Inventories	(71,080)	(53,626)	(70,565)
Prepaid expenses and other current assets	(911)	(4,069)	1,853
Accounts payable	2,309	(407)	9,806
Accrued expenses and other liabilities	9,612	5,480	613
Income and other taxes payable	16,719	(10,746)	9,529
Net cash provided by operating activities	<u>405,395</u>	<u>297,696</u>	<u>263,482</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Purchases of property, plant and equipment	(126,535)	(127,042)	(70,119)
Proceeds from sales of property, plant and equipment	15,882	658	164
Proceeds from short-term investments	212,515	198,808	—
Purchases of short-term investments	(211,832)	(299,508)	(106,747)
Acquisitions of businesses, net of cash acquired	(60,483)	(47,792)	(4,958)
Other	(352)	468	93
Net cash used in investing activities	<u>(170,805)</u>	<u>(274,408)</u>	<u>(181,567)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds from line-of-credit facilities	6,761	7,992	12,887
Payments on line-of-credit facilities	(6,761)	(7,992)	(15,227)
Purchase of noncontrolling interests	(197)	(950)	—
Proceeds on long-term borrowings	28,000	23,750	—
Principal payments on long-term borrowings	(19,842)	(2,594)	(13,333)
Proceeds from issuance of common stock under employee stock option and purchase plans less payments for taxes related to net share settlement of equity awards	28,654	16,183	14,132
Purchase of treasury stock, at cost	(39,987)	(8,946)	—
Net cash (used in) provided by financing activities	<u>(3,372)</u>	<u>27,443</u>	<u>(1,541)</u>
EFFECT OF CHANGES IN EXCHANGE RATES ON CASH AND CASH EQUIVALENTS	54,827	(9,408)	(19,992)
NET INCREASE IN CASH AND CASH EQUIVALENTS	286,045	41,323	60,382
CASH AND CASH EQUIVALENTS — Beginning of period	623,855	582,532	522,150
CASH AND CASH EQUIVALENTS — End of period	<u>\$ 909,900</u>	<u>\$ 623,855</u>	<u>\$ 582,532</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:</b>			
Cash paid for interest	\$ 2,583	\$ 942	\$ 873
Cash paid for income taxes	\$ 155,559	\$ 126,964	\$ 91,329
Non-cash transactions:			
Demonstration units transferred from inventory to other assets	\$ 4,114	\$ 6,293	\$ 3,181
Property, plant and equipment transferred from inventory	\$ 8,425	\$ 4,529	\$ 2,951
Changes in accounts payable related to property, plant and equipment	\$ 1,594	\$ 973	\$ 350

See notes to consolidated financial statements.

**IPG PHOTONICS CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**(In thousands, except share and per share data)**

**1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

*Nature of Business* — IPG Photonics Corporation (the "Company") is the leading developer and manufacturer of a broad line of high-performance fiber lasers, fiber amplifiers, diode lasers, laser systems and optical accessories that are used for diverse applications, primarily in materials processing. Its world headquarters are located in Oxford, Massachusetts. It also has facilities and sales offices elsewhere in the United States, Europe and Asia.

*Principles of Consolidation* — The Company was incorporated as a Delaware corporation in December 1998. The accompanying financial statements include the accounts of the Company and its majority-owned subsidiaries. All intercompany accounts and transactions have been eliminated.

*Use of Estimates* — The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The Company bases its estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Actual results could differ from those estimates.

*Foreign Currency* — The financial information for entities outside the United States is measured using local currencies as the functional currency. Assets and liabilities are translated into U.S. dollars at the exchange rate in effect on the respective balance sheet dates. Income and expenses are translated into U.S. dollars based on the average rate of exchange for the corresponding period. Exchange rate differences resulting from translation adjustments are accounted for directly as a component of accumulated other comprehensive loss.

*Cash and Cash Equivalents and Short-Term Investments* — Cash and cash equivalents consist primarily of highly liquid investments, such as bank deposits, mutual funds and marketable securities with maturities of three months or less at the date of purchase with insignificant interest rate risk. Short-term investments consist primarily of similar highly liquid investments and marketable securities with insignificant interest rate risks.

*Inventories* — Inventories are stated at the lower of cost or market on a first-in, first-out basis. Inventories include parts and components that may be specialized in nature and subject to rapid obsolescence. The Company periodically reviews the quantities and carrying values of inventories to assess whether the inventories are recoverable. The costs associated with provisions for excess quantities, technological obsolescence, or component rejections are charged to cost of sales as incurred.

*Property, Plant and Equipment* — Property, plant and equipment are stated at cost, less accumulated depreciation. Depreciation is determined using the straight-line method based on the estimated useful lives of the related assets. In the case of leasehold improvements, the estimated useful lives of the related assets do not exceed the remaining terms of the corresponding leases. The following table presents the assigned economic useful lives of property, plant and equipment:

Category	Economic Useful Life
Buildings	30 years
Machinery and equipment	5-12 years
Office furniture and fixtures	3-5 years

Expenditures for maintenance and repairs are charged to operating expense.

*Long-Lived Assets* — Long-lived assets, which consist primarily of property, plant and equipment, are reviewed by management for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. When undiscounted expected future cash flows are less than the carrying value, an impairment loss is recorded equal to the amount by which the carrying value exceeds the fair value of assets. In the fourth quarter of 2016, the Company began assessing the possible sale of its corporate aircraft included within Property, Plant and Equipment, net in its Consolidated Balance Sheets. As a result of this assessment and certain market indications of the aircraft's value if sold, the Company prepared an impairment analysis of the carrying value of the aircraft as of December 31, 2016. The impairment analysis was probability weighted considering market data available, future cash flows and whether or not the Company would sell the aircraft. The Company prepared an updated impairment analysis in the first quarter of 2017 based on a letter of intent signed for the sale of the aircraft. Based on these analyses the Company recorded impairment losses of \$162 and \$2,857, which are included in general and administrative expense in its Consolidated Statements of Income for the years ended December 31, 2017 and 2016,

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respectively. There were no impairment losses for the year ended December 31, 2015. The corporate aircraft was sold during the second quarter of 2017.

Included in other long-term assets is certain demonstration equipment. The demonstration equipment is amortized over the respective estimated economic lives, generally 3 years. The carrying value of the demonstration equipment totaled \$6,277 and \$6,017 at December 31, 2017 and 2016, respectively. Amortization expense of demonstration equipment for the years ended December 31, 2017, 2016 and 2015, was \$3,769, \$2,959 and \$2,345, respectively.

*Goodwill* — Goodwill is the amount by which the cost of the acquired net assets in a business acquisition exceeded the fair values of the net identifiable assets on the date of purchase. Goodwill is assessed for impairment at least annually, on a reporting unit basis, or more frequently when events and circumstances occur indicating that the recorded goodwill may be impaired. If the book value of a reporting unit exceeds its fair value, the implied fair value of goodwill is compared with the carrying amount of goodwill. If the carrying amount of goodwill exceeds the implied fair value, an impairment loss is recorded in an amount equal to that excess.

*Intangible Assets* — Intangible assets result from the Company's various business acquisitions. Intangible assets are reported at cost, net of accumulated amortization, and are amortized on a straight-line basis either over their estimated useful lives of five to thirteen years or over the period the economic benefits of the intangible asset are consumed.

*Revenue Recognition* — The Company recognizes revenue in accordance with Accounting Standards Codification ("ASC") 605. Revenue from orders with multiple deliverables is divided into separate units of accounting when certain criteria are met. These separate units generally consist of equipment and installation. The consideration for the arrangement is allocated to the separate units of accounting based on their relative selling prices. The selling price of equipment is based on vendor-specific objective evidence, which is the sales price of equipment sold without installation. The selling price of installation is based on third-party evidence, which is the fair value of installation services offered by third parties. Revenue for laser and amplifier sources generally is recognized upon the transfer of ownership, which is typically at the time of shipment. Installation revenue is recognized upon completion of the installation service, which typically occurs within 30 to 90 days of delivery. For laser systems that carry customer specific processing requirements, revenue is recognized at the latter of customer acceptance date or shipment date if the customer acceptance is made prior to shipment. Rights of return generally are not included in sales arrangements. Returns are infrequent and are recorded as a reduction to revenue.

*Accounts Receivable and Allowance for Doubtful Accounts* — Accounts receivable include \$46,123 and \$23,975 of bank acceptance drafts at December 31, 2017 and 2016, respectively. Bank acceptance drafts are bank guarantees of payment on specified dates. The weighted average maturity of these bank acceptance drafts is less than 90 days. The Company maintains an allowance for doubtful accounts to provide for the estimated amount of accounts receivable that will not be collected. The allowance is based upon an assessment of customer creditworthiness, historical payment experience and the age of outstanding receivables.

Activity related to the allowance for doubtful accounts was as follows:

	2017	2016	2015
Balance at January 1	\$ 2,016	\$ 1,811	\$ 1,890
Provision for bad debts, net of recoveries	51	111	427
Uncollectable accounts written off	(38)	(76)	(114)
Foreign currency translation	169	170	(392)
Balance at December 31	<u>\$ 2,198</u>	<u>\$ 2,016</u>	<u>\$ 1,811</u>

*Warranties* — The Company typically provides one to three -year parts and service warranties on lasers and amplifiers. Most of the Company's sales offices provide support to customers in their respective geographic areas. The Company estimates the warranty accrual considering past claims experience, the number of units still covered by warranty and the average life of the remaining warranty period. The warranty accrual has generally been sufficient to cover product warranty repair and replacement costs.

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Activity related to the warranty accrual was as follows:

	2017	2016	2015
Balance at January 1	\$ 33,978	\$ 28,210	\$ 19,272
Provision for warranty accrual	26,995	22,483	22,808
Warranty claims	(16,250)	(16,220)	(12,208)
Foreign currency translation and other	2,794	(495)	(1,662)
Balance at December 31	\$ 47,517	\$ 33,978	\$ 28,210

Accrued warranty reported in the accompanying consolidated financial statements as of December 31, 2017 and December 31, 2016 consists of \$25,059 and \$15,711 in accrued expenses and other liabilities and \$22,458 and \$18,267 in other long-term liabilities, respectively.

*Stock-Based Compensation* — The Company accounts for stock-based compensation in accordance with ASC 718. Under the fair value recognition provision of ASC 718, the Company accounts for stock-based compensation using the fair value of the awards granted. The Company estimates the fair value of stock options granted using the Black-Scholes model, it values restricted stock units using the intrinsic value method, and it uses a Monte Carlo simulation model to estimate the fair value of market-based performance stock units. The Company amortizes the fair value of stock options and awards on a straight-line basis over the requisite service periods of the awards, which are generally the vesting periods. The Company accounts for forfeitures as they occur. The description of the Company's stock-based employee compensation plans and the assumptions it uses to calculate the fair value of stock-based employee compensation is more fully described in Note 2.

*Advertising Expense* — The cost of advertising is expensed as incurred. The Company conducts substantially all of its sales and marketing efforts through trade shows, professional and technical conferences, direct sales and our website. The Company's advertising costs were not material for the periods presented.

*Research and Development* — Research and development costs are expensed as incurred.

*Income Taxes* — Deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the financial statement carrying amounts and tax basis of assets and liabilities and net operating loss and credit carryforwards using enacted rates in effect when those differences are expected to reverse. Valuation allowances are provided against deferred tax assets that are not deemed to be recoverable. The Company recognizes tax positions that are more likely than not to be sustained upon examination by relevant tax authorities. The tax positions are measured at the greatest amount of tax benefit that is more than 50 percent likely to be realized upon ultimate settlement.

The Company provides reserves for potential payments of tax to various tax authorities related to uncertain tax positions and other issues. The reserves are based on a determination of whether and how much of a tax benefit taken in its tax filings or positions is more likely than not to be realized following resolution of uncertainties related to the tax benefit, assuming that the matter in question will be raised by the tax authorities.

*Concentration of Credit Risk* — Financial instruments that potentially subject the Company to credit risk consist primarily of cash and cash equivalents, short-term investments, auction rate securities and accounts receivable. The Company maintains substantially all of its cash, short-term investments and marketable securities in various financial institutions, which it believes to be high-credit quality financial institutions. The Company grants credit to customers in the ordinary course of business and provides a reserve for potential credit losses. Such losses historically have been within management's expectations (see discussion related to significant customers in Note 15).

*Fair Value of Financial Instruments* — The Company's financial instruments consist of cash equivalents, short-term investments, accounts receivable, auction rate securities, accounts payable, drawings on revolving lines of credit, long-term debt, interest rate swaps and contingent purchase consideration.

The valuation techniques used to measure fair value are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect internal market assumptions. These two types of inputs create the following fair value hierarchy: Level 1, defined as observable inputs such as quoted prices for identical instruments in active markets; Level 2, defined as inputs other than quoted prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs for which little or no market data exists, therefore requiring an entity to develop its own assumptions.

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The carrying amounts of cash equivalents, short-term investments, accounts receivable, accounts payable and drawings on revolving lines of credit are considered reasonable estimates of their fair market value due to the short maturity of most of these instruments or as a result of the competitive market interest rates, which have been negotiated. At December 31, 2017, the Company's long-term notes consisted of a variable rate note and a new fixed rate note, accordingly, the book value of the long-term notes are considered a reasonable estimate of their fair market value.

The following table presents information about the Company's assets and liabilities measured at fair value:

	Total	Fair Value Measurements at December 31, 2017		
		Level 1	Level 2	Level 3
<b>Assets</b>				
Cash equivalents	\$ 425,917	\$ 425,917	\$ —	\$ —
Short-term investments	206,161	206,161	—	—
Interest rate swap	16	—	16	—
Auction rate securities	1,016	—	—	1,016
<b>Total assets</b>	<b>\$ 633,110</b>	<b>\$ 632,078</b>	<b>\$ 16</b>	<b>\$ 1,016</b>
<b>Liabilities</b>				
Long-term notes	\$ 48,982	\$ —	\$ 48,982	\$ —
Contingent purchase consideration	902	—	—	902
<b>Total liabilities</b>	<b>\$ 49,884</b>	<b>\$ —</b>	<b>\$ 48,982</b>	<b>\$ 902</b>

	Total	Fair Value Measurements at December 31, 2016		
		Level 1	Level 2	Level 3
<b>Assets</b>				
Cash equivalents	\$ 179,699	\$ 179,699	\$ —	\$ —
Short-term investments	206,616	206,616	—	—
Interest rate swap	77	—	77	—
Auction rate securities	1,144	—	—	1,144
<b>Total assets</b>	<b>\$ 387,536</b>	<b>\$ 386,315</b>	<b>\$ 77</b>	<b>\$ 1,144</b>
<b>Liabilities</b>				
Long-term notes	\$ 41,351	\$ —	\$ 41,351	\$ —
<b>Total liabilities</b>	<b>\$ 41,351</b>	<b>\$ —</b>	<b>\$ 41,351</b>	<b>\$ —</b>

Short-term investments consist of liquid investments including U.S. government and government agency notes, corporate notes, commercial paper and certificates of deposit with original maturities of greater than three months but less than one year and are recorded at amortized cost. The fair value of the short-term investments considered available-for-sale as of December 31, 2016 was \$41,591. This amount included an unrealized loss of \$432. There were no short-term investments considered available-for-sale as of December 31, 2017. The fair value of the short-term investments considered held-to-maturity as of December 31, 2017 and December 31, 2016 was \$206,161 and \$165,025, respectively, which represents an unrealized loss of \$96 and \$163, respectively, as compared to the book value recorded on the Consolidated Balance Sheets for the same periods.

The Company entered into an interest rate swap that is designated as a cash flow hedge associated with a new long-term note issued during the second quarter of 2016 that will terminate with the long-term note in May 2023. The fair value at December 31, 2017 for the interest rate swap considered pricing models whose inputs are observable for the securities held by the Company.

Auction rate securities and contingent consideration are measured at fair value on a recurring basis using significant unobservable inputs (Level 3). The fair value of the auction rate securities was determined using prices observed in inactive markets with limited observable data for the securities held by the Company. The auction rate securities are considered available-for-sale securities. They had a cost basis of \$1,012 and \$1,450 at December 31, 2017 and December 31, 2016, respectively.

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The fair value of the Company's two outstanding long-term notes was determined using pricing models whose inputs are observable for the securities held by the Company. The fair value of these two debt instruments as of December 31, 2017 and December 31, 2016 was \$48,982 and \$41,351, respectively, as compared to the book values of \$48,982 and \$40,823 recorded on the Consolidated Balance Sheets for the same periods.

The fair value of contingent consideration was determined using an income approach at the respective business combination date and at the reporting date. That approach is based on significant inputs that are not observable in the market and include key assumptions such as assessing the probability of meeting certain milestones required to earn the contingent consideration. The business combinations that give rise to contingent consideration are more fully described in Note 12.

The following table presents information about the Company's movement in Level 3 assets and liabilities measured at fair value:

	2017	2016	2015
<b>Auction Rate Securities</b>			
Balance, January 1	\$ 1,144	\$ 1,136	\$ 1,128
Period transactions	(128)	8	8
Balance, December 31	\$ 1,016	\$ 1,144	\$ 1,136
<b>Contingent Purchase Consideration</b>			
Balance, January 1	\$ —	\$ 20	\$ 98
Period transactions	902	(21)	(50)
Change in fair value and currency fluctuations	—	1	(28)
Balance, December 31	\$ 902	\$ —	\$ 20

*Comprehensive Income* — Comprehensive income includes charges and credits to equity that are not the result of transactions with stockholders. Included within comprehensive income is the cumulative foreign currency translation adjustment, change in carrying value of auction rate securities, unrealized gains or losses on derivatives and unrealized gains or losses on available-for-sale investments. These adjustments are accumulated within the consolidated statements of comprehensive income.

Total components of accumulated other comprehensive loss were as follows:

	December 31,	
	2017	2016
Foreign currency translation adjustments	\$ (77,578)	\$ (178,577)
Unrealized gain on auction rate securities	232	232
Unrealized gain on derivatives, net of tax of \$14 and \$28	2	60
Unrealized loss on available-for-sale investments, net of tax of \$134 in 2016	—	(298)
Accumulated other comprehensive loss	\$ (77,344)	\$ (178,583)

*Derivative Instruments* — The Company's primary market exposures are to interest rates and foreign exchange rates. The Company from time to time may use certain derivative financial instruments to help manage these exposures. The Company executes these instruments with financial institutions it judges to be credit-worthy. The Company does not hold or issue derivative financial instruments for trading or speculative purposes.

The Company recognizes all derivative financial instruments as either assets or liabilities at fair value in the consolidated balance sheets. The Company's only derivative financial instrument is an interest rate swap that is classified as a cash flow hedge of its variable rate debt.

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The fair value amounts in the consolidated balance sheets were:

Notional Amounts <sup>1</sup>		Other Assets	
December 31,		December 31,	
2017	2016	2017	2016
\$ 21,969	\$ 23,156	\$ 16	\$ 77

(1) Notional amounts represent the gross contract/notional amount of the derivative outstanding.

The derivative gains and losses in the consolidated statements of income for the years ended December 31, 2017, 2016 and 2015, related to the Company's current and previous interest rate swap contracts were as follows:

	Year Ended December 31,		
	2017	2016	2015
Effective portion recognized in other comprehensive income (loss), pretax:			
Interest rate swap	\$ (61)	\$ 85	\$ 304
Effective portion reclassified from other comprehensive income (loss) to interest expense, pretax:			
Interest rate swap	\$ —	\$ (8)	\$ (153)
Ineffective portion recognized in income:			
Interest rate swap	\$ —	\$ —	\$ —

*Business Segment Information* — The Company operates in one segment which involves the design, development, production and distribution of fiber lasers, laser systems, fiber amplifiers, and related optical components. The Company has a single, company-wide management team that administers all properties as a whole rather than as discrete operating segments. The chief decision maker, who is the Company's chief executive officer, measures financial performance as a single enterprise and not on legal entity or end market basis. Throughout the year, the chief decision maker allocates capital resources on a project-by-project basis across the Company's entire asset base to maximize profitability without regard to legal entity or end market basis. The Company operates in a number of countries throughout the world in a variety of product lines. Information regarding geographic financial information and product lines is provided in Note 15.

*Earnings Per Share* — The Company computes net income per share in accordance with ASC 260, *Earnings Per Share*.

*Recent Accounting Pronouncements* —

*Adopted Pronouncements* —

In March 2016, the FASB issued ASU No. 2016-09, "Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting" ("ASU 2016-09"). ASU 2016-09 was intended to simplify several areas of accounting for share-based compensation arrangements, including income tax impact and classification on the consolidated statement of cash flows. ASU 2016-09 was effective for fiscal years, and interim periods within those years, beginning after December 15, 2016, and the Company adopted this statement effective January 1, 2017. Under ASU 2016-09, excess tax benefits and deficiencies as a result of stock option exercises and restricted stock unit vesting are being recognized as discrete items within income tax expense or benefit in the consolidated statements of comprehensive income in the reporting period in which they occur.

The adoption of ASU 2016-09 also required the cumulative effect of initially applying the standard to be recorded as an adjustment to the opening balance of retained earnings of the annual reporting period that included the date of initial application. This resulted in a cumulative effect increase of \$3,464 to retained earnings and deferred tax assets. Also, as a result of the adoption of ASU 2016-09, the Company made an accounting policy election to record forfeitures as they occur rather than by estimating expected forfeitures. The calculated cumulative effect was a decrease in retained earnings of \$1,319 and an increase in deferred tax assets and additional paid-in capital of \$759 and \$2,078, respectively, as of January 1, 2017.

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*Revenue Recognition Pronouncement Currently Under Evaluation —*

In May 2014, the FASB issued Accounting Standards Update ("ASU") No. 2014-09, Revenue from Contracts with Customers (Topic 606) ("ASU 2014-09" or "ASC 606"), which supersedes the revenue recognition requirements in Accounting Standard Codification 605, Revenue Recognition ("ASC 605"). ASU 2014-09 is based on the principle that revenue should be recognized as goods or services are transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. ASU 2014-09 also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments. ASU 2014-09 is effective for annual reporting periods beginning after December 15, 2017, including interim periods within such reporting period, with early application permitted. The two permitted transition methods under the new standard are the full retrospective method, in which case the standard would be applied to each prior reporting period presented and the cumulative effect of applying the standard would be recognized at the earliest period presented, or the modified retrospective method, in which case the cumulative effect of applying the standard would be recognized as of the date of initial application.

The Company has elected to adopt ASC 606 using the modified retrospective method as of January 1, 2018. This approach will be applied to all contracts not completed as of January 1, 2018. The adoption of ASC 606 is not expected to have a material effect on the Company's consolidated financial statements, though it will require enhanced footnote disclosures related to customer contracts. Upon the adoption of ASC 606, the Company will change from deferring revenue for installation services in an amount equal to the greater of the cash received or the fair value for installation to deferring the standalone selling price for these services. The Company anticipates this change in the allocation of revenue to the individual performance obligations as of January 1, 2018 will result in a decrease to deferred revenue of between \$600 and \$900 with an offsetting increase to retained earnings, less the impact of income taxes.

The quantitative ranges provided above are estimates of the expected effects of the Company's adoption of ASC 606. These ranges represent management's best estimates of the effects of adopting ASC 606 at the time of the preparation of this Annual Report on Form 10-K. The actual impact of ASC 606 is subject to change from these estimates.

*Other Pronouncements Currently Under Evaluation —*

In January 2017, the FASB issued ASU No. 2017-04, "Intangibles—Goodwill and Other (Topic 350)" ("ASU 2017-04"). ASU 2017-04 simplifies the accounting for goodwill impairments by eliminating step 2 from the goodwill impairment test. ASU 2017-04 is effective for public companies for annual reporting periods beginning after December 15, 2020, and interim reporting periods within such period. The amendments should be applied prospectively on or after the effective date and require a disclosure as to the nature of and reason for the change in accounting principle upon transition. Early adoption is allowed for all entities as of January 1, 2017, for annual and any interim impairment tests occurring after January 1, 2017. The Company is currently evaluating the potential impact that the standard will have on its consolidated financial statements upon adoption.

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)" ("ASU 2016-02"). ASU 2016-02 requires a lessee to recognize assets and liabilities on the balance sheet for leases with lease terms greater than twelve months. ASU 2016-02 is effective for fiscal years, and interim periods within those years, beginning after December 15, 2018, and early adoption is permitted. The Company is continuing to evaluate the standard but does not expect that it will have a material effect on its consolidated financial statements upon adoption.

In October 2016, the FASB issued ASU No. 2016-16, "Income Taxes (Topic 740) - Intra-Entity Transfers of Assets other than Inventory" ("ASU 2016-16"). ASU 2016-16 eliminates the current exception that prohibits the recognition of current and deferred income tax consequences for intra-entity asset transfers (other than inventory) until the asset has been sold to an outside party. The amendments will be applied on a modified retrospective basis through a cumulative effect adjustment to retained earnings. Deferred tax assets should be assessed to determine if realizable. Disclosures will be required for the (i) reason for and notice of change, (ii) effect of change on income from continuing operations and (iii) cumulative effect of change on retained earnings. Public entities will apply these changes in annual reporting periods beginning after December 15, 2017, and interim reporting periods within such period. Early adoption is permitted. The Company is continuing to evaluate the standard but does not expect that it will have a material effect on its consolidated financial statements upon adoption.

*Subsequent Events* — The Company has considered the impact of subsequent events through the filing date of these financial statements. There were no events through the filing date of these financial statements required to be disclosed.

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**2. STOCK-BASED COMPENSATION**

Stock-based compensation is included in the following financial statement captions:

	Year Ended December 31,		
	2017	2016	2015
Cost of sales	\$ 5,863	\$ 6,018	\$ 5,316
Sales and marketing	2,041	1,820	1,998
Research and development	5,001	4,905	4,049
General and administrative	10,116	8,991	7,626
Total stock-based compensation	23,021	21,734	18,989
Tax benefit recognized	(7,367)	(6,971)	(6,141)
Net stock-based compensation	\$ 15,654	\$ 14,763	\$ 12,848

*Incentive Plans* — In February 2006, the Company's board of directors adopted the 2006 Incentive Compensation Plan (the "2006 Plan"), which provides for the issuance of stock options, restricted stock units, performance stock units, other equity-based awards and cash awards to the Company's directors, employees, consultants and advisors. In June 2006, the Company's board of directors adopted the Non-Employee Directors Stock Plan (the "Directors Plan") for non-employee directors. A total of 10,279,192 shares are reserved under the 2006 Plan. The stockholders approved the 2006 Plan, the Directors Plan and subsequent amendments increasing the authorized shares. At December 31, 2017, 4,089,061 shares of the Company's stock were available for future grant under the 2006 Plan. The Company may grant stock options only at an exercise price equal to or greater than the fair market value of its common stock on the date of grant. Equity awards generally become exercisable over periods of one to four years and generally expire ten years after the date of the grant. The vesting of awards under the 2006 Plan accelerate following the occurrence of certain change of control events, if the participant's employment is terminated within two years without cause or if the successor entity does not agree to assume existing awards or replace with equivalent value awards. Awards granted to non-employee directors automatically become exercisable upon a change of control. All shares issued under the 2006 Plan and Directors Plan are registered shares, newly issued by the Company.

Compensation cost for all stock-based payment awards is based on the estimated grant-date fair value. The Company allocates and records stock-based compensation expense on a straight-line basis over the requisite service period. Determining the appropriate fair value model and calculating the fair value of stock-based payment awards requires the use of highly subjective assumptions, including the expected life of the stock-based payment awards, stock price volatility and, prior to the adoption of ASU 206-09 effective January 1, 2017, forfeiture rates. The assumptions used in calculating the fair value of stock-based payment awards represent management's best estimates, but the estimates involve inherent uncertainties and the application of management judgment. As a result, if factors change and the Company uses different assumptions, its stock-based compensation expense could be materially different in the future.

The Company calculates the fair value of stock option grants using the Black-Scholes option pricing model. The assumptions used in the Black-Scholes model or the calculation of compensation were as follows for the years ended December 31.

	2017	2016	2015
Expected term	3.8-5.0 years	4.4-6.1 years	4.4-6.3 years
Volatility	31%-35%	37%-45%	45%-48%
Risk-free rate of return	1.57%-1.97%	1.06%-1.41%	1.38%-1.74%
Dividend yield	0.25%	0.25%	0.25%
Forfeiture rate	—%	2.65%-5.26%	3.47%-5.88%

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A summary of option activity is presented below (see Note 11 for further information):

	Number of Options	Weighted- Average Exercise Price	Weighted- Average Remaining Contractual Life  (In years)	Aggregate Intrinsic Value  (In thousands)
Outstanding — January 1, 2017	2,064,253	\$ 60.65		
Granted	293,284	124.57		
Exercised	(546,931)	50.50		
Forfeited	(13,113)	90.81		
Outstanding — December 31, 2017	<u>1,797,493</u>	<u>\$ 73.95</u>	<u>6.02</u>	<u>\$ 251,970</u>
Unvested — December 31, 2017	962,056	\$ 94.96	7.75	\$ 114,648
Exercisable — December 31, 2017	<u>835,437</u>	<u>\$ 49.76</u>	<u>4.03</u>	<u>\$ 137,323</u>

The intrinsic value of the options exercised during the years ended December 31, 2017, 2016 and 2015, was \$50,131, \$23,315 and \$27,207, respectively. The weighted-average grant fair value per share for options granted during the years ended December 31, 2017, 2016 and 2015, was \$38.01, \$33.08 and \$42.78, respectively. The total compensation cost related to non-vested awards not yet recorded at December 31, 2017 was \$16,069 which is expected to be recognized over a weighted-average of 2.5 years. The aggregate fair value of awards vested during the year ended December 31, 2017 was \$9,182.

The following table summarizes the restricted stock units ("RSU's") activity for the year ended December 31, 2017:

	Number of Shares	Weighted-Average Grant-Date Fair Value	Weighted- Average Remaining Contractual Life  (In years)	Aggregate Intrinsic Value  (In thousands)
Outstanding — January 1, 2017	366,770	\$ 79.72		
Granted	106,764	127.29		
Converted	(90,385)	66.18		
Canceled	(4,888)	90.54		
Outstanding — December 31, 2017	<u>378,261</u>	<u>\$ 96.23</u>	<u>7.85</u>	<u>\$ 80,997</u>
Unvested — December 31, 2017	378,261	\$ 96.23	7.85	\$ 80,997

The intrinsic value of the RSU's converted during the years ended December 31, 2017, 2016 and 2015, was \$11,684, \$3,931 and \$3,705, respectively. The weighted-average grant fair value per share for RSU's granted during the years ended December 31, 2017, 2016 and 2015, was \$127.29, \$81.86 and \$95.25, respectively. The total compensation cost related to non-vested awards not yet recorded at December 31, 2017 was \$19,408 which is expected to be recognized over a weighted-average of 2.6 years. The aggregate fair value of awards vested during the year ended December 31, 2017 was \$5,957.

The Company grants performance stock units to officers. The performance stock unit agreements provide for the award of performance stock units with each unit representing the right to receive one share of the Company's common stock to be issued after the applicable award vesting period. The final number of units awarded, if any, for these performance grants will be determined as of the vesting dates, based upon the Company's total shareholder return over the performance period compared to the Russell 3000 Index and could range from no units to a maximum of twice the amount of awarded units. The weighted-average fair value of these performance units was determined using the Monte Carlo simulation model incorporating the following weighted-average assumptions:

	2017	2016	2015
Expected term	3.0 years	3.0 years	3.2 years
Volatility	13%-31%	13%-32%	12%-36%
Risk-free rate of return	1.49%	0.88%	0.98%
Dividend yield	—%	—%	—%
Weighted-average fair value per share	147.25	88.51	128.42

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The following table summarizes the performance stock units ("PSU's") activity for the year ended December 31, 2017 :

	Number of Shares	Weighted-Average Grant-Date Fair Value	Weighted- Average Remaining Contractual Life  (In years)	Aggregate Intrinsic Value  (In thousands)
Outstanding — January 1, 2017	54,505	\$ 108.51		
Granted	21,444	147.25		
Converted	—			
Canceled	—			
Outstanding — December 31, 2017	<u>75,949</u>	<u>\$ 119.45</u>	<u>8.06</u>	<u>\$ 16,263</u>
Unvested — December 31, 2017	<u>75,949</u>	<u>\$ 119.45</u>	<u>8.06</u>	<u>\$ 16,263</u>

PSU's are included at 100% of target goal; under the terms of the awards, the recipient may earn between 0% and 200% of the awarded units. The total compensation cost related to nonvested awards not yet recorded at December 31, 2017 was \$4,543 which is expected to be recognized over a weighted average of 1.9 years.

### 3. INVENTORIES

Inventories consist of the following:

	December 31,	
	2017	2016
Components and raw materials	\$ 145,261	\$ 93,284
Work-in-process	43,646	44,723
Finished goods	118,805	101,003
Total	<u>\$ 307,712</u>	<u>\$ 239,010</u>

The Company recorded inventory provisions totaling \$16,946 , \$22,796 and \$15,364 for the years ended December 31, 2017 , 2016 and 2015 , respectively. These provisions relate to the recoverability of the value of inventories due to technological changes and excess quantities. These provisions are reported as a reduction to components and raw materials and finished goods.

### 4. PROPERTY, PLANT AND EQUIPMENT

Property, plant, and equipment consist of the following:

	December 31,	
	2017	2016
Land	\$ 26,623	\$ 21,811
Buildings	267,256	214,830
Machinery and equipment	344,905	279,372
Office furniture and fixtures	55,885	31,210
Construction-in-progress	49,256	59,391
Total property, plant and equipment	<u>743,925</u>	<u>606,614</u>
Accumulated depreciation	<u>(283,719)</u>	<u>(227,239)</u>
Total property, plant and equipment — net	<u>\$ 460,206</u>	<u>\$ 379,375</u>

The Company recorded depreciation expense of \$54,900 , \$44,757 and \$37,796 for the years ended December 31, 2017 , 2016 and 2015 , respectively.

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**5. ACCRUED EXPENSES AND OTHER LIABILITIES**

Accrued expenses and other liabilities consist of the following:

	December 31,	
	2017	2016
Accrued compensation	\$ 63,203	\$ 43,761
Customer deposits and deferred revenue	47,324	34,571
Current portion of accrued warranty	25,059	15,711
Other	8,831	8,442
<b>Total</b>	<b>\$ 144,417</b>	<b>\$ 102,485</b>

**6. FINANCING ARRANGEMENTS**

The Company's borrowings under existing financing arrangements consist of the following:

	December 31,	
	2017	2016
<b>Term debt:</b>		
Long-term notes	\$ 48,982	\$ 40,823
Less: current portion	(3,604)	(3,188)
Total long-term debt	<b>\$ 45,378</b>	<b>\$ 37,635</b>

**Term Debt:**

*Long-Term Notes* — At December 31, 2017, the outstanding principal balance on the long-term notes was \$48,982 of which \$3,604 is the current portion. The Company has an unsecured long-term note of \$21,969 of which \$1,188 is the current portion. The interest on this unsecured long-term note is variable at 1.20% above LIBOR and is fixed using an interest rate swap at 2.85% per annum. The unsecured long-term note matures in May 2023, at which time the outstanding principal balance will be \$15,438. The Company had another note that was secured by the Company's former corporate aircraft. The long-term note secured by the Company's corporate aircraft was repaid in the second quarter of 2017 when the Company sold the aircraft. During the third quarter of 2017, the Company financed its new corporate aircraft with another note that is secured by this corporate aircraft with an outstanding principal balance of \$27,013 of which \$2,416 is the current portion. The interest on this collateralized long-term note is fixed at 2.74% per annum. The collateralized long-term note matures in July 2022, at which time the outstanding principal balance will be \$15,375.

**Revolving Line of Credit Facilities:**

*U.S. Line of Credit* — The Company maintains an unsecured revolving line of credit with available principal of up to \$50,000, expiring in April 2020. The line of credit bears interest at a variable rate of LIBOR plus 0.80% to 1.20% depending on the Company's financial performance. Part of this credit facility is available to the Company's foreign subsidiaries including those in India, China, Japan and South Korea based on management discretion. At December 31, 2017, there were no outstanding drawings, however there were \$520 of guarantees issued against the line which reduced the total availability. At December 31, 2017, the remaining availability under this line was \$49,480.

The Company is required to meet certain financial covenants associated with its U.S. line of credit and collateralized long-term note. These covenants, tested quarterly, include a debt service coverage ratio and a funded debt to earnings before interest, taxes, depreciation and amortization ("EBITDA") ratio. The debt service coverage covenant requires the Company to maintain a trailing twelve month ratio of cash flow to debt service that is greater than 1.5 :1. Debt service in the calculation is decreased by our cash held in the U.S.A. in excess of \$50,000 up to a maximum of \$250,000. Cash flow is defined as EBITDA less unfunded capital expenditures. The funded debt to EBITDA covenant requires that the sum of all indebtedness for borrowed money on a consolidated basis be less than three times the Company's trailing twelve months EBITDA.

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*Euro Line of Credit* — The Company maintains an unsecured revolving line of credit with a principal amount of Euro 50,000 ( \$59,893 at December 31, 2017 ), expiring in July 2020. The line of credit bears interest at various rates based upon the type of loan. This credit facility is available to the Company's foreign subsidiaries including those in Germany, Russia, China and Italy based on management discretion. At December 31, 2017, there were no drawings, however there were \$798 of guarantees issued against the line which reduced the total availability. At December 31, 2017, the remaining availability under this line was \$59,095.

*Euro Overdraft Facilities* — The Company maintains a syndicated overdraft facility with available principal of Euro 500 ( \$599 at December 31, 2017 ) with no expiration date. This facility bears interest at market rates that vary depending upon the bank within the syndicate that advances the principal outstanding. At December 31, 2017, there were no outstanding drawings and the aggregate remaining availability under this line was \$599.

*Other European Facilities* — The Company maintains two Euro credit lines in Italy with aggregate available principal of Euro 1,500 ( \$1,797 as of December 31, 2017 ) which bear interest at market rates and expire in June and September 2018. At December 31, 2017, there were no outstanding drawings and the aggregate remaining availability under these lines was \$1,797. These facilities are collateralized by a common pool of the assets of the Company's Italian subsidiary.

## **7. NONCONTROLLING INTEREST AND EQUITY**

*Noncontrolling Interest* — Noncontrolling interest reported in the accompanying consolidated financial statements related to an approximate 98% ownership interest in RukhTekh LLC ("RuchTech") at December 31, 2016 and during the first half of 2017. The associated net loss attributable to noncontrolling interest in 2017 and 2016 was \$26 and \$36, respectively.

The Company purchased a 76% ownership interest in RuchTech in 2015 for \$5,000. During 2016, the Company paid an additional \$950 to increase its ownership interest in RuchTech to approximately 98%. During 2017, the Company paid an additional \$197 to increase its ownership interest in RuchTech to 100%.

*Authorized Capital* — The Company has authorized capital stock consisting of 175,000,000 shares of common stock, par value \$0.0001 per share, and 5,000,000 shares of preferred stock, par value \$0.0001 per share. There are no shares of preferred stock outstanding as of December 31, 2017.

## **8. RELATED-PARTY TRANSACTIONS**

The CEO leases the annual right to use 25% of the Company's aircraft under a October 2014 lease, which was superseded by a new lease signed in July 2017 in connection with the purchase of a different aircraft. The new lease expires July 2022. The annual lease rate under the 2017 lease was \$924 and future rent payments are adjusted annually. The annual lease rate under the 2014 lease was \$651. The CEO paid the Company \$753 in 2017 and \$651 in both 2016 and 2015 under the aircraft leases. In addition, the CEO directly pays an unrelated flight management firm for the operating costs of his private use including pilot fees, fuel and other costs.

In 2017, 2016 and 2015, the Company purchased various equipment, parts and services from a company for which one of the Company's independent directors is an executive officer. The payments made for such equipment, parts and services for 2017, 2016 and 2015, totaled \$2,296, \$5,392 and \$683, respectively. There were no amounts due to this company at December 31, 2017 or at December 31, 2016. In 2017, the Company sold products of \$503 to the same company. No sales were made in either 2016 or 2015.

In 2016, the Company purchased an office building located in Marlborough, Massachusetts from a subsidiary of IP Fibre Devices (UK) Ltd. ("IPFD") for \$23,750. The purchase price was based on the fair market value of the building determined using an independent appraisal. The appraisal was commissioned by the Nominating and Corporate Governance Committee of the Board of Directors. The Company's Chief Executive Officer ("CEO") is the managing director of IPFD. The CEO and certain founding members of the Company, which include the Senior Vice President, Chief Technology Officer and the Senior Vice President, Chief Operating Officer and Managing Director of IPG Laser GmbH, own shares in IPFD which is a stockholder of the Company. The Company leased space in the building prior to purchasing it and reimbursed the landlord for its portion of certain operational costs. The Company paid IPFD \$443 and \$531 for 2016 and 2015, respectively, under the office lease.

In 2015, the Company sold products and services of \$497 to OAO "RCE" Laser Processing Center ("Laser Center"), an application development and parts processing company. There were no transactions in 2017 or 2016. The Company's CEO owns approximately 39% of Laser Center, which he acquired from an unrelated third party in 2014.

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In 2016, the Company sold products of \$146 to a separate company with whom another of the Company's independent directors was affiliated. No sales were made in either 2017 or 2015.

**9. NET INCOME ATTRIBUTABLE TO IPG PHOTONICS CORPORATION PER SHARE**

The following table sets forth the computation of diluted net income attributable to IPG Photonics Corporation per share:

	Year Ended December 31,		
	2017	2016	2015
Net income attributable to IPG Photonics Corporation	\$ 347,614	\$ 260,752	\$ 242,154
Net income attributable to common stockholders	347,614	260,752	242,154
Weighted average shares	53,495	53,068	52,676
Dilutive effect of common stock equivalents	1,204	729	751
Diluted weighted average common shares	54,699	53,797	53,427
Basic net income attributable to IPG Photonics Corporation per share	\$ 6.50	\$ 4.91	\$ 4.60
Basic net income attributable to common stockholders	\$ 6.50	\$ 4.91	\$ 4.60
Diluted net income attributable to IPG Photonics Corporation per share	\$ 6.36	\$ 4.85	\$ 4.53
Diluted net income attributable to common stockholders	\$ 6.36	\$ 4.85	\$ 4.53

For the years ended December 31, 2017, 2016 and 2015, respectively, the computation of diluted weighted average common shares excludes common stock equivalents of 16,104 shares, 60,797 shares and 29,127 shares which includes RSU's of 10,724, 12,711 and 18,171 and PSU's of 0, 809 and 3,369, because the effect would be anti-dilutive.

In July 2016, the Company announced that its Board of Directors authorized a share repurchase program (the "Program") to mitigate the dilutive impact of shares issued upon exercise or release under the Company's various employee and director equity compensation and employee stock purchase plans. Under the Program, the Company's management is authorized to repurchase shares of common stock in an amount not to exceed the number of shares issued to employees and directors under its various employee and director equity compensation and employee stock purchase plans from January 1, 2016 through December 31, 2017. The Program limits aggregate share repurchases to no more than \$100,000 over a period ending June 30, 2018.

For the years ended December 31, 2017 and 2016, respectively, the Company repurchased 275,495 shares and 102,774 shares of its common stock with an average price of \$145.15 and \$87.01 per share in the open market. The impact on the reduction of weighted average shares for years ended December 31, 2017 and 2016 was 160,439 shares and 20,935 shares, respectively.

**10. COMMITMENTS AND CONTINGENCIES**

*Operating Leases* — The Company leases certain facilities under cancelable and noncancelable operating lease agreements which expire through April 2041. In addition, it leases capital equipment and automobiles under operating leases. Rent expense for the years ended December 31, 2017, 2016 and 2015, totaled \$8,095, \$7,091 and \$7,365, respectively.

Commitments under the noncancelable lease agreements as of December 31, 2017 are as follows:

Years Ending December 31	Facilities	Equipment and Automobiles	Total
2018	\$ 3,395	\$ 1,339	\$ 4,734
2019	2,369	813	3,182
2020	1,563	532	2,095
2021	907	345	1,252
2022	621	78	699
Thereafter	5,312	41	5,353
Total	\$ 14,167	\$ 3,148	\$ 17,315

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*Employment Agreements* — The Company has entered into employment agreements with certain members of senior management. The terms of these agreements are up to three years and include noncompetition, nonsolicitation and nondisclosure provisions, as well as provisions for defined severance for terminations of employment under certain conditions and a change of control of the Company. The Company also maintains a severance plan for certain of its senior management providing for defined severance for terminations of employment under certain conditions and a change of control of the Company.

*Contractual Obligations* — The Company has entered into various purchase obligations that include agreements for construction of buildings, raw materials and equipment. Obligations under these agreements were \$119,960 and \$33,072 as of December 31, 2017 and 2016, respectively.

*Legal proceedings* — From time to time, the Company may be involved in disputes and legal proceedings in the ordinary course of its business. These proceedings may include allegations of infringement of intellectual property, commercial disputes and employment matters. As of December 31, 2017 and through the date of the Company's subsequent review period of February 27, 2018, the Company has no legal proceedings ongoing that management estimates could have a material effect on the Company's Consolidated Financial Statements.

#### 11. EMPLOYEE BENEFIT PLANS

The Company maintains a 401(k) retirement savings plan offered to all of its U.S. employees. The Company makes matching contributions equal to 50% of the employee's contributions, subject to a maximum of 6% of eligible compensation. Compensation expense related to its contribution to the plan for the years ended December 31, 2017, 2016 and 2015, approximated \$3,363, \$2,509 and \$2,021, respectively.

The Company has an employee stock purchase plan offered to its U.S. and German employees. The plan allows employees who participate to purchase shares of common stock through payroll deductions at a 15% discount to the lower of the stock price on the first day or the last day of the six-month purchase period. Payroll deductions may not exceed 10% of the employee's compensation and are subject to other limitations. Compensation expense related to the employee stock purchase plan was \$967, \$846 and \$680 for the years ended December 31, 2017, 2016 and 2015, respectively. As of December 31, 2017, there were 30,328 shares available for issuance under the employee stock purchase plan.

#### 12. BUSINESS COMBINATIONS

The fair values of net tangible assets and intangible assets acquired were based upon the Company's estimates and assumptions at the acquisition dates. The following table summarizes the allocation of the assets acquired and liabilities assumed at the acquisition dates for the year ended December 31, 2017:

	LDD	ILT	OptiGrate	Total
Cash and cash equivalents	\$ 1,002	\$ 969	\$ 3,714	\$ 5,685
Assets acquired excluding cash and cash equivalents and deferred tax assets	1,346	14,353	1,351	17,050
Liabilities assumed excluding deferred tax liabilities	(708)	(11,669)	(687)	(13,064)
Deferred tax liabilities, net	—	(4,952)	(2,068)	(7,020)
Intangible assets	3,614	19,140	5,660	28,414
Total identifiable net assets	5,254	17,841	7,970	31,065
Goodwill	4,690	22,415	8,900	36,005
Total purchase price	\$ 9,944	\$ 40,256	\$ 16,870	\$ 67,070

During the fourth quarter of 2017, the Company acquired 100% of the shares of Laser Depth Dynamics Inc. ("LDD"). LDD, located in Kingston, Ontario, Canada, provides in-process quality monitoring and control solutions for laser-based welding applications. The purchase price of \$9,944, includes contingent consideration of \$902 to acquire LDD, representing the fair value on that date. In addition, \$948 was held back in escrow for potential post-closing adjustments related to working capital and indemnities provided by the sellers. As a result of the acquisition, the Company recorded intangible assets of \$1,006 related to customer relationships with a weighted-average estimated useful life of 6 years and \$2,608 related to technology, trademark and tradename with a weighted-average estimated useful life of 6 years. Any excess of the acquisition consideration over the fair value of assets acquired and liabilities assumed is allocated to goodwill, which amounted to \$4,690. The goodwill arising from this acquisition will be deductible for tax purposes.

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The purchase price allocations included in the Company's financial statements are not complete. They represent the preliminary fair value estimates as of December 31, 2017 and are subject to subsequent adjustment as the Company obtains additional information during the measurement period and finalizes its fair value estimates. Any subsequent adjustments to these fair value estimates occurring during the measurement period will result in an adjustment to intangibles or income, as applicable.

During the third quarter of 2017, the Company acquired 100% of the membership units of Innovative Laser Technologies, LLC ("ILT") located in Minneapolis, Minnesota. ILT produces high precision laser-based systems for the medical device industry and other end user markets. The Company paid \$40,256 to acquire ILT, which represents the fair value on that date. As a result of the acquisition, the Company recorded intangible assets of \$11,660 related to customer relationships with an estimated useful life of 13 years and \$7,480 related to technology, trademark and tradename with a weighted-average estimated useful life of 8 years. Any excess of the acquisition consideration over the fair value of assets acquired and liabilities assumed is allocated to goodwill, which amounted to \$22,415. The majority of goodwill arising from this acquisition will not be deductible for tax purposes.

During the second quarter of 2017, the Company acquired 100% of the shares of OptiGrate Corporation ("OptiGrate") located in Oviedo, Florida. OptiGrate is a developer and manufacturer of volume Bragg gratings used in the production of lasers and laser diodes. The Company paid \$16,870 to acquire OptiGrate, which represents the fair value on that date. Of the purchase price, \$1,849 was held back in escrow for potential post-closing adjustments related to working capital and indemnities provided by the sellers. As a result of the acquisition, the Company recorded intangible assets of \$1,010 related to customer relationships with an estimated useful life of 4 years and \$4,650 related to technology, trademark and tradename with a weighted-average estimated useful life of 9 years. Any excess of the acquisition consideration over the fair value of assets acquired and liabilities assumed is allocated to goodwill, which amounted to \$8,900. The goodwill arising from this acquisition will not be deductible for tax purposes.

The following table summarizes the allocation of the assets acquired and liabilities assumed at the acquisition dates for the year ended December 31, 2016 :

	BSI	Menara	Total
Cash and cash equivalents	\$ —	\$ 520	\$ 520
Assets acquired excluding cash and cash equivalents and deferred tax assets	219	9,585	9,804
Liabilities assumed excluding deferred tax liabilities	(133)	(1,876)	(2,009)
Deferred tax liabilities, net	—	(123)	(123)
Intangible assets	1,395	19,400	20,795
Total identifiable net assets	1,481	27,506	28,987
Goodwill	—	19,325	19,325
Total purchase price	<u>\$ 1,481</u>	<u>\$ 46,831</u>	<u>\$ 48,312</u>

During the fourth quarter of 2016, the Company acquired BioPhotonic Solutions, Inc. ("BSI") located in East Lansing, Michigan. BSI develops and sells pulse shaping software technology for use in ultrafast lasers. The total purchase price was \$1,481, which represents the fair value of BSI on that date. As a result of the acquisition, the Company recorded intangible assets of \$1,395 related to patents with an estimated useful life of 7 years.

During the second quarter of 2016, the Company acquired Menara Networks, Inc. ("Menara") located in Dallas, Texas. Menara develops and sells pluggable transceivers used in telecom and data-com networks. The Company paid \$46,831 which represents the fair value of Menara on that date. As a result of the acquisition, the Company recorded intangible assets of \$9,900 related to technology and tradename with a weighted-average estimated useful life of 7 years and \$9,500 related to customer relationships with an estimated useful life of 10 years. Additionally, the Company recorded \$19,325 of goodwill related to anticipated expansion of the Company's product offerings within the telecom market. The goodwill arising from this acquisition will not be deductible for tax purposes.

Results of operations for the businesses acquired above have been included in the Company's consolidated financial statements after the date of such acquisitions. Also, proforma results of operations in accordance with authoritative guidance for prior periods have not been presented because the effect of the acquisitions were not material to the Company's prior period consolidated financial results.

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**13. GOODWILL AND INTANGIBLES**

The following table sets forth the changes in the carrying amount of goodwill for the years ended December 31, 2017 and 2016 :

	December 31, 2017	December 31, 2016
Balance at January 1	\$ 19,828	\$ 505
Foreign exchange adjustment	(2)	(2)
Total goodwill arising from business combinations	36,005	19,325
Balance at December 31	<u>\$ 55,831</u>	<u>\$ 19,828</u>

Intangible assets, subject to amortization, consisted of the following:

	December 31, 2017				December 31, 2016			
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted-Average Lives	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount	Weighted-Average Lives
Patents	\$ 8,036	\$ (5,486)	\$ 2,550	8 Years	\$ 8,114	\$ (4,926)	\$ 3,188	7 Years
Customer relationships	26,768	(5,584)	21,184	11 Years	12,727	(3,621)	9,106	9 Years
Production know-how	6,820	(5,035)	1,785	8 Years	6,618	(4,093)	2,525	8 Years
Technology, trademark and tradename	32,564	(6,860)	25,704	8 Years	17,910	(3,940)	13,970	8 Years
	<u>\$ 74,188</u>	<u>\$ (22,965)</u>	<u>\$ 51,223</u>		<u>\$ 45,369</u>	<u>\$ (16,580)</u>	<u>\$ 28,789</u>	

Amortization expense for the years ended December 31, 2017 , 2016 and 2015 was \$5,899 , \$3,759 and \$2,274 , respectively.

The estimated future amortization expense for intangibles as of December 31, 2017 is as follows:

2018	2019	2020	2021	2022	Thereafter	Total
\$7,366	\$7,318	\$6,687	\$6,513	\$5,657	\$17,682	\$51,223

*Impairment* — In accordance with ASC 350- *Intangibles-Goodwill and Other* , the Company assesses the impairment of its long-lived assets including its definite-lived intangible assets and goodwill whenever changes in events or circumstances indicate that the carrying value of such assets may not be recoverable and at least annually for goodwill. During each annual reporting period, the Company assesses for factors that may be present which would cause an impairment review.

As a result of the procedures performed of assessing both qualitative and quantitative factors provide that the goodwill amounts stated as of December 31, 2017, are not impaired.

**14. INCOME TAXES**

Income before the impact of income taxes for the years ended December 31 consisted of the following:

	2017	2016	2015
U.S.	\$ 190,480	\$ 103,798	\$ 94,242
Foreign	361,391	262,767	247,375
Total	<u>\$ 551,871</u>	<u>\$ 366,565</u>	<u>\$ 341,617</u>

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The Company's provision for income taxes for the years ended December 31 consisted of the following:

	2017	2016	2015
<b>Current:</b>			
Federal	\$ (85,761)	\$ (41,407)	\$ (30,334)
State	(2,387)	(4,750)	(6,616)
Foreign	(93,254)	(72,600)	(69,793)
Total current	<u>\$ (181,402)</u>	<u>\$ (118,757)</u>	<u>\$ (106,743)</u>
<b>Deferred:</b>			
Federal	\$ (12,459)	\$ 8,709	\$ 6,303
State	(649)	383	312
Foreign	(9,773)	3,816	538
Total deferred	<u>\$ (22,881)</u>	<u>\$ 12,908</u>	<u>\$ 7,153</u>
Provision for income taxes	<u>\$ (204,283)</u>	<u>\$ (105,849)</u>	<u>\$ (99,590)</u>

A reconciliation of income tax expense at the U.S. federal statutory income tax rate to the recorded tax provision for the years ended December 31, is as follows:

	2017	2016	2015
Tax at statutory rate	\$ (193,155)	\$ (128,298)	\$ (119,566)
Non-U.S. rate differential — net	25,795	16,718	15,931
State income taxes — net	(3,413)	(2,640)	(2,094)
Equity Based Stock - Tax Benefit	14,015	—	—
Effect of 2017 U.S. Tax Cuts and Jobs Act	(48,126)	—	—
Effect of changes in enacted tax rates on deferred tax assets and liabilities	(1,281)	(111)	(153)
Nondeductible stock compensation expense	(319)	(296)	(338)
Other nondeductible expenses	(2,350)	(2,307)	(1,039)
Federal and state tax credits	9,210	9,840	8,837
Change in reserves, including interest and penalties	(4,350)	1,105	(1,522)
Change in valuation allowance	51	26	(620)
Other — net	(360)	114	974
	<u>\$ (204,283)</u>	<u>\$ (105,849)</u>	<u>\$ (99,590)</u>

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, are as follows:

	2017	2016	2015
Property, plant and equipment	\$ (20,191)	\$ (14,122)	\$ (8,031)
Inventory provisions	13,437	19,710	14,566
Allowances and accrued liabilities	3,588	5,434	2,590
Other tax credits	10,294	5,027	3,763
Deferred compensation	(5,223)	9,215	5,891
Net operating loss carryforwards	3,993	7,885	923
Valuation allowance	(284)	(662)	(678)
Net deferred tax assets	<u>\$ 5,614</u>	<u>\$ 32,487</u>	<u>\$ 19,024</u>

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the "Tax Act"). The Tax Act makes broad and complex changes to the U.S. tax code including, but not limited to, (1) reducing the U.S. federal corporate tax rate from 35% to 21%, (2) requiring a one-time transition tax on certain undistributed earnings of foreign subsidiaries that is payable over eight years, (3) generally eliminating U.S. federal

**IPG PHOTONICS CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)**  
(In thousands, except share and per share data)

income taxes on dividends from foreign subsidiaries, and (4) bonus depreciation that will allow for full expensing of qualified property.

The Securities and Exchange Commission ("SEC") staff issued Staff Accounting Bulletin ("SAB") 118, which provides guidance on accounting for the tax effects of the Tax Act. SAB 118 provides a measurement period that should not extend beyond one year from the Tax Act enactment date for companies to complete the accounting under ASC 740. In accordance with SAB 118, a company must reflect the income tax effects of those aspects of the Tax Act for which the accounting under ASC 740 is complete. To the extent that a company's accounting for certain income tax effects of the Tax Act is incomplete but it is able to determine a reasonable estimate, it must record a provisional estimate in the financial statements. If a company cannot determine a provisional estimate to be included in the financial statements, it should continue to apply ASC 740 on the basis of the provisions of the tax laws that were in effect immediately before the enactment of the Tax Act.

The Company's accounting for the Deemed Repatriation Transition Tax ("Transition Tax") element of the Tax Act is incomplete. However, the Company was able to make reasonable estimates of certain effects and, therefore, recorded provisional adjustments. The Transition Tax is a tax on previously untaxed accumulated and current earnings and profits ("E&P") of certain of the Company's foreign subsidiaries. To calculate the amount of the Transition Tax, the Company must determine, in addition to other factors, the amount of post-1986 E&P of the relevant subsidiaries, as well as the amount of non-U.S. income taxes paid on such earnings. In connection with the Company's initial analysis of the impact of the Tax Act, it has recorded a discrete net tax expense of \$49,407. This net expense consists of \$47,000 in federal Transition Tax, \$1,126 of associated state tax expense both of which are provisional amounts, and a \$1,281 reduction in the valuation of net deferred tax assets related to the decrease in the U.S. federal tax rate. The \$47,000 in federal Transition Tax is payable over 8 years, accordingly, \$44,366 of this amount is included within other long-term liabilities and the remainder is included in income taxes payable on the Consolidated Balance Sheets in the period ending December 31, 2017.

The Company previously considered the earnings in its non-U.S. subsidiaries to be indefinitely reinvested and, accordingly, recorded no deferred income taxes. The Company is currently analyzing its global working capital and cash requirements and the potential tax liabilities attributable to a repatriation. The Company has yet to determine whether it plans to change its prior assertion and repatriate earnings. Accordingly, the Company has not recorded any deferred taxes attributable to its investments in its foreign subsidiaries except for a \$2,225 deferred tax liability for certain withholding and dividend taxes related to possible distributions from non-U.S. subsidiaries to their non-U.S. parents. The Company will record the tax effects of any change in its prior assertion in the period that it completes its analysis and is able to make a reasonable estimate, and disclose any unrecognized deferred tax liability for temporary differences related to its foreign investments, if practicable. While the Transition Tax resulted in the reduction of the excess of the amount for financial reporting over the tax basis in the Company's foreign subsidiaries to approximately \$0 and subjected approximately \$1,266,000 of undistributed foreign earnings to tax, an actual repatriation from its non-U.S. subsidiaries could still be subject to additional foreign withholding taxes and U.S. state taxes. At December 31, 2016, the cumulative undistributed earnings in non-U.S. subsidiaries were approximately \$936,000.

As of December 31, 2017, 2016 and 2015, the Company has state tax credit carry-forwards of \$10,294, \$5,027 and \$3,740, respectively. The state tax credit carry-forwards begin expiring in 2020. In addition, at December 31, 2017, the Company has net operating loss carry-forwards available for future periods of \$2,896 related to its UK subsidiary. The UK net operating loss can be carried-forward indefinitely.

The Company's acquisition of Menara in 2016 included net operating loss carry-forwards of \$22,242. As of December 31, 2017, the Company has \$16,202 of these net operating loss carry-forwards remaining. No valuation allowance has been provided for these carry-forwards as the Company expects to be able to fully utilize them to offset future income.

The following is a tabular reconciliation of the total amounts of unrecognized tax benefits:

	2017	2016	2015
Balance at January 1	\$ 6,403	\$ 7,579	\$ 6,494
Change in prior period positions	(2,240)	(1,876)	33
Additions for tax positions in current period	6,207	700	1,052
Balance at December 31	\$ 10,370	\$ 6,403	\$ 7,579

**IPG PHOTONICS CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)**  
(In thousands, except share and per share data)

Substantially all of the liability for uncertain tax benefits related to various federal, state and foreign income tax matters, would benefit the Company's effective tax rate, if recognized.

Estimated penalties and interest related to the underpayment of income taxes are \$(155), \$(163) and \$437 for the years ended December 31, 2017, 2016 and 2015, respectively, and are included within the provision for income taxes. Total accrued penalties and interest related to the underpayment of income taxes are \$789 and \$944 at December 31, 2017 and 2016, respectively.

The Company's uncertain tax positions are related to tax years that remain subject to examination by the relevant taxing authorities. If realized, all of the Company's uncertain tax positions would affect its effective tax rate. Certain of the Company's uncertain tax positions are expected to settle within one year. Open tax years by major jurisdictions are:

• United States	2016 — 2017
• Germany	2013 — 2017
• Russia	2015 — 2017

### 15. GEOGRAPHIC AND PRODUCT INFORMATION

The Company markets and sells its products throughout the world through both direct sales and distribution channels. The geographic sources of the Company's net sales based on billing addresses of its customers are as follows:

	Year Ended December 31,		
	2017	2016	2015
United States and other North America	\$ 165,363	\$ 141,184	\$ 131,525
Europe:			
Germany	114,608	90,893	93,802
Other including Eastern Europe/CIS	290,067	224,836	189,123
Asia and Australia:			
China	621,283	358,476	311,946
Japan	80,612	88,592	76,033
Other	131,511	100,052	95,494
Rest of World	5,445	2,140	3,342
Total	<u>\$ 1,408,889</u>	<u>\$ 1,006,173</u>	<u>\$ 901,265</u>

Sales are derived from products for different applications: fiber lasers, diode lasers and diodes for materials processing, fiber lasers and amplifiers for advanced applications, fiber amplifiers for communications applications, and fiber lasers for medical applications. Net sales for these product lines are as follows:

	Year Ended December 31,		
	2017	2016	2015
Materials Processing	\$ 1,332,607	\$ 942,119	\$ 849,335
Other Applications	76,282	64,054	51,930
Total	<u>\$ 1,408,889</u>	<u>\$ 1,006,173</u>	<u>\$ 901,265</u>

One customer comprised 13%, 9% and 13% of net sales during the years ended December 31, 2017, 2016 and 2015, respectively. The Company has historically depended on a few customers for a significant percentage of its annual net sales. The composition of this group can change from year to year. Net sales derived from the Company's five largest customers as a percentage of its annual net sales were 28%, 22% and 25% in 2017, 2016 and 2015, respectively.

The geographic locations of the Company's long-lived assets, net, based on physical location of the assets, as of December 31, 2017, 2016 and 2015, are as follows:

**IPG PHOTONICS CORPORATION**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS - (Continued)**  
(In thousands, except share and per share data)

	December 31,		
	2017	2016	2015
United States	\$ 273,947	\$ 230,116	\$ 170,981
Russia	87,612	76,966	55,150
Germany	83,826	61,792	53,678
China	8,191	8,096	6,237
Other	20,278	14,116	12,045
	<u>\$ 473,854</u>	<u>\$ 391,086</u>	<u>\$ 298,091</u>

Long lived assets include property, plant and equipment, related deposits on such assets and demonstration equipment.

**16. SELECTED QUARTERLY FINANCIAL DATA (UNAUDITED)**

	2017			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(In thousands, except per share data)			
Net sales	\$ 285,846	\$ 369,373	\$ 392,615	\$ 361,055
Gross profit	157,267	206,296	224,555	208,793
Net income attributable to IPG Photonics Corporation	74,945	104,116	115,597	52,956
Basic earnings per share	1.40	1.95	2.16	0.99
Diluted earnings per share	1.38	1.91	2.11	0.96

	2016			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(In thousands, except per share data)			
Net sales	\$ 207,248	\$ 252,787	\$ 266,017	\$ 280,121
Gross profit	114,410	137,703	144,791	155,336
Net income attributable to IPG Photonics Corporation	49,326	67,058	69,235	75,133
Basic earnings per share	0.93	1.26	1.30	1.42
Diluted earnings per share	0.92	1.25	1.29	1.39

Net income attributable to IPG Photonics Corporation as well as Basic and Diluted earnings per share in the fourth quarter of the year ended December 31, 2017 were impacted by the legislation that enacted the Tax Act. Refer to Footnote 14 for further explanation.

**EXHIBIT**

<b>Exhibit Number</b>	<b>Description</b>
3.1	<a href="#">Form of Second Amended and Restated Certificate of Incorporation of the Registrant (incorporated by reference to Exhibit 3.2 to Registration Statement No. 333-136521 filed with the Securities and Exchange Commission (the "Commission") on August 11, 2006)</a>
3.3	<a href="#">Form of Amended and Restated By-laws of the Registrant (incorporated by reference to Exhibit 3.2 to the Registrant's current Report on Form 8-K filed with the Commission on August 22, 2014)</a>
4.1	<a href="#">Specimen Stock Certificate (incorporated by reference to Exhibit 4.1 to Registration Statement No. 333-136521 filed with the Commission on November 14, 2006)</a>
10.1	<a href="#">2006 Incentive Compensation Plan, as amended (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K/A filed with the Commission on February 22, 2017)</a>
10.2	<a href="#">IPG Photonics Corporation Non-Employee Director Compensation Plan, as amended (incorporated by reference to Exhibit 10.5 to the Registrant's Current Report on Form 8-K/A filed with the Commission on February 22, 2017)</a>
10.3	<a href="#">Senior Executive Annual Incentive Plan, as amended (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K/A filed with the Commission on February 22, 2017)</a>
10.4	<a href="#">2008 Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.8 to the Registrant's Current Report on Form 8-K filed with the Commission on May 13, 2008)</a>
10.5	<a href="#">Amendment to 2008 Employee Stock Purchase Plan (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Commission on June 15, 2009)</a>
10.6	<a href="#">Employment Agreement dated October 7, 2013 between the Registrant and Dr. Valentin P. Gapontsev, (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K filed with the Commission on October 15, 2013)</a>
10.7	<a href="#">Service Agreement dated October 7, 2013 between IPG Laser GmbH and Dr. Eugene Scherbakov, (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K filed with the Commission on October 15, 2013)</a>
10.8	<a href="#">Form of Employment Agreement dated October 7, 2013 between the Registrant and each of Timothy P.V. Mammen, Angelo P. Lopresti and Alexander Ovtchinnikov, (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed with the Commission on October 15, 2013)</a>
10.9	<a href="#">Form of Letter amending Employment Agreements and Confidentiality, Non-Competition and Confirmatory Assignment Agreements between the Registrant and each of the named executive officers and certain other executive officers (incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K/A filed with the Commission on February 22, 2017)</a>
10.10	<a href="#">Form of Indemnification Agreement between the Registrant and each of its Directors and Executive Officers (incorporated by reference to Exhibit 10.3 to Registrant's Current Report on Form 8-K/A filed with the Commission on February 22, 2017)</a>
10.11	<a href="#">Amended and Restated Loan Agreement between the Registrant and Bank of America, N.A., dated as of April 30, 2015 (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed with the Commission on May 6, 2015)</a>
10.12	<a href="#">Revolving Credit Note by the Registrant dated as of April 30, 2015 (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed with the Commission on May 6, 2015)</a>
10.13	<a href="#">First Amendment to the Amended and Restated Loan Agreement, between the Registrant and Bank of America, N.A. dated as of May 19, 2016 (incorporated by reference to Exhibit 10.3 to the Registrant's Current Report on Form 8-K filed with the Commission on May 20, 2016)</a>
10.14	<a href="#">Term Note, between the Registrant and Bank of America, N.A., dated May 19, 2016 (incorporated by reference to Exhibit 10.4 to the Registrant's Current Report on Form 8-K filed with the Commission on May 20, 2016)</a>

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<b>Exhibit Number</b>	<b>Description</b>
10.15	<a href="#">Third Amendment to Credit Facility Agreement between IPG Laser GmbH and Deutsche Bank AG, dated November 1, 2016 (incorporated by reference to Exhibit 10.1 to the Registrant's Quarterly Report on Form 10-Q filed with the Commission on November 2, 2016)</a>
10.16	<a href="#">Annex I (Third Amendment) to Guarantee of IPG Laser GmbH to Deutsche Bank AG dated November 1, 2016 (incorporated by reference to Exhibit 10.2 to the Registrant's Quarterly Report on Form 10-Q filed with the Commission on November 2, 2016)</a>
10.17	<a href="#">Fourth Amendment to Credit Facility Agreement between IPG Laser GmbH and Deutsche Bank AG, dated December 16, 2016 (incorporated by reference to Exhibit 10.43 on the Registrant's Annual Report on Form 10-K filed with the Commission on February 27, 2017)</a>
10.18	<a href="#">Annex I (Fourth Amendment) to Guarantee of IPG Laser GmbH to Deutsche Bank AG dated December 16, 2016 (incorporated by reference to Exhibit 10.44 on the Registrant's Annual Report on Form 10-K filed with the Commission on February 27, 2017)</a>
10.19	<a href="#">Credit Facility Agreement between IPG Laser GmbH and Deutsche Bank AG, dated July 27, 2017 (incorporated by reference to Exhibit 10.1 on Current Report on Form 8-K filed with the Commission on August 1, 2017)</a>
10.20	<a href="#">Annex I to Credit Facility Agreement between IPG Laser GmbH and Deutsche Bank AG, dated July 27, 2017 (incorporated by reference to Exhibit 10.2 on Current Report on Form 8-K filed with the Commission on August 1, 2017)</a>
10.21	<a href="#">Guarantee of the Registrant to Deutsche Bank dated July 27, 2017 (incorporated by reference to Exhibit 10.3 on Current Report on Form 8-K filed with the Commission on August 1, 2017)</a>
10.22	<a href="#">Loan and Aircraft Security Agreement between TVPX Aircraft Solutions, as Trustee under the Trust Pledge Agreement between Registrant and Trustee dated July 27, 2017, and Banc of America Leasing &amp; Capital, LLC dated July 27, 2017</a>
10.23	<a href="#">Promissory Note between TVPX Aircraft Solutions dated July 27, 2017, as Trustee under the Trust Pledge Agreement between Registrant and Trustee dated July 27, 2017, and Banc of America Leasing &amp; Capital, LLC dated July 27, 2017</a>
10.24	<a href="#">Guaranty of the Registrant to Banc of America Lease &amp; Capital, LLC, dated July 27, 2017</a>
21.1	<a href="#">List of Subsidiaries</a>
23.1	<a href="#">Consent of Deloitte &amp; Touche LLP</a>
31.1	<a href="#">Certification of Chief Executive Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended</a>
31.2	<a href="#">Certification of Chief Financial Officer pursuant to Rule 13a-14(a) of the Securities Exchange Act of 1934, as amended</a>
32.1	<a href="#">Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 1350</a>
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema
101.CAL	XBRL Taxonomy Extension Calculation Linkbase
101.DEF	XBRL Taxonomy Definition Linkbase
101.LAB	XBRL Taxonomy Extension Label Linkbase
101.PRE	XBRL Taxonomy Extension Presentation Linkbase

**LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)**

**THIS LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)** (together with all Addenda, Riders and Annexes hereto, this “**Agreement**”) is dated as of July 27, 2017 (the “**Closing Date**”), by and between **TVPX AIRCRAFT SOLUTIONS INC.**, a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated as of July 27, 2017 (“**Customer**”) and **BANC OF AMERICA LEASING & CAPITAL, LLC**, a Delaware limited liability company (“**Lender**”).

In consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

Capitalized and certain other terms used but not otherwise defined in this Agreement shall have the meanings ascribed to them in Annex A attached hereto and made a part hereof.

**SECTION 1. TERMS OF LOAN .**

1. Loan and Use of Proceeds. Subject to the terms and conditions of this Agreement, Lender agrees to make a loan to Customer in the principal amount set forth in Annex B attached hereto and made a part hereof (the “**Loan**”). Customer shall use the proceeds of the Loan to finance the costs of the acquisition of the Aircraft.

2. Repayment and Prepayment. The Customer’s obligation to repay the Loan shall be evidenced by one or more Promissory Notes dated on and/or after the Closing Date, payable by Customer to the order of Lender in the original principal amount of the Loan (as amended, modified, restated, extended and renewed from time to time, the “**Note**”). The Loan shall bear interest and be repaid by Customer at the times and in the manner set forth in the Note. The Loan may be prepaid only in the manner and subject to terms and conditions set forth in the Note and, if applicable, Section 4.7 hereof.

**SECTION 2. CONDITIONS OF BORROWING .** Lender’s obligation to make the Loan shall be both subject to and conditioned upon the satisfaction of all of the conditions precedent specified in the Closing Terms Addendum attached to and made a part of this Agreement.

**SECTION 3. REPRESENTATIONS AND WARRANTIES .** In order to induce Lender to enter into this Agreement and to make the Loan herein provided for, Customer represents, warrants and covenants to Lender that:

(a) (i) Customer (A) is duly qualified to do business in each jurisdiction in which the conduct of its business or the ownership or operation of its assets requires such qualification, including the jurisdiction of the Primary Hangar Location and wherever any of the Collateral may become located; (B) has the necessary authority and power to own and operate the Aircraft and its other assets and to transact the business in which it is engaged; (C) is a “citizen of the United States” within the meaning of the Transportation Code; and (D) has the form of business organization set forth in Annex B hereto and is and will remain duly organized, validly existing and in good standing under the laws of the state of its organization set forth in Annex B hereto, its federal tax identification number is as set forth in Annex B hereto, and its state-issued organizational identification number (if any), chief executive office and principal place of business address are all as set forth on Annex B hereto; and (ii) its name as shown in the preamble of this Agreement is its exact legal name as shown on its charter, by-laws, articles of organization or operating agreement, as applicable, each as amended as of the Closing Date;

(b) (i) Customer’s execution and delivery of, and performance of its obligations under and with respect to, each of the Loan Documents (including its borrowing the amounts constituting the Loan, granting the Lender’s Lien against the Aircraft and other Collateral and participating in the other transactions contemplated herein and therein), (A) have been duly authorized by all necessary action on the part of Customer consistent with its form of organization, (B) do not contravene or constitute a default under any Applicable Law, any of Customer’s Organizational Documents, or any agreement, indenture, or other instrument to which Customer is a party or by which it may be bound, (C) do not require the approval of or notice to (1) any Governmental Authority, except for the filings and registrations specified in the Closing Terms Addendum, all of which shall have been duly effected prior to or concurrently with Lender making the Loan, or (2) any other party (including any trustees or holders of indebtedness), and (D) will not result in the creation or imposition of any Lien on any of the assets of Customer other than the Lender’s Lien created hereby and by the other Loan Documents with respect to the Collateral; (ii) each of the Transaction Documents referenced in the Closing Terms Addendum to which Customer is a party has been duly executed and delivered by an authorized representative of the Customer, and constitutes the legal, valid and binding obligation of the Customer, enforceable against it in accordance with the respective terms of such Transaction Documents (including, without limitation, the grant of the

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**LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)**

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In consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

Capitalized and certain other terms used but not otherwise defined in this Agreement shall have the meanings ascribed to them in Annex A attached hereto and made a part hereof.

#### **Terms of Loan .**

Loan and Use of Proceeds . Subject to the terms and conditions of this Agreement, Lender agrees to make a loan to Customer in the principal amount set forth in Annex B attached hereto and made a part hereof (the “ **Loan** ”). Customer shall use the proceeds of the Loan to finance the costs of the acquisition of the Aircraft.

Repayment and Prepayment . The Customer's obligation to repay the Loan shall be evidenced by one or more Promissory Notes dated on and/or after the Closing Date, payable by Customer to the order of Lender in the original principal amount of the Loan (as amended, modified, restated, extended and renewed from time to time, the “ **Note** ”). The Loan shall bear interest and be repaid by Customer at the times and in the manner set forth in the Note. The Loan may be prepaid only in the manner and subject to terms and conditions set forth in the Note and, if applicable, Section 4.7 hereof.

**Conditions of Borrowing** . Lender's obligation to make the Loan shall be both subject to and conditioned upon the satisfaction of all of the conditions precedent specified in the Closing Terms Addendum attached to and made a part of this Agreement.

**Representations and Warranties** . In order to induce Lender to enter into this Agreement and to make the Loan herein provided for, Customer represents, warrants and covenants to Lender that:

(i) Customer (A) is duly qualified to do business in each jurisdiction in which the conduct of its business or the ownership or operation of its assets requires such qualification, including the jurisdiction of the Primary Hangar Location and wherever any of the Collateral may become located; (B) has the necessary authority and power to own and operate the Aircraft and its other assets and to transact the business in which it is engaged; (C) is a “citizen of the United States” within the meaning of the Transportation Code; and (D) has the form of business organization set forth in Annex B hereto and is and will remain duly organized, validly existing and in good standing under the laws of the state of its organization set forth in Annex B hereto, its federal tax identification number is as set forth in Annex B hereto, and its state-issued organizational identification number (if any), chief executive office and principal place of business address are all as set forth on Annex B hereto; and (ii) its name as shown in the preamble of this Agreement is its exact legal name as shown on its charter, by-laws, articles of organization or operating agreement, as applicable, each as amended as of the Closing Date;

(i) Customer's execution and delivery of, and performance of its obligations under and with respect to, each of the Loan Documents (including its borrowing the amounts constituting the Loan, granting the Lender's Lien against the Aircraft and other Collateral and participating in the other transactions contemplated herein and therein), (A) have been duly authorized by all necessary action on the part of Customer consistent with its form of organization, (B) do not contravene or constitute a default under any Applicable Law, any of Customer's Organizational Documents, or any agreement, indenture, or other instrument to which Customer is a party or by which it may be bound, (C) do not require the approval of or notice to (1) any Governmental Authority, except for the filings and registrations specified in the Closing Terms Addendum, all of which shall have been duly effected prior to or concurrently with Lender making the Loan, or (2) any other party (including any trustees or holders of indebtedness), and (D) will not result in the creation or imposition of any Lien on any of the assets of Customer other than the Lender's Lien created hereby and by the other Loan Documents with respect to the Collateral; (ii) each of the Transaction Documents referenced in the Closing Terms Addendum to which Customer is a party has been duly executed and delivered by an authorized representative of the Customer, and constitutes the legal, valid and binding obligation of the Customer, enforceable against it in accordance with the respective terms of such Transaction Documents (including, without limitation, the grant of the Lender's Lien); and (iii) without limiting the foregoing, upon Lender's advancing the Loan on the Closing Date, (A) Customer will have satisfied or complied with all conditions precedent and requirements as set forth in the Loan Documents required to have been satisfied or complied with concurrently with or prior to such advance and (B) no Default or Event of Default shall be then existing;

there are no proceedings pending or, so far as the officers, managers, or members of Customer know, threatened against or affecting Customer or any of its property before any Governmental Authority that could impair Customer's title to the Aircraft or any of the other Collateral, or that, if decided adversely, could materially affect the financial condition or operations of Customer or its ability to perform its obligations under any of the Loan Documents;

(i) Customer has, and shall continue to have, good and marketable title to the Collateral, free and clear of Liens, except Permitted Liens; (ii) the Lender's Lien in the Airframe, the Engines and the other Collateral is and shall remain validly created and perfected, and has and shall continue to have first priority over any other Liens pursuant to all Applicable Laws; and (iii) all filings, recordings, registrations or other actions necessary or desirable in order to vest such title in Customer, and establish, perfect and give first priority to Lender's Lien and other rights and interests in, against or with respect to the Collateral, have been duly effected, and all Impositions in connection therewith have been duly paid;

without limiting any of the other representations and warranties in this Agreement, for the purposes of the Cape Town Convention and any other Applicable Law, (i) upon the conclusion of the sale of the Aircraft to Customer, and Customer's grants and assignments, and (if constituting a lease) any Permitted Third Party Agreement, contemplated in the Loan Documents or other Transaction Documents, Customer and (if a lessee) any Interested Third Party shall be situated in, and Customer will cause the Aircraft to be duly registered in, the United States of America (which is a contracting state), (ii) with respect to any of the Transaction Documents relating to the Airframe or Engine, each of the respective parties thereto has power to dispose of the Airframe and Engine, as contemplated therein by way of the relevant Transaction Document, and (iii) the Purchase Documents qualify as a “contract of sale”, and (if constituting a lease) any Permitted Third Party Agreement and the Loan Documents are effective to constitute international interests in the Airframe and Engine and security assignments of the related associated rights and transfer of the related international interests, as contemplated therein, and each such Registerable Interest will be effective against third parties upon registration at the International Registry, without any further filings or registrations (except as contemplated in the Loan Documents);

(i) the Aircraft (A) has been delivered to Customer, is in Customer's possession and is, as of the Closing Date, unconditionally, irrevocably and fully accepted by Customer, (B) has been inspected by Customer to its complete satisfaction and, without limiting the foregoing, (1) has been found to be in good working order, repair and condition and fully equipped to operate for its intended purpose, and (2) is in conformity with the requirements of the Purchase Agreement and the Applicable Standards, (C) is, or will be at the time of the funding of the Loan, currently certified under existing FAA rules and regulations and any other Applicable Laws and is airworthy in all respects, and (D) is and will remain primarily hangared at the Primary Hangar Location; and (ii) without limiting the foregoing, (A) solely as between Lender and Customer (and without prejudicing Customer's rights against Vendor or any other third party, which rights are not being disclaimed hereby), Customer has no pending claims and has no knowledge of any facts upon which a future claim may be based, against any prior owner, the seller, manufacturer or supplier of the Aircraft or any of the other Collateral, for breach of warranty or otherwise, and (B) all of the information contained in Annex C , including the registration number of the Aircraft, and the serial numbers, manufacturer and model numbers of the Airframe, Engines, and APU, are true and accurate in all respects; and

(h) the Aircraft (i) is currently capable of being certified under existing FAA rules and regulations and completely airworthy in all respects, (ii) will undergo an inspection by a Designated Airworthiness Representative of the FAA (“ **DAR** ”) on the Closing Date and (iii) an FAA Standard

Airworthiness Certificate (AC Form 8100-2) shall be issued for the Aircraft no later than two (2) Business Days after the Closing Date.

**Covenants**. Customer covenants and agrees that from and after the Closing Date and so long as any of the Obligations are outstanding:

Notices; Financial Information; and Further Assurances. Customer will, at its sole expense:

promptly give written notice to Lender of (i) the occurrence of any Default or Event of Default; (ii) the occurrence of any Event of Loss or event of which Customer may be aware that could become an Event of Loss; (iii) the commencement or written threat of any material litigation or proceedings affecting Customer or any material litigation or proceedings affecting the Aircraft or any of the other Collateral, or the ability of Customer to comply with its obligations under the Loan Documents; and (iv) any material dispute between Customer or any Interested Third Party and any Governmental Authority or other party that involves the Aircraft or any of the other Collateral or that might materially interfere with the normal business operations of Customer;

cause Guarantor to comply with the financial reporting requirements set forth in the Guaranty and promptly furnish to Lender any such financial and other information regarding the Customer or Guarantor or any of its Affiliates as Lender may from time to time reasonably request; and

promptly execute and deliver to Lender such further instruments, UCC and FAA filings (including an IDERA) and other documents, make, cause to be made and/or consent to all registrations (including any discharges and subordinations, or as to the prospective or actual sale of, and any international interest in, the Engines) with the International Registry, and take such further action, as Lender may from time to time reasonably request in order to further carry out the intent and purpose of the Loan Documents and to establish, protect and enforce the rights, interests, remedies and Liens (including the first priority thereof) created, or intended to be created, in favor of Lender thereby.

General Obligations. (a) Customer agrees that it shall (i) duly observe and conform to all requirements of Applicable Law relating to the conduct of its business and/or the Aircraft, (ii) remain a "citizen of the United States" within the meaning of the Transportation Code, (iii) obtain and keep in full force and effect (A) all rights, franchises, licenses and permits that are necessary to the proper conduct of its business, and (B) all approvals by any Governmental Authority required with respect to the performance of its obligations under the Loan Documents and the operation of the Aircraft and its business, (iv) cause the Aircraft to remain primarily hangared at the Primary Hangar Location, and duly registered in Customer's name under the Transportation Code (including, by making all necessary reports, re-registering its ownership of the Aircraft, and taking all other actions required by Applicable Law), and (v) pay and perform all of its obligations and liabilities when due. (b) Customer agrees that (i) it shall not change its presently existing legal name or its form or state of organization on or after the date of this Agreement, without Lender's prior written consent, (ii) if its presently existing state organizational identification number changes, or if Customer currently has no such state organizational number but is subsequently issued such a number, on or at any time after the date of this Agreement, Customer shall immediately notify Lender thereof, and (iii) it shall not change the presently existing mailing, chief executive office and/or principal place of business address on or after the date of this Agreement without giving Lender thirty (30) days written notice of the same.

Taxes. (a) Customer will file or cause to be filed with all appropriate taxing authorities all Federal, state and local income tax returns that are required to be filed and all registrations, declarations, returns and other documentation with respect to any personal property taxes (or any other taxes in the nature of or imposed in lieu of property taxes) due or to become due with respect to the Aircraft or any of the other Collateral. (b) Customer will pay (or cause to be paid) (i) on or before the date when due all taxes as shown on said returns and all taxes assessed, billed or otherwise payable with respect to the Aircraft or the other Collateral directly to the appropriate taxing authorities; and (ii) when due all license and/or registration or filing fees, assessments, governmental charges and sales, use, property, excise, privilege, value added and other taxes (including any related interest or penalties) or other charges or fees now or hereafter imposed by any governmental body or agency upon Customer or the Aircraft or any of the other Collateral, with respect to the landing, airport use, manufacturing, ordering, shipment, purchase, ownership, delivery, installation, leasing, chartering, operation, possession, use or disposition of the Aircraft or any of the other Collateral, or any interest therein (the items referred to in (i) and (ii) above being referred to herein collectively, as "**Impositions**").

No Disposition of Collateral or Liens; Title and Security Interest.

Customer shall not sell, assign, enter into any Third Party Agreement, convey, mortgage, exchange or otherwise transfer or relinquish possession of (including by any seizure or other taking by any foreign or domestic governmental authority) or dispose of the Airframe or Engines, any Part, any related associated rights, international interests or prospective international interests, any proceeds or any of the other Collateral, or attempt or offer to do, or suffer or permit any of the foregoing. Customer shall be permitted, however, to deliver possession of the Airframe, the Engines, or any APU or Part to another Person for testing, service, repair, maintenance, overhaul, alteration or modification, and to enter into Permitted Third Party Agreements, in each case, if and to the extent consistent with the provisions of the Loan Documents. Customer will warrant and defend its good and marketable title to the Airframe, the Engines and the other Collateral, and the validity, perfection and first priority of Lender's Lien in the Collateral, against all other Liens, claims and demands whatsoever, except Permitted Liens; and without limiting the foregoing, Customer will (i) not create, assume or suffer to exist any Liens on or with respect to the Airframe, the Engines, or any of the other Collateral, or Customer's interest therein (other than Permitted Liens); and (ii) promptly take such action as directed by Lender to duly discharge any such unpermitted Liens.

So long as no Default or Event of Default is then existing, Customer may enter into and remain a party to Third Party Agreements, in each such case, subject to the satisfaction of, and compliance by Customer and each Interested Third Party with, all of the following throughout the term of such arrangement: (i) Each such Interested Third Party shall (A) be and remain solvent, and (unless an individual) organized under the laws of a state within the United States; and (B) if engaged by Customer with the prior written consent of Lender as a manager and/or charter operator (including the Manager pursuant to the Management Agreement), while so engaged, (1) have a recognized favorable reputation as a manager and/or charter operator, as the case may be, of aircraft similar to the Aircraft, (2) be providing management and/or charter operation services for other aircraft owners similar to the services contemplated therein, and (3) if and at all times while conducting any charter operations (x) have and maintain a valid Part 135 Certificate evidencing its authority to conduct such operations, (y) list the Aircraft on its operations specifications, and (z) comply with all Applicable Standards pertaining to such charter operations. (ii) Any operation of the Aircraft pursuant to any such Third Party Agreement shall be limited to (A) if by Customer, Parent Guarantor or any Affiliate of Parent Guarantor, any time sharing agreements (as defined in Section 91.501(c)(1)) complying with Part 91 of the FARs and all other Applicable Standards, (B) if by a manager and/or a charter operator with Lender's prior written consent, pursuant to and in full compliance with the requirements of Part 135 of the FARs and all other Applicable Standards, or (C) if such Third Party Agreement is a "dry lease" by Customer, as lessor, to Parent Guarantor or an Affiliate of Parent Guarantor or other Interested Third Party permitted pursuant hereto, as lessee, operation by such lessee complying with (1) Part 91 and any other applicable provision of the FARs, and all other Applicable Standards, and (2) the provisions hereof and of the other Loan Documents pertinent to the operation of the Aircraft (whether by Customer or any permitted Interested Third Party). (iii) The related Third Party Agreement shall (A) be and remain, subject and subordinate to Lender's Lien in and with respect to the Collateral, and Lender's rights and remedies under the Loan Documents (and such subordination shall be expressly acknowledged therein), (B) not convey any Lien on, or other property interest in or against the Airframe, the Engines or any of the other Collateral, except for a Permitted Lien (but, without giving effect to clause (a) of the definition of such term), (C) not permit any further sublease or disposition of or unpermitted Lien against the Aircraft or any of the other Collateral by any of the Interested Parties thereto or any other Person, or any change in registration or unpermitted change in hangaring of the Aircraft, (D) not contain provisions that are inconsistent with the provisions of any of the Loan Documents or cause Customer to breach any of its representations, warranties or agreements

under any of the Loan Documents, (E) be in conformity with all requirements of the FARs and other Applicable Laws, and (F) otherwise conform to any Operating Consent required by Lender with respect thereto. (iv) (A) Customer shall have specified such Third Party Agreement on Annex B if existing on the Closing Date, or if not then existing shall require Lender's prior written consent and at least thirty (30) Business Days' prior written notice of its intention to enter into a Third Party Agreement and (B) no later than the effective date thereof Customer shall comply with, and at all times thereafter remain in compliance with, any related requirements by Lender, including (1) entering into, and causing any related Interested Third Parties to enter into, an Operating Consent, (2) causing Lender to be covered by the Required Coverages (which, for the purposes hereof, may include insurance coverages obtained and maintained by an Interested Third Party, conforming to the insurance requirements herein and in any of the other Loan Documents), and (3) entering into or delivering, or causing to be entered into and delivered, all such other documents, filings and assurances, making or causing to be made such filings and registrations, and taking or causing to be taken all such other actions, in each case as may be required by Lender and (4) paying or reimbursing Lender for any related costs or expenses. (v) Lender shall have the right, but not the obligation, to (A) require reasonable evidence that any Interested Third Party satisfies the requirements provided herein, and (B) review any such Third Party Agreement, as from time to time supplemented and amended, to determine its conformity with the provisions hereof, but without assuming any responsibility with respect thereto. (vi) Customer shall neither make, nor permit to be made, any filing or registration with respect to any Permitted Third Party Agreement, unless so directed by Lender pursuant to Section 5.2 or otherwise. Notwithstanding the foregoing limitations Parent Guarantor or any Affiliate shall be permitted to conduct the carriage of Parent Guarantor or any Affiliate and/or their respective guests pursuant to 14 CFR Section 91.501(b)(4), affiliated group operations pursuant to 14 CFR Section 91.501(b)(5) and/or (6), demonstration flights pursuant to 14 CFR Section 91.501(b)(3), time sharing or interchange operations pursuant to 14 CFR Section 91.501(b)(6), the carriage of customers pursuant to 14 CFR Section 91.501(b)(9) and/or the carriage of candidates in Federal elections conducted pursuant to 14 CFR Section 91.321.

With respect to any Third Party Agreements complying with all of the provisions of Section 4.4(b) (each a "**Permitted Third Party Agreement**"), although certain of the duties and obligations of Customer under the Loan Documents may be performed by one or more of the Interested Third Parties, (i) no such Permitted Third Party Agreement shall reduce any of Customer's obligations, or Lender's rights, under any of the Loan Documents, (ii) all of Customer's obligations under the Loan Documents shall be and remain primary and continue in full force and effect as the obligations of a principal and not of a guarantor or surety, and (iii) Lender is not waiving the right to require full and timely performance of any such obligations in strict accordance with the provisions hereof and of the other Loan Documents. By way of clarification and not limitation, with respect to any provisions of this Agreement or any of the other Loan Documents requiring Customer to take or refrain from taking an action relating to the Aircraft or any of the other Collateral, such provision may also be read to mean that Customer shall cause the same to be done in accordance therewith, if at that time the Aircraft or such other Collateral is in the possession or control of an Interested Third Party pursuant to a Permitted Third Party Agreement.

#### Use of Aircraft; Maintenance; Modifications; Security.

Customer will operate the Aircraft or shall cause the Aircraft to be operated under and in compliance with Part 91 and any other applicable provision of the FARs, and all other Applicable Standards. Unless otherwise expressly permitted hereunder, (i) Customer shall not operate or permit the Aircraft to be operated for air taxi operations or otherwise under Part 135 of the FARs; and (ii) Customer, an Affiliate or other Interested Third Party shall at all times have, and maintain, "operational control" of the Aircraft (as such term is then interpreted by the FAA or such other applicable Governmental Authority), and no other Person shall operate the Aircraft. The Aircraft at all times will be operated by duly qualified pilots having satisfied all requirements established and specified by the FAA, the TSA, any other applicable Governmental Authority and the Required Coverages.

the Aircraft may be flown temporarily to any country in the world, provided that the Aircraft (i) shall at all times be based in the continental United States; and (ii) shall not be flown, operated, used or located in, to or over any such country or area (temporarily or otherwise) (A) that is excluded from the Required Coverages (or specifically not covered by such insurance), (B) with which the U.S. does not maintain favorable diplomatic relations (which is any country or jurisdiction not marked with an "\*" on the list maintained by the U.S. Department of State, at <http://www.state.gov/s/inr/rls/4250.htm> or any replacement or equivalent website maintained by the U.S. Department of State), provided that the prohibition in this clause (B) does not prohibit the operation of the Aircraft on an approved and assigned air traffic control route (if and so long as such use is otherwise in compliance with the provisions of the this Agreement and does not violate any insurance policies in effect with respect to the Aircraft), (C) to the extent that payment of any claim under the Required Coverages directly or indirectly arising or resulting from or connected with any such flight, operation, use or location would be prohibited under any trade or other economic sanction or embargo by the United States of America, or (D) in violation of any of the Loan Documents or any Applicable Standards. Customer shall adopt, implement and comply with all security measures required by any Applicable Law, or by any Required Coverages, or that are necessary or appropriate for the proper protection of the Aircraft (whether on the ground or in flight) against theft, vandalism, hijacking, destruction, bombing, terrorism or similar acts.

Customer agrees that, with respect to the Airframe, the Engines, each APU and each Part, Customer will at its own expense, (i) maintain, inspect, service, repair, overhaul and test the same in accordance with Applicable Standards; (ii) make any alterations or modifications that may at any time be required to comply with Applicable Standards, and to cause the Aircraft to remain airworthy; (iii) furnish all required parts, replacements, mechanisms, devices and servicing so that the condition and operating efficiency thereof will at all times be no less than its condition and operating efficiency as and when delivered to Customer, ordinary wear and tear from proper use alone excepted; (iv) promptly replace all Parts (A) which become worn out, lost, stolen, taken, destroyed, damaged beyond repair or permanently rendered or declared unfit for use for any reason whatsoever, or (B) if not previously replaced pursuant to clause (A), as and when required by any Applicable Standards, including any applicable life limits; and (v) maintain (in English) all Records in accordance with Applicable Standards; and (vi) enroll and maintain the Engines in an Engine Maintenance Program and the APU in an APU Maintenance Program or shall cause the foregoing to be done. All maintenance procedures shall be performed by properly trained, licensed, and certified maintenance sources and personnel utilizing replacement parts approved by the FAA and the manufacturer of (as applicable) the Airframe, the Engines, or any APU or Part. Without limiting the foregoing, Customer shall comply with all mandatory service bulletins and airworthiness directives by causing compliance to such bulletins and/or directives to be completed through corrective modification in lieu of operating manual restrictions.

Customer will not make, authorize or permit any improvement, change, addition or alteration to the Aircraft that will impair the originally intended function or use of the Aircraft, diminish the value of the Aircraft as it existed immediately prior thereto, or violate any Applicable Standard. All repairs, parts, replacements, mechanisms and devices added by Customer or on its behalf shall immediately, without further act, become part of the Aircraft and subject to the Lender's Lien granted under this Agreement.

#### Insurance.

Customer agrees to maintain or cause to be maintained at all times, at its sole cost and expense, with insurers of recognized reputation and responsibility satisfactory to Lender (but in no event having an A.M. Best or comparable agency rating of less than "A-"):

(A) comprehensive aircraft liability insurance against bodily injury or property damage claims including, without limitation,

contractual liability, premises liability, death and property damage liability, public and passenger legal liability coverage, and sudden accident pollution coverage, in an amount not less than \$200,000,000.00 for 20 or more seats, or if the Aircraft will be chartered, or \$100,000,000.00 for 10 or more seats, or \$50,000,000.00 for fewer than 10 seats for each single occurrence, and (B) personal injury liability in an amount not less than \$25,000,000.00; but, in no event shall the amounts of coverage required by sub-clauses (A) and (B) be less than the coverage amounts as may then be required by Applicable Law;

“all-risk” ground, taxiing, and flight hull insurance on an agreed-value basis, covering the Aircraft, provided that such insurance shall at all times be in an amount not less than the greater of (1) the full replacement value of the Aircraft (as determined by Lender), or (2) the unpaid principal amount of the Note (each such amount re-determined as of each anniversary of the date hereof for the next succeeding year throughout the term of this Agreement); and

war risk and allied perils (including confiscation, appropriation, expropriation, terrorism and hijacking insurance) in the amounts required in paragraphs (i) and (ii), as applicable.

Any policies of insurance carried in accordance with this Section 4.6 and any policies taken out in substitution or replacement of any such policies shall (i) be endorsed to name Lender as an additional insured as its interests may appear (but without responsibility for premiums), (ii) provide, with respect to insurance carried in accordance with Section 4.6(a)(ii) or (a)(iii) above, that any amount payable thereunder shall be paid directly to Lender as sole loss payee and not to Lender and Customer jointly, (iii) provide for thirty (30) days’ (seven (7) days’ in the case of war, hijacking and allied perils) prior written notice by such insurer of cancellation, material change, or non-renewal, (iv) include a severability of interest clause providing that such policy shall operate in the same manner as if there were a separate policy covering each insured, (v) waive any right of set-off against Lender, and any rights of subrogation against Lender, (vi) provide that in respect of the interests of Lender in such policies, that the insurance shall not be invalidated by any action or inaction of Customer or any other Person operating or in possession of the Aircraft, regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by or binding upon Customer or any other Person operating or in possession of the Aircraft, and (vii) be primary, not subject to any co-insurance clause and shall be without right of contribution from any other insurance.

Customer shall not self-insure (by deductible, premium adjustment, or risk retention arrangement of any kind) with respect to any of the risks required to be insured pursuant to this Section 4.6. Customer agrees that it shall obtain and maintain such other insurance coverages, or cause adjustments to be made to the scope, amount or other aspects of the existing insurance coverages, promptly upon Lender’s request, as and when Lender deems such additional insurance coverages or modifications to be appropriate in light of any changes in Applicable Law, prudent industry practices, the insurance market, Customer’s anticipated use of the Aircraft or other pertinent circumstances. All of the coverages required herein shall be in full force and effect worldwide throughout any geographical areas to, in or over which the Aircraft is operated. All insurance proceeds payable under the requisite policies shall be payable in U.S. Dollars.

At least ten (10) days prior to the policy expiration date for any insurance coverage required by this Section 4.6, Customer shall furnish to Lender evidence (having the form and substance consistent with Section 1(f) of the Closing Terms Addendum) of the renewal or replacement of such coverage, complying with the terms hereof, for a twelve (12) month or greater period commencing from and after such expiration date.

#### Event of Loss: Loaner Engines.

Upon the occurrence of any Event of Loss with respect to the Aircraft and/or the Airframe, Customer shall notify Lender of any such Event of Loss within five (5) days of the date thereof. Customer shall pay the then Outstanding Balance promptly upon its receipt of insurance proceeds relating to such Event of Loss, but in no event later than ninety (90) days after the occurrence of such Event of Loss (irrespective as to whether any or all of such proceeds have been received). Upon Lender’s receipt in good and indefeasible funds of all of the amounts required to be paid pursuant to the preceding sentence (whether by applying Customer’s payment of such amounts, or any such insurance proceeds, or both) the Aircraft shall be released from the Lender’s Lien, and Lender shall remit to Customer any such insurance proceeds so received by Lender, to the extent then remaining.

Upon an Event of Loss with respect to an Engine or any APU (as applicable, a “ **Lost Item** ”) under circumstances in which there has not occurred an Event of Loss with respect to the Airframe, Customer shall, within one hundred twenty (120) days after the occurrence of such Event of Loss, replace such Lost Item, with a Permitted Replacement. Any engine or auxiliary power unit constituting a “ **Permitted Replacement** ” for a Lost Item shall (i) be of the same make and model number as the Lost Item, (ii) be free and clear of all Liens and (iii) have a value, utility and useful life at least equal to, and be in as good an operating condition as, the Lost Item, assuming such Lost Item was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss. Customer, at its own cost and expense, shall (i) furnish Lender with such documents to evidence such conveyance, (ii) cause the Permitted Replacement to be subject to the Lender’s Lien under this Agreement, and (iii) take such other actions as may be required by Lender to cause the Lender’s Lien therein to be validly created, perfected and have first priority, including as evidenced on the FAA Registry, the International Registry, and any other recording office. Each such Permitted Replacement shall, after such conveyance, be deemed an “Engine” or “APU” (as defined herein), as applicable, and shall be deemed part of the same Aircraft as was the Lost Item replaced thereby.

In the event an Engine is damaged and is being repaired, or is being inspected or overhauled, Customer, at its option, may temporarily substitute another engine during the period of such repair or overhaul, so long as such engine is of the same make and model as the Engine being repaired or overhauled, is free and clear of any Lien that might impair Lender’s rights or interests in the Airframe and is maintained in accordance herewith (any such substitute engine being hereinafter referred to as a “ **Loaner Engine** ”). Customer shall (i) cause such Loaner Engine to be installed and removed, as applicable, by a maintenance facility certified by the FAA and manufacturer with respect to the Aircraft, and (ii) cause the repaired or overhauled original Engine to be reinstalled on the Airframe promptly upon completion of the repair or overhaul, but in no event later than the earlier of one hundred twenty (120) days after removal or the occurrence of an Event of Default.

So long as no Default has occurred and is continuing, and no Event of Default or Event of Loss with respect to the Aircraft has occurred, any loss or damage proceeds of the Required Coverages received by Lender shall be released promptly by Lender to Customer to reimburse Customer for paying the costs actually incurred with respect to repairs made to the Aircraft so as to restore it to the condition required by this Agreement, or for the purchase of a Permitted Replacement pursuant to Section 4.7(b), or shall be disbursed by Lender as otherwise required by this Agreement.

Aircraft Registration. On or before the Closing Date, and at all times thereafter, so long as any of the Obligations are outstanding, Customer shall remain solely responsible pursuant to the applicable provisions of this Agreement to cause (i) the Aircraft to be effectively and otherwise validly registered in Customer’s name on the Registry, and (ii) the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft, in each case, accordance with the Registration Requirements; and without limiting the foregoing, or any other provision of this Agreement, Customer shall:

cause the Registration Certificate to be maintained within the Aircraft and cause the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft; including by (A) notifying Lender immediately of any event or circumstance with respect to which the Registration Requirements require further action by Customer, the Registry or any other Governmental Authority or other Person, (B) immediately upon receipt, placing the original, replacement or renewal Registration Certificate on the Aircraft prior to the expiration or other invalidation of any previously issued Registration Certificate (whether the certificate or any other document constituting the

Registration Certificate as defined herein) under the Registration Requirements, and (C) complying with any and all of the other Registration Requirements relating to such Registration Certificate, and to the Registration Certificate replaced thereby (including any of the same relating to the destruction or return thereof, as the case may be); and

upon the occurrence, and at all times thereafter, of any Defective Registration (and without waiving Customer's responsibility to avoid such circumstance), or if the operation of the Aircraft is no longer authorized by the Registration Requirements, Customer shall (A) neither operate nor permit or suffer the operation of the Aircraft without a currently effective and otherwise valid Registration Certificate (and shall cause the pilots to be made aware of the Defective Registration), and otherwise comply with the FARs and other Applicable Laws relating to such Defective Registration, (B) ground and store the Aircraft in a manner reasonably acceptable to Lender, and (C) inform the insurer or insurers thereof, and obtain and maintain adjustments to the insurance coverages required pursuant Section 4.6 of this Agreement which may be necessary or desirable to Lender so as to reflect any changes in the insurable risks relating to any Defective Registration.

**Security Interest; Power of Attorney; Inspection .**

Grant of Security Interest . As collateral security for the prompt and complete payment and performance as and when due of all of the Obligations and in order to induce Lender to enter into this Agreement and make the Loan to Customer in accordance with the terms hereof, Customer hereby grants, pledges and assigns to Lender a first priority security interest, collateral assignment, international interest, prospective international interest, security assignment and prospective security assignment, in, against, under and with respect to (the " **Lender's Lien** ") all of Customer's right, title and interest in, to and under all of the following collateral, whether now existing or hereafter acquired (collectively, the " **Collateral** "): (i) the Aircraft, including the Airframe, the Engines, each of the APU and Parts, and the Records; (ii) any and all present and future Third Party Agreements; (iii) any and all other associated rights secured by or associated with the Airframe and/or the Engines, together with any related international interests and prospective international interests; (iv) any collateral described in the other Loan Documents (including in any Operating Consent); and (v) all proceeds of the foregoing. By way of clarification and not limitation, the foregoing grant of the Lender's Lien shall include, as applicable (and in each case, being validly registered and having first priority), an international interest in the Airframe and in each Engine. Notwithstanding the foregoing, (i) Customer shall not enter into any Third Party Agreements unless expressly permitted by Section 4.4 and (ii) Lender is not assuming, nor shall it be responsible for, any obligations, liabilities or duties of any kind whatsoever of Customer (and/or of any other Person) relating to the Collateral. Customer agrees that it shall perform and procure performance in accordance with any Third Party Agreement or other agreement or instrument giving rise to any associated rights that are or may become subjected to the Lender's Lien.

UCCs, Registrations, Etc.: Lender as Attorney-in-Fact . Customer hereby irrevocably:

authorizes Lender to prepare and file any UCC financing statements, amendments, continuations, terminations, assignments and other filings, or take such other actions for the purpose of perfecting, affording first and exclusive priority to or otherwise relating to Lender's Lien under this Agreement or the other Loan Documents;

consents to, and authorizes its professional user entity to consent to, the registration of each Registerable Interest requested by Lender or its Assignee, or otherwise required by the provisions of this Agreement or any of the other Loan Documents, including any subordination, amendment, assignment, discharge or undertaking permitted by the Cape Town Convention with respect thereto; and

constitutes and appoints Lender (including any Person acting on Lender's behalf), as its true and lawful attorney-in-fact with full power and authority in the place and stead of Customer and in the name of Customer or in its own name, for the purpose of carrying out the terms of this Agreement; which authority shall include the following undertakings that may be exercisable by Lender in its sole discretion at any time, and from time to time, if an Event of Default is then existing or upon the occurrence of an Event of Loss: (i) in Customer's name, file and/or record, such further instruments, filings and other documents, make, cause to be made and/or consent to all registrations with the International Registry, and take such further action, to establish and protect Lender's rights, interests and remedies created, or intended to be created, pursuant to the Loan Documents; (ii) endorse Customer's name on any checks, notes, drafts or any other payments or instruments, or set off, apply, or take such other actions with respect to any funds relating to the Collateral that come into Lender's possession or control; and (iii) to settle, adjust, receive payment and make claim or proof of loss, and take such other actions relating to the Required Coverages. This appointment is coupled with an interest, is irrevocable and shall terminate only upon indefeasible payment and performance in full of all of the Obligations. The powers conferred on Lender hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Lender shall be accountable only for amounts that it actually receives in good and indefeasible funds as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to Customer for any act or failure to act. Without limiting the foregoing, Customer agrees that within five (5) Business Days of Lender's request, Customer will enter into an irrevocable power-of-attorney authorizing Aviation Counsel or Lender's other designee as Customer's professional user entity and administrator for the purpose of discharging any Registerable Interests as and when directed to do so by Lender in connection with its exercise of its rights and remedies under the Loan Documents.

Inspection . Lender or its authorized representatives shall have the right, but not the duty, to inspect the Aircraft, any part thereof and/or the Records, at its own cost any reasonable time and from time to time, wherever located, upon reasonable prior notice to Customer; except that after the occurrence of a Default or an Event of Default, such inspection may be conducted at any time without prior notice and at Customer's sole expense, and it shall pay Lender promptly upon demand any inspection costs incurred by Lender. So long as no Default or Event of Default exists, any such inspections shall be conducted during normal business hours and without interruption of the use and operation of the Aircraft as permitted hereby. Upon the request of Lender, Customer shall promptly confirm to Lender the location of the Aircraft or any of the other Collateral.

**Events of Default .** The term " **Event of Default** ", wherever used herein, shall mean:

Customer shall fail to pay any Obligation within ten (10) days after the same shall become due and payable (whether at the stated maturity, by acceleration, upon demand or otherwise); or

(i) any Customer Party shall default in the payment or performance of any indebtedness, liability or obligation to Lender or any Affiliate of Lender under any note, security agreement, lease, title retention or conditional sales agreement or any other instrument or agreement; or (ii) any Customer Party shall fail to pay any Indebtedness (other than the Obligations) exceeding \$5,000,000.00, and such failure shall continue beyond any applicable grace period (or, with respect to trade Indebtedness which is not subject to a grace period, within ninety (90) days of the date such trade Indebtedness is incurred); or

(i) any of the Required Coverages are not kept in full force and effect, or a breach or violation shall exist with respect to any provisions thereof; or the Aircraft is operated in a manner, at a time or in or over or located at a place with respect to which such Required Coverages shall not be in effect; (ii) Customer shall fail to cause the Airframe or the Engines to be used, operated, maintained or otherwise kept in a condition so as to be in compliance with all Applicable Laws; or (iii) any Customer Party shall fail to comply with (A) any financial covenants as and to the extent set forth or incorporated in any Guaranty or in any of the other Loan Documents, or (B) any provision of any of the Loan Documents restricting Liens and other dispositions relating to either the Collateral or any rights or obligations under any of the Transaction Documents (including Section 4.4 hereof), or (iv) the occurrence of any Defective Registration; or

(i) any representation or warranty made by any Customer Party in any of the Loan Documents or in any related agreement, document or certificate shall prove to have been incorrect, misleading, or inaccurate in any material respect when made or given (or, if a continuing representation or warranty, at any time); or (ii) any Customer Party shall fail to (A) perform or observe any other agreement (other than those

specifically referred to in this Section 6) required to be performed or observed by it under this Agreement or in any of the other Loan Documents, and such failure shall continue uncured for thirty (30) days after the earlier of written notice thereof from Lender to such Customer Party or such Customer Party's actual knowledge thereof (but such notice and cure period will not be applicable unless such breach is curable by practical means within such notice period) or (B) notify Lender of any Default or Event of Default within ten (10) Business Days of its occurrence; or

(i) any Customer Party shall (A) generally fail to pay its, or his or her debts as they become due, admit its, or his or her inability to pay its, or his or her debts or obligations generally as they fall due, or shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws or other insolvency laws, or an answer admitting the material allegations of such a petition filed against such Customer Party in any such proceeding; or (B) by voluntary petition, answer or consent, seek relief under the provisions of any other bankruptcy or other insolvency or similar law providing for the reorganization or liquidation of corporations, or providing for an assignment for the benefit of creditors, or providing for an agreement, composition, extension or adjustment with its, or his or her creditors; or (ii) a petition against any Customer Party in a proceeding under applicable bankruptcy laws or other insolvency laws, as now or hereafter in effect, shall be filed and shall not be withdrawn or dismissed within one hundred twenty (120) days thereafter, or if, under the provisions of any law providing for reorganization or liquidation of business entities that may apply to any Customer Party, any court of competent jurisdiction shall assume jurisdiction, custody or control of such Customer Party or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of one hundred eighty (180) days after the filing date; or

the occurrence of any of the following events with respect to any Customer Party: (A) it enters into any transaction of merger, consolidation or reorganization; (B) it ceases to do business as a going concern, liquidates, or dissolves, or sells, transfers or otherwise disposes of all or substantially all of its assets or properties (in one or more transactions); (C) it becomes the subject of, or engages in, a leveraged buy out; (D) it changes the form of organization of its business; (E) if it is privately owned as of the Closing Date, there is any substantial change in the ownership or control of its capital stock or membership interests such that the holder(s) that own or control one hundred percent (100%) of such equity interests as of the Closing Date no longer do so; or (F) if it is publicly held as of the Closing Date, any change so that it is no longer subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or no longer registered under Section 12 of the Securities Act of 1933, as amended; or

(i) the conviction of or guilty plea by any Customer Party with respect to any criminal act constituting a felony, (ii) any repudiation by any Customer Party of its obligation for the payment or performance of the Obligations, (iii) any allegation by any Customer Party or judicial determination that any of the Loan Documents is unenforceable in any material respect or (iv) a Default (as defined in any Guaranty) shall occur; or any event or condition constituting a breach or other default under any Operating Consent.

#### **Remedies .**

Acceleration; Termination of Commitment . If any Event of Default shall occur, Lender, in its sole discretion, may (a) declare the Obligations to be immediately due and payable, and upon such declaration the Obligations (including, the unpaid principal amount of the Note, together with all accrued but unpaid interest thereon, any prepayment fees and all other amounts due and payable under or with respect to the Loan Documents), shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the other Loan Documents to the contrary notwithstanding, (b) terminate any then outstanding commitment whether to Customer or any Affiliate to make the Loan or any advance thereof, or any other financial accommodations, whether related to the Loan or otherwise, and/or (c) pursue and enforce any of Lender's rights and remedies under this Section 7; provided, however, if an Event of Default specified in Section 6 (e) above shall occur, the Obligations shall become immediately due and payable, all such commitments shall terminate, and Lender shall have all such other rights and remedies contemplated in the preceding clauses (a), (b) and (c), automatically, and without any notice or other action by Lender.

Additional Remedies . If an Event of Default occurs, in addition to all other rights and remedies granted to it in this Agreement and in the other Loan Documents, Lender may exercise all rights and remedies of a secured party under the UCC or as a creditor, chargee or security assignee under the Cape Town Convention (including any and all remedies thereunder requiring agreement by Customer), or otherwise available to Lender under any other Applicable Law. Without limiting the generality of the foregoing, Customer agrees that upon the occurrence of an Event of Default, Lender, without demand or notice of any kind (except as specified below) to or upon Customer or any other Person, in its sole discretion, may exercise any one or more of the following remedies:

(i) peacefully enter the premises where the Aircraft, the Engines, or any other Collateral is located, take immediate possession of, remove (or disable in place), or otherwise take control or custody of the Airframe, the Engines or any other Collateral (whether or not then attached to the Airframe) by self-help, summary proceedings or otherwise without liability, (ii) preserve the Airframe, the Engines or the other Collateral, and their respective value (but without any obligation to do so), and immobilize or keep idle the Airframe or Engines, and/or (iii) use Customer's premises for storage without liability; and Customer agrees, at Lender's request, to assemble the Collateral, and make it available to Lender at such places as Lender shall reasonably select, whether at Customer's premises or elsewhere;

(i) terminate the right of any Interested Third Party, and any other third party to use, possess or control the Airframe, the Engines or any of the other Collateral, including under any Permitted Third Party Agreement or other Third Party Agreement, without regard as to the existence of any event of default thereunder, (ii) recover from, and/or cause Customer and any such Interested Third Party, and any other third party, to relinquish possession and return the Airframe, the Engines and any other Collateral pursuant to this Section 7, and/or (iii) exercise any and all other remedies under any Operating Consents in Customer's stead, to the extent provided for under, or otherwise available to Customer in connection with any related Permitted Third Party Agreement or such other Third Party Agreement;

(i) manage, sell, lease, assign or otherwise dispose of the Airframe, the Engines or any other Collateral, in whole or in part, whether or not in Lender's possession, in one or more parcels or transactions, at public or private sale or sales, with or without notice to Customer (except as required by Applicable Law, and in furtherance thereof, Lender agrees that it shall give Customer no less than ten (10) working days' prior notice of any proposed sale or lease of the Airframe or Engines, which Customer acknowledges as constituting "reasonable prior notice" for the purposes of the Cape Town Convention) at such prices as Lender may deem best, and/or (ii) purchase the Collateral, in whole or in part, upon any public sale or sales, and to the extent permitted by Applicable Law upon any private sale or sales, free of any right or equity of redemption in Customer, which right or equity of redemption is hereby expressly released;

(i) collect, receive, appropriate and realize upon the Collateral, or any part thereof, including by applying any deposit or other cash collateral, or collecting or receiving, appropriating and realizing upon any income, profits or other proceeds arising from the management or use of the Airframe, the Engines or any of the other Collateral, and applying the same (after deducting all taxes, costs, expenses and other reductions of every kind incurred in connection therewith) to the payment in whole or in part of the Obligations, in such order and manner as Lender may elect; and (ii) after making such application, (A) remitting to Customer or to such other Person any excess then remaining, as and to the extent Lender is required by Applicable Law to make such remittance and (B) demanding, collecting and receiving from Customer any deficiency then remaining (and Customer agrees that it shall remain liable for, and pay upon demand, the full amount of any such deficiency);

(i) demand and obtain from any court speedy relief pending final determination available at law (including, possession, control, custody or immobilization of the Airframe and Engines, or preservation of the Airframe and the Engines and their respective value), (ii) procure the deregistration and/or export and physical transfer of the Airframe from the territory in which it is then situated (including pursuant to an IDERA, if any, executed by Customer), and/or (iii) otherwise proceed at law or in equity, to enforce specifically Customer's performance or to recover

damages; and/or

exercise any and all other rights and remedies under or with respect to the Loan Documents or Applicable Law, including the Cape Town Convention and the UCC.

No Waiver: Cumulative Remedies. No right or remedy is exclusive. Customer hereby acknowledges that none of the provisions of this Section 7, including any remedies set forth or referenced herein, is "manifestly unreasonable" for the purposes of the Cape Town Convention. Each may be used successively and cumulatively and in addition to any other right or remedy referred to above or otherwise available to Lender at law or in equity, but in no event shall Lender be entitled to recover any amount in excess of the maximum amount recoverable under Applicable Law with respect to any Event of Default. No express or implied waiver by Lender of any Default or Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default. The failure or delay of Lender in exercising any rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or reoccurrence of any such contingencies or similar contingencies, and any single or partial exercise of any particular right by Lender shall not exhaust the same or constitute a waiver of any other right provided for or otherwise referred to herein. After the occurrence of any Default or Event of Default, the acceptance by Lender of any payment or performance of any of the Obligations, including the payment of any installment of principal and/or interest or of any other sum owing hereunder or under the other Loan Documents shall not constitute a waiver of such Default or Event of Default, regardless of Lender's knowledge or lack of knowledge thereof at the time of acceptance of any such payment or performance and shall not constitute a reinstatement of any of the Loan Documents, unless Lender shall have agreed in writing to reinstate the same and waive the Default or Event of Default. To the extent permitted by Applicable Law, Customer waives any rights now or hereafter conferred thereby, that (a) limit or modify any of Lender's rights or remedies under this Agreement or any of the other Loan Documents, including the provisions of Article 13(2) of the Convention, or (b) would otherwise entitle Customer to (i) receive notices or demands as a condition to Lender's exercise of any rights or remedies, except as expressly required above or (ii) make claims, damages and demands against Lender arising out of the repossession, retention, sale or other disposition of the Collateral.

#### **MISCELLANEOUS**

Notices. All communications and notices provided for herein shall be in writing and shall be deemed to have been duly given or made (i) upon hand delivery, or (ii) upon delivery by an overnight delivery service, or (iii) when sent by telecopy (with customary confirmation of receipt of such telecopy) on the Business Day when sent or upon the next Business Day if sent on other than a Business Day.

#### Expenses and Fees; Indemnity; Performance of Customer's Obligations

Customer shall pay to Lender upon demand all reasonable fees, costs and expenses incurred by or on behalf of Lender at any time in connection with (i) the negotiation, preparation, execution, delivery and enforcement of the Loan Documents and the collection of the Obligations (both before and after the occurrence of a Default or Event of Default), (ii) the creation, preservation and protection of the Collateral and the perfection, first priority and enforcement of Lender's Lien, or (iii) Customer's exercise of any right granted under, or any amendment or other modification to any of, the Loan Documents. Such fees, costs and expenses shall include, without limitation, reasonable appraisal and inspection fees, the reasonable fees and expenses of Aviation Counsel and of Lender's counsel, consultants and brokers, UCC, FAA, International Registry and other applicable title, interest and lien searches, and reasonable costs and expenses relating to recovery, repossession, storage, insurance, transportation, repair, refurbishment, advertising, sale and other dispositions of the Aircraft or any of the other Collateral. Customer shall also pay all reasonable fees (including license, filing and registration fees), Impositions and other charges of whatever kind or nature that may be payable or determined to be payable in connection with (A) the execution, delivery, recording or performance of this Agreement or any of the other Loan Documents, or any modification thereof, and (B) the filings, registrations and other undertakings relating thereto. Notwithstanding the foregoing, as long as there are no more than two (2) revised drafts of any Loan Document provided by Customer or its counsel to Lender or Lender's counsel, Customer shall be responsible for not more than \$35,000.00 in the aggregate for the legal fees of outside counsel to Lender (including, Aviation Counsel) and appraisal, inspection, processing, credit verification, lien searches, FAA and International Registry fees and other fees incurred in connection with the initial negotiation, preparation and execution of this Agreement and the other Loan Documents executed and delivered on or before the Closing Date (and the consummation of the closing contemplated to occur thereon); provided that in the event that the negotiation exceeds two (2) revised drafts of any Loan Document, then Customer shall pay for the actual amount of such out of pocket fees incurred by Lender relating to the drafting and negotiation in excess of such two (2) revised drafts. Lender shall apply the previously paid deposit amount of \$35,000.00 to such fees and shall refund to Customer the amount by which the deposit exceeds such fees.

Customer hereby further agrees, whether or not the transactions contemplated by this Agreement shall be consummated, to pay, indemnify, and hold Lender and its affiliates and all of the Lender's and such affiliates' respective directors, shareholders, members, officers, employees, agents, predecessors, attorneys-in-fact, lawyers, successors and assigns (Lender, its affiliates and all of such other parties and entities sometimes hereinafter collectively, the "**Indemnified Parties**") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, out of pocket costs, attorney's fees, expenses or disbursements of any kind or nature whatsoever ("**Claims**") arising with respect to or in connection with (i) the Airframe, the Engines, or any APUs or Parts, or any of the other Collateral, including (whether by or through Customer, Vendor, any Interested Third Party, or any other Person), the manufacture, inspection, ownership, lease, sublease, management, pooling, interchange, time sharing, chartering, possession, use, operation, maintenance, security, condition (whether prior to, upon or after delivery or acceptance of any of the same), repossession, storage, sale or other disposition of any of the same, or any accident in connection therewith, including Claims involving or alleging environmental damage, criminal acts, hijacking, acts of terrorism or similar acts, product liability or strict or absolute liability in tort, latent and other defects (whether or not discoverable) and for any other risk or matter, including any of the same that result in injuries, death, destruction, or other harm or loss to persons or property, or (ii) any of the Loan Documents, Third Party Agreements or other Transaction Documents, or the performance, breach (including any Default or Event of Default) or enforcement of any of the terms hereof or thereof, provided, that Customer shall have no obligation to indemnify an Indemnified Party with respect to Claims arising from the gross negligence or willful misconduct of such Indemnified Party (unless if imputed by Applicable Law). If any Claim is made against any Indemnified Party, the party receiving notice or otherwise becoming aware of such Claim shall promptly notify the other, but the failure of the party having knowledge of a Claim to so notify the other party shall not relieve Customer of any obligation hereunder.

If any Customer Party fails to perform or comply with any of its agreements contained herein or in the other Loan Documents, including, without limitation, its obligations to keep the Collateral free of Liens (other than the Permitted Liens), comply with Applicable Standards, or obtain the Required Coverages, Lender shall have the right, but shall not be obligated, to effect such performance or compliance, with such agreement. Any expenses of Lender incurred in connection with effecting such performance or compliance, together with interest thereon at the default rate of interest provided for in the Note from the date incurred until reimbursed, shall be payable by Customer to Lender promptly on demand and until such payment shall constitute part of the Obligations secured hereby. Any such action shall not be a cure or waiver of any Default or Event of Default hereunder.

Entire Agreement; Modifications. This Agreement and the other Loan Documents constitute the entire understanding and agreement of the parties hereto with respect to the matters contained herein and therein, and shall completely and fully supersede all other prior agreements (including any proposal letter, commitment letter, and/or term sheet), both written and oral, between Lender and Customer relating to the Obligations. Neither this Agreement, nor any terms hereof, may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of a change, waiver, discharge or termination is sought.

Construction of this Agreement and Related Matters. All representations and warranties made in this Agreement and in the other Loan Documents shall survive the execution and delivery of this Agreement and the making of the Loan hereunder. Customer's obligations contained in this Section 8 shall survive the payment and performance of the Obligations, the termination of this Agreement, and the release of the Collateral. This Agreement may be executed by the parties hereto on any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. The headings of the Sections hereof are for convenience only, are not part of this Agreement and shall not be deemed to affect the meaning or construction of any of the provisions hereof. Time is of the essence in the payment and performance of all of Customer's obligations under this Agreement. Any provision of this Agreement that may be determined to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective in such jurisdiction to the extent thereof without invalidating the remaining provisions of this Agreement, which shall remain in full force and effect.

Lender's Assignment. Lender, may at any time, with or without notice to Customer, freely grant a security interest in, sell, assign, participate or otherwise transfer (an " **Assignment** ") all or any part of its interest in this Agreement and the other Loan Documents (including all associated rights associated with or secured thereby and the related international interests) or any amount due or to become due hereunder or thereunder, and Customer shall perform all of its obligations under the Loan Documents, to the extent so transferred, for the benefit of the beneficiary of such Assignment (such beneficiary, including any successors and assigns, an " **Assignee** "); provided, however, if such Assignee is not an Affiliate of Lender and if no Default or Event of Default exists, Lender will provide prior notice of any such Assignment to a third party. Customer hereby waives any right to assert, and agrees not to assert, against any Assignee any abatement, reduction, defense, setoff, recoupment, claim or counterclaim that Customer may have against Lender, provided that Lender remains fully responsible therefor. Upon the assumption by such Assignee of Lender's obligations hereunder, Lender shall be relieved of any such assumed obligations. Customer hereby consents to any such assignment, grant, sale or transfer, including, without limitation, for purposes of the Cape Town Convention. If so directed in writing, Customer shall pay all amounts due or to become due under the Loan Documents, including any of the same constituting associated rights or proceeds directly to the Assignee or any other party designated in writing by Lender or such Assignee. Customer acknowledges and agrees that Lender's right to enter into an Assignment is essential to Lender and, accordingly, waives any restrictions under Applicable Law with respect to an Assignment and any related remedies. Upon the request of Lender or any Assignee, Customer also agrees (a) to promptly execute and deliver, and cause to be executed and delivered by any Guarantor or any other Transaction Party, to Lender or to such Assignee an acknowledgment of assignment in form and substance satisfactory to the requesting party, an insurance certificate naming Assignee as additional insured and loss payee and otherwise evidencing the Required Coverages, an IDERA in favor of Assignee, and such other documents and assurances reasonably requested by Lender or Assignee, (b) to make, or cause to be made, all registrations (including all assignments and subordinations) and all amendments, extensions and discharges with the International Registry reasonably requested by Lender or Assignee (and give or obtain any necessary consent thereto, as well as renew any authorization required by the International Registry in connection therewith, including renewing its transacting user entity status and re-designating a professional user entity, if necessary in Lender's judgment), and (c) to comply with any and all other reasonable requirements of any such Assignee in connection with any such Assignment.

Jurisdiction. Customer and Lender each hereby irrevocably consents and agrees that any legal action, suit or proceeding arising out of or in any way in connection with this Agreement or any of the other Loan Documents may be instituted or brought in the courts of the State of New York or in the United States Courts for the Southern District of New York, as Customer or Lender may elect or in any other state or Federal court as Lender shall deem appropriate, and by execution and delivery of this Agreement, Customer and Lender each hereby irrevocably accepts and submits to, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of any such court, and to all proceedings in such courts. Customer and Lender each irrevocably consents to service of any summons and/or legal process by first class, certified United States air mail, postage prepaid, to Customer at the address set forth below its signature hereto, such method of service to constitute, in every respect, sufficient and effective service of process in any such legal action or proceeding. Nothing in this Agreement or in any of the other Loan Documents shall affect the right to service of process in any other manner permitted by law or limit the right of Lender to bring actions, suits or proceedings in the courts of any other jurisdiction. Customer and Lender each further agrees that final judgment against it in any such legal action, suit or proceeding shall 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 shall be conclusive evidence of the fact and the amount of the liability. Notwithstanding anything in the foregoing to the contrary, Lender and Customer may bring a judicial proceeding in the Republic of Ireland, solely with respect to matters relating to the International Registry.

Governing Law; Binding Effect. This Agreement shall be construed and enforced in accordance with, and the rights of both parties shall be governed by, the internal laws of the State of New York (without regard to the conflict of laws principles of such state, except as to the effect of Title 14, Section 5-1401 of the New York General Obligations Law), including all matters of construction, validity, and performance. This Agreement shall be binding upon and inure to the benefit of Customer and Lender and their respective successors and assigns (but without limiting the provisions of Section 8.5); except that Customer may not assign or transfer its rights or obligations hereunder or under any other Loan Agreement, or any interest herein or therein; and any such purported or attempted assignment or transfer by Customer shall be null and void.

Customer's Capacity as Owner Trustee. TVPX Aircraft Solutions Inc. ("TVPX") is executing this Agreement, and the other Loan Documents solely in its capacity as Owner Trustee under the Trust Agreement and not in its individual capacity and in no case shall TVPX be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of the Customer hereunder, or under any Loan Document, all such liability, if any, being expressly waived by the parties hereto and any Person claiming by, through, or under such party. Under no circumstances shall TVPX be personally liable for the payment of any other amount stated to be due from the Customer hereunder, or under any Loan Document, or be personally liable for the breach or failure of any of Customer's representations, warranties, covenants, obligations, undertakings and agreements hereunder, or under any Loan Documents; provided, however, that the Customer (or any such successor owner trustee) shall be personally liable hereunder for its own gross negligence or willful misconduct or for its breach of its covenants, representations and warranties contained herein, or in any Loan Document, to the extent covenanted or made in its individual capacity.

Jury Waiver. CUSTOMER AND LENDER EACH HEREBY KNOWINGLY AND FREELY WAIVES THEIR RESPECTIVE RIGHTS TO A JURY TRIAL IN ANY ACTION, SUIT OR PROCEEDING RELATING TO, ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE NOTE OR ANY OF THE OTHER LOAN DOCUMENTS.

[Signatures On Next Page]

BANC OF AMERICA LEASING & CAPITAL, LLC, Lender

TVPX AIRCRAFT SOLUTIONS INC., a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated July \_\_\_, 2017, Customer

By:  
Name:  
Title:  
Notice Address:

By:  
Name:  
Title:  
Notice Address:

One Financial Plaza, 2nd Floor  
Providence, Rhode Island 02903  
Attention: Director of Aircraft Operations  
Telephone: 800-238-3737  
Facsimile: 401-278-7941

39 East Eagle Ridge Drive, Ste. 201  
North Salt Lake, UT 84054  
Telephone: (801) 924-367  
Facsimile: (801) 877-0478

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**LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)**

**THIS LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)** (together with all Addenda, Riders and Annexes hereto, this “**Agreement**”) is dated as of July 27, 2017 (the “**Closing Date**”), by and between **TVPX AIRCRAFT SOLUTIONS INC.**, a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated as of July 27, 2017 (“**Customer**”) and **BANC OF AMERICA LEASING & CAPITAL, LLC**, a Delaware limited liability company (“**Lender**”).

In consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

Capitalized and certain other terms used but not otherwise defined in this Agreement shall have the meanings ascribed to them in Annex A attached hereto and made a part hereof.

**Terms of Loan .**

Loan and Use of Proceeds . Subject to the terms and conditions of this Agreement, Lender agrees to make a loan to Customer in the principal amount set forth in Annex B attached hereto and made a part hereof (the “**Loan**”). Customer shall use the proceeds of the Loan to finance the costs of the acquisition of the Aircraft.

Repayment and Prepayment . The Customer’s obligation to repay the Loan shall be evidenced by one or more Promissory Notes dated on and/or after the Closing Date, payable by Customer to the order of Lender in the original principal amount of the Loan (as amended, modified, restated, extended and renewed from time to time, the “**Note**”). The Loan shall bear interest and be repaid by Customer at the times and in the manner set forth in the Note. The Loan may be prepaid only in the manner and subject to terms and conditions set forth in the Note and, if applicable, Section 4.7 hereof.

Conditions of Borrowing . Lender’s obligation to make the Loan shall be both subject to and conditioned upon the satisfaction of all of the conditions precedent specified in the Closing Terms Addendum attached to and made a part of this Agreement.

Representations and Warranties . In order to induce Lender to enter into this Agreement and to make the Loan herein provided for, Customer represents, warrants and covenants to Lender that:

(i) Customer (A) is duly qualified to do business in each jurisdiction in which the conduct of its business or the ownership or operation of its assets requires such qualification, including the jurisdiction of the Primary Hangar Location and wherever any of the Collateral may become located; (B) has the necessary authority and power to own and operate the Aircraft and its other assets and to transact the business in which it is engaged; (C) is a “citizen of the United States” within the meaning of the Transportation Code; and (D) has the form of business organization set forth in Annex B hereto and is and will remain duly organized, validly existing and in good standing under the laws of the state of its organization set forth in Annex B hereto, its federal tax identification number is as set forth in Annex B hereto, and its state-issued organizational identification number (if any), chief executive office and principal place of business address are all as set forth on Annex B hereto; and (ii) its name as shown in the preamble of this Agreement is its exact legal name as shown on its charter, by-laws, articles of organization or operating agreement, as applicable, each as amended as of the Closing Date;

(i) Customer’s execution and delivery of, and performance of its obligations under and with respect to, each of the Loan Documents (including its borrowing the amounts constituting the Loan, granting the Lender’s Lien against the Aircraft and other Collateral and participating in the other transactions contemplated herein and therein), (A) have been duly authorized by all necessary action on the part of Customer consistent with its form of organization, (B) do not contravene or constitute a default under any Applicable Law, any of Customer’s Organizational Documents, or any agreement, indenture, or other instrument to which Customer is a party or by which it may be bound, (C) do not require the approval of or notice to (1) any Governmental Authority, except for the filings and registrations specified in the Closing Terms Addendum, all of which shall have been duly effected prior to or concurrently with Lender making the Loan, or (2) any other party (including any trustees or holders of indebtedness), and (D) will not result in the creation or imposition of any Lien on any of the assets of Customer other than the Lender’s Lien created hereby and by the other Loan Documents with respect to the Collateral; (ii) each of the Transaction Documents referenced in the Closing Terms Addendum to which Customer is a party has been duly executed and delivered by an authorized representative of the Customer, and constitutes the legal, valid and

binding obligation of the Customer, enforceable against it in accordance with the respective terms of such Transaction Documents (including, without limitation, the grant of the Lender's Lien); and (iii) without limiting the foregoing, upon Lender's advancing the Loan on the Closing Date, (A) Customer will have satisfied or complied with all conditions precedent and requirements as set forth in the Loan Documents required to have been satisfied or complied with concurrently with or prior to such advance and (B) no Default or Event of Default shall be then existing;

there are no proceedings pending or, so far as the officers, managers, or members of Customer know, threatened against or affecting Customer or any of its property before any Governmental Authority that could impair Customer's title to the Aircraft or any of the other Collateral, or that, if decided adversely, could materially affect the financial condition or operations of Customer or its ability to perform its obligations under any of the Loan Documents;

(i) Customer has, and shall continue to have, good and marketable title to the Collateral, free and clear of Liens, except Permitted Liens; (ii) the Lender's Lien in the Airframe, the Engines and the other Collateral is and shall remain validly created and perfected, and has and shall continue to have first priority over any other Liens pursuant to all Applicable Laws; and (iii) all filings, recordings, registrations or other actions necessary or desirable in order to vest such title in Customer, and establish, perfect and give first priority to Lender's Lien and other rights and interests in, against or with respect to the Collateral, have been duly effected, and all Impositions in connection therewith have been duly paid;

without limiting any of the other representations and warranties in this Agreement, for the purposes of the Cape Town Convention and any other Applicable Law, (i) upon the conclusion of the sale of the Aircraft to Customer, and Customer's grants and assignments, and (if constituting a lease) any Permitted Third Party Agreement, contemplated in the Loan Documents or other Transaction Documents, Customer and (if a lessee) any Interested Third Party shall be situated in, and Customer will cause the Aircraft to be duly registered in, the United States of America (which is a contracting state), (ii) with respect to any of the Transaction Documents relating to the Airframe or Engine, each of the respective parties thereto has power to dispose of the Airframe and Engine, as contemplated therein by way of the relevant Transaction Document, and (iii) the Purchase Documents qualify as a "contract of sale", and (if constituting a lease) any Permitted Third Party Agreement and the Loan Documents are effective to constitute international interests in the Airframe and Engine and security assignments of the related associated rights and transfer of the related international interests, as contemplated therein, and each such Registerable Interest will be effective against third parties upon registration at the International Registry, without any further filings or registrations (except as contemplated in the Loan Documents);

(i) the Aircraft (A) has been delivered to Customer, is in Customer's possession and is, as of the Closing Date, unconditionally, irrevocably and fully accepted by Customer, (B) has been inspected by Customer to its complete satisfaction and, without limiting the foregoing, (1) has been found to be in good working order, repair and condition and fully equipped to operate for its intended purpose, and (2) is in conformity with the requirements of the Purchase Agreement and the Applicable Standards, (C) is, or will be at the time of the funding of the Loan, currently certified under existing FAA rules and regulations and any other Applicable Laws and is airworthy in all respects, and (D) is and will remain primarily hangared at the Primary Hangar Location; and (ii) without limiting the foregoing, (A) solely as between Lender and Customer (and without prejudicing Customer's rights against Vendor or any other third party, which rights are not being disclaimed hereby), Customer has no pending claims and has no knowledge of any facts upon which a future claim may be based, against any prior owner, the seller, manufacturer or supplier of the Aircraft or any of the other Collateral, for breach of warranty or otherwise, and (B) all of the information contained in Annex C, including the registration number of the Aircraft, and the serial numbers, manufacturer and model numbers of the Airframe, Engines, and APU, are true and accurate in all respects; and

(h) the Aircraft (i) is currently capable of being certified under existing FAA rules and regulations and completely airworthy in all respects, (ii) will undergo an inspection by a Designated Airworthiness Representative of the FAA ("DAR") on the Closing Date and (iii) an FAA Standard Airworthiness Certificate (AC Form 8100-2) shall be issued for the Aircraft no later than two (2) Business Days after the Closing Date.

**Covenants** . Customer covenants and agrees that from and after the Closing Date and so long as any of the Obligations are outstanding:

Notices; Financial Information; and Further Assurances . Customer will, at its sole expense:

promptly give written notice to Lender of (i) the occurrence of any Default or Event of Default; (ii) the occurrence of any Event of Loss or event of which Customer may be aware that could become an Event of Loss; (iii) the commencement or written threat of any material litigation or proceedings affecting Customer or any material litigation or proceedings affecting the Aircraft or any of the other Collateral, or the ability of Customer to comply with its obligations under the Loan Documents; and (iv) any material dispute between Customer or any Interested Third Party and any Governmental Authority or other party that involves the Aircraft or any of the other Collateral or that might materially interfere with the normal business operations of Customer;

cause Guarantor to comply with the financial reporting requirements set forth in the Guaranty and promptly furnish to Lender any such financial and other information regarding the Customer or Guarantor or any of its Affiliates as Lender may from time to time reasonably request; and

promptly execute and deliver to Lender such further instruments, UCC and FAA filings (including an IDERA) and other documents, make, cause to be made and/or consent to all registrations (including any discharges and subordinations, or as to the prospective or actual sale of, and any international interest in, the Engines) with the International Registry, and take such further action, as Lender may from time to time reasonably request in order to further carry out the intent and purpose of the Loan Documents and to establish, protect and enforce the rights, interests, remedies and Liens (including the first priority thereof) created, or intended to be created, in favor of Lender thereby.

General Obligations . (a) Customer agrees that it shall (i) duly observe and conform to all requirements of Applicable Law relating to the conduct of its business and/or the Aircraft, (ii) remain a "citizen of the United States" within the meaning of the Transportation Code, (iii) obtain and keep in full force and effect (A) all rights, franchises, licenses and permits that are necessary to the proper conduct of its business, and (B) all approvals by any Governmental Authority required with respect to the performance of its obligations under the Loan Documents and the operation of the Aircraft and its business, (iv) cause the Aircraft to remain primarily hangared at the Primary Hangar Location, and duly registered in Customer's name under the Transportation Code (including, by making all necessary reports, re-registering its ownership of the Aircraft, and taking all other actions required by Applicable Law), and (v) pay and perform all of its obligations and liabilities when due. (b) Customer agrees that (i) it shall not change its presently existing legal name or its form or state of organization on or after the date of this Agreement, without Lender's prior written consent, (ii) if its presently existing state organizational identification number changes, or if Customer currently has no such state organizational number but is subsequently issued such a number, on or at any time after the date of this Agreement, Customer shall immediately notify Lender thereof, and (iii) it shall not change the presently existing mailing, chief executive office and/or principal place of business address on or after the date of this Agreement without giving Lender thirty (30) days written notice of the same.

Taxes . (a) Customer will file or cause to be filed with all appropriate taxing authorities all Federal, state and local income tax returns that are required to be filed and all registrations, declarations, returns and other documentation with respect to any personal property taxes (or any other taxes in the nature of or imposed in lieu of property taxes) due or to become due with respect to the Aircraft or any of the other Collateral. (b) Customer will pay (or cause to be paid) (i) on or before the date when due all taxes as shown on said returns and all taxes assessed, billed or otherwise payable with respect to the Aircraft or the other Collateral directly to the appropriate taxing authorities; and (ii) when due all license and/or registration or filing fees, assessments, governmental charges and sales, use, property, excise, privilege, value added and other taxes (including any related interest or penalties) or other charges or fees now or hereafter imposed by any governmental body or agency upon Customer or the Aircraft or any of the other Collateral, with respect to the landing, airport use, manufacturing, ordering, shipment, purchase, ownership, delivery,

installation, leasing, chartering, operation, possession, use or disposition of the Aircraft or any of the other Collateral, or any interest therein (the items referred to in (i) and (ii) above being referred to herein collectively, as “**Impositions**”).

No Disposition of Collateral or Liens; Title and Security Interest.

Customer shall not sell, assign, enter into any Third Party Agreement, convey, mortgage, exchange or otherwise transfer or relinquish possession of (including by any seizure or other taking by any foreign or domestic governmental authority) or dispose of the Airframe or Engines, any Part, any related associated rights, international interests or prospective international interests, any proceeds or any of the other Collateral, or attempt or offer to do, or suffer or permit any of the foregoing. Customer shall be permitted, however, to deliver possession of the Airframe, the Engines, or any APU or Part to another Person for testing, service, repair, maintenance, overhaul, alteration or modification, and to enter into Permitted Third Party Agreements, in each case, if and to the extent consistent with the provisions of the Loan Documents. Customer will warrant and defend its good and marketable title to the Airframe, the Engines and the other Collateral, and the validity, perfection and first priority of Lender's Lien in the Collateral, against all other Liens, claims and demands whatsoever, except Permitted Liens; and without limiting the foregoing, Customer will (i) not create, assume or suffer to exist any Liens on or with respect to the Airframe, the Engines, or any of the other Collateral, or Customer's interest therein (other than Permitted Liens); and (ii) promptly take such action as directed by Lender to duly discharge any such unpermitted Liens.

So long as no Default or Event of Default is then existing, Customer may enter into and remain a party to Third Party Agreements, in each such case, subject to the satisfaction of, and compliance by Customer and each Interested Third Party with, all of the following throughout the term of such arrangement: (i) Each such Interested Third Party shall (A) be and remain solvent, and (unless an individual) organized under the laws of a state within the United States; and (B) if engaged by Customer with the prior written consent of Lender as a manager and/or charter operator (including the Manager pursuant to the Management Agreement), while so engaged, (1) have a recognized favorable reputation as a manager and/or charter operator, as the case may be, of aircraft similar to the Aircraft, (2) be providing management and/or charter operation services for other aircraft owners similar to the services contemplated therein, and (3) if and at all times while conducting any charter operations (x) have and maintain a valid Part 135 Certificate evidencing its authority to conduct such operations, (y) list the Aircraft on its operations specifications, and (z) comply with all Applicable Standards pertaining to such charter operations. (ii) Any operation of the Aircraft pursuant to any such Third Party Agreement shall be limited to (A) if by Customer, Parent Guarantor or any Affiliate of Parent Guarantor, any time sharing agreements (as defined in Section 91.501(c)(1)) complying with Part 91 of the FARs and all other Applicable Standards, (B) if by a manager and/or a charter operator with Lender's prior written consent, pursuant to and in full compliance with the requirements of Part 135 of the FARs and all other Applicable Standards, or (C) if such Third Party Agreement is a “dry lease” by Customer, as lessor, to Parent Guarantor or an Affiliate of Parent Guarantor or other Interested Third Party permitted pursuant hereto, as lessee, operation by such lessee complying with (1) Part 91 and any other applicable provision of the FARs, and all other Applicable Standards, and (2) the provisions hereof and of the other Loan Documents pertinent to the operation of the Aircraft (whether by Customer or any permitted Interested Third Party). (iii) The related Third Party Agreement shall (A) be and remain, subject and subordinate to Lender's Lien in and with respect to the Collateral, and Lender's rights and remedies under the Loan Documents (and such subordination shall be expressly acknowledged therein), (B) not convey any Lien on, or other property interest in or against the Airframe, the Engines or any of the other Collateral, except for a Permitted Lien (but, without giving effect to clause (a) of the definition of such term), (C) not permit any further sublease or disposition of or unpermitted Lien against the Aircraft or any of the other Collateral by any of the Interested Parties thereto or any other Person, or any change in registration or unpermitted change in hangaring of the Aircraft, (D) not contain provisions that are inconsistent with the provisions of any of the Loan Documents or cause Customer to breach any of its representations, warranties or agreements under any of the Loan Documents, (E) be in conformity with all requirements of the FARs and other Applicable Laws, and (F) otherwise conform to any Operating Consent required by Lender with respect thereto. (iv) (A) Customer shall have specified such Third Party Agreement on Annex B if existing on the Closing Date, or if not then existing shall require Lender's prior written consent and at least thirty (30) Business Days' prior written notice of its intention to enter into a Third Party Agreement and (B) no later than the effective date thereof Customer shall comply with, and at all times thereafter remain in compliance with, any related requirements by Lender, including (1) entering into, and causing any related Interested Third Parties to enter into, an Operating Consent, (2) causing Lender to be covered by the Required Coverages (which, for the purposes hereof, may include insurance coverages obtained and maintained by an Interested Third Party, conforming to the insurance requirements herein and in any of the other Loan Documents), and (3) entering into or delivering, or causing to be entered into and delivered, all such other documents, filings and assurances, making or causing to be made such filings and registrations, and taking or causing to be taken all such other actions, in each case as may be required by Lender and (4) paying or reimbursing Lender for any related costs or expenses. (v) Lender shall have the right, but not the obligation, to (A) require reasonable evidence that any Interested Third Party satisfies the requirements provided herein, and (B) review any such Third Party Agreement, as from time to time supplemented and amended, to determine its conformity with the provisions hereof, but without assuming any responsibility with respect thereto. (vi) Customer shall neither make, nor permit to be made, any filing or registration with respect to any Permitted Third Party Agreement, unless so directed by Lender pursuant to Section 5.2 or otherwise. Notwithstanding the foregoing limitations Parent Guarantor or any Affiliate shall be permitted to conduct the carriage of Parent Guarantor or any Affiliate and/or their respective guests pursuant to 14 CFR Section 91.501(b)(4), affiliated group operations pursuant to 14 CFR Section 91.501(b)(5) and/or (6), demonstration flights pursuant to 14 CFR Section 91.501(b)(3), time sharing or interchange operations pursuant to 14 CFR Section 91.501(b)(6), the carriage of customers pursuant to 14 CFR Section 91.501(b)(9) and/or the carriage of candidates in Federal elections conducted pursuant to 14 CFR Section 91.321.

With respect to any Third Party Agreements complying with all of the provisions of Section 4.4(b) (each a “**Permitted Third Party Agreement**”), although certain of the duties and obligations of Customer under the Loan Documents may be performed by one or more of the Interested Third Parties, (i) no such Permitted Third Party Agreement shall reduce any of Customer's obligations, or Lender's rights, under any of the Loan Documents, (ii) all of Customer's obligations under the Loan Documents shall be and remain primary and continue in full force and effect as the obligations of a principal and not of a guarantor or surety, and (iii) Lender is not waiving the right to require full and timely performance of any such obligations in strict accordance with the provisions hereof and of the other Loan Documents. By way of clarification and not limitation, with respect to any provisions of this Agreement or any of the other Loan Documents requiring Customer to take or refrain from taking an action relating to the Aircraft or any of the other Collateral, such provision may also be read to mean that Customer shall cause the same to be done in accordance therewith, if at that time the Aircraft or such other Collateral is in the possession or control of an Interested Third Party pursuant to a Permitted Third Party Agreement.

Use of Aircraft; Maintenance; Modifications; Security.

Customer will operate the Aircraft or shall cause the Aircraft to be operated under and in compliance with Part 91 and any other applicable provision of the FARs, and all other Applicable Standards. Unless otherwise expressly permitted hereunder, (i) Customer shall not operate or permit the Aircraft to be operated for air taxi operations or otherwise under Part 135 of the FARs; and (ii) Customer, an Affiliate or other Interested Third Party shall at all times have, and maintain, “operational control” of the Aircraft (as such term is then interpreted by the FAA or such other applicable Governmental Authority), and no other Person shall operate the Aircraft. The Aircraft at all times will be operated by duly qualified pilots having satisfied all requirements established and specified by the FAA, the TSA, any other applicable Governmental Authority and the Required Coverages.

the Aircraft may be flown temporarily to any country in the world, provided that the Aircraft (i) shall at all times be

based in the continental United States; and (ii) shall not be flown, operated, used or located in, to or over any such country or area (temporarily or otherwise) (A) that is excluded from the Required Coverages (or specifically not covered by such insurance), (B) with which the U.S. does not maintain favorable diplomatic relations (which is any country or jurisdiction not marked with an "\*" on the list maintained by the U.S. Department of State, at <http://www.state.gov/s/inr/rls/4250.htm> or any replacement or equivalent website maintained by the U.S. Department of State), provided that the prohibition in this clause (B) does not prohibit the operation of the Aircraft on an approved and assigned air traffic control route (if and so long as such use is otherwise in compliance with the provisions of the this Agreement and does not violate any insurance policies in effect with respect to the Aircraft), (C) to the extent that payment of any claim under the Required Coverages directly or indirectly arising or resulting from or connected with any such flight, operation, use or location would be prohibited under any trade or other economic sanction or embargo by the United States of America, or (D) in violation of any of the Loan Documents or any Applicable Standards. Customer shall adopt, implement and comply with all security measures required by any Applicable Law, or by any Required Coverages, or that are necessary or appropriate for the proper protection of the Aircraft (whether on the ground or in flight) against theft, vandalism, hijacking, destruction, bombing, terrorism or similar acts.

Customer agrees that, with respect to the Airframe, the Engines, each APU and each Part, Customer will at its own expense, (i) maintain, inspect, service, repair, overhaul and test the same in accordance with Applicable Standards; (ii) make any alterations or modifications that may at any time be required to comply with Applicable Standards, and to cause the Aircraft to remain airworthy; (iii) furnish all required parts, replacements, mechanisms, devices and servicing so that the condition and operating efficiency thereof will at all times be no less than its condition and operating efficiency as and when delivered to Customer, ordinary wear and tear from proper use alone excepted; (iv) promptly replace all Parts (A) which become worn out, lost, stolen, taken, destroyed, damaged beyond repair or permanently rendered or declared unfit for use for any reason whatsoever, or (B) if not previously replaced pursuant to clause (A), as and when required by any Applicable Standards, including any applicable life limits; and (v) maintain (in English) all Records in accordance with Applicable Standards; and (vi) enroll and maintain the Engines in an Engine Maintenance Program and the APU in an APU Maintenance Program or shall cause the foregoing to be done. All maintenance procedures shall be performed by properly trained, licensed, and certified maintenance sources and personnel utilizing replacement parts approved by the FAA and the manufacturer of (as applicable) the Airframe, the Engines, or any APU or Part. Without limiting the foregoing, Customer shall comply with all mandatory service bulletins and airworthiness directives by causing compliance to such bulletins and/or directives to be completed through corrective modification in lieu of operating manual restrictions.

Customer will not make, authorize or permit any improvement, change, addition or alteration to the Aircraft that will impair the originally intended function or use of the Aircraft, diminish the value of the Aircraft as it existed immediately prior thereto, or violate any Applicable Standard. All repairs, parts, replacements, mechanisms and devices added by Customer or on its behalf shall immediately, without further act, become part of the Aircraft and subject to the Lender's Lien granted under this Agreement.

#### Insurance.

Customer agrees to maintain or cause to be maintained at all times, at its sole cost and expense, with insurers of recognized reputation and responsibility satisfactory to Lender (but in no event having an A.M. Best or comparable agency rating of less than "A-"):

(A) comprehensive aircraft liability insurance against bodily injury or property damage claims including, without limitation, contractual liability, premises liability, death and property damage liability, public and passenger legal liability coverage, and sudden accident pollution coverage, in an amount not less than \$200,000,000.00 for 20 or more seats, or if the Aircraft will be chartered, or \$100,000,000.00 for 10 or more seats, or \$50,000,000.00 for fewer than 10 seats for each single occurrence, and (B) personal injury liability in an amount not less than \$25,000,000.00; but, in no event shall the amounts of coverage required by sub-clauses (A) and (B) be less than the coverage amounts as may then be required by Applicable Law;

"all-risk" ground, taxiing, and flight hull insurance on an agreed-value basis, covering the Aircraft, provided that such insurance shall at all times be in an amount not less than the greater of (1) the full replacement value of the Aircraft (as determined by Lender), or (2) the unpaid principal amount of the Note (each such amount re-determined as of each anniversary of the date hereof for the next succeeding year throughout the term of this Agreement); and

war risk and allied perils (including confiscation, appropriation, expropriation, terrorism and hijacking insurance) in the amounts required in paragraphs (i) and (ii), as applicable.

Any policies of insurance carried in accordance with this Section 4.6 and any policies taken out in substitution or replacement of any such policies shall (i) be endorsed to name Lender as an additional insured as its interests may appear (but without responsibility for premiums), (ii) provide, with respect to insurance carried in accordance with Section 4.6(a)(ii) or (a)(iii) above, that any amount payable thereunder shall be paid directly to Lender as sole loss payee and not to Lender and Customer jointly, (iii) provide for thirty (30) days' (seven (7) days' in the case of war, hijacking and allied perils) prior written notice by such insurer of cancellation, material change, or non-renewal, (iv) include a severability of interest clause providing that such policy shall operate in the same manner as if there were a separate policy covering each insured, (v) waive any right of set-off against Lender, and any rights of subrogation against Lender, (vi) provide that in respect of the interests of Lender in such policies, that the insurance shall not be invalidated by any action or inaction of Customer or any other Person operating or in possession of the Aircraft, regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by or binding upon Customer or any other Person operating or in possession of the Aircraft, and (vii) be primary, not subject to any co-insurance clause and shall be without right of contribution from any other insurance.

Customer shall not self-insure (by deductible, premium adjustment, or risk retention arrangement of any kind) with respect to any of the risks required to be insured pursuant to this Section 4.6. Customer agrees that it shall obtain and maintain such other insurance coverages, or cause adjustments to be made to the scope, amount or other aspects of the existing insurance coverages, promptly upon Lender's request, as and when Lender deems such additional insurance coverages or modifications to be appropriate in light of any changes in Applicable Law, prudent industry practices, the insurance market, Customer's anticipated use of the Aircraft or other pertinent circumstances. All of the coverages required herein shall be in full force and effect worldwide throughout any geographical areas to, in or over which the Aircraft is operated. All insurance proceeds payable under the requisite policies shall be payable in U.S. Dollars.

At least ten (10) days prior to the policy expiration date for any insurance coverage required by this Section 4.6, Customer shall furnish to Lender evidence (having the form and substance consistent with Section 1(f) of the Closing Terms Addendum) of the renewal or replacement of such coverage, complying with the terms hereof, for a twelve (12) month or greater period commencing from and after such expiration date.

#### Event of Loss; Loaner Engines.

Upon the occurrence of any Event of Loss with respect to the Aircraft and/or the Airframe, Customer shall notify Lender of any such Event of Loss within five (5) days of the date thereof. Customer shall pay the then Outstanding Balance promptly upon its receipt of insurance proceeds relating to such Event of Loss, but in no event later than ninety (90) days after the occurrence of such Event of Loss (irrespective as to whether any or all of such proceeds have been received). Upon Lender's receipt in good and indefeasible funds of all of the amounts required to be paid pursuant to the preceding sentence (whether by applying Customer's payment of such amounts, or any such insurance proceeds, or both) the

Aircraft shall be released from the Lender's Lien, and Lender shall remit to Customer any such insurance proceeds so received by Lender, to the extent then remaining.

Upon an Event of Loss with respect to an Engine or any APU (as applicable, a " **Lost Item** ") under circumstances in which there has not occurred an Event of Loss with respect to the Airframe, Customer shall, within one hundred twenty (120) days after the occurrence of such Event of Loss, replace such Lost Item, with a Permitted Replacement. Any engine or auxiliary power unit constituting a " **Permitted Replacement** " for a Lost Item shall (i) be of the same make and model number as the Lost Item, (ii) be free and clear of all Liens and (iii) have a value, utility and useful life at least equal to, and be in as good an operating condition as, the Lost Item, assuming such Lost Item was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss. Customer, at its own cost and expense, shall (i) furnish Lender with such documents to evidence such conveyance, (ii) cause the Permitted Replacement to be subject to the Lender's Lien under this Agreement, and (iii) take such other actions as may be required by Lender to cause the Lender's Lien therein to be validly created, perfected and have first priority, including as evidenced on the FAA Registry, the International Registry, and any other recording office. Each such Permitted Replacement shall, after such conveyance, be deemed an "Engine" or "APU" (as defined herein), as applicable, and shall be deemed part of the same Aircraft as was the Lost Item replaced thereby.

In the event an Engine is damaged and is being repaired, or is being inspected or overhauled, Customer, at its option, may temporarily substitute another engine during the period of such repair or overhaul, so long as such engine is of the same make and model as the Engine being repaired or overhauled, is free and clear of any Lien that might impair Lender's rights or interests in the Airframe and is maintained in accordance herewith (any such substitute engine being hereinafter referred to as a " **Loaner Engine** "). Customer shall (i) cause such Loaner Engine to be installed and removed, as applicable, by a maintenance facility certified by the FAA and manufacturer with respect to the Aircraft, and (ii) cause the repaired or overhauled original Engine to be reinstalled on the Airframe promptly upon completion of the repair or overhaul, but in no event later than the earlier of one hundred twenty (120) days after removal or the occurrence of an Event of Default.

So long as no Default has occurred and is continuing, and no Event of Default or Event of Loss with respect to the Aircraft has occurred, any loss or damage proceeds of the Required Coverages received by Lender shall be released promptly by Lender to Customer to reimburse Customer for paying the costs actually incurred with respect to repairs made to the Aircraft so as to restore it to the condition required by this Agreement, or for the purchase of a Permitted Replacement pursuant to Section 4.7(b), or shall be disbursed by Lender as otherwise required by this Agreement.

**Aircraft Registration.** On or before the Closing Date, and at all times thereafter, so long as any of the Obligations are outstanding, Customer shall remain solely responsible pursuant to the applicable provisions of this Agreement to cause (i) the Aircraft to be effectively and otherwise validly registered in Customer's name on the Registry, and (ii) the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft, in each case, accordance with the Registration Requirements; and without limiting the foregoing, or any other provision of this Agreement, Customer shall:

cause the Registration Certificate to be maintained within the Aircraft and cause the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft; including by (A) notifying Lender immediately of any event or circumstance with respect to which the Registration Requirements require further action by Customer, the Registry or any other Governmental Authority or other Person, (B) immediately upon receipt, placing the original, replacement or renewal Registration Certificate on the Aircraft prior to the expiration or other invalidation of any previously issued Registration Certificate (whether the certificate or any other document constituting the Registration Certificate as defined herein) under the Registration Requirements, and (C) complying with any and all of the other Registration Requirements relating to such Registration Certificate, and to the Registration Certificate replaced thereby (including any of the same relating to the destruction or return thereof, as the case may be); and

upon the occurrence, and at all times thereafter, of any Defective Registration (and without waiving Customer's responsibility to avoid such circumstance), or if the operation of the Aircraft is no longer authorized by the Registration Requirements, Customer shall (A) neither operate nor permit or suffer the operation of the Aircraft without a currently effective and otherwise valid Registration Certificate (and shall cause the pilots to be made aware of the Defective Registration), and otherwise comply with the FARs and other Applicable Laws relating to such Defective Registration, (B) ground and store the Aircraft in a manner reasonably acceptable to Lender, and (C) inform the insurer or insurers thereof, and obtain and maintain adjustments to the insurance coverages required pursuant Section 4.6 of this Agreement which may be necessary or desirable to Lender so as to reflect any changes in the insurable risks relating to any Defective Registration.

**Security Interest; Power of Attorney; Inspection .**

**Grant of Security Interest.** As collateral security for the prompt and complete payment and performance as and when due of all of the Obligations and in order to induce Lender to enter into this Agreement and make the Loan to Customer in accordance with the terms hereof, Customer hereby grants, pledges and assigns to Lender a first priority security interest, collateral assignment, international interest, prospective international interest, security assignment and prospective security assignment, in, against, under and with respect to (the " **Lender's Lien** ") all of Customer's right, title and interest in, to and under all of the following collateral, whether now existing or hereafter acquired (collectively, the " **Collateral** "): (i) the Aircraft, including the Airframe, the Engines, each of the APU and Parts, and the Records; (ii) any and all present and future Third Party Agreements; (iii) any and all other associated rights secured by or associated with the Airframe and/or the Engines, together with any related international interests and prospective international interests; (iv) any collateral described in the other Loan Documents (including in any Operating Consent); and (v) all proceeds of the foregoing. By way of clarification and not limitation, the foregoing grant of the Lender's Lien shall include, as applicable (and in each case, being validly registered and having first priority), an international interest in the Airframe and in each Engine. Notwithstanding the foregoing, (i) Customer shall not enter into any Third Party Agreements unless expressly permitted by Section 4.4 and (ii) Lender is not assuming, nor shall it be responsible for, any obligations, liabilities or duties of any kind whatsoever of Customer (and/or of any other Person) relating to the Collateral. Customer agrees that it shall perform and procure performance in accordance with any Third Party Agreement or other agreement or instrument giving rise to any associated rights that are or may become subjected to the Lender's Lien.

**UCCs, Registrations, Etc.: Lender as Attorney-in-Fact.** Customer hereby irrevocably:

authorizes Lender to prepare and file any UCC financing statements, amendments, continuations, terminations, assignments and other filings, or take such other actions for the purpose of perfecting, affording first and exclusive priority to or otherwise relating to Lender's Lien under this Agreement or the other Loan Documents;

consents to, and authorizes its professional user entity to consent to, the registration of each Registerable Interest requested by Lender or its Assignee, or otherwise required by the provisions of this Agreement or any of the other Loan Documents, including any subordination, amendment, assignment, discharge or undertaking permitted by the Cape Town Convention with respect thereto; and

constitutes and appoints Lender (including any Person acting on Lender's behalf), as its true and lawful attorney-in-fact with full power and authority in the place and stead of Customer and in the name of Customer or in its own name, for the purpose of carrying out the terms of this Agreement; which authority shall include the following undertakings that may be exercisable by Lender in its sole discretion at any time, and from time to time, if an Event of Default is then existing or upon the occurrence of an Event of Loss: (i) in Customer's name, file and/or record, such further instruments, filings and other documents, make, cause to be made and/or consent to all registrations with the International Registry, and take such further action, to establish and protect Lender's rights, interests and remedies created, or intended to be created, pursuant to the Loan Documents; (ii) endorse Customer's name on any checks, notes, drafts or any other payments or instruments, or set off, apply, or take such other

actions with respect to any funds relating to the Collateral that come into Lender's possession or control; and (iii) to settle, adjust, receive payment and make claim or proof of loss, and take such other actions relating to the Required Coverages. This appointment is coupled with an interest, is irrevocable and shall terminate only upon indefeasible payment and performance in full of all of the Obligations. The powers conferred on Lender hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Lender shall be accountable only for amounts that it actually receives in good and indefeasible funds as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to Customer for any act or failure to act. Without limiting the foregoing, Customer agrees that within five (5) Business Days of Lender's request, Customer will enter into an irrevocable power-of-attorney authorizing Aviation Counsel or Lender's other designee as Customer's professional user entity and administrator for the purpose of discharging any Registerable Interests as and when directed to do so by Lender in connection with its exercise of its rights and remedies under the Loan Documents.

**Inspection.** Lender or its authorized representatives shall have the right, but not the duty, to inspect the Aircraft, any part thereof and/or the Records, at its own cost any reasonable time and from time to time, wherever located, upon reasonable prior notice to Customer; except that after the occurrence of a Default or an Event of Default, such inspection may be conducted at any time without prior notice and at Customer's sole expense, and it shall pay Lender promptly upon demand any inspection costs incurred by Lender. So long as no Default or Event of Default exists, any such inspections shall be conducted during normal business hours and without interruption of the use and operation of the Aircraft as permitted hereby. Upon the request of Lender, Customer shall promptly confirm to Lender the location of the Aircraft or any of the other Collateral.

**Events of Default.** The term " **Event of Default** ", wherever used herein, shall mean:

Customer shall fail to pay any Obligation within ten (10) days after the same shall become due and payable (whether at the stated maturity, by acceleration, upon demand or otherwise); or

(i) any Customer Party shall default in the payment or performance of any indebtedness, liability or obligation to Lender or any Affiliate of Lender under any note, security agreement, lease, title retention or conditional sales agreement or any other instrument or agreement; or (ii) any Customer Party shall fail to pay any Indebtedness (other than the Obligations) exceeding \$5,000,000.00, and such failure shall continue beyond any applicable grace period (or, with respect to trade Indebtedness which is not subject to a grace period, within ninety (90) days of the date such trade Indebtedness is incurred); or

(i) any of the Required Coverages are not kept in full force and effect, or a breach or violation shall exist with respect to any provisions thereof; or the Aircraft is operated in a manner, at a time or in or over or located at a place with respect to which such Required Coverages shall not be in effect; (ii) Customer shall fail to cause the Airframe or the Engines to be used, operated, maintained or otherwise kept in a condition so as to be in compliance with all Applicable Laws; or (iii) any Customer Party shall fail to comply with (A) any financial covenants as and to the extent set forth or incorporated in any Guaranty or in any of the other Loan Documents, or (B) any provision of any of the Loan Documents restricting Liens and other dispositions relating to either the Collateral or any rights or obligations under any of the Transaction Documents (including Section 4.4 hereof), or (iv) the occurrence of any Defective Registration; or

(i) any representation or warranty made by any Customer Party in any of the Loan Documents or in any related agreement, document or certificate shall prove to have been incorrect, misleading, or inaccurate in any material respect when made or given (or, if a continuing representation or warranty, at any time); or (ii) any Customer Party shall fail to (A) perform or observe any other agreement (other than those specifically referred to in this Section 6) required to be performed or observed by it under this Agreement or in any of the other Loan Documents, and such failure shall continue uncured for thirty (30) days after the earlier of written notice thereof from Lender to such Customer Party or such Customer Party's actual knowledge thereof (but such notice and cure period will not be applicable unless such breach is curable by practical means within such notice period) or (B) notify Lender of any Default or Event of Default within ten (10) Business Days of its occurrence; or

(i) any Customer Party shall (A) generally fail to pay its, or his or her debts as they become due, admit its, or his or her inability to pay its, or his or her debts or obligations generally as they fall due, or shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws or other insolvency laws, or an answer admitting the material allegations of such a petition filed against such Customer Party in any such proceeding; or (B) by voluntary petition, answer or consent, seek relief under the provisions of any other bankruptcy or other insolvency or similar law providing for the reorganization or liquidation of corporations, or providing for an assignment for the benefit of creditors, or providing for an agreement, composition, extension or adjustment with its, or his or her creditors; or (ii) a petition against any Customer Party in a proceeding under applicable bankruptcy laws or other insolvency laws, as now or hereafter in effect, shall be filed and shall not be withdrawn or dismissed within one hundred twenty (120) days thereafter, or if, under the provisions of any law providing for reorganization or liquidation of business entities that may apply to any Customer Party, any court of competent jurisdiction shall assume jurisdiction, custody or control of such Customer Party or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of one hundred eighty (180) days after the filing date; or

the occurrence of any of the following events with respect to any Customer Party: (A) it enters into any transaction of merger, consolidation or reorganization; (B) it ceases to do business as a going concern, liquidates, or dissolves, or sells, transfers or otherwise disposes of all or substantially all of its assets or properties (in one or more transactions); (C) it becomes the subject of, or engages in, a leveraged buy out; (D) it changes the form of organization of its business; (E) if it is privately owned as of the Closing Date, there is any substantial change in the ownership or control of its capital stock or membership interests such that the holder(s) that own or control one hundred percent (100%) of such equity interests as of the Closing Date no longer do so; or (F) if it is publicly held as of the Closing Date, any change so that it is no longer subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or no longer registered under Section 12 of the Securities Act of 1933, as amended; or

(i) the conviction of or guilty plea by any Customer Party with respect to any criminal act constituting a felony, (ii) any repudiation by any Customer Party of its obligation for the payment or performance of the Obligations, (iii) any allegation by any Customer Party or judicial determination that any of the Loan Documents is unenforceable in any material respect or (iv) a Default (as defined in any Guaranty) shall occur; or any event or condition constituting a breach or other default under any Operating Consent.

## **Remedies .**

**Acceleration; Termination of Commitment.** If any Event of Default shall occur, Lender, in its sole discretion, may (a) declare the Obligations to be immediately due and payable, and upon such declaration the Obligations (including, the unpaid principal amount of the Note, together with all accrued but unpaid interest thereon, any prepayment fees and all other amounts due and payable under or with respect to the Loan Documents), shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the other Loan Documents to the contrary notwithstanding, (b) terminate any then outstanding commitment whether to Customer or any Affiliate to make the Loan or any advance thereof, or any other financial accommodations, whether related to the Loan or otherwise, and/or (c) pursue and enforce any of Lender's rights and remedies under this Section 7; provided, however, if an Event of Default specified in Section 6 (e) above shall occur, the Obligations shall become immediately due and payable, all such commitments shall terminate, and Lender shall have all such other rights and remedies contemplated in the preceding clauses (a), (b) and (c), automatically, and without any notice or other action by Lender.

**Additional Remedies.** If an Event of Default occurs, in addition to all other rights and remedies granted to it in this Agreement and in the

other Loan Documents, Lender may exercise all rights and remedies of a secured party under the UCC or as a creditor, chargee or security assignee under the Cape Town Convention (including any and all remedies thereunder requiring agreement by Customer), or otherwise available to Lender under any other Applicable Law. Without limiting the generality of the foregoing, Customer agrees that upon the occurrence of an Event of Default, Lender, without demand or notice of any kind (except as specified below) to or upon Customer or any other Person, in its sole discretion, may exercise any one or more of the following remedies:

(i) peacefully enter the premises where the Aircraft, the Engines, or any other Collateral is located, take immediate possession of, remove (or disable in place), or otherwise take control or custody of the Airframe, the Engines or any other Collateral (whether or not then attached to the Airframe) by self-help, summary proceedings or otherwise without liability, (ii) preserve the Airframe, the Engines or the other Collateral, and their respective value (but without any obligation to do so), and immobilize or keep idle the Airframe or Engines, and/or (iii) use Customer's premises for storage without liability; and Customer agrees, at Lender's request, to assemble the Collateral, and make it available to Lender at such places as Lender shall reasonably select, whether at Customer's premises or elsewhere;

(i) terminate the right of any Interested Third Party, and any other third party to use, possess or control the Airframe, the Engines or any of the other Collateral, including under any Permitted Third Party Agreement or other Third Party Agreement, without regard as to the existence of any event of default thereunder, (ii) recover from, and/or cause Customer and any such Interested Third Party, and any other third party, to relinquish possession and return the Airframe, the Engines and any other Collateral pursuant to this Section 7, and/or (iii) exercise any and all other remedies under any Operating Consents in Customer's stead, to the extent provided for under, or otherwise available to Customer in connection with any related Permitted Third Party Agreement or such other Third Party Agreement;

(i) manage, sell, lease, assign or otherwise dispose of the Airframe, the Engines or any other Collateral, in whole or in part, whether or not in Lender's possession, in one or more parcels or transactions, at public or private sale or sales, with or without notice to Customer (except as required by Applicable Law, and in furtherance thereof, Lender agrees that it shall give Customer no less than ten (10) working days' prior notice of any proposed sale or lease of the Airframe or Engines, which Customer acknowledges as constituting "reasonable prior notice" for the purposes of the Cape Town Convention) at such prices as Lender may deem best, and/or (ii) purchase the Collateral, in whole or in part, upon any public sale or sales, and to the extent permitted by Applicable Law upon any private sale or sales, free of any right or equity of redemption in Customer, which right or equity of redemption is hereby expressly released;

(i) collect, receive, appropriate and realize upon the Collateral, or any part thereof, including by applying any deposit or other cash collateral, or collecting or receiving, appropriating and realizing upon any income, profits or other proceeds arising from the management or use of the Airframe, the Engines or any of the other Collateral, and applying the same (after deducting all taxes, costs, expenses and other reductions of every kind incurred in connection therewith) to the payment in whole or in part of the Obligations, in such order and manner as Lender may elect; and (ii) after making such application, (A) remitting to Customer or to such other Person any excess then remaining, as and to the extent Lender is required by Applicable Law to make such remittance and (B) demanding, collecting and receiving from Customer any deficiency then remaining (and Customer agrees that it shall remain liable for, and pay upon demand, the full amount of any such deficiency);

(i) demand and obtain from any court speedy relief pending final determination available at law (including, possession, control, custody or immobilization of the Airframe and Engines, or preservation of the Airframe and the Engines and their respective value), (ii) procure the deregistration and/or export and physical transfer of the Airframe from the territory in which it is then situated (including pursuant to an IDERA, if any, executed by Customer), and/or (iii) otherwise proceed at law or in equity, to enforce specifically Customer's performance or to recover damages; and/or

exercise any and all other rights and remedies under or with respect to the Loan Documents or Applicable Law, including the Cape Town Convention and the UCC.

**No Waiver: Cumulative Remedies.** No right or remedy is exclusive. Customer hereby acknowledges that none of the provisions of this Section 7, including any remedies set forth or referenced herein, is "manifestly unreasonable" for the purposes of the Cape Town Convention. Each may be used successively and cumulatively and in addition to any other right or remedy referred to above or otherwise available to Lender at law or in equity, but in no event shall Lender be entitled to recover any amount in excess of the maximum amount recoverable under Applicable Law with respect to any Event of Default. No express or implied waiver by Lender of any Default or Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default. The failure or delay of Lender in exercising any rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies, and any single or partial exercise of any particular right by Lender shall not exhaust the same or constitute a waiver of any other right provided for or otherwise referred to herein. After the occurrence of any Default or Event of Default, the acceptance by Lender of any payment or performance of any of the Obligations, including the payment of any installment of principal and/or interest or of any other sum owing hereunder or under the other Loan Documents shall not constitute a waiver of such Default or Event of Default, regardless of Lender's knowledge or lack of knowledge thereof at the time of acceptance of any such payment or performance and shall not constitute a reinstatement of any of the Loan Documents, unless Lender shall have agreed in writing to reinstate the same and waive the Default or Event of Default. To the extent permitted by Applicable Law, Customer waives any rights now or hereafter conferred thereby, that (a) limit or modify any of Lender's rights or remedies under this Agreement or any of the other Loan Documents, including the provisions of Article 13(2) of the Convention, or (b) would otherwise entitle Customer to (i) receive notices or demands as a condition to Lender's exercise of any rights or remedies, except as expressly required above or (ii) make claims, damages and demands against Lender arising out of the repossession, retention, sale or other disposition of the Collateral.

#### **MISCELLANEOUS**

**Notices.** All communications and notices provided for herein shall be in writing and shall be deemed to have been duly given or made (i) upon hand delivery, or (ii) upon delivery by an overnight delivery service, or (iii) when sent by telecopy (with customary confirmation of receipt of such telecopy) on the Business Day when sent or upon the next Business Day if sent on other than a Business Day.

#### **Expenses and Fees; Indemnity; Performance of Customer's Obligations.**

Customer shall pay to Lender upon demand all reasonable fees, costs and expenses incurred by or on behalf of Lender at any time in connection with (i) the negotiation, preparation, execution, delivery and enforcement of the Loan Documents and the collection of the Obligations (both before and after the occurrence of a Default or Event of Default), (ii) the creation, preservation and protection of the Collateral and the perfection, first priority and enforcement of Lender's Lien, or (iii) Customer's exercise of any right granted under, or any amendment or other modification to any of, the Loan Documents. Such fees, costs and expenses shall include, without limitation, reasonable appraisal and inspection fees, the reasonable fees and expenses of Aviation Counsel and of Lender's counsel, consultants and brokers, UCC, FAA, International Registry and other applicable title, interest and lien searches, and reasonable costs and expenses relating to recovery, repossession, storage, insurance, transportation, repair, refurbishment, advertising, sale and other dispositions of the Aircraft or any of the other Collateral. Customer shall also pay all reasonable fees (including license, filing and registration fees), Impositions and other charges of whatever kind or nature that may be payable or determined to be payable in connection with (A) the execution, delivery, recording or performance of this Agreement or any of the other Loan Documents, or any modification thereof, and (B) the filings, registrations and other undertakings relating thereto. Notwithstanding the foregoing, as long as there are no more than two (2) revised drafts of any Loan Document provided by Customer or its counsel to Lender or Lender's counsel, Customer shall be responsible for not more than \$35,000.00 in the aggregate for the legal fees of outside counsel to Lender (including, Aviation

Counsel) and appraisal, inspection, processing, credit verification, lien searches, FAA and International Registry fees and other fees incurred in connection with the initial negotiation, preparation and execution of this Agreement and the other Loan Documents executed and delivered on or before the Closing Date (and the consummation of the closing contemplated to occur thereon); provided that in the event that the negotiation exceeds two (2) revised drafts of any Loan Document, then Customer shall pay for the actual amount of such out of pocket fees incurred by Lender relating to the drafting and negotiation in excess of such two (2) revised drafts. Lender shall apply the previously paid deposit amount of \$35,000.00 to such fees and shall refund to Customer the amount by which the deposit exceeds such fees.

Customer hereby further agrees, whether or not the transactions contemplated by this Agreement shall be consummated, to pay, indemnify, and hold Lender and its affiliates and all of the Lender's and such affiliates' respective directors, shareholders, members, officers, employees, agents, predecessors, attorneys-in-fact, lawyers, successors and assigns (Lender, its affiliates and all of such other parties and entities sometimes hereinafter collectively, the "**Indemnified Parties**") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, out of pocket costs, attorney's fees, expenses or disbursements of any kind or nature whatsoever ("**Claims**") arising with respect to or in connection with (i) the Airframe, the Engines, or any APUs or Parts, or any of the other Collateral, including (whether by or through Customer, Vendor, any Interested Third Party, or any other Person), the manufacture, inspection, ownership, lease, sublease, management, pooling, interchange, time sharing, chartering, possession, use, operation, maintenance, security, condition (whether prior to, upon or after delivery or acceptance of any of the same), repossession, storage, sale or other disposition of any of the same, or any accident in connection therewith, including Claims involving or alleging environmental damage, criminal acts, hijacking, acts of terrorism or similar acts, product liability or strict or absolute liability in tort, latent and other defects (whether or not discoverable) and for any other risk or matter, including any of the same that result in injuries, death, destruction, or other harm or loss to persons or property, or (ii) any of the Loan Documents, Third Party Agreements or other Transaction Documents, or the performance, breach (including any Default or Event of Default) or enforcement of any of the terms hereof or thereof, provided, that Customer shall have no obligation to indemnify an Indemnified Party with respect to Claims arising from the gross negligence or willful misconduct of such Indemnified Party (unless if imputed by Applicable Law). If any Claim is made against any Indemnified Party, the party receiving notice or otherwise becoming aware of such Claim shall promptly notify the other, but the failure of the party having knowledge of a Claim to so notify the other party shall not relieve Customer of any obligation hereunder.

If any Customer Party fails to perform or comply with any of its agreements contained herein or in the other Loan Documents, including, without limitation, its obligations to keep the Collateral free of Liens (other than the Permitted Liens), comply with Applicable Standards, or obtain the Required Coverages, Lender shall have the right, but shall not be obligated, to effect such performance or compliance, with such agreement. Any expenses of Lender incurred in connection with effecting such performance or compliance, together with interest thereon at the default rate of interest provided for in the Note from the date incurred until reimbursed, shall be payable by Customer to Lender promptly on demand and until such payment shall constitute part of the Obligations secured hereby. Any such action shall not be a cure or waiver of any Default or Event of Default hereunder.

Entire Agreement; Modifications. This Agreement and the other Loan Documents constitute the entire understanding and agreement of the parties hereto with respect to the matters contained herein and therein, and shall completely and fully supersede all other prior agreements (including any proposal letter, commitment letter, and/or term sheet), both written and oral, between Lender and Customer relating to the Obligations. Neither this Agreement, nor any terms hereof, may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of a change, waiver, discharge or termination is sought.

Construction of this Agreement and Related Matters. All representations and warranties made in this Agreement and in the other Loan Documents shall survive the execution and delivery of this Agreement and the making of the Loan hereunder. Customer's obligations contained in this Section 8 shall survive the payment and performance of the Obligations, the termination of this Agreement, and the release of the Collateral. This Agreement may be executed by the parties hereto on any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. The headings of the Sections hereof are for convenience only, are not part of this Agreement and shall not be deemed to affect the meaning or construction of any of the provisions hereof. Time is of the essence in the payment and performance of all of Customer's obligations under this Agreement. Any provision of this Agreement that may be determined to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective in such jurisdiction to the extent thereof without invalidating the remaining provisions of this Agreement, which shall remain in full force and effect.

Lender's Assignment. Lender, may at any time, with or without notice to Customer, freely grant a security interest in, sell, assign, participate or otherwise transfer (an "**Assignment**") all or any part of its interest in this Agreement and the other Loan Documents (including all associated rights associated with or secured thereby and the related international interests) or any amount due or to become due hereunder or thereunder, and Customer shall perform all of its obligations under the Loan Documents, to the extent so transferred, for the benefit of the beneficiary of such Assignment (such beneficiary, including any successors and assigns, an "**Assignee**"); provided, however, if such Assignee is not an Affiliate of Lender and if no Default or Event of Default exists, Lender will provide prior notice of any such Assignment to a third party. Customer hereby waives any right to assert, and agrees not to assert, against any Assignee any abatement, reduction, defense, setoff, recoupment, claim or counterclaim that Customer may have against Lender, provided that Lender remains fully responsible therefor. Upon the assumption by such Assignee of Lender's obligations hereunder, Lender shall be relieved of any such assumed obligations. Customer hereby consents to any such assignment, grant, sale or transfer, including, without limitation, for purposes of the Cape Town Convention. If so directed in writing, Customer shall pay all amounts due or to become due under the Loan Documents, including any of the same constituting associated rights or proceeds directly to the Assignee or any other party designated in writing by Lender or such Assignee. Customer acknowledges and agrees that Lender's right to enter into an Assignment is essential to Lender and, accordingly, waives any restrictions under Applicable Law with respect to an Assignment and any related remedies. Upon the request of Lender or any Assignee, Customer also agrees (a) to promptly execute and deliver, and cause to be executed and delivered by any Guarantor or any other Transaction Party, to Lender or to such Assignee an acknowledgment of assignment in form and substance satisfactory to the requesting party, an insurance certificate naming Assignee as additional insured and loss payee and otherwise evidencing the Required Coverages, an IDERA in favor of Assignee, and such other documents and assurances reasonably requested by Lender or Assignee, (b) to make, or cause to be made, all registrations (including all assignments and subordinations) and all amendments, extensions and discharges with the International Registry reasonably requested by Lender or Assignee (and give or obtain any necessary consent thereto, as well as renew any authorization required by the International Registry in connection therewith, including renewing its transacting user entity status and re-designating a professional user entity, if necessary in Lender's judgment), and (c) to comply with any and all other reasonable requirements of any such Assignee in connection with any such Assignment.

Jurisdiction. Customer and Lender each hereby irrevocably consents and agrees that any legal action, suit or proceeding arising out of or in any way in connection with this Agreement or any of the other Loan Documents may be instituted or brought in the courts of the State of New York or in the United States Courts for the Southern District of New York, as Customer or Lender may elect or in any other state or Federal court as Lender shall deem appropriate, and by execution and delivery of this Agreement, Customer and Lender each hereby irrevocably accepts and submits to, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of any such court, and to all proceedings in such courts. Customer and Lender each irrevocably consents to service of any summons and/or legal process by first class, certified United States air mail, postage prepaid, to Customer at the address set forth below its signature hereto, such method of service to constitute, in every respect, sufficient and effective service of process in any such legal action or proceeding. Nothing in this Agreement or in any of the other

Loan Documents shall affect the right to service of process in any other manner permitted by law or limit the right of Lender to bring actions, suits or proceedings in the courts of any other jurisdiction. Customer and Lender each further agrees that final judgment against it in any such legal action, suit or proceeding shall 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 shall be conclusive evidence of the fact and the amount of the liability. Notwithstanding anything in the foregoing to the contrary, Lender and Customer may bring a judicial proceeding in the Republic of Ireland, solely with respect to matters relating to the International Registry.

Governing Law; Binding Effect. This Agreement shall be construed and enforced in accordance with, and the rights of both parties shall be governed by, the internal laws of the State of New York (without regard to the conflict of laws principles of such state, except as to the effect of Title 14, Section 5-1401 of the New York General Obligations Law), including all matters of construction, validity, and performance. This Agreement shall be binding upon and inure to the benefit of Customer and Lender and their respective successors and assigns (but without limiting the provisions of Section 8.5); except that Customer may not assign or transfer its rights or obligations hereunder or under any other Loan Agreement, or any interest herein or therein; and any such purported or attempted assignment or transfer by Customer shall be null and void.

Customer's Capacity as Owner Trustee. TVPX Aircraft Solutions Inc. ("TVPX") is executing this Agreement, and the other Loan Documents solely in its capacity as Owner Trustee under the Trust Agreement and not in its individual capacity and in no case shall TVPX be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of the Customer hereunder, or under any Loan Document, all such liability, if any, being expressly waived by the parties hereto and any Person claiming by, through, or under such party. Under no circumstances shall TVPX be personally liable for the payment of any other amount stated to be due from the Customer hereunder, or under any Loan Document, or be personally liable for the breach or failure of any of Customer's representations, warranties, covenants, obligations, undertakings and agreements hereunder, or under any Loan Documents; provided, however, that the Customer (or any such successor owner trustee) shall be personally liable hereunder for its own gross negligence or willful misconduct or for its breach of its covenants, representations and warranties contained herein, or in any Loan Document, to the extent covenanted or made in its individual capacity.

Jury Waiver. CUSTOMER AND LENDER EACH HEREBY KNOWINGLY AND FREELY WAIVES THEIR RESPECTIVE RIGHTS TO A JURY TRIAL IN ANY ACTION, SUIT OR PROCEEDING RELATING TO, ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE NOTE OR ANY OF THE OTHER LOAN DOCUMENTS.

**[Signatures On Next Page]**

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Loan and Aircraft Security Agreement

IN WITNESS WHEREOF, the parties hereto have caused this Loan and Aircraft Security Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

BANC OF AMERICA LEASING & CAPITAL, LLC, Lender

TVPX AIRCRAFT SOLUTIONS INC., a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated July \_\_\_\_, 2017,  
Customer

By:  
Name:  
Title:  
Notice Address:

One Financial Plaza, 2nd Floor  
Providence, Rhode Island 02903  
Attention: Director of Aircraft Operations  
Telephone: 800-238-3737  
Facsimile: 401-278-7941

By:  
Name:  
Title:  
Notice Address:

39 East Eagle Ridge Drive, Ste. 201  
North Salt Lake, UT 84054  
Telephone: (801) 924-367  
Facsimile: (801) 877-0478

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Lender's Lien); and (iii) without limiting the foregoing, upon Lender's advancing the Loan on the Closing Date, (A) Customer will have satisfied or complied with all conditions precedent and requirements as set forth in the Loan Documents required to have been satisfied or complied with concurrently with or prior to such advance and (B) no Default or Event of Default shall be then existing;

(c) there are no proceedings pending or, so far as the officers, managers, or members of Customer know, threatened against or affecting Customer or any of its property before any Governmental Authority that could impair Customer's title to the Aircraft or any of the other Collateral, or that, if decided adversely, could materially affect the financial condition or operations of Customer or its ability to perform its obligations under any of the Loan Documents;

(d) (i) Customer has, and shall continue to have, good and marketable title to the Collateral, free and clear of Liens, except Permitted Liens; (ii) the Lender's Lien in the Airframe, the Engines and the other Collateral is and shall remain validly created and perfected, and has and shall continue to have first priority over any other Liens pursuant to all Applicable Laws; and (iii) all filings, recordings, registrations or other actions necessary or desirable in order to vest such title in Customer, and establish, perfect and give first priority to Lender's Lien and other rights and interests in, against or with respect to the Collateral, have been duly effected, and all Impositions in connection therewith have been duly paid;

(e) without limiting any of the other representations and warranties in this Agreement, for the purposes of the Cape Town Convention and any other Applicable Law, (i) upon the conclusion of the sale of the Aircraft to Customer, and Customer's grants and assignments, and (if constituting a lease) any Permitted Third Party Agreement, contemplated in the Loan Documents or other Transaction Documents, Customer and (if a lessee) any Interested Third Party shall be situated in, and Customer will cause the Aircraft to be duly registered in, the United States of America (which is a contracting state), (ii) with respect to any of the Transaction Documents relating to the Airframe or Engine, each of the respective parties thereto has power to dispose of the Airframe and Engine, as contemplated therein by way of the relevant Transaction Document, and (iii) the Purchase Documents qualify as a "contract of sale", and (if constituting a lease) any Permitted Third Party Agreement and the Loan Documents are effective to constitute international interests in the Airframe and Engine and security assignments of the related associated rights and transfer of the related international interests, as contemplated therein, and each such Registerable Interest will be effective against third parties upon registration at the International Registry, without any further filings or registrations (except as contemplated in the Loan Documents);

(f) (i) the Aircraft (A) has been delivered to Customer, is in Customer's possession and is, as of the Closing Date, unconditionally, irrevocably and fully accepted by Customer, (B) has been inspected by Customer to its complete satisfaction and, without limiting the foregoing, (1) has been found to be in good working order, repair and condition and fully equipped to operate for its intended purpose, and (2) is in conformity with the requirements of the Purchase Agreement and the Applicable Standards, (C) is, or will be at the time of the funding of the Loan, currently certified under existing FAA rules and regulations and any other Applicable Laws and is airworthy in all respects, and (D) is and will remain primarily hangared at the Primary Hangar Location; and (ii) without limiting the foregoing, (A) solely as between Lender and Customer (and without prejudicing Customer's rights against Vendor or any other third party, which rights are not being disclaimed hereby), Customer has no pending claims and has no knowledge of any facts upon which a future claim may be based, against any prior owner, the seller, manufacturer or supplier of the Aircraft or any of the other Collateral, for breach of warranty or otherwise, and (B) all of the information contained in Annex C, including the registration number of the Aircraft, and the serial numbers, manufacturer and model numbers of the Airframe, Engines, and APU, are true and accurate in all respects; and

(h) the Aircraft (i) is currently capable of being certified under existing FAA rules and regulations and completely airworthy in all respects, (ii) will undergo an inspection by a Designated Airworthiness Representative of the FAA (" **DAR** ") on the Closing Date and (iii) an FAA Standard Airworthiness Certificate (AC Form 8100-2) shall be issued for the Aircraft no later than two (2) Business Days after the Closing Date.

**SECTION 4. COVENANTS** . Customer covenants and agrees that from and after the Closing Date and so long as any of the Obligations are outstanding:

1. Notices; Financial Information; and Further Assurances . Customer will, at its sole expense:

(a) promptly give written notice to Lender of (i) the occurrence of any Default or Event of Default; (ii) the occurrence of any Event of Loss or event of which Customer may be aware that could become an Event of Loss; (iii) the commencement or written threat of any material litigation or proceedings affecting Customer or any material litigation or proceedings affecting the Aircraft or any of the other Collateral, or the ability of Customer to comply

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**LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)**

**THIS LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)** (together with all Addenda, Riders and Annexes hereto, this "**Agreement**") is dated as of July 27, 2017 (the "**Closing Date**"), by and between **TVPX AIRCRAFT SOLUTIONS INC.**, a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated as of July 27, 2017 ("**Customer**") and **BANC OF AMERICA LEASING & CAPITAL, LLC**, a Delaware limited liability company ("**Lender**").

In consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which

are hereby acknowledged, the parties hereto agree as follows:

Capitalized and certain other terms used but not otherwise defined in this Agreement shall have the meanings ascribed to them in Annex A attached hereto and made a part hereof.

#### **Terms of Loan .**

Loan and Use of Proceeds . Subject to the terms and conditions of this Agreement, Lender agrees to make a loan to Customer in the principal amount set forth in Annex B attached hereto and made a part hereof (the “**Loan**”). Customer shall use the proceeds of the Loan to finance the costs of the acquisition of the Aircraft.

Repayment and Prepayment . The Customer’s obligation to repay the Loan shall be evidenced by one or more Promissory Notes dated on and/or after the Closing Date, payable by Customer to the order of Lender in the original principal amount of the Loan (as amended, modified, restated, extended and renewed from time to time, the “**Note**”). The Loan shall bear interest and be repaid by Customer at the times and in the manner set forth in the Note. The Loan may be prepaid only in the manner and subject to terms and conditions set forth in the Note and, if applicable, Section 4.7 hereof.

Conditions of Borrowing . Lender’s obligation to make the Loan shall be both subject to and conditioned upon the satisfaction of all of the conditions precedent specified in the Closing Terms Addendum attached to and made a part of this Agreement.

Representations and Warranties . In order to induce Lender to enter into this Agreement and to make the Loan herein provided for, Customer represents, warrants and covenants to Lender that:

(i) Customer (A) is duly qualified to do business in each jurisdiction in which the conduct of its business or the ownership or operation of its assets requires such qualification, including the jurisdiction of the Primary Hangar Location and wherever any of the Collateral may become located; (B) has the necessary authority and power to own and operate the Aircraft and its other assets and to transact the business in which it is engaged; (C) is a “citizen of the United States” within the meaning of the Transportation Code; and (D) has the form of business organization set forth in Annex B hereto and is and will remain duly organized, validly existing and in good standing under the laws of the state of its organization set forth in Annex B hereto, its federal tax identification number is as set forth in Annex B hereto, and its state-issued organizational identification number (if any), chief executive office and principal place of business address are all as set forth on Annex B hereto; and (ii) its name as shown in the preamble of this Agreement is its exact legal name as shown on its charter, by-laws, articles of organization or operating agreement, as applicable, each as amended as of the Closing Date;

(i) Customer’s execution and delivery of, and performance of its obligations under and with respect to, each of the Loan Documents (including its borrowing the amounts constituting the Loan, granting the Lender’s Lien against the Aircraft and other Collateral and participating in the other transactions contemplated herein and therein), (A) have been duly authorized by all necessary action on the part of Customer consistent with its form of organization, (B) do not contravene or constitute a default under any Applicable Law, any of Customer’s Organizational Documents, or any agreement, indenture, or other instrument to which Customer is a party or by which it may be bound, (C) do not require the approval of or notice to (1) any Governmental Authority, except for the filings and registrations specified in the Closing Terms Addendum, all of which shall have been duly effected prior to or concurrently with Lender making the Loan, or (2) any other party (including any trustees or holders of indebtedness), and (D) will not result in the creation or imposition of any Lien on any of the assets of Customer other than the Lender’s Lien created hereby and by the other Loan Documents with respect to the Collateral; (ii) each of the Transaction Documents referenced in the Closing Terms Addendum to which Customer is a party has been duly executed and delivered by an authorized representative of the Customer, and constitutes the legal, valid and binding obligation of the Customer, enforceable against it in accordance with the respective terms of such Transaction Documents (including, without limitation, the grant of the Lender’s Lien); and (iii) without limiting the foregoing, upon Lender’s advancing the Loan on the Closing Date, (A) Customer will have satisfied or complied with all conditions precedent and requirements as set forth in the Loan Documents required to have been satisfied or complied with concurrently with or prior to such advance and (B) no Default or Event of Default shall be then existing;

there are no proceedings pending or, so far as the officers, managers, or members of Customer know, threatened against or affecting Customer or any of its property before any Governmental Authority that could impair Customer’s title to the Aircraft or any of the other Collateral, or that, if decided adversely, could materially affect the financial condition or operations of Customer or its ability to perform its obligations under any of the Loan Documents;

(i) Customer has, and shall continue to have, good and marketable title to the Collateral, free and clear of Liens, except Permitted Liens; (ii) the Lender’s Lien in the Airframe, the Engines and the other Collateral is and shall remain validly created and perfected, and has and shall continue to have first priority over any other Liens pursuant to all Applicable Laws; and (iii) all filings, recordings, registrations or other actions necessary or desirable in order to vest such title in Customer, and establish, perfect and give first priority to Lender’s Lien and other rights and interests in, against or with respect to the Collateral, have been duly effected, and all Impositions in connection therewith have been duly paid;

without limiting any of the other representations and warranties in this Agreement, for the purposes of the Cape Town Convention and any other Applicable Law, (i) upon the conclusion of the sale of the Aircraft to Customer, and Customer’s grants and assignments, and (if constituting a lease) any Permitted Third Party Agreement, contemplated in the Loan Documents or other Transaction Documents, Customer and (if a lessee) any Interested Third Party shall be situated in, and Customer will cause the Aircraft to be duly registered in, the United States of America (which is a contracting state), (ii) with respect to any of the Transaction Documents relating to the Airframe or Engine, each of the respective parties thereto has power to dispose of the Airframe and Engine, as contemplated therein by way of the relevant Transaction Document, and (iii) the Purchase Documents qualify as a “contract of sale”, and (if constituting a lease) any Permitted Third Party Agreement and the Loan Documents are effective to constitute international interests in the Airframe and Engine and security assignments of the related associated rights and transfer of the related international interests, as contemplated therein, and each such Registerable Interest will be effective against third parties upon registration at the International Registry, without any further filings or registrations (except as contemplated in the Loan Documents);

(i) the Aircraft (A) has been delivered to Customer, is in Customer’s possession and is, as of the Closing Date, unconditionally, irrevocably and fully accepted by Customer, (B) has been inspected by Customer to its complete satisfaction and, without limiting the foregoing, (1) has been found to be in good working order, repair and condition and fully equipped to operate for its intended purpose, and (2) is in conformity with the requirements of the Purchase Agreement and the Applicable Standards, (C) is, or will be at the time of the funding of the Loan, currently certified under existing FAA rules and regulations and any other Applicable Laws and is airworthy in all respects, and (D) is and will remain primarily hangered at the Primary Hangar Location; and (ii) without limiting the foregoing, (A) solely as between Lender and Customer (and without prejudicing Customer’s rights against Vendor or any other third party, which rights are not being disclaimed hereby), Customer has no pending claims and has no knowledge of any facts upon which a future claim may be based, against any prior owner, the seller, manufacturer or supplier of the Aircraft or any of the other Collateral, for breach of warranty or otherwise, and (B) all of the information contained in Annex C, including the registration number of the Aircraft, and the serial numbers, manufacturer and model numbers of the Airframe, Engines, and APU, are true and accurate in all respects; and

(h) the Aircraft (i) is currently capable of being certified under existing FAA rules and regulations and completely airworthy in all respects, (ii) will undergo an inspection by a Designated Airworthiness Representative of the FAA (“**DAR**”) on the Closing Date and (iii) an FAA Standard Airworthiness Certificate (AC Form 8100-2) shall be issued for the Aircraft no later than two (2) Business Days after the Closing Date.

**Covenants** . Customer covenants and agrees that from and after the Closing Date and so long as any of the Obligations are outstanding:

Notices; Financial Information; and Further Assurances . Customer will, at its sole expense:

promptly give written notice to Lender of (i) the occurrence of any Default or Event of Default; (ii) the occurrence of any Event of Loss or event of which Customer may be aware that could become an Event of Loss; (iii) the commencement or written threat of any material litigation or proceedings affecting Customer or any material litigation or proceedings affecting the Aircraft or any of the other Collateral, or the ability of Customer to comply with its obligations under the Loan Documents; and (iv) any material dispute between Customer or any Interested Third Party and any Governmental Authority or other party that involves the Aircraft or any of the other Collateral or that might materially interfere with the normal business operations of Customer;

cause Guarantor to comply with the financial reporting requirements set forth in the Guaranty and promptly furnish to Lender any such financial and other information regarding the Customer or Guarantor or any of its Affiliates as Lender may from time to time reasonably request; and

promptly execute and deliver to Lender such further instruments, UCC and FAA filings (including an IDERA) and other documents, make, cause to be made and/or consent to all registrations (including any discharges and subordinations, or as to the prospective or actual sale of, and any international interest in, the Engines) with the International Registry, and take such further action, as Lender may from time to time reasonably request in order to further carry out the intent and purpose of the Loan Documents and to establish, protect and enforce the rights, interests, remedies and Liens (including the first priority thereof) created, or intended to be created, in favor of Lender thereby.

General Obligations . (a) Customer agrees that it shall (i) duly observe and conform to all requirements of Applicable Law relating to the conduct of its business and/or the Aircraft, (ii) remain a "citizen of the United States" within the meaning of the Transportation Code, (iii) obtain and keep in full force and effect (A) all rights, franchises, licenses and permits that are necessary to the proper conduct of its business, and (B) all approvals by any Governmental Authority required with respect to the performance of its obligations under the Loan Documents and the operation of the Aircraft and its business, (iv) cause the Aircraft to remain primarily hangared at the Primary Hangar Location, and duly registered in Customer's name under the Transportation Code (including, by making all necessary reports, re-registering its ownership of the Aircraft, and taking all other actions required by Applicable Law), and (v) pay and perform all of its obligations and liabilities when due. (b) Customer agrees that (i) it shall not change its presently existing legal name or its form or state of organization on or after the date of this Agreement, without Lender's prior written consent, (ii) if its presently existing state organizational identification number changes, or if Customer currently has no such state organizational number but is subsequently issued such a number, on or at any time after the date of this Agreement, Customer shall immediately notify Lender thereof, and (iii) it shall not change the presently existing mailing, chief executive office and/or principal place of business address on or after the date of this Agreement without giving Lender thirty (30) days written notice of the same.

Taxes . (a) Customer will file or cause to be filed with all appropriate taxing authorities all Federal, state and local income tax returns that are required to be filed and all registrations, declarations, returns and other documentation with respect to any personal property taxes (or any other taxes in the nature of or imposed in lieu of property taxes) due or to become due with respect to the Aircraft or any of the other Collateral. (b) Customer will pay (or cause to be paid) (i) on or before the date when due all taxes as shown on said returns and all taxes assessed, billed or otherwise payable with respect to the Aircraft or the other Collateral directly to the appropriate taxing authorities; and (ii) when due all license and/or registration or filing fees, assessments, governmental charges and sales, use, property, excise, privilege, value added and other taxes (including any related interest or penalties) or other charges or fees now or hereafter imposed by any governmental body or agency upon Customer or the Aircraft or any of the other Collateral, with respect to the landing, airport use, manufacturing, ordering, shipment, purchase, ownership, delivery, installation, leasing, chartering, operation, possession, use or disposition of the Aircraft or any of the other Collateral, or any interest therein (the items referred to in (i) and (ii) above being referred to herein collectively, as "**Impositions** ").

No Disposition of Collateral or Liens; Title and Security Interest .

Customer shall not sell, assign, enter into any Third Party Agreement, convey, mortgage, exchange or otherwise transfer or relinquish possession of (including by any seizure or other taking by any foreign or domestic governmental authority) or dispose of the Airframe or Engines, any Part, any related associated rights, international interests or prospective international interests, any proceeds or any of the other Collateral, or attempt or offer to do, or suffer or permit any of the foregoing. Customer shall be permitted, however, to deliver possession of the Airframe, the Engines, or any APU or Part to another Person for testing, service, repair, maintenance, overhaul, alteration or modification, and to enter into Permitted Third Party Agreements, in each case, if and to the extent consistent with the provisions of the Loan Documents. Customer will warrant and defend its good and marketable title to the Airframe, the Engines and the other Collateral, and the validity, perfection and first priority of Lender's Lien in the Collateral, against all other Liens, claims and demands whatsoever, except Permitted Liens; and without limiting the foregoing, Customer will (i) not create, assume or suffer to exist any Liens on or with respect to the Airframe, the Engines, or any of the other Collateral, or Customer's interest therein (other than Permitted Liens); and (ii) promptly take such action as directed by Lender to duly discharge any such unpermitted Liens.

So long as no Default or Event of Default is then existing, Customer may enter into and remain a party to Third Party Agreements, in each such case, subject to the satisfaction of, and compliance by Customer and each Interested Third Party with, all of the following throughout the term of such arrangement: (i) Each such Interested Third Party shall (A) be and remain solvent, and (unless an individual) organized under the laws of a state within the United States; and (B) if engaged by Customer with the prior written consent of Lender as a manager and/or charter operator (including the Manager pursuant to the Management Agreement), while so engaged, (1) have a recognized favorable reputation as a manager and/or charter operator, as the case may be, of aircraft similar to the Aircraft, (2) be providing management and/or charter operation services for other aircraft owners similar to the services contemplated therein, and (3) if and at all times while conducting any charter operations (x) have and maintain a valid Part 135 Certificate evidencing its authority to conduct such operations, (y) list the Aircraft on its operations specifications, and (z) comply with all Applicable Standards pertaining to such charter operations. (ii) Any operation of the Aircraft pursuant to any such Third Party Agreement shall be limited to (A) if by Customer, Parent Guarantor or any Affiliate of Parent Guarantor, any time sharing agreements (as defined in Section 91.501(c)(1)) complying with Part 91 of the FARs and all other Applicable Standards, (B) if by a manager and/or a charter operator with Lender's prior written consent, pursuant to and in full compliance with the requirements of Part 135 of the FARs and all other Applicable Standards, or (C) if such Third Party Agreement is a "dry lease" by Customer, as lessor, to Parent Guarantor or an Affiliate of Parent Guarantor or other Interested Third Party permitted pursuant hereto, as lessee, operation by such lessee complying with (1) Part 91 and any other applicable provision of the FARs, and all other Applicable Standards, and (2) the provisions hereof and of the other Loan Documents pertinent to the operation of the Aircraft (whether by Customer or any permitted Interested Third Party). (iii) The related Third Party Agreement shall (A) be and remain, subject and subordinate to Lender's Lien in and with respect to the Collateral, and Lender's rights and remedies under the Loan Documents (and such subordination shall be expressly acknowledged therein), (B) not convey any Lien on, or other property interest in or against the Airframe, the Engines or any of the other Collateral, except for a Permitted Lien (but, without giving effect to clause (a) of the definition of such term), (C) not permit any further sublease or disposition of or unpermitted Lien against the Aircraft or any of the other Collateral by any of the Interested Parties thereto or any other Person, or any change in registration or unpermitted change in hangaring of the Aircraft, (D) not contain provisions that are inconsistent with the provisions of any of the Loan Documents or cause Customer to breach any of its representations, warranties or agreements under any of the Loan Documents, (E) be in conformity with all requirements of the FARs and other Applicable Laws, and (F) otherwise conform to any Operating Consent required by Lender with respect thereto. (iv) (A) Customer shall have specified such Third Party Agreement on Annex B if

existing on the Closing Date, or if not then existing shall require Lender's prior written consent and at least thirty (30) Business Days' prior written notice of its intention to enter into a Third Party Agreement and (B) no later than the effective date thereof Customer shall comply with, and at all times thereafter remain in compliance with, any related requirements by Lender, including (1) entering into, and causing any related Interested Third Parties to enter into, an Operating Consent, (2) causing Lender to be covered by the Required Coverages (which, for the purposes hereof, may include insurance coverages obtained and maintained by an Interested Third Party, conforming to the insurance requirements herein and in any of the other Loan Documents), and (3) entering into or delivering, or causing to be entered into and delivered, all such other documents, filings and assurances, making or causing to be made such filings and registrations, and taking or causing to be taken all such other actions, in each case as may be required by Lender and (4) paying or reimbursing Lender for any related costs or expenses. (v) Lender shall have the right, but not the obligation, to (A) require reasonable evidence that any Interested Third Party satisfies the requirements provided herein, and (B) review any such Third Party Agreement, as from time to time supplemented and amended, to determine its conformity with the provisions hereof, but without assuming any responsibility with respect thereto. (vi) Customer shall neither make, nor permit to be made, any filing or registration with respect to any Permitted Third Party Agreement, unless so directed by Lender pursuant to Section 5.2 or otherwise. Notwithstanding the foregoing limitations Parent Guarantor or any Affiliate shall be permitted to conduct the carriage of Parent Guarantor or any Affiliate and/or their respective guests pursuant to 14 CFR Section 91.501(b)(4), affiliated group operations pursuant to 14 CFR Section 91.501(b)(5) and/or (6), demonstration flights pursuant to 14 CFR Section 91.501(b)(3), time sharing or interchange operations pursuant to 14 CFR Section 91.501(b)(6), the carriage of customers pursuant to 14 CFR Section 91.501(b)(9) and/or the carriage of candidates in Federal elections conducted pursuant to 14 CFR Section 91.321.

With respect to any Third Party Agreements complying with all of the provisions of Section 4.4(b) (each a "**Permitted Third Party Agreement**"), although certain of the duties and obligations of Customer under the Loan Documents may be performed by one or more of the Interested Third Parties, (i) no such Permitted Third Party Agreement shall reduce any of Customer's obligations, or Lender's rights, under any of the Loan Documents, (ii) all of Customer's obligations under the Loan Documents shall be and remain primary and continue in full force and effect as the obligations of a principal and not of a guarantor or surety, and (iii) Lender is not waiving the right to require full and timely performance of any such obligations in strict accordance with the provisions hereof and of the other Loan Documents. By way of clarification and not limitation, with respect to any provisions of this Agreement or any of the other Loan Documents requiring Customer to take or refrain from taking an action relating to the Aircraft or any of the other Collateral, such provision may also be read to mean that Customer shall cause the same to be done in accordance therewith, if at that time the Aircraft or such other Collateral is in the possession or control of an Interested Third Party pursuant to a Permitted Third Party Agreement.

#### Use of Aircraft; Maintenance; Modifications; Security.

Customer will operate the Aircraft or shall cause the Aircraft to be operated under and in compliance with Part 91 and any other applicable provision of the FARs, and all other Applicable Standards. Unless otherwise expressly permitted hereunder, (i) Customer shall not operate or permit the Aircraft to be operated for air taxi operations or otherwise under Part 135 of the FARs; and (ii) Customer, an Affiliate or other Interested Third Party shall at all times have, and maintain, "operational control" of the Aircraft (as such term is then interpreted by the FAA or such other applicable Governmental Authority), and no other Person shall operate the Aircraft. The Aircraft at all times will be operated by duly qualified pilots having satisfied all requirements established and specified by the FAA, the TSA, any other applicable Governmental Authority and the Required Coverages.

the Aircraft may be flown temporarily to any country in the world, provided that the Aircraft (i) shall at all times be based in the continental United States; and (ii) shall not be flown, operated, used or located in, to or over any such country or area (temporarily or otherwise) (A) that is excluded from the Required Coverages (or specifically not covered by such insurance), (B) with which the U.S. does not maintain favorable diplomatic relations (which is any country or jurisdiction not marked with an "\*" on the list maintained by the U.S. Department of State, at <http://www.state.gov/s/inr/rls/4250.htm> or any replacement or equivalent website maintained by the U.S. Department of State), provided that the prohibition in this clause (B) does not prohibit the operation of the Aircraft on an approved and assigned air traffic control route (if and so long as such use is otherwise in compliance with the provisions of the this Agreement and does not violate any insurance policies in effect with respect to the Aircraft), (C) to the extent that payment of any claim under the Required Coverages directly or indirectly arising or resulting from or connected with any such flight, operation, use or location would be prohibited under any trade or other economic sanction or embargo by the United States of America, or (D) in violation of any of the Loan Documents or any Applicable Standards. Customer shall adopt, implement and comply with all security measures required by any Applicable Law, or by any Required Coverages, or that are necessary or appropriate for the proper protection of the Aircraft (whether on the ground or in flight) against theft, vandalism, hijacking, destruction, bombing, terrorism or similar acts.

Customer agrees that, with respect to the Airframe, the Engines, each APU and each Part, Customer will at its own expense, (i) maintain, inspect, service, repair, overhaul and test the same in accordance with Applicable Standards; (ii) make any alterations or modifications that may at any time be required to comply with Applicable Standards, and to cause the Aircraft to remain airworthy; (iii) furnish all required parts, replacements, mechanisms, devices and servicing so that the condition and operating efficiency thereof will at all times be no less than its condition and operating efficiency as and when delivered to Customer, ordinary wear and tear from proper use alone excepted; (iv) promptly replace all Parts (A) which become worn out, lost, stolen, taken, destroyed, damaged beyond repair or permanently rendered or declared unfit for use for any reason whatsoever, or (B) if not previously replaced pursuant to clause (A), as and when required by any Applicable Standards, including any applicable life limits; and (v) maintain (in English) all Records in accordance with Applicable Standards; and (vi) enroll and maintain the Engines in an Engine Maintenance Program and the APU in an APU Maintenance Program or shall cause the foregoing to be done. All maintenance procedures shall be performed by properly trained, licensed, and certified maintenance sources and personnel utilizing replacement parts approved by the FAA and the manufacturer of (as applicable) the Airframe, the Engines, or any APU or Part. Without limiting the foregoing, Customer shall comply with all mandatory service bulletins and airworthiness directives by causing compliance to such bulletins and/or directives to be completed through corrective modification in lieu of operating manual restrictions.

Customer will not make, authorize or permit any improvement, change, addition or alteration to the Aircraft that will impair the originally intended function or use of the Aircraft, diminish the value of the Aircraft as it existed immediately prior thereto, or violate any Applicable Standard. All repairs, parts, replacements, mechanisms and devices added by Customer or on its behalf shall immediately, without further act, become part of the Aircraft and subject to the Lender's Lien granted under this Agreement.

#### Insurance.

Customer agrees to maintain or cause to be maintained at all times, at its sole cost and expense, with insurers of recognized reputation and responsibility satisfactory to Lender (but in no event having an A.M. Best or comparable agency rating of less than "A-");

(A) comprehensive aircraft liability insurance against bodily injury or property damage claims including, without limitation, contractual liability, premises liability, death and property damage liability, public and passenger legal liability coverage, and sudden accident pollution coverage, in an amount not less than \$200,000,000.00 for 20 or more seats, or if the Aircraft will be chartered, or \$100,000,000.00 for 10 or

more seats, or \$50,000,000.00 for fewer than 10 seats for each single occurrence, and (B) personal injury liability in an amount not less than \$25,000,000.00; but, in no event shall the amounts of coverage required by sub-clauses (A) and (B) be less than the coverage amounts as may then be required by Applicable Law;

"all-risk" ground, taxiing, and flight hull insurance on an agreed-value basis, covering the Aircraft, provided that such insurance shall at all times be in an amount not less than the greater of (1) the full replacement value of the Aircraft (as determined by Lender), or (2) the unpaid principal amount of the Note (each such amount re-determined as of each anniversary of the date hereof for the next succeeding year throughout the term of this Agreement); and

war risk and allied perils (including confiscation, appropriation, expropriation, terrorism and hijacking insurance) in the amounts required in paragraphs (i) and (ii), as applicable.

Any policies of insurance carried in accordance with this Section 4.6 and any policies taken out in substitution or replacement of any such policies shall (i) be endorsed to name Lender as an additional insured as its interests may appear (but without responsibility for premiums), (ii) provide, with respect to insurance carried in accordance with Section 4.6(a)(ii) or (a)(iii) above, that any amount payable thereunder shall be paid directly to Lender as sole loss payee and not to Lender and Customer jointly, (iii) provide for thirty (30) days' (seven (7) days' in the case of war, hijacking and allied perils) prior written notice by such insurer of cancellation, material change, or non-renewal, (iv) include a severability of interest clause providing that such policy shall operate in the same manner as if there were a separate policy covering each insured, (v) waive any right of set-off against Lender, and any rights of subrogation against Lender, (vi) provide that in respect of the interests of Lender in such policies, that the insurance shall not be invalidated by any action or inaction of Customer or any other Person operating or in possession of the Aircraft, regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by or binding upon Customer or any other Person operating or in possession of the Aircraft, and (vii) be primary, not subject to any co-insurance clause and shall be without right of contribution from any other insurance.

Customer shall not self-insure (by deductible, premium adjustment, or risk retention arrangement of any kind) with respect to any of the risks required to be insured pursuant to this Section 4.6. Customer agrees that it shall obtain and maintain such other insurance coverages, or cause adjustments to be made to the scope, amount or other aspects of the existing insurance coverages, promptly upon Lender's request, as and when Lender deems such additional insurance coverages or modifications to be appropriate in light of any changes in Applicable Law, prudent industry practices, the insurance market, Customer's anticipated use of the Aircraft or other pertinent circumstances. All of the coverages required herein shall be in full force and effect worldwide throughout any geographical areas to, in or over which the Aircraft is operated. All insurance proceeds payable under the requisite policies shall be payable in U.S. Dollars.

At least ten (10) days prior to the policy expiration date for any insurance coverage required by this Section 4.6, Customer shall furnish to Lender evidence (having the form and substance consistent with Section 1(f) of the Closing Terms Addendum) of the renewal or replacement of such coverage, complying with the terms hereof, for a twelve (12) month or greater period commencing from and after such expiration date.

#### Event of Loss: Loaner Engines.

Upon the occurrence of any Event of Loss with respect to the Aircraft and/or the Airframe, Customer shall notify Lender of any such Event of Loss within five (5) days of the date thereof. Customer shall pay the then Outstanding Balance promptly upon its receipt of insurance proceeds relating to such Event of Loss, but in no event later than ninety (90) days after the occurrence of such Event of Loss (irrespective as to whether any or all of such proceeds have been received). Upon Lender's receipt in good and indefeasible funds of all of the amounts required to be paid pursuant to the preceding sentence (whether by applying Customer's payment of such amounts, or any such insurance proceeds, or both) the Aircraft shall be released from the Lender's Lien, and Lender shall remit to Customer any such insurance proceeds so received by Lender, to the extent then remaining.

Upon an Event of Loss with respect to an Engine or any APU (as applicable, a " **Lost Item** ") under circumstances in which there has not occurred an Event of Loss with respect to the Airframe, Customer shall, within one hundred twenty (120) days after the occurrence of such Event of Loss, replace such Lost Item, with a Permitted Replacement. Any engine or auxiliary power unit constituting a " **Permitted Replacement** " for a Lost Item shall (i) be of the same make and model number as the Lost Item, (ii) be free and clear of all Liens and (iii) have a value, utility and useful life at least equal to, and be in as good an operating condition as, the Lost Item, assuming such Lost Item was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss. Customer, at its own cost and expense, shall (i) furnish Lender with such documents to evidence such conveyance, (ii) cause the Permitted Replacement to be subject to the Lender's Lien under this Agreement, and (iii) take such other actions as may be required by Lender to cause the Lender's Lien therein to be validly created, perfected and have first priority, including as evidenced on the FAA Registry, the International Registry, and any other recording office. Each such Permitted Replacement shall, after such conveyance, be deemed an "Engine" or "APU" (as defined herein), as applicable, and shall be deemed part of the same Aircraft as was the Lost Item replaced thereby.

In the event an Engine is damaged and is being repaired, or is being inspected or overhauled, Customer, at its option, may temporarily substitute another engine during the period of such repair or overhaul, so long as such engine is of the same make and model as the Engine being repaired or overhauled, is free and clear of any Lien that might impair Lender's rights or interests in the Airframe and is maintained in accordance herewith (any such substitute engine being hereinafter referred to as a " **Loaner Engine** "). Customer shall (i) cause such Loaner Engine to be installed and removed, as applicable, by a maintenance facility certified by the FAA and manufacturer with respect to the Aircraft, and (ii) cause the repaired or overhauled original Engine to be reinstalled on the Airframe promptly upon completion of the repair or overhaul, but in no event later than the earlier of one hundred twenty (120) days after removal or the occurrence of an Event of Default.

So long as no Default has occurred and is continuing, and no Event of Default or Event of Loss with respect to the Aircraft has occurred, any loss or damage proceeds of the Required Coverages received by Lender shall be released promptly by Lender to Customer to reimburse Customer for paying the costs actually incurred with respect to repairs made to the Aircraft so as to restore it to the condition required by this Agreement, or for the purchase of a Permitted Replacement pursuant to Section 4.7(b), or shall be disbursed by Lender as otherwise required by this Agreement.

Aircraft Registration. On or before the Closing Date, and at all times thereafter, so long as any of the Obligations are outstanding, Customer shall remain solely responsible pursuant to the applicable provisions of this Agreement to cause (i) the Aircraft to be effectively and otherwise validly registered in Customer's name on the Registry, and (ii) the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft, in each case, accordance with the Registration Requirements; and without limiting the foregoing, or any other provision of this Agreement, Customer shall:

cause the Registration Certificate to be maintained within the Aircraft and cause the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft; including by (A) notifying Lender immediately of any event or circumstance with respect to which the Registration Requirements require further action by Customer, the Registry or any other Governmental Authority or other Person, (B) immediately upon receipt, placing the original, replacement or renewal Registration Certificate on the Aircraft prior to the expiration or other invalidation of any previously issued Registration Certificate (whether the certificate or any other document constituting the Registration Certificate as defined herein) under the Registration Requirements, and (C) complying with any and all of the other Registration Requirements relating to such Registration Certificate, and to the Registration Certificate replaced thereby (including any of the same relating to the

destruction or return thereof, as the case may be); and

upon the occurrence, and at all times thereafter, of any Defective Registration (and without waiving Customer's responsibility to avoid such circumstance), or if the operation of the Aircraft is no longer authorized by the Registration Requirements, Customer shall (A) neither operate nor permit or suffer the operation of the Aircraft without a currently effective and otherwise valid Registration Certificate (and shall cause the pilots to be made aware of the Defective Registration), and otherwise comply with the FARs and other Applicable Laws relating to such Defective Registration, (B) ground and store the Aircraft in a manner reasonably acceptable to Lender, and (C) inform the insurer or insurers thereof, and obtain and maintain adjustments to the insurance coverages required pursuant Section 4.6 of this Agreement which may be necessary or desirable to Lender so as to reflect any changes in the insurable risks relating to any Defective Registration.

**Security Interest; Power of Attorney; Inspection .**

Grant of Security Interest . As collateral security for the prompt and complete payment and performance as and when due of all of the Obligations and in order to induce Lender to enter into this Agreement and make the Loan to Customer in accordance with the terms hereof, Customer hereby grants, pledges and assigns to Lender a first priority security interest, collateral assignment, international interest, prospective international interest, security assignment and prospective security assignment, in, against, under and with respect to (the " **Lender's Lien** ") all of Customer's right, title and interest in, to and under all of the following collateral, whether now existing or hereafter acquired (collectively, the " **Collateral** "): (i) the Aircraft, including the Airframe, the Engines, each of the APU and Parts, and the Records; (ii) any and all present and future Third Party Agreements; (iii) any and all other associated rights secured by or associated with the Airframe and/or the Engines, together with any related international interests and prospective international interests; (iv) any collateral described in the other Loan Documents (including in any Operating Consent); and (v) all proceeds of the foregoing. By way of clarification and not limitation, the foregoing grant of the Lender's Lien shall include, as applicable (and in each case, being validly registered and having first priority), an international interest in the Airframe and in each Engine. Notwithstanding the foregoing, (i) Customer shall not enter into any Third Party Agreements unless expressly permitted by Section 4.4 and (ii) Lender is not assuming, nor shall it be responsible for, any obligations, liabilities or duties of any kind whatsoever of Customer (and/or of any other Person) relating to the Collateral. Customer agrees that it shall perform and procure performance in accordance with any Third Party Agreement or other agreement or instrument giving rise to any associated rights that are or may become subjected to the Lender's Lien.

UCCs, Registrations, Etc.; Lender as Attorney-in-Fact . Customer hereby irrevocably:

authorizes Lender to prepare and file any UCC financing statements, amendments, continuations, terminations, assignments and other filings, or take such other actions for the purpose of perfecting, affording first and exclusive priority to or otherwise relating to Lender's Lien under this Agreement or the other Loan Documents;

consents to, and authorizes its professional user entity to consent to, the registration of each Registerable Interest requested by Lender or its Assignee, or otherwise required by the provisions of this Agreement or any of the other Loan Documents, including any subordination, amendment, assignment, discharge or undertaking permitted by the Cape Town Convention with respect thereto; and

constitutes and appoints Lender (including any Person acting on Lender's behalf), as its true and lawful attorney-in-fact with full power and authority in the place and stead of Customer and in the name of Customer or in its own name, for the purpose of carrying out the terms of this Agreement; which authority shall include the following undertakings that may be exercisable by Lender in its sole discretion at any time, and from time to time, if an Event of Default is then existing or upon the occurrence of an Event of Loss: (i) in Customer's name, file and/or record, such further instruments, filings and other documents, make, cause to be made and/or consent to all registrations with the International Registry, and take such further action, to establish and protect Lender's rights, interests and remedies created, or intended to be created, pursuant to the Loan Documents; (ii) endorse Customer's name on any checks, notes, drafts or any other payments or instruments, or set off, apply, or take such other actions with respect to any funds relating to the Collateral that come into Lender's possession or control; and (iii) to settle, adjust, receive payment and make claim or proof of loss, and take such other actions relating to the Required Coverages. This appointment is coupled with an interest, is irrevocable and shall terminate only upon indefeasible payment and performance in full of all of the Obligations. The powers conferred on Lender hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Lender shall be accountable only for amounts that it actually receives in good and indefeasible funds as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to Customer for any act or failure to act. Without limiting the foregoing, Customer agrees that within five (5) Business Days of Lender's request, Customer will enter into an irrevocable power-of-attorney authorizing Aviation Counsel or Lender's other designee as Customer's professional user entity and administrator for the purpose of discharging any Registerable Interests as and when directed to do so by Lender in connection with its exercise of its rights and remedies under the Loan Documents.

Inspection . Lender or its authorized representatives shall have the right, but not the duty, to inspect the Aircraft, any part thereof and/or the Records, at its own cost any reasonable time and from time to time, wherever located, upon reasonable prior notice to Customer; except that after the occurrence of a Default or an Event of Default, such inspection may be conducted at any time without prior notice and at Customer's sole expense, and it shall pay Lender promptly upon demand any inspection costs incurred by Lender. So long as no Default or Event of Default exists, any such inspections shall be conducted during normal business hours and without interruption of the use and operation of the Aircraft as permitted hereby. Upon the request of Lender, Customer shall promptly confirm to Lender the location of the Aircraft or any of the other Collateral.

**Events of Default** . The term " **Event of Default** ", wherever used herein, shall mean:

Customer shall fail to pay any Obligation within ten (10) days after the same shall become due and payable (whether at the stated maturity, by acceleration, upon demand or otherwise); or

(i) any Customer Party shall default in the payment or performance of any indebtedness, liability or obligation to Lender or any Affiliate of Lender under any note, security agreement, lease, title retention or conditional sales agreement or any other instrument or agreement; or (ii) any Customer Party shall fail to pay any Indebtedness (other than the Obligations) exceeding \$5,000,000.00, and such failure shall continue beyond any applicable grace period (or, with respect to trade Indebtedness which is not subject to a grace period, within ninety (90) days of the date such trade Indebtedness is incurred); or

(i) any of the Required Coverages are not kept in full force and effect, or a breach or violation shall exist with respect to any provisions thereof; or the Aircraft is operated in a manner, at a time or in or over or located at a place with respect to which such Required Coverages shall not be in effect; (ii) Customer shall fail to cause the Airframe or the Engines to be used, operated, maintained or otherwise kept in a condition so as to be in compliance with all Applicable Laws; or (iii) any Customer Party shall fail to comply with (A) any financial covenants as and to the extent set forth or incorporated in any Guaranty or in any of the other Loan Documents, or (B) any provision of any of the Loan Documents restricting Liens and other dispositions relating to either the Collateral or any rights or obligations under any of the Transaction Documents (including Section 4.4 hereof), or (iv) the occurrence of any Defective Registration; or

(i) any representation or warranty made by any Customer Party in any of the Loan Documents or in any related agreement, document or certificate shall prove to have been incorrect, misleading, or inaccurate in any material respect when made or given (or, if a continuing representation or warranty, at any time); or (ii) any Customer Party shall fail to (A) perform or observe any other agreement (other than those specifically referred to in this Section 6) required to be performed or observed by it under this Agreement or in any of the other Loan Documents, and such failure shall continue uncured for thirty (30) days after the earlier of written notice thereof from Lender to such Customer Party or such

Customer Party's actual knowledge thereof (but such notice and cure period will not be applicable unless such breach is curable by practical means within such notice period) or (B) notify Lender of any Default or Event of Default within ten (10) Business Days of its occurrence; or

(i) any Customer Party shall (A) generally fail to pay its, or his or her debts as they become due, admit its, or his or her inability to pay its, or his or her debts or obligations generally as they fall due, or shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws or other insolvency laws, or an answer admitting the material allegations of such a petition filed against such Customer Party in any such proceeding; or (B) by voluntary petition, answer or consent, seek relief under the provisions of any other bankruptcy or other insolvency or similar law providing for the reorganization or liquidation of corporations, or providing for an assignment for the benefit of creditors, or providing for an agreement, composition, extension or adjustment with its, or his or her creditors; or (ii) a petition against any Customer Party in a proceeding under applicable bankruptcy laws or other insolvency laws, as now or hereafter in effect, shall be filed and shall not be withdrawn or dismissed within one hundred twenty (120) days thereafter, or if, under the provisions of any law providing for reorganization or liquidation of business entities that may apply to any Customer Party, any court of competent jurisdiction shall assume jurisdiction, custody or control of such Customer Party or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of one hundred eighty (180) days after the filing date; or

the occurrence of any of the following events with respect to any Customer Party: (A) it enters into any transaction of merger, consolidation or reorganization; (B) it ceases to do business as a going concern, liquidates, or dissolves, or sells, transfers or otherwise disposes of all or substantially all of its assets or properties (in one or more transactions); (C) it becomes the subject of, or engages in, a leveraged buy out; (D) it changes the form of organization of its business; (E) if it is privately owned as of the Closing Date, there is any substantial change in the ownership or control of its capital stock or membership interests such that the holder(s) that own or control one hundred percent (100%) of such equity interests as of the Closing Date no longer do so; or (F) if it is publicly held as of the Closing Date, any change so that it is no longer subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or no longer registered under Section 12 of the Securities Act of 1933, as amended; or

(i) the conviction of or guilty plea by any Customer Party with respect to any criminal act constituting a felony, (ii) any repudiation by any Customer Party of its obligation for the payment or performance of the Obligations, (iii) any allegation by any Customer Party or judicial determination that any of the Loan Documents is unenforceable in any material respect or (iv) a Default (as defined in any Guaranty) shall occur; or any event or condition constituting a breach or other default under any Operating Consent.

#### **Remedies .**

Acceleration; Termination of Commitment . If any Event of Default shall occur, Lender, in its sole discretion, may (a) declare the Obligations to be immediately due and payable, and upon such declaration the Obligations (including, the unpaid principal amount of the Note, together with all accrued but unpaid interest thereon, any prepayment fees and all other amounts due and payable under or with respect to the Loan Documents), shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the other Loan Documents to the contrary notwithstanding, (b) terminate any then outstanding commitment whether to Customer or any Affiliate to make the Loan or any advance thereof, or any other financial accommodations, whether related to the Loan or otherwise, and/or (c) pursue and enforce any of Lender's rights and remedies under this Section 7; provided, however, if an Event of Default specified in Section 6 (e) above shall occur, the Obligations shall become immediately due and payable, all such commitments shall terminate, and Lender shall have all such other rights and remedies contemplated in the preceding clauses (a), (b) and (c), automatically, and without any notice or other action by Lender.

Additional Remedies . If an Event of Default occurs, in addition to all other rights and remedies granted to it in this Agreement and in the other Loan Documents, Lender may exercise all rights and remedies of a secured party under the UCC or as a creditor, chargee or security assignee under the Cape Town Convention (including any and all remedies thereunder requiring agreement by Customer), or otherwise available to Lender under any other Applicable Law. Without limiting the generality of the foregoing, Customer agrees that upon the occurrence of an Event of Default, Lender, without demand or notice of any kind (except as specified below) to or upon Customer or any other Person, in its sole discretion, may exercise any one or more of the following remedies:

(i) peacefully enter the premises where the Aircraft, the Engines, or any other Collateral is located, take immediate possession of, remove (or disable in place), or otherwise take control or custody of the Airframe, the Engines or any other Collateral (whether or not then attached to the Airframe) by self-help, summary proceedings or otherwise without liability, (ii) preserve the Airframe, the Engines or the other Collateral, and their respective value (but without any obligation to do so), and immobilize or keep idle the Airframe or Engines, and/or (iii) use Customer's premises for storage without liability; and Customer agrees, at Lender's request, to assemble the Collateral, and make it available to Lender at such places as Lender shall reasonably select, whether at Customer's premises or elsewhere;

(i) terminate the right of any Interested Third Party, and any other third party to use, possess or control the Airframe, the Engines or any of the other Collateral, including under any Permitted Third Party Agreement or other Third Party Agreement, without regard as to the existence of any event of default thereunder, (ii) recover from, and/or cause Customer and any such Interested Third Party, and any other third party, to relinquish possession and return the Airframe, the Engines and any other Collateral pursuant to this Section 7, and/or (iii) exercise any and all other remedies under any Operating Consents in Customer's stead, to the extent provided for under, or otherwise available to Customer in connection with any related Permitted Third Party Agreement or such other Third Party Agreement;

(i) manage, sell, lease, assign or otherwise dispose of the Airframe, the Engines or any other Collateral, in whole or in part, whether or not in Lender's possession, in one or more parcels or transactions, at public or private sale or sales, with or without notice to Customer (except as required by Applicable Law, and in furtherance thereof, Lender agrees that it shall give Customer no less than ten (10) working days' prior notice of any proposed sale or lease of the Airframe or Engines, which Customer acknowledges as constituting "reasonable prior notice" for the purposes of the Cape Town Convention) at such prices as Lender may deem best, and/or (ii) purchase the Collateral, in whole or in part, upon any public sale or sales, and to the extent permitted by Applicable Law upon any private sale or sales, free of any right or equity of redemption in Customer, which right or equity of redemption is hereby expressly released;

(i) collect, receive, appropriate and realize upon the Collateral, or any part thereof, including by applying any deposit or other cash collateral, or collecting or receiving, appropriating and realizing upon any income, profits or other proceeds arising from the management or use of the Airframe, the Engines or any of the other Collateral, and applying the same (after deducting all taxes, costs, expenses and other reductions of every kind incurred in connection therewith) to the payment in whole or in part of the Obligations, in such order and manner as Lender may elect; and (ii) after making such application, (A) remitting to Customer or to such other Person any excess then remaining, as and to the extent Lender is required by Applicable Law to make such remittance and (B) demanding, collecting and receiving from Customer any deficiency then remaining (and Customer agrees that it shall remain liable for, and pay upon demand, the full amount of any such deficiency);

(i) demand and obtain from any court speedy relief pending final determination available at law (including, possession, control, custody or immobilization of the Airframe and Engines, or preservation of the Airframe and the Engines and their respective value), (ii) procure the deregistration and/or export and physical transfer of the Airframe from the territory in which it is then situated (including pursuant to an IDERA, if any, executed by Customer), and/or (iii) otherwise proceed at law or in equity, to enforce specifically Customer's performance or to recover damages; and/or

exercise any and all other rights and remedies under or with respect to the Loan Documents or Applicable Law, including the Cape

Town Convention and the UCC.

No Waiver: Cumulative Remedies. No right or remedy is exclusive. Customer hereby acknowledges that none of the provisions of this Section 7, including any remedies set forth or referenced herein, is "manifestly unreasonable" for the purposes of the Cape Town Convention. Each may be used successively and cumulatively and in addition to any other right or remedy referred to above or otherwise available to Lender at law or in equity, but in no event shall Lender be entitled to recover any amount in excess of the maximum amount recoverable under Applicable Law with respect to any Event of Default. No express or implied waiver by Lender of any Default or Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default. The failure or delay of Lender in exercising any rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or reoccurrence of any such contingencies or similar contingencies, and any single or partial exercise of any particular right by Lender shall not exhaust the same or constitute a waiver of any other right provided for or otherwise referred to herein. After the occurrence of any Default or Event of Default, the acceptance by Lender of any payment or performance of any of the Obligations, including the payment of any installment of principal and/or interest or of any other sum owing hereunder or under the other Loan Documents shall not constitute a waiver of such Default or Event of Default, regardless of Lender's knowledge or lack of knowledge thereof at the time of acceptance of any such payment or performance and shall not constitute a reinstatement of any of the Loan Documents, unless Lender shall have agreed in writing to reinstate the same and waive the Default or Event of Default. To the extent permitted by Applicable Law, Customer waives any rights now or hereafter conferred thereby, that (a) limit or modify any of Lender's rights or remedies under this Agreement or any of the other Loan Documents, including the provisions of Article 13(2) of the Convention, or (b) would otherwise entitle Customer to (i) receive notices or demands as a condition to Lender's exercise of any rights or remedies, except as expressly required above or (ii) make claims, damages and demands against Lender arising out of the repossession, retention, sale or other disposition of the Collateral.

#### **MISCELLANEOUS**

Notices. All communications and notices provided for herein shall be in writing and shall be deemed to have been duly given or made (i) upon hand delivery, or (ii) upon delivery by an overnight delivery service, or (iii) when sent by telecopy (with customary confirmation of receipt of such telecopy) on the Business Day when sent or upon the next Business Day if sent on other than a Business Day.

#### Expenses and Fees; Indemnity; Performance of Customer's Obligations

Customer shall pay to Lender upon demand all reasonable fees, costs and expenses incurred by or on behalf of Lender at any time in connection with (i) the negotiation, preparation, execution, delivery and enforcement of the Loan Documents and the collection of the Obligations (both before and after the occurrence of a Default or Event of Default), (ii) the creation, preservation and protection of the Collateral and the perfection, first priority and enforcement of Lender's Lien, or (iii) Customer's exercise of any right granted under, or any amendment or other modification to any of, the Loan Documents. Such fees, costs and expenses shall include, without limitation, reasonable appraisal and inspection fees, the reasonable fees and expenses of Aviation Counsel and of Lender's counsel, consultants and brokers, UCC, FAA, International Registry and other applicable title, interest and lien searches, and reasonable costs and expenses relating to recovery, repossession, storage, insurance, transportation, repair, refurbishment, advertising, sale and other dispositions of the Aircraft or any of the other Collateral. Customer shall also pay all reasonable fees (including license, filing and registration fees), Impositions and other charges of whatever kind or nature that may be payable or determined to be payable in connection with (A) the execution, delivery, recording or performance of this Agreement or any of the other Loan Documents, or any modification thereof, and (B) the filings, registrations and other undertakings relating thereto. Notwithstanding the foregoing, as long as there are no more than two (2) revised drafts of any Loan Document provided by Customer or its counsel to Lender or Lender's counsel, Customer shall be responsible for not more than \$35,000.00 in the aggregate for the legal fees of outside counsel to Lender (including, Aviation Counsel) and appraisal, inspection, processing, credit verification, lien searches, FAA and International Registry fees and other fees incurred in connection with the initial negotiation, preparation and execution of this Agreement and the other Loan Documents executed and delivered on or before the Closing Date (and the consummation of the closing contemplated to occur thereon); provided that in the event that the negotiation exceeds two (2) revised drafts of any Loan Document, then Customer shall pay for the actual amount of such out of pocket fees incurred by Lender relating to the drafting and negotiation in excess of such two (2) revised drafts. Lender shall apply the previously paid deposit amount of \$35,000.00 to such fees and shall refund to Customer the amount by which the deposit exceeds such fees.

Customer hereby further agrees, whether or not the transactions contemplated by this Agreement shall be consummated, to pay, indemnify, and hold Lender and its affiliates and all of the Lender's and such affiliates' respective directors, shareholders, members, officers, employees, agents, predecessors, attorneys-in-fact, lawyers, successors and assigns (Lender, its affiliates and all of such other parties and entities sometimes hereinafter collectively, the "**Indemnified Parties**") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, out of pocket costs, attorney's fees, expenses or disbursements of any kind or nature whatsoever ("**Claims**") arising with respect to or in connection with (i) the Airframe, the Engines, or any APUs or Parts, or any of the other Collateral, including (whether by or through Customer, Vendor, any Interested Third Party, or any other Person), the manufacture, inspection, ownership, lease, sublease, management, pooling, interchange, time sharing, chartering, possession, use, operation, maintenance, security, condition (whether prior to, upon or after delivery or acceptance of any of the same), repossession, storage, sale or other disposition of any of the same, or any accident in connection therewith, including Claims involving or alleging environmental damage, criminal acts, hijacking, acts of terrorism or similar acts, product liability or strict or absolute liability in tort, latent and other defects (whether or not discoverable) and for any other risk or matter, including any of the same that result in injuries, death, destruction, or other harm or loss to persons or property, or (ii) any of the Loan Documents, Third Party Agreements or other Transaction Documents, or the performance, breach (including any Default or Event of Default) or enforcement of any of the terms hereof or thereof, provided, that Customer shall have no obligation to indemnify an Indemnified Party with respect to Claims arising from the gross negligence or willful misconduct of such Indemnified Party (unless if imputed by Applicable Law). If any Claim is made against any Indemnified Party, the party receiving notice or otherwise becoming aware of such Claim shall promptly notify the other, but the failure of the party having knowledge of a Claim to so notify the other party shall not relieve Customer of any obligation hereunder.

If any Customer Party fails to perform or comply with any of its agreements contained herein or in the other Loan Documents, including, without limitation, its obligations to keep the Collateral free of Liens (other than the Permitted Liens), comply with Applicable Standards, or obtain the Required Coverages, Lender shall have the right, but shall not be obligated, to effect such performance or compliance, with such agreement. Any expenses of Lender incurred in connection with effecting such performance or compliance, together with interest thereon at the default rate of interest provided for in the Note from the date incurred until reimbursed, shall be payable by Customer to Lender promptly on demand and until such payment shall constitute part of the Obligations secured hereby. Any such action shall not be a cure or waiver of any Default or Event of Default hereunder.

Entire Agreement; Modifications. This Agreement and the other Loan Documents constitute the entire understanding and agreement of the parties hereto with respect to the matters contained herein and therein, and shall completely and fully supersede all other prior agreements (including any proposal letter, commitment letter, and/or term sheet), both written and oral, between Lender and Customer relating to the Obligations. Neither this Agreement, nor any terms hereof, may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of a change, waiver, discharge or termination is sought.

Construction of this Agreement and Related Matters. All representations and warranties made in this Agreement and in the other Loan Documents shall survive the execution and delivery of this Agreement and the making of the Loan hereunder. Customer's obligations contained in

this Section 8 shall survive the payment and performance of the Obligations, the termination of this Agreement, and the release of the Collateral. This Agreement may be executed by the parties hereto on any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. The headings of the Sections hereof are for convenience only, are not part of this Agreement and shall not be deemed to affect the meaning or construction of any of the provisions hereof. Time is of the essence in the payment and performance of all of Customer's obligations under this Agreement. Any provision of this Agreement that may be determined to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective in such jurisdiction to the extent thereof without invalidating the remaining provisions of this Agreement, which shall remain in full force and effect.

Lender's Assignment. Lender, may at any time, with or without notice to Customer, freely grant a security interest in, sell, assign, participate or otherwise transfer (an "**Assignment**") all or any part of its interest in this Agreement and the other Loan Documents (including all associated rights associated with or secured thereby and the related international interests) or any amount due or to become due hereunder or thereunder, and Customer shall perform all of its obligations under the Loan Documents, to the extent so transferred, for the benefit of the beneficiary of such Assignment (such beneficiary, including any successors and assigns, an "**Assignee**"); provided, however, if such Assignee is not an Affiliate of Lender and if no Default or Event of Default exists, Lender will provide prior notice of any such Assignment to a third party. Customer hereby waives any right to assert, and agrees not to assert, against any Assignee any abatement, reduction, defense, setoff, recoupment, claim or counterclaim that Customer may have against Lender, provided that Lender remains fully responsible therefor. Upon the assumption by such Assignee of Lender's obligations hereunder, Lender shall be relieved of any such assumed obligations. Customer hereby consents to any such assignment, grant, sale or transfer, including, without limitation, for purposes of the Cape Town Convention. If so directed in writing, Customer shall pay all amounts due or to become due under the Loan Documents, including any of the same constituting associated rights or proceeds directly to the Assignee or any other party designated in writing by Lender or such Assignee. Customer acknowledges and agrees that Lender's right to enter into an Assignment is essential to Lender and, accordingly, waives any restrictions under Applicable Law with respect to an Assignment and any related remedies. Upon the request of Lender or any Assignee, Customer also agrees (a) to promptly execute and deliver, and cause to be executed and delivered by any Guarantor or any other Transaction Party, to Lender or to such Assignee an acknowledgment of assignment in form and substance satisfactory to the requesting party, an insurance certificate naming Assignee as additional insured and loss payee and otherwise evidencing the Required Coverages, an IDERA in favor of Assignee, and such other documents and assurances reasonably requested by Lender or Assignee, (b) to make, or cause to be made, all registrations (including all assignments and subordinations) and all amendments, extensions and discharges with the International Registry reasonably requested by Lender or Assignee (and give or obtain any necessary consent thereto, as well as renew any authorization required by the International Registry in connection therewith, including renewing its transacting user entity status and re-designating a professional user entity, if necessary in Lender's judgment), and (c) to comply with any and all other reasonable requirements of any such Assignee in connection with any such Assignment.

Jurisdiction. Customer and Lender each hereby irrevocably consents and agrees that any legal action, suit or proceeding arising out of or in any way in connection with this Agreement or any of the other Loan Documents may be instituted or brought in the courts of the State of New York or in the United States Courts for the Southern District of New York, as Customer or Lender may elect or in any other state or Federal court as Lender shall deem appropriate, and by execution and delivery of this Agreement, Customer and Lender each hereby irrevocably accepts and submits to, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of any such court, and to all proceedings in such courts. Customer and Lender each irrevocably consents to service of any summons and/or legal process by first class, certified United States air mail, postage prepaid, to Customer at the address set forth below its signature hereto, such method of service to constitute, in every respect, sufficient and effective service of process in any such legal action or proceeding. Nothing in this Agreement or in any of the other Loan Documents shall affect the right to service of process in any other manner permitted by law or limit the right of Lender to bring actions, suits or proceedings in the courts of any other jurisdiction. Customer and Lender each further agrees that final judgment against it in any such legal action, suit or proceeding shall 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 shall be conclusive evidence of the fact and the amount of the liability. Notwithstanding anything in the foregoing to the contrary, Lender and Customer may bring a judicial proceeding in the Republic of Ireland, solely with respect to matters relating to the International Registry.

Governing Law; Binding Effect. This Agreement shall be construed and enforced in accordance with, and the rights of both parties shall be governed by, the internal laws of the State of New York (without regard to the conflict of laws principles of such state, except as to the effect of Title 14, Section 5-1401 of the New York General Obligations Law), including all matters of construction, validity, and performance. This Agreement shall be binding upon and inure to the benefit of Customer and Lender and their respective successors and assigns (but without limiting the provisions of Section 8.5); except that Customer may not assign or transfer its rights or obligations hereunder or under any other Loan Agreement, or any interest herein or therein; and any such purported or attempted assignment or transfer by Customer shall be null and void.

Customer's Capacity as Owner Trustee. TVPX Aircraft Solutions Inc. ("TVPX") is executing this Agreement, and the other Loan Documents solely in its capacity as Owner Trustee under the Trust Agreement and not in its individual capacity and in no case shall TVPX be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of the Customer hereunder, or under any Loan Document, all such liability, if any, being expressly waived by the parties hereto and any Person claiming by, through, or under such party. Under no circumstances shall TVPX be personally liable for the payment of any other amount stated to be due from the Customer hereunder, or under any Loan Document, or be personally liable for the breach or failure of any of Customer's representations, warranties, covenants, obligations, undertakings and agreements hereunder, or under any Loan Documents; provided, however, that the Customer (or any such successor owner trustee) shall be personally liable hereunder for its own gross negligence or willful misconduct or for its breach of its covenants, representations and warranties contained herein, or in any Loan Document, to the extent covenanted or made in its individual capacity.

Jury Waiver. CUSTOMER AND LENDER EACH HEREBY KNOWINGLY AND FREELY WAIVES THEIR RESPECTIVE RIGHTS TO A JURY TRIAL IN ANY ACTION, SUIT OR PROCEEDING RELATING TO, ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE NOTE OR ANY OF THE OTHER LOAN DOCUMENTS.

**[Signatures On Next Page]**

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Loan and Aircraft Security Agreement

IN WITNESS WHEREOF, the parties hereto have caused this Loan and Aircraft Security Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

BANC OF AMERICA LEASING & CAPITAL, LLC, Lender

TVPX AIRCRAFT SOLUTIONS INC., a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust

Agreement dated July \_\_\_\_, 2017,  
Customer

By:  
Name:  
Title:  
Notice Address:

One Financial Plaza, 2nd Floor  
Providence, Rhode Island 02903  
Attention: Director of Aircraft Operations  
Telephone: 800-238-3737  
Facsimile: 401-278-7941

By:  
Name:  
Title:

Notice Address:

39 East Eagle Ridge Drive, Ste. 201  
North Salt Lake, UT 84054  
Telephone: (801) 924-367  
Facsimile: (801) 877-0478

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### LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)

**THIS LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)** (together with all Addenda, Riders and Annexes hereto, this "**Agreement**") is dated as of July 27, 2017 (the "**Closing Date**"), by and between **TVPX AIRCRAFT SOLUTIONS INC.**, a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated as of July 27, 2017 ("**Customer**") and **BANC OF AMERICA LEASING & CAPITAL, LLC**, a Delaware limited liability company ("**Lender**").

In consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

Capitalized and certain other terms used but not otherwise defined in this Agreement shall have the meanings ascribed to them in Annex A attached hereto and made a part hereof.

#### Terms of Loan .

Loan and Use of Proceeds . Subject to the terms and conditions of this Agreement, Lender agrees to make a loan to Customer in the principal amount set forth in Annex B attached hereto and made a part hereof (the "**Loan**"). Customer shall use the proceeds of the Loan to finance the costs of the acquisition of the Aircraft.

Repayment and Prepayment . The Customer's obligation to repay the Loan shall be evidenced by one or more Promissory Notes dated on and/or after the Closing Date, payable by Customer to the order of Lender in the original principal amount of the Loan (as amended, modified, restated, extended and renewed from time to time, the "**Note**"). The Loan shall bear interest and be repaid by Customer at the times and in the manner set forth in the Note. The Loan may be prepaid only in the manner and subject to terms and conditions set forth in the Note and, if applicable, Section 4.7 hereof.

Conditions of Borrowing . Lender's obligation to make the Loan shall be both subject to and conditioned upon the satisfaction of all of the conditions precedent specified in the Closing Terms Addendum attached to and made a part of this Agreement.

Representations and Warranties . In order to induce Lender to enter into this Agreement and to make the Loan herein provided for, Customer represents, warrants and covenants to Lender that:

(i) Customer (A) is duly qualified to do business in each jurisdiction in which the conduct of its business or the ownership or operation of its assets requires such qualification, including the jurisdiction of the Primary Hangar Location and wherever any of the Collateral may become located; (B) has the necessary authority and power to own and operate the Aircraft and its other assets and to transact the business in which it is engaged; (C) is a "citizen of the United States" within the meaning of the Transportation Code; and (D) has the form of business organization set forth in Annex B hereto and is and will remain duly organized, validly existing and in good standing under the laws of the state of its organization set forth in Annex B hereto, its federal tax identification number is as set forth in Annex B hereto, and its state-issued organizational identification number (if any), chief executive office and principal place of business address are all as set forth on Annex B hereto; and (ii) its name as shown in the preamble of this Agreement is its exact legal name as shown on its charter, by-laws, articles of organization or operating agreement, as applicable, each as amended as of the Closing Date;

(i) Customer's execution and delivery of, and performance of its obligations under and with respect to, each of the Loan Documents (including its borrowing the amounts constituting the Loan, granting the Lender's Lien against the Aircraft and other Collateral and participating in the other transactions contemplated herein and therein), (A) have been duly authorized by all necessary action on the part of Customer consistent with its form of organization, (B) do not contravene or constitute a default under any Applicable Law, any of Customer's Organizational Documents, or any agreement, indenture, or other instrument to which Customer is a party or by which it may be bound, (C) do not require the approval of or notice to (1) any Governmental Authority, except for the filings and registrations specified in the Closing Terms Addendum, all of which shall have been duly effected prior to or concurrently with Lender making the Loan, or (2) any other party (including any trustees or holders of indebtedness), and (D) will not result in the creation or imposition of any Lien on any of the assets of Customer other than the Lender's Lien created hereby and by the other Loan Documents with respect to the Collateral; (ii) each of the Transaction Documents referenced in the Closing Terms Addendum to which Customer is a party has been duly executed and delivered by an authorized representative of the Customer, and constitutes the legal, valid and binding obligation of the Customer, enforceable against it in accordance with the respective terms of such Transaction Documents (including, without limitation, the grant of the Lender's Lien); and (iii) without limiting the foregoing, upon Lender's advancing the Loan on the Closing Date, (A)

Customer will have satisfied or complied with all conditions precedent and requirements as set forth in the Loan Documents required to have been satisfied or complied with concurrently with or prior to such advance and (B) no Default or Event of Default shall be then existing;

there are no proceedings pending or, so far as the officers, managers, or members of Customer know, threatened against or affecting Customer or any of its property before any Governmental Authority that could impair Customer's title to the Aircraft or any of the other Collateral, or that, if decided adversely, could materially affect the financial condition or operations of Customer or its ability to perform its obligations under any of the Loan Documents;

(i) Customer has, and shall continue to have, good and marketable title to the Collateral, free and clear of Liens, except Permitted Liens; (ii) the Lender's Lien in the Airframe, the Engines and the other Collateral is and shall remain validly created and perfected, and has and shall continue to have first priority over any other Liens pursuant to all Applicable Laws; and (iii) all filings, recordings, registrations or other actions necessary or desirable in order to vest such title in Customer, and establish, perfect and give first priority to Lender's Lien and other rights and interests in, against or with respect to the Collateral, have been duly effected, and all Impositions in connection therewith have been duly paid;

without limiting any of the other representations and warranties in this Agreement, for the purposes of the Cape Town Convention and any other Applicable Law, (i) upon the conclusion of the sale of the Aircraft to Customer, and Customer's grants and assignments, and (if constituting a lease) any Permitted Third Party Agreement, contemplated in the Loan Documents or other Transaction Documents, Customer and (if a lessee) any Interested Third Party shall be situated in, and Customer will cause the Aircraft to be duly registered in, the United States of America (which is a contracting state), (ii) with respect to any of the Transaction Documents relating to the Airframe or Engine, each of the respective parties thereto has power to dispose of the Airframe and Engine, as contemplated therein by way of the relevant Transaction Document, and (iii) the Purchase Documents qualify as a "contract of sale", and (if constituting a lease) any Permitted Third Party Agreement and the Loan Documents are effective to constitute international interests in the Airframe and Engine and security assignments of the related associated rights and transfer of the related international interests, as contemplated therein, and each such Registerable Interest will be effective against third parties upon registration at the International Registry, without any further filings or registrations (except as contemplated in the Loan Documents);

(i) the Aircraft (A) has been delivered to Customer, is in Customer's possession and is, as of the Closing Date, unconditionally, irrevocably and fully accepted by Customer, (B) has been inspected by Customer to its complete satisfaction and, without limiting the foregoing, (1) has been found to be in good working order, repair and condition and fully equipped to operate for its intended purpose, and (2) is in conformity with the requirements of the Purchase Agreement and the Applicable Standards, (C) is, or will be at the time of the funding of the Loan, currently certified under existing FAA rules and regulations and any other Applicable Laws and is airworthy in all respects, and (D) is and will remain primarily hangared at the Primary Hangar Location; and (ii) without limiting the foregoing, (A) solely as between Lender and Customer (and without prejudicing Customer's rights against Vendor or any other third party, which rights are not being disclaimed hereby), Customer has no pending claims and has no knowledge of any facts upon which a future claim may be based, against any prior owner, the seller, manufacturer or supplier of the Aircraft or any of the other Collateral, for breach of warranty or otherwise, and (B) all of the information contained in Annex C, including the registration number of the Aircraft, and the serial numbers, manufacturer and model numbers of the Airframe, Engines, and APU, are true and accurate in all respects; and

(h) the Aircraft (i) is currently capable of being certified under existing FAA rules and regulations and completely airworthy in all respects, (ii) will undergo an inspection by a Designated Airworthiness Representative of the FAA ("DAR") on the Closing Date and (iii) an FAA Standard Airworthiness Certificate (AC Form 8100-2) shall be issued for the Aircraft no later than two (2) Business Days after the Closing Date.

**Covenants** . Customer covenants and agrees that from and after the Closing Date and so long as any of the Obligations are outstanding:

Notices; Financial Information; and Further Assurances . Customer will, at its sole expense:

promptly give written notice to Lender of (i) the occurrence of any Default or Event of Default; (ii) the occurrence of any Event of Loss or event of which Customer may be aware that could become an Event of Loss; (iii) the commencement or written threat of any material litigation or proceedings affecting Customer or any material litigation or proceedings affecting the Aircraft or any of the other Collateral, or the ability of Customer to comply with its obligations under the Loan Documents; and (iv) any material dispute between Customer or any Interested Third Party and any Governmental Authority or other party that involves the Aircraft or any of the other Collateral or that might materially interfere with the normal business operations of Customer;

cause Guarantor to comply with the financial reporting requirements set forth in the Guaranty and promptly furnish to Lender any such financial and other information regarding the Customer or Guarantor or any of its Affiliates as Lender may from time to time reasonably request; and

promptly execute and deliver to Lender such further instruments, UCC and FAA filings (including an IDERA) and other documents, make, cause to be made and/or consent to all registrations (including any discharges and subordinations, or as to the prospective or actual sale of, and any international interest in, the Engines) with the International Registry, and take such further action, as Lender may from time to time reasonably request in order to further carry out the intent and purpose of the Loan Documents and to establish, protect and enforce the rights, interests, remedies and Liens (including the first priority thereof) created, or intended to be created, in favor of Lender thereby.

General Obligations . (a) Customer agrees that it shall (i) duly observe and conform to all requirements of Applicable Law relating to the conduct of its business and/or the Aircraft, (ii) remain a "citizen of the United States" within the meaning of the Transportation Code, (iii) obtain and keep in full force and effect (A) all rights, franchises, licenses and permits that are necessary to the proper conduct of its business, and (B) all approvals by any Governmental Authority required with respect to the performance of its obligations under the Loan Documents and the operation of the Aircraft and its business, (iv) cause the Aircraft to remain primarily hangared at the Primary Hangar Location, and duly registered in Customer's name under the Transportation Code (including, by making all necessary reports, re-registering its ownership of the Aircraft, and taking all other actions required by Applicable Law), and (v) pay and perform all of its obligations and liabilities when due. (b) Customer agrees that (i) it shall not change its presently existing legal name or its form or state of organization on or after the date of this Agreement, without Lender's prior written consent, (ii) if its presently existing state organizational identification number changes, or if Customer currently has no such state organizational number but is subsequently issued such a number, on or at any time after the date of this Agreement, Customer shall immediately notify Lender thereof, and (iii) it shall not change the presently existing mailing, chief executive office and/or principal place of business address on or after the date of this Agreement without giving Lender thirty (30) days written notice of the same.

Taxes . (a) Customer will file or cause to be filed with all appropriate taxing authorities all Federal, state and local income tax returns that are required to be filed and all registrations, declarations, returns and other documentation with respect to any personal property taxes (or any other taxes in the nature of or imposed in lieu of property taxes) due or to become due with respect to the Aircraft or any of the other Collateral. (b) Customer will pay (or cause to be paid) (i) on or before the date when due all taxes as shown on said returns and all taxes assessed, billed or otherwise payable with respect to the Aircraft or the other Collateral directly to the appropriate taxing authorities; and (ii) when due all license and/or registration or filing fees, assessments, governmental charges and sales, use, property, excise, privilege, value added and other taxes (including any related interest or penalties) or other charges or fees now or hereafter imposed by any governmental body or agency upon Customer or the Aircraft or any of the other Collateral, with respect to the landing, airport use, manufacturing, ordering, shipment, purchase, ownership, delivery, installation, leasing, chartering, operation, possession, use or disposition of the Aircraft or any of the other Collateral, or any interest therein (the items referred to in (i) and (ii) above being referred to herein collectively, as "**Impositions**").

#### No Disposition of Collateral or Liens: Title and Security Interest.

Customer shall not sell, assign, enter into any Third Party Agreement, convey, mortgage, exchange or otherwise transfer or relinquish possession of (including by any seizure or other taking by any foreign or domestic governmental authority) or dispose of the Airframe or Engines, any Part, any related associated rights, international interests or prospective international interests, any proceeds or any of the other Collateral, or attempt or offer to do, or suffer or permit any of the foregoing. Customer shall be permitted, however, to deliver possession of the Airframe, the Engines, or any APU or Part to another Person for testing, service, repair, maintenance, overhaul, alteration or modification, and to enter into Permitted Third Party Agreements, in each case, if and to the extent consistent with the provisions of the Loan Documents. Customer will warrant and defend its good and marketable title to the Airframe, the Engines and the other Collateral, and the validity, perfection and first priority of Lender's Lien in the Collateral, against all other Liens, claims and demands whatsoever, except Permitted Liens; and without limiting the foregoing, Customer will (i) not create, assume or suffer to exist any Liens on or with respect to the Airframe, the Engines, or any of the other Collateral, or Customer's interest therein (other than Permitted Liens); and (ii) promptly take such action as directed by Lender to duly discharge any such unpermitted Liens.

So long as no Default or Event of Default is then existing, Customer may enter into and remain a party to Third Party Agreements, in each such case, subject to the satisfaction of, and compliance by Customer and each Interested Third Party with, all of the following throughout the term of such arrangement: (i) Each such Interested Third Party shall (A) be and remain solvent, and (unless an individual) organized under the laws of a state within the United States; and (B) if engaged by Customer with the prior written consent of Lender as a manager and/or charter operator (including the Manager pursuant to the Management Agreement), while so engaged, (1) have a recognized favorable reputation as a manager and/or charter operator, as the case may be, of aircraft similar to the Aircraft, (2) be providing management and/or charter operation services for other aircraft owners similar to the services contemplated therein, and (3) if and at all times while conducting any charter operations (x) have and maintain a valid Part 135 Certificate evidencing its authority to conduct such operations, (y) list the Aircraft on its operations specifications, and (z) comply with all Applicable Standards pertaining to such charter operations. (ii) Any operation of the Aircraft pursuant to any such Third Party Agreement shall be limited to (A) if by Customer, Parent Guarantor or any Affiliate of Parent Guarantor, any time sharing agreements (as defined in Section 91.501(c)(1)) complying with Part 91 of the FARs and all other Applicable Standards, (B) if by a manager and/or a charter operator with Lender's prior written consent, pursuant to and in full compliance with the requirements of Part 135 of the FARs and all other Applicable Standards, or (C) if such Third Party Agreement is a "dry lease" by Customer, as lessor, to Parent Guarantor or an Affiliate of Parent Guarantor or other Interested Third Party permitted pursuant hereto, as lessee, operation by such lessee complying with (1) Part 91 and any other applicable provision of the FARs, and all other Applicable Standards, and (2) the provisions hereof and of the other Loan Documents pertinent to the operation of the Aircraft (whether by Customer or any permitted Interested Third Party). (iii) The related Third Party Agreement shall (A) be and remain, subject and subordinate to Lender's Lien in and with respect to the Collateral, and Lender's rights and remedies under the Loan Documents (and such subordination shall be expressly acknowledged therein), (B) not convey any Lien on, or other property interest in or against the Airframe, the Engines or any of the other Collateral, except for a Permitted Lien (but, without giving effect to clause (a) of the definition of such term), (C) not permit any further sublease or disposition of or unpermitted Lien against the Aircraft or any of the other Collateral by any of the Interested Parties thereto or any other Person, or any change in registration or unpermitted change in hanging of the Aircraft, (D) not contain provisions that are inconsistent with the provisions of any of the Loan Documents or cause Customer to breach any of its representations, warranties or agreements under any of the Loan Documents, (E) be in conformity with all requirements of the FARs and other Applicable Laws, and (F) otherwise conform to any Operating Consent required by Lender with respect thereto. (iv) (A) Customer shall have specified such Third Party Agreement on Annex B if existing on the Closing Date, or if not then existing shall require Lender's prior written consent and at least thirty (30) Business Days' prior written notice of its intention to enter into a Third Party Agreement and (B) no later than the effective date thereof Customer shall comply with, and at all times thereafter remain in compliance with, any related requirements by Lender, including (1) entering into, and causing any related Interested Third Parties to enter into, an Operating Consent, (2) causing Lender to be covered by the Required Coverages (which, for the purposes hereof, may include insurance coverages obtained and maintained by an Interested Third Party, conforming to the insurance requirements herein and in any of the other Loan Documents), and (3) entering into or delivering, or causing to be entered into and delivered, all such other documents, filings and assurances, making or causing to be made such filings and registrations, and taking or causing to be taken all such other actions, in each case as may be required by Lender and (4) paying or reimbursing Lender for any related costs or expenses. (v) Lender shall have the right, but not the obligation, to (A) require reasonable evidence that any Interested Third Party satisfies the requirements provided herein, and (B) review any such Third Party Agreement, as from time to time supplemented and amended, to determine its conformity with the provisions hereof, but without assuming any responsibility with respect thereto. (vi) Customer shall neither make, nor permit to be made, any filing or registration with respect to any Permitted Third Party Agreement, unless so directed by Lender pursuant to Section 5.2 or otherwise. Notwithstanding the foregoing limitations Parent Guarantor or any Affiliate shall be permitted to conduct the carriage of Parent Guarantor or any Affiliate and/or their respective guests pursuant to 14 CFR Section 91.501(b)(4), affiliated group operations pursuant to 14 CFR Section 91.501(b)(5) and/or (6), demonstration flights pursuant to 14 CFR Section 91.501(b)(3), time sharing or interchange operations pursuant to 14 CFR Section 91.501(b)(6), the carriage of customers pursuant to 14 CFR Section 91.501(b)(9) and/or the carriage of candidates in Federal elections conducted pursuant to 14 CFR Section 91.321.

With respect to any Third Party Agreements complying with all of the provisions of Section 4.4(b) (each a "**Permitted Third Party Agreement**"), although certain of the duties and obligations of Customer under the Loan Documents may be performed by one or more of the Interested Third Parties, (i) no such Permitted Third Party Agreement shall reduce any of Customer's obligations, or Lender's rights, under any of the Loan Documents, (ii) all of Customer's obligations under the Loan Documents shall be and remain primary and continue in full force and effect as the obligations of a principal and not of a guarantor or surety, and (iii) Lender is not waiving the right to require full and timely performance of any such obligations in strict accordance with the provisions hereof and of the other Loan Documents. By way of clarification and not limitation, with respect to any provisions of this Agreement or any of the other Loan Documents requiring Customer to take or refrain from taking an action relating to the Aircraft or any of the other Collateral, such provision may also be read to mean that Customer shall cause the same to be done in accordance therewith, if at that time the Aircraft or such other Collateral is in the possession or control of an Interested Third Party pursuant to a Permitted Third Party Agreement.

#### Use of Aircraft; Maintenance; Modifications; Security.

Customer will operate the Aircraft or shall cause the Aircraft to be operated under and in compliance with Part 91 and any other applicable provision of the FARs, and all other Applicable Standards. Unless otherwise expressly permitted hereunder, (i) Customer shall not operate or permit the Aircraft to be operated for air taxi operations or otherwise under Part 135 of the FARs; and (ii) Customer, an Affiliate or other Interested Third Party shall at all times have, and maintain, "operational control" of the Aircraft (as such term is then interpreted by the FAA or such other applicable Governmental Authority), and no other Person shall operate the Aircraft. The Aircraft at all times will be operated by duly qualified pilots having satisfied all requirements established and specified by the FAA, the TSA, any other applicable Governmental Authority and the Required Coverages.

the Aircraft may be flown temporarily to any country in the world, provided that the Aircraft (i) shall at all times be based in the continental United States; and (ii) shall not be flown, operated, used or located in, to or over any such country or area (temporarily or otherwise) (A) that is excluded from the Required Coverages (or specifically not covered by such

insurance), (B) with which the U.S. does not maintain favorable diplomatic relations (which is any country or jurisdiction not marked with an “\*” on the list maintained by the U.S. Department of State, at <http://www.state.gov/s/inr/rls/4250.htm> or any replacement or equivalent website maintained by the U.S. Department of State), provided that the prohibition in this clause (B) does not prohibit the operation of the Aircraft on an approved and assigned air traffic control route (if and so long as such use is otherwise in compliance with the provisions of the this Agreement and does not violate any insurance policies in effect with respect to the Aircraft), (C) to the extent that payment of any claim under the Required Coverages directly or indirectly arising or resulting from or connected with any such flight, operation, use or location would be prohibited under any trade or other economic sanction or embargo by the United States of America, or (D) in violation of any of the Loan Documents or any Applicable Standards. Customer shall adopt, implement and comply with all security measures required by any Applicable Law, or by any Required Coverages, or that are necessary or appropriate for the proper protection of the Aircraft (whether on the ground or in flight) against theft, vandalism, hijacking, destruction, bombing, terrorism or similar acts.

Customer agrees that, with respect to the Airframe, the Engines, each APU and each Part, Customer will at its own expense, (i) maintain, inspect, service, repair, overhaul and test the same in accordance with Applicable Standards; (ii) make any alterations or modifications that may at any time be required to comply with Applicable Standards, and to cause the Aircraft to remain airworthy; (iii) furnish all required parts, replacements, mechanisms, devices and servicing so that the condition and operating efficiency thereof will at all times be no less than its condition and operating efficiency as and when delivered to Customer, ordinary wear and tear from proper use alone excepted; (iv) promptly replace all Parts (A) which become worn out, lost, stolen, taken, destroyed, damaged beyond repair or permanently rendered or declared unfit for use for any reason whatsoever, or (B) if not previously replaced pursuant to clause (A), as and when required by any Applicable Standards, including any applicable life limits; and (v) maintain (in English) all Records in accordance with Applicable Standards; and (vi) enroll and maintain the Engines in an Engine Maintenance Program and the APU in an APU Maintenance Program or shall cause the foregoing to be done. All maintenance procedures shall be performed by properly trained, licensed, and certified maintenance sources and personnel utilizing replacement parts approved by the FAA and the manufacturer of (as applicable) the Airframe, the Engines, or any APU or Part. Without limiting the foregoing, Customer shall comply with all mandatory service bulletins and airworthiness directives by causing compliance to such bulletins and/or directives to be completed through corrective modification in lieu of operating manual restrictions.

Customer will not make, authorize or permit any improvement, change, addition or alteration to the Aircraft that will impair the originally intended function or use of the Aircraft, diminish the value of the Aircraft as it existed immediately prior thereto, or violate any Applicable Standard. All repairs, parts, replacements, mechanisms and devices added by Customer or on its behalf shall immediately, without further act, become part of the Aircraft and subject to the Lender's Lien granted under this Agreement.

#### Insurance.

Customer agrees to maintain or cause to be maintained at all times, at its sole cost and expense, with insurers of recognized reputation and responsibility satisfactory to Lender (but in no event having an A.M. Best or comparable agency rating of less than “A-”):

(A) comprehensive aircraft liability insurance against bodily injury or property damage claims including, without limitation, contractual liability, premises liability, death and property damage liability, public and passenger legal liability coverage, and sudden accident pollution coverage, in an amount not less than \$200,000,000.00 for 20 or more seats, or if the Aircraft will be chartered, or \$100,000,000.00 for 10 or more seats, or \$50,000,000.00 for fewer than 10 seats for each single occurrence, and (B) personal injury liability in an amount not less than \$25,000,000.00; but, in no event shall the amounts of coverage required by sub-clauses (A) and (B) be less than the coverage amounts as may then be required by Applicable Law;

“all-risk” ground, taxiing, and flight hull insurance on an agreed-value basis, covering the Aircraft, provided that such insurance shall at all times be in an amount not less than the greater of (1) the full replacement value of the Aircraft (as determined by Lender), or (2) the unpaid principal amount of the Note (each such amount re-determined as of each anniversary of the date hereof for the next succeeding year throughout the term of this Agreement); and

war risk and allied perils (including confiscation, appropriation, expropriation, terrorism and hijacking insurance) in the amounts required in paragraphs (i) and (ii), as applicable.

Any policies of insurance carried in accordance with this Section 4.6 and any policies taken out in substitution or replacement of any such policies shall (i) be endorsed to name Lender as an additional insured as its interests may appear (but without responsibility for premiums), (ii) provide, with respect to insurance carried in accordance with Section 4.6(a)(ii) or (a)(iii) above, that any amount payable thereunder shall be paid directly to Lender as sole loss payee and not to Lender and Customer jointly, (iii) provide for thirty (30) days' (seven (7) days' in the case of war, hijacking and allied perils) prior written notice by such insurer of cancellation, material change, or non-renewal, (iv) include a severability of interest clause providing that such policy shall operate in the same manner as if there were a separate policy covering each insured, (v) waive any right of set-off against Lender, and any rights of subrogation against Lender, (vi) provide that in respect of the interests of Lender in such policies, that the insurance shall not be invalidated by any action or inaction of Customer or any other Person operating or in possession of the Aircraft, regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by or binding upon Customer or any other Person operating or in possession of the Aircraft, and (vii) be primary, not subject to any co-insurance clause and shall be without right of contribution from any other insurance.

Customer shall not self-insure (by deductible, premium adjustment, or risk retention arrangement of any kind) with respect to any of the risks required to be insured pursuant to this Section 4.6. Customer agrees that it shall obtain and maintain such other insurance coverages, or cause adjustments to be made to the scope, amount or other aspects of the existing insurance coverages, promptly upon Lender's request, as and when Lender deems such additional insurance coverages or modifications to be appropriate in light of any changes in Applicable Law, prudent industry practices, the insurance market, Customer's anticipated use of the Aircraft or other pertinent circumstances. All of the coverages required herein shall be in full force and effect worldwide throughout any geographical areas to, in or over which the Aircraft is operated. All insurance proceeds payable under the requisite policies shall be payable in U.S. Dollars.

At least ten (10) days prior to the policy expiration date for any insurance coverage required by this Section 4.6, Customer shall furnish to Lender evidence (having the form and substance consistent with Section 1(f) of the Closing Terms Addendum) of the renewal or replacement of such coverage, complying with the terms hereof, for a twelve (12) month or greater period commencing from and after such expiration date.

#### Event of Loss: Loaner Engines.

Upon the occurrence of any Event of Loss with respect to the Aircraft and/or the Airframe, Customer shall notify Lender of any such Event of Loss within five (5) days of the date thereof. Customer shall pay the then Outstanding Balance promptly upon its receipt of insurance proceeds relating to such Event of Loss, but in no event later than ninety (90) days after the occurrence of such Event of Loss (irrespective as to whether any or all of such proceeds have been received). Upon Lender's receipt in good and indefeasible funds of all of the amounts required to be paid pursuant to the preceding sentence (whether by applying Customer's payment of such amounts, or any such insurance proceeds, or both) the Aircraft shall be released from the Lender's Lien, and Lender shall remit to Customer any such insurance proceeds so received by Lender, to the extent then remaining.

Upon an Event of Loss with respect to an Engine or any APU (as applicable, a “ **Lost Item** ”) under circumstances in which there has not occurred an Event of Loss with respect to the Airframe, Customer shall, within one hundred twenty (120) days after the occurrence of such Event of Loss, replace such Lost Item, with a Permitted Replacement. Any engine or auxiliary power unit constituting a “ **Permitted Replacement** ” for a Lost Item shall (i) be of the same make and model number as the Lost Item, (ii) be free and clear of all Liens and (iii) have a value, utility and useful life at least equal to, and be in as good an operating condition as, the Lost Item, assuming such Lost Item was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss. Customer, at its own cost and expense, shall (i) furnish Lender with such documents to evidence such conveyance, (ii) cause the Permitted Replacement to be subject to the Lender’s Lien under this Agreement, and (iii) take such other actions as may be required by Lender to cause the Lender’s Lien therein to be validly created, perfected and have first priority, including as evidenced on the FAA Registry, the International Registry, and any other recording office. Each such Permitted Replacement shall, after such conveyance, be deemed an “Engine” or “APU” (as defined herein), as applicable, and shall be deemed part of the same Aircraft as was the Lost Item replaced thereby.

In the event an Engine is damaged and is being repaired, or is being inspected or overhauled, Customer, at its option, may temporarily substitute another engine during the period of such repair or overhaul, so long as such engine is of the same make and model as the Engine being repaired or overhauled, is free and clear of any Lien that might impair Lender’s rights or interests in the Airframe and is maintained in accordance herewith (any such substitute engine being hereinafter referred to as a “ **Loaner Engine** ”). Customer shall (i) cause such Loaner Engine to be installed and removed, as applicable, by a maintenance facility certified by the FAA and manufacturer with respect to the Aircraft, and (ii) cause the repaired or overhauled original Engine to be reinstalled on the Airframe promptly upon completion of the repair or overhaul, but in no event later than the earlier of one hundred twenty (120) days after removal or the occurrence of an Event of Default.

So long as no Default has occurred and is continuing, and no Event of Default or Event of Loss with respect to the Aircraft has occurred, any loss or damage proceeds of the Required Coverages received by Lender shall be released promptly by Lender to Customer to reimburse Customer for paying the costs actually incurred with respect to repairs made to the Aircraft so as to restore it to the condition required by this Agreement, or for the purchase of a Permitted Replacement pursuant to Section 4.7(b), or shall be disbursed by Lender as otherwise required by this Agreement.

**Aircraft Registration.** On or before the Closing Date, and at all times thereafter, so long as any of the Obligations are outstanding, Customer shall remain solely responsible pursuant to the applicable provisions of this Agreement to cause (i) the Aircraft to be effectively and otherwise validly registered in Customer’s name on the Registry, and (ii) the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft, in each case, accordance with the Registration Requirements; and without limiting the foregoing, or any other provision of this Agreement, Customer shall:

cause the Registration Certificate to be maintained within the Aircraft and cause the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft; including by (A) notifying Lender immediately of any event or circumstance with respect to which the Registration Requirements require further action by Customer, the Registry or any other Governmental Authority or other Person, (B) immediately upon receipt, placing the original, replacement or renewal Registration Certificate on the Aircraft prior to the expiration or other invalidation of any previously issued Registration Certificate (whether the certificate or any other document constituting the Registration Certificate as defined herein) under the Registration Requirements, and (C) complying with any and all of the other Registration Requirements relating to such Registration Certificate, and to the Registration Certificate replaced thereby (including any of the same relating to the destruction or return thereof, as the case may be); and

upon the occurrence, and at all times thereafter, of any Defective Registration (and without waiving Customer’s responsibility to avoid such circumstance), or if the operation of the Aircraft is no longer authorized by the Registration Requirements, Customer shall (A) neither operate nor permit or suffer the operation of the Aircraft without a currently effective and otherwise valid Registration Certificate (and shall cause the pilots to be made aware of the Defective Registration), and otherwise comply with the FARs and other Applicable Laws relating to such Defective Registration, (B) ground and store the Aircraft in a manner reasonably acceptable to Lender, and (C) inform the insurer or insurers thereof, and obtain and maintain adjustments to the insurance coverages required pursuant Section 4.6 of this Agreement which may be necessary or desirable to Lender so as to reflect any changes in the insurable risks relating to any Defective Registration.

#### **Security Interest; Power of Attorney; Inspection .**

**Grant of Security Interest.** As collateral security for the prompt and complete payment and performance as and when due of all of the Obligations and in order to induce Lender to enter into this Agreement and make the Loan to Customer in accordance with the terms hereof, Customer hereby grants, pledges and assigns to Lender a first priority security interest, collateral assignment, international interest, prospective international interest, security assignment and prospective security assignment, in, against, under and with respect to (the “ **Lender’s Lien** ”) all of Customer’s right, title and interest in, to and under all of the following collateral, whether now existing or hereafter acquired (collectively, the “ **Collateral** ”): (i) the Aircraft, including the Airframe, the Engines, each of the APU and Parts, and the Records; (ii) any and all present and future Third Party Agreements; (iii) any and all other associated rights secured by or associated with the Airframe and/or the Engines, together with any related international interests and prospective international interests; (iv) any collateral described in the other Loan Documents (including in any Operating Consent); and (v) all proceeds of the foregoing. By way of clarification and not limitation, the foregoing grant of the Lender’s Lien shall include, as applicable (and in each case, being validly registered and having first priority), an international interest in the Airframe and in each Engine. Notwithstanding the foregoing, (i) Customer shall not enter into any Third Party Agreements unless expressly permitted by Section 4.4 and (ii) Lender is not assuming, nor shall it be responsible for, any obligations, liabilities or duties of any kind whatsoever of Customer (and/or of any other Person) relating to the Collateral. Customer agrees that it shall perform and procure performance in accordance with any Third Party Agreement or other agreement or instrument giving rise to any associated rights that are or may become subjected to the Lender’s Lien.

#### **UCCs, Registrations, Etc.; Lender as Attorney-in-Fact.** Customer hereby irrevocably:

authorizes Lender to prepare and file any UCC financing statements, amendments, continuations, terminations, assignments and other filings, or take such other actions for the purpose of perfecting, affording first and exclusive priority to or otherwise relating to Lender’s Lien under this Agreement or the other Loan Documents;

consents to, and authorizes its professional user entity to consent to, the registration of each Registerable Interest requested by Lender or its Assignee, or otherwise required by the provisions of this Agreement or any of the other Loan Documents, including any subordination, amendment, assignment, discharge or undertaking permitted by the Cape Town Convention with respect thereto; and

constitutes and appoints Lender (including any Person acting on Lender’s behalf), as its true and lawful attorney-in-fact with full power and authority in the place and stead of Customer and in the name of Customer or in its own name, for the purpose of carrying out the terms of this Agreement; which authority shall include the following undertakings that may be exercisable by Lender in its sole discretion at any time, and from time to time, if an Event of Default is then existing or upon the occurrence of an Event of Loss: (i) in Customer’s name, file and/or record, such further instruments, filings and other documents, make, cause to be made and/or consent to all registrations with the International Registry, and take such further action, to establish and protect Lender’s rights, interests and remedies created, or intended to be created, pursuant to the Loan Documents; (ii) endorse Customer’s name on any checks, notes, drafts or any other payments or instruments, or set off, apply, or take such other actions with respect to any funds relating to the Collateral that come into Lender’s possession or control; and (iii) to settle, adjust, receive payment and make claim or proof of loss, and take such other actions relating to the Required Coverages. This appointment is coupled with an interest, is

irrevocable and shall terminate only upon indefeasible payment and performance in full of all of the Obligations. The powers conferred on Lender hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Lender shall be accountable only for amounts that it actually receives in good and indefeasible funds as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to Customer for any act or failure to act. Without limiting the foregoing, Customer agrees that within five (5) Business Days of Lender's request, Customer will enter into an irrevocable power-of-attorney authorizing Aviation Counsel or Lender's other designee as Customer's professional user entity and administrator for the purpose of discharging any Registerable Interests as and when directed to do so by Lender in connection with its exercise of its rights and remedies under the Loan Documents.

**Inspection.** Lender or its authorized representatives shall have the right, but not the duty, to inspect the Aircraft, any part thereof and/or the Records, at its own cost any reasonable time and from time to time, wherever located, upon reasonable prior notice to Customer; except that after the occurrence of a Default or an Event of Default, such inspection may be conducted at any time without prior notice and at Customer's sole expense, and it shall pay Lender promptly upon demand any inspection costs incurred by Lender. So long as no Default or Event of Default exists, any such inspections shall be conducted during normal business hours and without interruption of the use and operation of the Aircraft as permitted hereby. Upon the request of Lender, Customer shall promptly confirm to Lender the location of the Aircraft or any of the other Collateral.

**Events of Default.** The term "**Event of Default**", wherever used herein, shall mean:

Customer shall fail to pay any Obligation within ten (10) days after the same shall become due and payable (whether at the stated maturity, by acceleration, upon demand or otherwise); or

(i) any Customer Party shall default in the payment or performance of any indebtedness, liability or obligation to Lender or any Affiliate of Lender under any note, security agreement, lease, title retention or conditional sales agreement or any other instrument or agreement; or

(ii) any Customer Party shall fail to pay any Indebtedness (other than the Obligations) exceeding \$5,000,000.00, and such failure shall continue beyond any applicable grace period (or, with respect to trade Indebtedness which is not subject to a grace period, within ninety (90) days of the date such trade Indebtedness is incurred); or

(i) any of the Required Coverages are not kept in full force and effect, or a breach or violation shall exist with respect to any provisions thereof; or the Aircraft is operated in a manner, at a time or in or over or located at a place with respect to which such Required Coverages shall not be in effect; (ii) Customer shall fail to cause the Airframe or the Engines to be used, operated, maintained or otherwise kept in a condition so as to be in compliance with all Applicable Laws; or (iii) any Customer Party shall fail to comply with (A) any financial covenants as and to the extent set forth or incorporated in any Guaranty or in any of the other Loan Documents, or (B) any provision of any of the Loan Documents restricting Liens and other dispositions relating to either the Collateral or any rights or obligations under any of the Transaction Documents (including Section 4.4 hereof), or (iv) the occurrence of any Defective Registration; or

(i) any representation or warranty made by any Customer Party in any of the Loan Documents or in any related agreement, document or certificate shall prove to have been incorrect, misleading, or inaccurate in any material respect when made or given (or, if a continuing representation or warranty, at any time); or (ii) any Customer Party shall fail to (A) perform or observe any other agreement (other than those specifically referred to in this Section 6) required to be performed or observed by it under this Agreement or in any of the other Loan Documents, and such failure shall continue uncured for thirty (30) days after the earlier of written notice thereof from Lender to such Customer Party or such Customer Party's actual knowledge thereof (but such notice and cure period will not be applicable unless such breach is curable by practical means within such notice period) or (B) notify Lender of any Default or Event of Default within ten (10) Business Days of its occurrence; or

(i) any Customer Party shall (A) generally fail to pay its, or his or her debts as they become due, admit its, or his or her inability to pay its, or his or her debts or obligations generally as they fall due, or shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws or other insolvency laws, or an answer admitting the material allegations of such a petition filed against such Customer Party in any such proceeding; or (B) by voluntary petition, answer or consent, seek relief under the provisions of any other bankruptcy or other insolvency or similar law providing for the reorganization or liquidation of corporations, or providing for an assignment for the benefit of creditors, or providing for an agreement, composition, extension or adjustment with its, or his or her creditors; or (ii) a petition against any Customer Party in a proceeding under applicable bankruptcy laws or other insolvency laws, as now or hereafter in effect, shall be filed and shall not be withdrawn or dismissed within one hundred twenty (120) days thereafter, or if, under the provisions of any law providing for reorganization or liquidation of business entities that may apply to any Customer Party, any court of competent jurisdiction shall assume jurisdiction, custody or control of such Customer Party or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of one hundred eighty (180) days after the filing date; or

the occurrence of any of the following events with respect to any Customer Party: (A) it enters into any transaction of merger, consolidation or reorganization; (B) it ceases to do business as a going concern, liquidates, or dissolves, or sells, transfers or otherwise disposes of all or substantially all of its assets or properties (in one or more transactions); (C) it becomes the subject of, or engages in, a leveraged buy out; (D) it changes the form of organization of its business; (E) if it is privately owned as of the Closing Date, there is any substantial change in the ownership or control of its capital stock or membership interests such that the holder(s) that own or control one hundred percent (100%) of such equity interests as of the Closing Date no longer do so; or (F) if it is publicly held as of the Closing Date, any change so that it is no longer subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or no longer registered under Section 12 of the Securities Act of 1933, as amended; or

(i) the conviction of or guilty plea by any Customer Party with respect to any criminal act constituting a felony, (ii) any repudiation by any Customer Party of its obligation for the payment or performance of the Obligations, (iii) any allegation by any Customer Party or judicial determination that any of the Loan Documents is unenforceable in any material respect or (iv) a Default (as defined in any Guaranty) shall occur; or any event or condition constituting a breach or other default under any Operating Consent.

## **Remedies .**

**Acceleration; Termination of Commitment.** If any Event of Default shall occur, Lender, in its sole discretion, may (a) declare the Obligations to be immediately due and payable, and upon such declaration the Obligations (including, the unpaid principal amount of the Note, together with all accrued but unpaid interest thereon, any prepayment fees and all other amounts due and payable under or with respect to the Loan Documents), shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the other Loan Documents to the contrary notwithstanding, (b) terminate any then outstanding commitment whether to Customer or any Affiliate to make the Loan or any advance thereof, or any other financial accommodations, whether related to the Loan or otherwise, and/or (c) pursue and enforce any of Lender's rights and remedies under this Section 7; provided, however, if an Event of Default specified in Section 6 (e) above shall occur, the Obligations shall become immediately due and payable, all such commitments shall terminate, and Lender shall have all such other rights and remedies contemplated in the preceding clauses (a), (b) and (c), automatically, and without any notice or other action by Lender.

**Additional Remedies.** If an Event of Default occurs, in addition to all other rights and remedies granted to it in this Agreement and in the other Loan Documents, Lender may exercise all rights and remedies of a secured party under the UCC or as a creditor, chargee or security assignee under the Cape Town Convention (including any and all remedies thereunder requiring agreement by Customer), or otherwise available to

Lender under any other Applicable Law. Without limiting the generality of the foregoing, Customer agrees that upon the occurrence of an Event of Default, Lender, without demand or notice of any kind (except as specified below) to or upon Customer or any other Person, in its sole discretion, may exercise any one or more of the following remedies:

(i) peacefully enter the premises where the Aircraft, the Engines, or any other Collateral is located, take immediate possession of, remove (or disable in place), or otherwise take control or custody of the Airframe, the Engines or any other Collateral (whether or not then attached to the Airframe) by self-help, summary proceedings or otherwise without liability, (ii) preserve the Airframe, the Engines or the other Collateral, and their respective value (but without any obligation to do so), and immobilize or keep idle the Airframe or Engines, and/or (iii) use Customer's premises for storage without liability; and Customer agrees, at Lender's request, to assemble the Collateral, and make it available to Lender at such places as Lender shall reasonably select, whether at Customer's premises or elsewhere;

(i) terminate the right of any Interested Third Party, and any other third party to use, possess or control the Airframe, the Engines or any of the other Collateral, including under any Permitted Third Party Agreement or other Third Party Agreement, without regard as to the existence of any event of default thereunder, (ii) recover from, and/or cause Customer and any such Interested Third Party, and any other third party, to relinquish possession and return the Airframe, the Engines and any other Collateral pursuant to this Section 7, and/or (iii) exercise any and all other remedies under any Operating Consents in Customer's stead, to the extent provided for under, or otherwise available to Customer in connection with any related Permitted Third Party Agreement or such other Third Party Agreement;

(i) manage, sell, lease, assign or otherwise dispose of the Airframe, the Engines or any other Collateral, in whole or in part, whether or not in Lender's possession, in one or more parcels or transactions, at public or private sale or sales, with or without notice to Customer (except as required by Applicable Law, and in furtherance thereof, Lender agrees that it shall give Customer no less than ten (10) working days' prior notice of any proposed sale or lease of the Airframe or Engines, which Customer acknowledges as constituting "reasonable prior notice" for the purposes of the Cape Town Convention) at such prices as Lender may deem best, and/or (ii) purchase the Collateral, in whole or in part, upon any public sale or sales, and to the extent permitted by Applicable Law upon any private sale or sales, free of any right or equity of redemption in Customer, which right or equity of redemption is hereby expressly released;

(i) collect, receive, appropriate and realize upon the Collateral, or any part thereof, including by applying any deposit or other cash collateral, or collecting or receiving, appropriating and realizing upon any income, profits or other proceeds arising from the management or use of the Airframe, the Engines or any of the other Collateral, and applying the same (after deducting all taxes, costs, expenses and other reductions of every kind incurred in connection therewith) to the payment in whole or in part of the Obligations, in such order and manner as Lender may elect; and (ii) after making such application, (A) remitting to Customer or to such other Person any excess then remaining, as and to the extent Lender is required by Applicable Law to make such remittance and (B) demanding, collecting and receiving from Customer any deficiency then remaining (and Customer agrees that it shall remain liable for, and pay upon demand, the full amount of any such deficiency);

(i) demand and obtain from any court speedy relief pending final determination available at law (including, possession, control, custody or immobilization of the Airframe and Engines, or preservation of the Airframe and the Engines and their respective value), (ii) procure the deregistration and/or export and physical transfer of the Airframe from the territory in which it is then situated (including pursuant to an IDERA, if any, executed by Customer), and/or (iii) otherwise proceed at law or in equity, to enforce specifically Customer's performance or to recover damages; and/or

exercise any and all other rights and remedies under or with respect to the Loan Documents or Applicable Law, including the Cape Town Convention and the UCC.

No Waiver: Cumulative Remedies. No right or remedy is exclusive. Customer hereby acknowledges that none of the provisions of this Section 7, including any remedies set forth or referenced herein, is "manifestly unreasonable" for the purposes of the Cape Town Convention. Each may be used successively and cumulatively and in addition to any other right or remedy referred to above or otherwise available to Lender at law or in equity, but in no event shall Lender be entitled to recover any amount in excess of the maximum amount recoverable under Applicable Law with respect to any Event of Default. No express or implied waiver by Lender of any Default or Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default. The failure or delay of Lender in exercising any rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or reoccurrence of any such contingencies or similar contingencies, and any single or partial exercise of any particular right by Lender shall not exhaust the same or constitute a waiver of any other right provided for or otherwise referred to herein. After the occurrence of any Default or Event of Default, the acceptance by Lender of any payment or performance of any of the Obligations, including the payment of any installment of principal and/or interest or of any other sum owing hereunder or under the other Loan Documents shall not constitute a waiver of such Default or Event of Default, regardless of Lender's knowledge or lack of knowledge thereof at the time of acceptance of any such payment or performance and shall not constitute a reinstatement of any of the Loan Documents, unless Lender shall have agreed in writing to reinstate the same and waive the Default or Event of Default. To the extent permitted by Applicable Law, Customer waives any rights now or hereafter conferred thereby, that (a) limit or modify any of Lender's rights or remedies under this Agreement or any of the other Loan Documents, including the provisions of Article 13(2) of the Convention, or (b) would otherwise entitle Customer to (i) receive notices or demands as a condition to Lender's exercise of any rights or remedies, except as expressly required above or (ii) make claims, damages and demands against Lender arising out of the repossession, retention, sale or other disposition of the Collateral.

#### **MISCELLANEOUS**

Notices. All communications and notices provided for herein shall be in writing and shall be deemed to have been duly given or made (i) upon hand delivery, or (ii) upon delivery by an overnight delivery service, or (iii) when sent by telecopy (with customary confirmation of receipt of such telecopy) on the Business Day when sent or upon the next Business Day if sent on other than a Business Day.

#### Expenses and Fees; Indemnity; Performance of Customer's Obligations

Customer shall pay to Lender upon demand all reasonable fees, costs and expenses incurred by or on behalf of Lender at any time in connection with (i) the negotiation, preparation, execution, delivery and enforcement of the Loan Documents and the collection of the Obligations (both before and after the occurrence of a Default or Event of Default), (ii) the creation, preservation and protection of the Collateral and the perfection, first priority and enforcement of Lender's Lien, or (iii) Customer's exercise of any right granted under, or any amendment or other modification to any of, the Loan Documents. Such fees, costs and expenses shall include, without limitation, reasonable appraisal and inspection fees, the reasonable fees and expenses of Aviation Counsel and of Lender's counsel, consultants and brokers, UCC, FAA, International Registry and other applicable title, interest and lien searches, and reasonable costs and expenses relating to recovery, repossession, storage, insurance, transportation, repair, refurbishment, advertising, sale and other dispositions of the Aircraft or any of the other Collateral. Customer shall also pay all reasonable fees (including license, filing and registration fees), Impositions and other charges of whatever kind or nature that may be payable or determined to be payable in connection with (A) the execution, delivery, recording or performance of this Agreement or any of the other Loan Documents, or any modification thereof, and (B) the filings, registrations and other undertakings relating thereto. Notwithstanding the foregoing, as long as there are no more than two (2) revised drafts of any Loan Document provided by Customer or its counsel to Lender or Lender's counsel, Customer shall be responsible for not more than \$35,000.00 in the aggregate for the legal fees of outside counsel to Lender (including, Aviation Counsel) and appraisal, inspection, processing, credit verification, lien searches, FAA and International Registry fees and other fees incurred in connection with the initial negotiation, preparation and execution of this Agreement and the other Loan Documents executed and delivered on or

before the Closing Date (and the consummation of the closing contemplated to occur thereon); provided that in the event that the negotiation exceeds two (2) revised drafts of any Loan Document, then Customer shall pay for the actual amount of such out of pocket fees incurred by Lender relating to the drafting and negotiation in excess of such two (2) revised drafts. Lender shall apply the previously paid deposit amount of \$35,000.00 to such fees and shall refund to Customer the amount by which the deposit exceeds such fees.

Customer hereby further agrees, whether or not the transactions contemplated by this Agreement shall be consummated, to pay, indemnify, and hold Lender and its affiliates and all of the Lender's and such affiliates' respective directors, shareholders, members, officers, employees, agents, predecessors, attorneys-in-fact, lawyers, successors and assigns (Lender, its affiliates and all of such other parties and entities sometimes hereinafter collectively, the "**Indemnified Parties**") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, out of pocket costs, attorney's fees, expenses or disbursements of any kind or nature whatsoever ("**Claims**") arising with respect to or in connection with (i) the Airframe, the Engines, or any APUs or Parts, or any of the other Collateral, including (whether by or through Customer, Vendor, any Interested Third Party, or any other Person), the manufacture, inspection, ownership, lease, sublease, management, pooling, interchange, time sharing, chartering, possession, use, operation, maintenance, security, condition (whether prior to, upon or after delivery or acceptance of any of the same), repossession, storage, sale or other disposition of any of the same, or any accident in connection therewith, including Claims involving or alleging environmental damage, criminal acts, hijacking, acts of terrorism or similar acts, product liability or strict or absolute liability in tort, latent and other defects (whether or not discoverable) and for any other risk or matter, including any of the same that result in injuries, death, destruction, or other harm or loss to persons or property, or (ii) any of the Loan Documents, Third Party Agreements or other Transaction Documents, or the performance, breach (including any Default or Event of Default) or enforcement of any of the terms hereof or thereof, provided, that Customer shall have no obligation to indemnify an Indemnified Party with respect to Claims arising from the gross negligence or willful misconduct of such Indemnified Party (unless if imputed by Applicable Law). If any Claim is made against any Indemnified Party, the party receiving notice or otherwise becoming aware of such Claim shall promptly notify the other, but the failure of the party having knowledge of a Claim to so notify the other party shall not relieve Customer of any obligation hereunder.

If any Customer Party fails to perform or comply with any of its agreements contained herein or in the other Loan Documents, including, without limitation, its obligations to keep the Collateral free of Liens (other than the Permitted Liens), comply with Applicable Standards, or obtain the Required Coverages, Lender shall have the right, but shall not be obligated, to effect such performance or compliance, with such agreement. Any expenses of Lender incurred in connection with effecting such performance or compliance, together with interest thereon at the default rate of interest provided for in the Note from the date incurred until reimbursed, shall be payable by Customer to Lender promptly on demand and until such payment shall constitute part of the Obligations secured hereby. Any such action shall not be a cure or waiver of any Default or Event of Default hereunder.

Entire Agreement; Modifications. This Agreement and the other Loan Documents constitute the entire understanding and agreement of the parties hereto with respect to the matters contained herein and therein, and shall completely and fully supersede all other prior agreements (including any proposal letter, commitment letter, and/or term sheet), both written and oral, between Lender and Customer relating to the Obligations. Neither this Agreement, nor any terms hereof, may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of a change, waiver, discharge or termination is sought.

Construction of this Agreement and Related Matters. All representations and warranties made in this Agreement and in the other Loan Documents shall survive the execution and delivery of this Agreement and the making of the Loan hereunder. Customer's obligations contained in this Section 8 shall survive the payment and performance of the Obligations, the termination of this Agreement, and the release of the Collateral. This Agreement may be executed by the parties hereto on any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. The headings of the Sections hereof are for convenience only, are not part of this Agreement and shall not be deemed to affect the meaning or construction of any of the provisions hereof. Time is of the essence in the payment and performance of all of Customer's obligations under this Agreement. Any provision of this Agreement that may be determined to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective in such jurisdiction to the extent thereof without invalidating the remaining provisions of this Agreement, which shall remain in full force and effect.

Lender's Assignment. Lender, may at any time, with or without notice to Customer, freely grant a security interest in, sell, assign, participate or otherwise transfer (an "**Assignment**") all or any part of its interest in this Agreement and the other Loan Documents (including all associated rights associated with or secured thereby and the related international interests) or any amount due or to become due hereunder or thereunder, and Customer shall perform all of its obligations under the Loan Documents, to the extent so transferred, for the benefit of the beneficiary of such Assignment (such beneficiary, including any successors and assigns, an "**Assignee**"); provided, however, if such Assignee is not an Affiliate of Lender and if no Default or Event of Default exists, Lender will provide prior notice of any such Assignment to a third party. Customer hereby waives any right to assert, and agrees not to assert, against any Assignee any abatement, reduction, defense, setoff, recoupment, claim or counterclaim that Customer may have against Lender, provided that Lender remains fully responsible therefor. Upon the assumption by such Assignee of Lender's obligations hereunder, Lender shall be relieved of any such assumed obligations. Customer hereby consents to any such assignment, grant, sale or transfer, including, without limitation, for purposes of the Cape Town Convention. If so directed in writing, Customer shall pay all amounts due or to become due under the Loan Documents, including any of the same constituting associated rights or proceeds directly to the Assignee or any other party designated in writing by Lender or such Assignee. Customer acknowledges and agrees that Lender's right to enter into an Assignment is essential to Lender and, accordingly, waives any restrictions under Applicable Law with respect to an Assignment and any related remedies. Upon the request of Lender or any Assignee, Customer also agrees (a) to promptly execute and deliver, and cause to be executed and delivered by any Guarantor or any other Transaction Party, to Lender or to such Assignee an acknowledgment of assignment in form and substance satisfactory to the requesting party, an insurance certificate naming Assignee as additional insured and loss payee and otherwise evidencing the Required Coverages, an IDERA in favor of Assignee, and such other documents and assurances reasonably requested by Lender or Assignee, (b) to make, or cause to be made, all registrations (including all assignments and subordinations) and all amendments, extensions and discharges with the International Registry reasonably requested by Lender or Assignee (and give or obtain any necessary consent thereto, as well as renew any authorization required by the International Registry in connection therewith, including renewing its transacting user entity status and re-designating a professional user entity, if necessary in Lender's judgment), and (c) to comply with any and all other reasonable requirements of any such Assignee in connection with any such Assignment.

Jurisdiction. Customer and Lender each hereby irrevocably consents and agrees that any legal action, suit or proceeding arising out of or in any way in connection with this Agreement or any of the other Loan Documents may be instituted or brought in the courts of the State of New York or in the United States Courts for the Southern District of New York, as Customer or Lender may elect or in any other state or Federal court as Lender shall deem appropriate, and by execution and delivery of this Agreement, Customer and Lender each hereby irrevocably accepts and submits to, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of any such court, and to all proceedings in such courts. Customer and Lender each irrevocably consents to service of any summons and/or legal process by first class, certified United States air mail, postage prepaid, to Customer at the address set forth below its signature hereto, such method of service to constitute, in every respect, sufficient and effective service of process in any such legal action or proceeding. Nothing in this Agreement or in any of the other Loan Documents shall affect the right to service of process in any other manner permitted by law or limit the right of Lender to bring actions, suits or proceedings in the courts of any other jurisdiction. Customer and Lender each further agrees that final judgment against it in any such legal action,

suit or proceeding shall 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 shall be conclusive evidence of the fact and the amount of the liability. Notwithstanding anything in the foregoing to the contrary, Lender and Customer may bring a judicial proceeding in the Republic of Ireland, solely with respect to matters relating to the International Registry.

Governing Law; Binding Effect. This Agreement shall be construed and enforced in accordance with, and the rights of both parties shall be governed by, the internal laws of the State of New York (without regard to the conflict of laws principles of such state, except as to the effect of Title 14, Section 5-1401 of the New York General Obligations Law), including all matters of construction, validity, and performance. This Agreement shall be binding upon and inure to the benefit of Customer and Lender and their respective successors and assigns (but without limiting the provisions of Section 8.5); except that Customer may not assign or transfer its rights or obligations hereunder or under any other Loan Agreement, or any interest herein or therein; and any such purported or attempted assignment or transfer by Customer shall be null and void.

Customer's Capacity as Owner Trustee. TVPX Aircraft Solutions Inc. ("TVPX") is executing this Agreement, and the other Loan Documents solely in its capacity as Owner Trustee under the Trust Agreement and not in its individual capacity and in no case shall TVPX be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of the Customer hereunder, or under any Loan Document, all such liability, if any, being expressly waived by the parties hereto and any Person claiming by, through, or under such party. Under no circumstances shall TVPX be personally liable for the payment of any other amount stated to be due from the Customer hereunder, or under any Loan Document, or be personally liable for the breach or failure of any of Customer's representations, warranties, covenants, obligations, undertakings and agreements hereunder, or under any Loan Documents; provided, however, that the Customer (or any such successor owner trustee) shall be personally liable hereunder for its own gross negligence or willful misconduct or for its breach of its covenants, representations and warranties contained herein, or in any Loan Document, to the extent covenanted or made in its individual capacity.

Jury Waiver. CUSTOMER AND LENDER EACH HEREBY KNOWINGLY AND FREELY WAIVES THEIR RESPECTIVE RIGHTS TO A JURY TRIAL IN ANY ACTION, SUIT OR PROCEEDING RELATING TO, ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE NOTE OR ANY OF THE OTHER LOAN DOCUMENTS.

**[Signatures On Next Page]**

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Loan and Aircraft Security Agreement

IN WITNESS WHEREOF, the parties hereto have caused this Loan and Aircraft Security Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

BANC OF AMERICA LEASING & CAPITAL, LLC, Lender

TVPX AIRCRAFT SOLUTIONS INC., a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated July \_\_\_\_, 2017,  
Customer

By:  
Name:  
Title:  
Notice Address:

One Financial Plaza, 2nd Floor  
Providence, Rhode Island 02903  
Attention: Director of Aircraft Operations  
Telephone: 800-238-3737  
Facsimile: 401-278-7941

By:  
Name:  
Title:  
Notice Address:

39 East Eagle Ridge Drive, Ste. 201  
North Salt Lake, UT 84054  
Telephone: (801) 924-367  
Facsimile: (801) 877-0478

with its obligations under the Loan Documents; and (iv) any material dispute between Customer or any Interested Third Party and any Governmental Authority or other party that involves the Aircraft or any of the other Collateral or that might materially interfere with the normal business operations of Customer;

(b) cause Guarantor to comply with the financial reporting requirements set forth in the Guaranty and promptly furnish to Lender any such financial and other information regarding the Customer or Guarantor or any of its Affiliates as Lender may from time to time reasonably request; and

(c) promptly execute and deliver to Lender such further instruments, UCC and FAA filings (including an IDERA) and other documents, make, cause to be made and/or consent to all registrations (including any discharges and subordinations, or as to the prospective or actual sale of, and any international interest in, the Engines) with the International Registry, and take such further action, as Lender may from time to time reasonably request in order to further carry out the intent and purpose of the Loan Documents and to establish, protect and enforce the rights, interests, remedies and Liens (including the first priority thereof) created, or intended to be created, in favor of Lender thereby.

2. General Obligations. (a) Customer agrees that it shall (i) duly observe and conform to all requirements of Applicable Law relating to the conduct of its business and/or the Aircraft, (ii) remain a "citizen of the United States" within the meaning of the Transportation Code, (iii) obtain and keep in full force and effect (A) all rights, franchises, licenses and permits that are necessary to the proper conduct of its business, and (B) all approvals by any Governmental Authority required with respect to the performance of its obligations under the Loan Documents and the operation of the Aircraft and its business, (iv) cause the Aircraft to remain primarily hangared at the Primary Hangar Location, and duly registered in Customer's name under the Transportation Code (including, by making all necessary reports, re-registering its ownership of the Aircraft, and taking all other actions required by Applicable Law), and (v) pay and perform all of its obligations and liabilities when due. (b) Customer agrees that (i) it shall not change its presently existing legal name or its form or state of organization on or after the date of this Agreement, without Lender's prior written consent, (ii) if its presently existing state organizational identification number changes, or if Customer currently has no such state organizational number but is subsequently issued such a number, on or at any time after the date of this Agreement, Customer shall immediately notify Lender thereof, and (iii) it shall not change the presently existing mailing, chief executive office and/or principal place of business address on or after the date of this Agreement without giving Lender thirty (30) days written notice of the same.

3. Taxes. (a) Customer will file or cause to be filed with all appropriate taxing authorities all Federal, state and local income tax returns that are required to be filed and all registrations, declarations, returns and other documentation with respect to any personal property taxes (or any other taxes in the nature of or imposed in lieu of property taxes) due or to become due with respect to the Aircraft or any of the other Collateral. (b) Customer will pay (or cause to be paid) (i) on or before the date when due all taxes as shown on said returns and all taxes assessed, billed or otherwise payable with respect to the Aircraft or the other Collateral directly to the appropriate taxing authorities; and (ii) when due all license and/or registration or filing fees, assessments, governmental charges and sales, use, property, excise, privilege, value added and other taxes (including any related interest or penalties) or other charges or fees now or hereafter imposed by any governmental body or agency upon Customer or the Aircraft or any of the other Collateral, with respect to the landing, airport use, manufacturing, ordering, shipment, purchase, ownership, delivery, installation, leasing, chartering, operation, possession, use or disposition of the Aircraft or any of the other Collateral, or any interest therein (the items referred to in (i) and (ii) above being referred to herein collectively, as " **Impositions** ").

4. No Disposition of Collateral or Liens; Title and Security Interest.

(a) Customer shall not sell, assign, enter into any Third Party Agreement, convey, mortgage, exchange or otherwise transfer or relinquish possession of (including by any seizure or other taking by any foreign or domestic governmental authority) or dispose of the Airframe or Engines, any Part, any related associated rights, international interests or prospective international interests, any proceeds or any of the other Collateral, or attempt or offer to do, or suffer or permit any of the foregoing. Customer shall be permitted, however, to deliver possession of the Airframe, the Engines, or any APU or Part to another Person for testing, service, repair, maintenance, overhaul, alteration or modification, and to enter into Permitted Third Party Agreements, in each case, if and to the extent consistent with the provisions of the Loan Documents. Customer will warrant and defend its good and marketable title to the Airframe, the Engines and the other Collateral, and the validity, perfection and first priority of Lender's Lien in the Collateral, against all other Liens, claims and demands whatsoever, except Permitted Liens; and without limiting the foregoing, Customer will (i) not create, assume or suffer to exist any Liens on or with respect to the Airframe, the

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**LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)**

**THIS LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)** (together with all Addenda, Riders and Annexes hereto, this " **Agreement** ") is dated as of July 27, 2017 (the " **Closing Date** "), by and between **TVPX AIRCRAFT SOLUTIONS INC.**, a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated as of July 27, 2017 (" **Customer** ") and **BANC OF AMERICA LEASING & CAPITAL, LLC**, a Delaware limited liability company (" **Lender** ").

In consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

Capitalized and certain other terms used but not otherwise defined in this Agreement shall have the meanings ascribed to them in Annex A attached hereto and made a part hereof.

#### **Terms of Loan .**

**Loan and Use of Proceeds .** Subject to the terms and conditions of this Agreement, Lender agrees to make a loan to Customer in the principal amount set forth in Annex B attached hereto and made a part hereof (the “ **Loan** ”). Customer shall use the proceeds of the Loan to finance the costs of the acquisition of the Aircraft.

**Repayment and Prepayment .** The Customer’s obligation to repay the Loan shall be evidenced by one or more Promissory Notes dated on and/or after the Closing Date, payable by Customer to the order of Lender in the original principal amount of the Loan (as amended, modified, restated, extended and renewed from time to time, the “ **Note** ”). The Loan shall bear interest and be repaid by Customer at the times and in the manner set forth in the Note. The Loan may be prepaid only in the manner and subject to terms and conditions set forth in the Note and, if applicable, Section 4.7 hereof.

**Conditions of Borrowing .** Lender’s obligation to make the Loan shall be both subject to and conditioned upon the satisfaction of all of the conditions precedent specified in the Closing Terms Addendum attached to and made a part of this Agreement.

**Representations and Warranties .** In order to induce Lender to enter into this Agreement and to make the Loan herein provided for, Customer represents, warrants and covenants to Lender that:

(i) Customer (A) is duly qualified to do business in each jurisdiction in which the conduct of its business or the ownership or operation of its assets requires such qualification, including the jurisdiction of the Primary Hangar Location and wherever any of the Collateral may become located; (B) has the necessary authority and power to own and operate the Aircraft and its other assets and to transact the business in which it is engaged; (C) is a “citizen of the United States” within the meaning of the Transportation Code; and (D) has the form of business organization set forth in Annex B hereto and is and will remain duly organized, validly existing and in good standing under the laws of the state of its organization set forth in Annex B hereto, its federal tax identification number is as set forth in Annex B hereto, and its state-issued organizational identification number (if any), chief executive office and principal place of business address are all as set forth on Annex B hereto; and (ii) its name as shown in the preamble of this Agreement is its exact legal name as shown on its charter, by-laws, articles of organization or operating agreement, as applicable, each as amended as of the Closing Date;

(i) Customer’s execution and delivery of, and performance of its obligations under and with respect to, each of the Loan Documents (including its borrowing the amounts constituting the Loan, granting the Lender’s Lien against the Aircraft and other Collateral and participating in the other transactions contemplated herein and therein), (A) have been duly authorized by all necessary action on the part of Customer consistent with its form of organization, (B) do not contravene or constitute a default under any Applicable Law, any of Customer’s Organizational Documents, or any agreement, indenture, or other instrument to which Customer is a party or by which it may be bound, (C) do not require the approval of or notice to (1) any Governmental Authority, except for the filings and registrations specified in the Closing Terms Addendum, all of which shall have been duly effected prior to or concurrently with Lender making the Loan, or (2) any other party (including any trustees or holders of indebtedness), and (D) will not result in the creation or imposition of any Lien on any of the assets of Customer other than the Lender’s Lien created hereby and by the other Loan Documents with respect to the Collateral; (ii) each of the Transaction Documents referenced in the Closing Terms Addendum to which Customer is a party has been duly executed and delivered by an authorized representative of the Customer, and constitutes the legal, valid and binding obligation of the Customer, enforceable against it in accordance with the respective terms of such Transaction Documents (including, without limitation, the grant of the Lender’s Lien); and (iii) without limiting the foregoing, upon Lender’s advancing the Loan on the Closing Date, (A) Customer will have satisfied or complied with all conditions precedent and requirements as set forth in the Loan Documents required to have been satisfied or complied with concurrently with or prior to such advance and (B) no Default or Event of Default shall be then existing;

there are no proceedings pending or, so far as the officers, managers, or members of Customer know, threatened against or affecting Customer or any of its property before any Governmental Authority that could impair Customer’s title to the Aircraft or any of the other Collateral, or that, if decided adversely, could materially affect the financial condition or operations of Customer or its ability to perform its obligations under any of the Loan Documents;

(i) Customer has, and shall continue to have, good and marketable title to the Collateral, free and clear of Liens, except Permitted Liens; (ii) the Lender’s Lien in the Airframe, the Engines and the other Collateral is and shall remain validly created and perfected, and has and shall continue to have first priority over any other Liens pursuant to all Applicable Laws; and (iii) all filings, recordings, registrations or other actions necessary or desirable in order to vest such title in Customer, and establish, perfect and give first priority to Lender’s Lien and other rights and interests in, against or with respect to the Collateral, have been duly effected, and all Impositions in connection therewith have been duly paid;

without limiting any of the other representations and warranties in this Agreement, for the purposes of the Cape Town Convention and any other Applicable Law, (i) upon the conclusion of the sale of the Aircraft to Customer, and Customer’s grants and assignments, and (if constituting a lease) any Permitted Third Party Agreement, contemplated in the Loan Documents or other Transaction Documents, Customer and (if a lessee) any Interested Third Party shall be situated in, and Customer will cause the Aircraft to be duly registered in, the United States of America (which is a contracting state), (ii) with respect to any of the Transaction Documents relating to the Airframe or Engine, each of the respective parties thereto has power to dispose of the Airframe and Engine, as contemplated therein by way of the relevant Transaction Document, and (iii) the Purchase Documents qualify as a “contract of sale”, and (if constituting a lease) any Permitted Third Party Agreement and the Loan Documents are effective to constitute international interests in the Airframe and Engine and security assignments of the related associated rights and transfer of the related international interests, as contemplated therein, and each such Registerable Interest will be effective against third parties upon registration at the International Registry, without any further filings or registrations (except as contemplated in the Loan Documents);

(i) the Aircraft (A) has been delivered to Customer, is in Customer’s possession and is, as of the Closing Date, unconditionally, irrevocably and fully accepted by Customer, (B) has been inspected by Customer to its complete satisfaction and, without limiting the foregoing, (1) has been found to be in good working order, repair and condition and fully equipped to operate for its intended purpose, and (2) is in conformity with the requirements of the Purchase Agreement and the Applicable Standards, (C) is, or will be at the time of the funding of the Loan, currently certified under existing FAA rules and regulations and any other Applicable Laws and is airworthy in all respects, and (D) is and will remain primarily hangared at the Primary Hangar Location; and (ii) without limiting the foregoing, (A) solely as between Lender and Customer (and without prejudicing Customer’s rights against Vendor or any other third party, which rights are not being disclaimed hereby), Customer has no pending claims and has no knowledge of any facts upon which a future claim may be based, against any prior owner, the seller, manufacturer or supplier of the Aircraft or any of the other Collateral, for breach of warranty or otherwise, and (B) all of the information contained in Annex C, including the registration number of the Aircraft, and the serial numbers, manufacturer and model numbers of the Airframe, Engines, and APU, are true and accurate in all respects; and

(h) the Aircraft (i) is currently capable of being certified under existing FAA rules and regulations and completely airworthy in all respects, (ii) will undergo an inspection by a Designated Airworthiness Representative of the FAA (“ **DAR** ”) on the Closing Date and (iii) an FAA Standard Airworthiness Certificate (AC Form 8100-2) shall be issued for the Aircraft no later than two (2) Business Days after the Closing Date.

**Covenants .** Customer covenants and agrees that from and after the Closing Date and so long as any of the Obligations are outstanding:

Notices; Financial Information; and Further Assurances. Customer will, at its sole expense:

promptly give written notice to Lender of (i) the occurrence of any Default or Event of Default; (ii) the occurrence of any Event of Loss or event of which Customer may be aware that could become an Event of Loss; (iii) the commencement or written threat of any material litigation or proceedings affecting Customer or any material litigation or proceedings affecting the Aircraft or any of the other Collateral, or the ability of Customer to comply with its obligations under the Loan Documents; and (iv) any material dispute between Customer or any Interested Third Party and any Governmental Authority or other party that involves the Aircraft or any of the other Collateral or that might materially interfere with the normal business operations of Customer;

cause Guarantor to comply with the financial reporting requirements set forth in the Guaranty and promptly furnish to Lender any such financial and other information regarding the Customer or Guarantor or any of its Affiliates as Lender may from time to time reasonably request; and

promptly execute and deliver to Lender such further instruments, UCC and FAA filings (including an IDERA) and other documents, make, cause to be made and/or consent to all registrations (including any discharges and subordinations, or as to the prospective or actual sale of, and any international interest in, the Engines) with the International Registry, and take such further action, as Lender may from time to time reasonably request in order to further carry out the intent and purpose of the Loan Documents and to establish, protect and enforce the rights, interests, remedies and Liens (including the first priority thereof) created, or intended to be created, in favor of Lender thereby.

General Obligations. (a) Customer agrees that it shall (i) duly observe and conform to all requirements of Applicable Law relating to the conduct of its business and/or the Aircraft, (ii) remain a "citizen of the United States" within the meaning of the Transportation Code, (iii) obtain and keep in full force and effect (A) all rights, franchises, licenses and permits that are necessary to the proper conduct of its business, and (B) all approvals by any Governmental Authority required with respect to the performance of its obligations under the Loan Documents and the operation of the Aircraft and its business, (iv) cause the Aircraft to remain primarily hangared at the Primary Hangar Location, and duly registered in Customer's name under the Transportation Code (including, by making all necessary reports, re-registering its ownership of the Aircraft, and taking all other actions required by Applicable Law), and (v) pay and perform all of its obligations and liabilities when due. (b) Customer agrees that (i) it shall not change its presently existing legal name or its form or state of organization on or after the date of this Agreement, without Lender's prior written consent, (ii) if its presently existing state organizational identification number changes, or if Customer currently has no such state organizational number but is subsequently issued such a number, on or at any time after the date of this Agreement, Customer shall immediately notify Lender thereof, and (iii) it shall not change the presently existing mailing, chief executive office and/or principal place of business address on or after the date of this Agreement without giving Lender thirty (30) days written notice of the same.

Taxes. (a) Customer will file or cause to be filed with all appropriate taxing authorities all Federal, state and local income tax returns that are required to be filed and all registrations, declarations, returns and other documentation with respect to any personal property taxes (or any other taxes in the nature of or imposed in lieu of property taxes) due or to become due with respect to the Aircraft or any of the other Collateral. (b) Customer will pay (or cause to be paid) (i) on or before the date when due all taxes as shown on said returns and all taxes assessed, billed or otherwise payable with respect to the Aircraft or the other Collateral directly to the appropriate taxing authorities; and (ii) when due all license and/or registration or filing fees, assessments, governmental charges and sales, use, property, excise, privilege, value added and other taxes (including any related interest or penalties) or other charges or fees now or hereafter imposed by any governmental body or agency upon Customer or the Aircraft or any of the other Collateral, with respect to the landing, airport use, manufacturing, ordering, shipment, purchase, ownership, delivery, installation, leasing, chartering, operation, possession, use or disposition of the Aircraft or any of the other Collateral, or any interest therein (the items referred to in (i) and (ii) above being referred to herein collectively, as "**Impositions**").

No Disposition of Collateral or Liens; Title and Security Interest.

Customer shall not sell, assign, enter into any Third Party Agreement, convey, mortgage, exchange or otherwise transfer or relinquish possession of (including by any seizure or other taking by any foreign or domestic governmental authority) or dispose of the Airframe or Engines, any Part, any related associated rights, international interests or prospective international interests, any proceeds or any of the other Collateral, or attempt or offer to do, or suffer or permit any of the foregoing. Customer shall be permitted, however, to deliver possession of the Airframe, the Engines, or any APU or Part to another Person for testing, service, repair, maintenance, overhaul, alteration or modification, and to enter into Permitted Third Party Agreements, in each case, if and to the extent consistent with the provisions of the Loan Documents. Customer will warrant and defend its good and marketable title to the Airframe, the Engines and the other Collateral, and the validity, perfection and first priority of Lender's Lien in the Collateral, against all other Liens, claims and demands whatsoever, except Permitted Liens; and without limiting the foregoing, Customer will (i) not create, assume or suffer to exist any Liens on or with respect to the Airframe, the Engines, or any of the other Collateral, or Customer's interest therein (other than Permitted Liens); and (ii) promptly take such action as directed by Lender to duly discharge any such unpermitted Liens.

So long as no Default or Event of Default is then existing, Customer may enter into and remain a party to Third Party Agreements, in each such case, subject to the satisfaction of, and compliance by Customer and each Interested Third Party with, all of the following throughout the term of such arrangement: (i) Each such Interested Third Party shall (A) be and remain solvent, and (unless an individual) organized under the laws of a state within the United States; and (B) if engaged by Customer with the prior written consent of Lender as a manager and/or charter operator (including the Manager pursuant to the Management Agreement), while so engaged, (1) have a recognized favorable reputation as a manager and/or charter operator, as the case may be, of aircraft similar to the Aircraft, (2) be providing management and/or charter operation services for other aircraft owners similar to the services contemplated therein, and (3) if and at all times while conducting any charter operations (x) have and maintain a valid Part 135 Certificate evidencing its authority to conduct such operations, (y) list the Aircraft on its operations specifications, and (z) comply with all Applicable Standards pertaining to such charter operations. (ii) Any operation of the Aircraft pursuant to any such Third Party Agreement shall be limited to (A) if by Customer, Parent Guarantor or any Affiliate of Parent Guarantor, any time sharing agreements (as defined in Section 91.501(c)(1)) complying with Part 91 of the FARs and all other Applicable Standards, (B) if by a manager and/or a charter operator with Lender's prior written consent, pursuant to and in full compliance with the requirements of Part 135 of the FARs and all other Applicable Standards, or (C) if such Third Party Agreement is a "dry lease" by Customer, as lessor, to Parent Guarantor or an Affiliate of Parent Guarantor or other Interested Third Party permitted pursuant hereto, as lessee, operation by such lessee complying with (1) Part 91 and any other applicable provision of the FARs, and all other Applicable Standards, and (2) the provisions hereof and of the other Loan Documents pertinent to the operation of the Aircraft (whether by Customer or any permitted Interested Third Party). (iii) The related Third Party Agreement shall (A) be and remain, subject and subordinate to Lender's Lien in and with respect to the Collateral, and Lender's rights and remedies under the Loan Documents (and such subordination shall be expressly acknowledged therein), (B) not convey any Lien on, or other property interest in or against the Airframe, the Engines or any of the other Collateral, except for a Permitted Lien (but, without giving effect to clause (a) of the definition of such term), (C) not permit any further sublease or disposition of or unpermitted Lien against the Aircraft or any of the other Collateral by any of the Interested Parties thereto or any other Person, or any change in registration or unpermitted change in hangaring of the Aircraft, (D) not contain provisions that are inconsistent with the provisions of any of the Loan Documents or cause Customer to breach any of its representations, warranties or agreements under any of the Loan Documents, (E) be in conformity with all requirements of the FARs and other Applicable Laws, and (F) otherwise conform to any Operating Consent required by Lender with respect thereto. (iv) (A) Customer shall have specified such Third Party Agreement on Annex B if existing on the Closing Date, or if not then existing shall require Lender's prior written consent and at least thirty (30) Business Days' prior written

notice of its intention to enter into a Third Party Agreement and (B) no later than the effective date thereof Customer shall comply with, and at all times thereafter remain in compliance with, any related requirements by Lender, including (1) entering into, and causing any related Interested Third Parties to enter into, an Operating Consent, (2) causing Lender to be covered by the Required Coverages (which, for the purposes hereof, may include insurance coverages obtained and maintained by an Interested Third Party, conforming to the insurance requirements herein and in any of the other Loan Documents), and (3) entering into or delivering, or causing to be entered into and delivered, all such other documents, filings and assurances, making or causing to be made such filings and registrations, and taking or causing to be taken all such other actions, in each case as may be required by Lender and (4) paying or reimbursing Lender for any related costs or expenses. (v) Lender shall have the right, but not the obligation, to (A) require reasonable evidence that any Interested Third Party satisfies the requirements provided herein, and (B) review any such Third Party Agreement, as from time to time supplemented and amended, to determine its conformity with the provisions hereof, but without assuming any responsibility with respect thereto. (vi) Customer shall neither make, nor permit to be made, any filing or registration with respect to any Permitted Third Party Agreement, unless so directed by Lender pursuant to Section 5.2 or otherwise. Notwithstanding the foregoing limitations Parent Guarantor or any Affiliate shall be permitted to conduct the carriage of Parent Guarantor or any Affiliate and/or their respective guests pursuant to 14 CFR Section 91.501(b)(4), affiliated group operations pursuant to 14 CFR Section 91.501(b)(5) and/or (6), demonstration flights pursuant to 14 CFR Section 91.501(b)(3), time sharing or interchange operations pursuant to 14 CFR Section 91.501(b)(6), the carriage of customers pursuant to 14 CFR Section 91.501(b)(9) and/or the carriage of candidates in Federal elections conducted pursuant to 14 CFR Section 91.321.

With respect to any Third Party Agreements complying with all of the provisions of Section 4.4(b) (each a “ **Permitted Third Party Agreement** ”), although certain of the duties and obligations of Customer under the Loan Documents may be performed by one or more of the Interested Third Parties, (i) no such Permitted Third Party Agreement shall reduce any of Customer’s obligations, or Lender’s rights, under any of the Loan Documents, (ii) all of Customer’s obligations under the Loan Documents shall be and remain primary and continue in full force and effect as the obligations of a principal and not of a guarantor or surety, and (iii) Lender is not waiving the right to require full and timely performance of any such obligations in strict accordance with the provisions hereof and of the other Loan Documents. By way of clarification and not limitation, with respect to any provisions of this Agreement or any of the other Loan Documents requiring Customer to take or refrain from taking an action relating to the Aircraft or any of the other Collateral, such provision may also be read to mean that Customer shall cause the same to be done in accordance therewith, if at that time the Aircraft or such other Collateral is in the possession or control of an Interested Third Party pursuant to a Permitted Third Party Agreement.

#### Use of Aircraft; Maintenance; Modifications; Security.

Customer will operate the Aircraft or shall cause the Aircraft to be operated under and in compliance with Part 91 and any other applicable provision of the FARs, and all other Applicable Standards. Unless otherwise expressly permitted hereunder, (i) Customer shall not operate or permit the Aircraft to be operated for air taxi operations or otherwise under Part 135 of the FARs; and (ii) Customer, an Affiliate or other Interested Third Party shall at all times have, and maintain, “operational control” of the Aircraft (as such term is then interpreted by the FAA or such other applicable Governmental Authority), and no other Person shall operate the Aircraft. The Aircraft at all times will be operated by duly qualified pilots having satisfied all requirements established and specified by the FAA, the TSA, any other applicable Governmental Authority and the Required Coverages.

the Aircraft may be flown temporarily to any country in the world, provided that the Aircraft (i) shall at all times be based in the continental United States; and (ii) shall not be flown, operated, used or located in, to or over any such country or area (temporarily or otherwise) (A) that is excluded from the Required Coverages (or specifically not covered by such insurance), (B) with which the U.S. does not maintain favorable diplomatic relations (which is any country or jurisdiction not marked with an “\*” on the list maintained by the U.S. Department of State, at <http://www.state.gov/s/inr/rls/4250.htm> or any replacement or equivalent website maintained by the U.S. Department of State), provided that the prohibition in this clause (B) does not prohibit the operation of the Aircraft on an approved and assigned air traffic control route (if and so long as such use is otherwise in compliance with the provisions of the this Agreement and does not violate any insurance policies in effect with respect to the Aircraft) , (C) to the extent that payment of any claim under the Required Coverages directly or indirectly arising or resulting from or connected with any such flight, operation, use or location would be prohibited under any trade or other economic sanction or embargo by the United States of America, or (D) in violation of any of the Loan Documents or any Applicable Standards. Customer shall adopt, implement and comply with all security measures required by any Applicable Law, or by any Required Coverages, or that are necessary or appropriate for the proper protection of the Aircraft (whether on the ground or in flight) against theft, vandalism, hijacking, destruction, bombing, terrorism or similar acts.

Customer agrees that, with respect to the Airframe, the Engines, each APU and each Part, Customer will at its own expense, (i) maintain, inspect, service, repair, overhaul and test the same in accordance with Applicable Standards; (ii) make any alterations or modifications that may at any time be required to comply with Applicable Standards, and to cause the Aircraft to remain airworthy; (iii) furnish all required parts, replacements, mechanisms, devices and servicing so that the condition and operating efficiency thereof will at all times be no less than its condition and operating efficiency as and when delivered to Customer, ordinary wear and tear from proper use alone excepted; (iv) promptly replace all Parts (A) which become worn out, lost, stolen, taken, destroyed, damaged beyond repair or permanently rendered or declared unfit for use for any reason whatsoever, or (B) if not previously replaced pursuant to clause (A), as and when required by any Applicable Standards, including any applicable life limits; and (v) maintain (in English) all Records in accordance with Applicable Standards; and (vi) enroll and maintain the Engines in an Engine Maintenance Program and the APU in an APU Maintenance Program or shall cause the foregoing to be done. All maintenance procedures shall be performed by properly trained, licensed, and certified maintenance sources and personnel utilizing replacement parts approved by the FAA and the manufacturer of (as applicable) the Airframe, the Engines, or any APU or Part. Without limiting the foregoing, Customer shall comply with all mandatory service bulletins and airworthiness directives by causing compliance to such bulletins and/or directives to be completed through corrective modification in lieu of operating manual restrictions.

Customer will not make, authorize or permit any improvement, change, addition or alteration to the Aircraft that will impair the originally intended function or use of the Aircraft, diminish the value of the Aircraft as it existed immediately prior thereto, or violate any Applicable Standard. All repairs, parts, replacements, mechanisms and devices added by Customer or on its behalf shall immediately, without further act, become part of the Aircraft and subject to the Lender’s Lien granted under this Agreement.

#### Insurance.

Customer agrees to maintain or cause to be maintained at all times, at its sole cost and expense, with insurers of recognized reputation and responsibility satisfactory to Lender (but in no event having an A.M. Best or comparable agency rating of less than “A-”):

(A) comprehensive aircraft liability insurance against bodily injury or property damage claims including, without limitation, contractual liability, premises liability, death and property damage liability, public and passenger legal liability coverage, and sudden accident pollution coverage, in an amount not less than \$200,000,000.00 for 20 or more seats, or if the Aircraft will be chartered, or \$100,000,000.00 for 10 or more seats, or \$50,000,000.00 for fewer than 10 seats for each single occurrence, and (B) personal injury liability in an amount not less than

\$25,000,000.00; but, in no event shall the amounts of coverage required by sub-clauses (A) and (B) be less than the coverage amounts as may then be required by Applicable Law;

“all-risk” ground, taxiing, and flight hull insurance on an agreed-value basis, covering the Aircraft, provided that such insurance shall at all times be in an amount not less than the greater of (1) the full replacement value of the Aircraft (as determined by Lender), or (2) the unpaid principal amount of the Note (each such amount re-determined as of each anniversary of the date hereof for the next succeeding year throughout the term of this Agreement); and

war risk and allied perils (including confiscation, appropriation, expropriation, terrorism and hijacking insurance) in the amounts required in paragraphs (i) and (ii), as applicable.

Any policies of insurance carried in accordance with this Section 4.6 and any policies taken out in substitution or replacement of any such policies shall (i) be endorsed to name Lender as an additional insured as its interests may appear (but without responsibility for premiums), (ii) provide, with respect to insurance carried in accordance with Section 4.6(a)(ii) or (a)(iii) above, that any amount payable thereunder shall be paid directly to Lender as sole loss payee and not to Lender and Customer jointly, (iii) provide for thirty (30) days’ (seven (7) days’ in the case of war, hijacking and allied perils) prior written notice by such insurer of cancellation, material change, or non-renewal, (iv) include a severability of interest clause providing that such policy shall operate in the same manner as if there were a separate policy covering each insured, (v) waive any right of set-off against Lender, and any rights of subrogation against Lender, (vi) provide that in respect of the interests of Lender in such policies, that the insurance shall not be invalidated by any action or inaction of Customer or any other Person operating or in possession of the Aircraft, regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by or binding upon Customer or any other Person operating or in possession of the Aircraft, and (vii) be primary, not subject to any co-insurance clause and shall be without right of contribution from any other insurance.

Customer shall not self-insure (by deductible, premium adjustment, or risk retention arrangement of any kind) with respect to any of the risks required to be insured pursuant to this Section 4.6. Customer agrees that it shall obtain and maintain such other insurance coverages, or cause adjustments to be made to the scope, amount or other aspects of the existing insurance coverages, promptly upon Lender’s request, as and when Lender deems such additional insurance coverages or modifications to be appropriate in light of any changes in Applicable Law, prudent industry practices, the insurance market, Customer’s anticipated use of the Aircraft or other pertinent circumstances. All of the coverages required herein shall be in full force and effect worldwide throughout any geographical areas to, in or over which the Aircraft is operated. All insurance proceeds payable under the requisite policies shall be payable in U.S. Dollars.

At least ten (10) days prior to the policy expiration date for any insurance coverage required by this Section 4.6, Customer shall furnish to Lender evidence (having the form and substance consistent with Section 1(f) of the Closing Terms Addendum) of the renewal or replacement of such coverage, complying with the terms hereof, for a twelve (12) month or greater period commencing from and after such expiration date.

#### Event of Loss; Loaner Engines.

Upon the occurrence of any Event of Loss with respect to the Aircraft and/or the Airframe, Customer shall notify Lender of any such Event of Loss within five (5) days of the date thereof. Customer shall pay the then Outstanding Balance promptly upon its receipt of insurance proceeds relating to such Event of Loss, but in no event later than ninety (90) days after the occurrence of such Event of Loss (irrespective as to whether any or all of such proceeds have been received). Upon Lender’s receipt in good and indefeasible funds of all of the amounts required to be paid pursuant to the preceding sentence (whether by applying Customer’s payment of such amounts, or any such insurance proceeds, or both) the Aircraft shall be released from the Lender’s Lien, and Lender shall remit to Customer any such insurance proceeds so received by Lender, to the extent then remaining.

Upon an Event of Loss with respect to an Engine or any APU (as applicable, a “ **Lost Item** ”) under circumstances in which there has not occurred an Event of Loss with respect to the Airframe, Customer shall, within one hundred twenty (120) days after the occurrence of such Event of Loss, replace such Lost Item, with a Permitted Replacement. Any engine or auxiliary power unit constituting a “ **Permitted Replacement** ” for a Lost Item shall (i) be of the same make and model number as the Lost Item, (ii) be free and clear of all Liens and (iii) have a value, utility and useful life at least equal to, and be in as good an operating condition as, the Lost Item, assuming such Lost Item was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss. Customer, at its own cost and expense, shall (i) furnish Lender with such documents to evidence such conveyance, (ii) cause the Permitted Replacement to be subject to the Lender’s Lien under this Agreement, and (iii) take such other actions as may be required by Lender to cause the Lender’s Lien therein to be validly created, perfected and have first priority, including as evidenced on the FAA Registry, the International Registry, and any other recording office. Each such Permitted Replacement shall, after such conveyance, be deemed an “Engine” or “APU” (as defined herein), as applicable, and shall be deemed part of the same Aircraft as was the Lost Item replaced thereby.

In the event an Engine is damaged and is being repaired, or is being inspected or overhauled, Customer, at its option, may temporarily substitute another engine during the period of such repair or overhaul, so long as such engine is of the same make and model as the Engine being repaired or overhauled, is free and clear of any Lien that might impair Lender’s rights or interests in the Airframe and is maintained in accordance herewith (any such substitute engine being hereinafter referred to as a “ **Loaner Engine** ”). Customer shall (i) cause such Loaner Engine to be installed and removed, as applicable, by a maintenance facility certified by the FAA and manufacturer with respect to the Aircraft, and (ii) cause the repaired or overhauled original Engine to be reinstalled on the Airframe promptly upon completion of the repair or overhaul, but in no event later than the earlier of one hundred twenty (120) days after removal or the occurrence of an Event of Default.

So long as no Default has occurred and is continuing, and no Event of Default or Event of Loss with respect to the Aircraft has occurred, any loss or damage proceeds of the Required Coverages received by Lender shall be released promptly by Lender to Customer to reimburse Customer for paying the costs actually incurred with respect to repairs made to the Aircraft so as to restore it to the condition required by this Agreement, or for the purchase of a Permitted Replacement pursuant to Section 4.7(b), or shall be disbursed by Lender as otherwise required by this Agreement.

Aircraft Registration. On or before the Closing Date, and at all times thereafter, so long as any of the Obligations are outstanding, Customer shall remain solely responsible pursuant to the applicable provisions of this Agreement to cause (i) the Aircraft to be effectively and otherwise validly registered in Customer’s name on the Registry, and (ii) the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft, in each case, accordance with the Registration Requirements; and without limiting the foregoing, or any other provision of this Agreement, Customer shall:

cause the Registration Certificate to be maintained within the Aircraft and cause the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft; including by (A) notifying Lender immediately of any event or circumstance with respect to which the Registration Requirements require further action by Customer, the Registry or any other Governmental Authority or other Person, (B) immediately upon receipt, placing the original, replacement or renewal Registration Certificate on the Aircraft prior to the expiration or other invalidation of any previously issued Registration Certificate (whether the certificate or any other document constituting the Registration Certificate as defined herein) under the Registration Requirements, and (C) complying with any and all of the other Registration Requirements relating to such Registration Certificate, and to the Registration Certificate replaced thereby (including any of the same relating to the destruction or return thereof, as the case may be); and



within such notice period) or (B) notify Lender of any Default or Event of Default within ten (10) Business Days of its occurrence; or

(i) any Customer Party shall (A) generally fail to pay its, or his or her debts as they become due, admit its, or his or her inability to pay its, or his or her debts or obligations generally as they fall due, or shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws or other insolvency laws, or an answer admitting the material allegations of such a petition filed against such Customer Party in any such proceeding; or (B) by voluntary petition, answer or consent, seek relief under the provisions of any other bankruptcy or other insolvency or similar law providing for the reorganization or liquidation of corporations, or providing for an assignment for the benefit of creditors, or providing for an agreement, composition, extension or adjustment with its, or his or her creditors; or (ii) a petition against any Customer Party in a proceeding under applicable bankruptcy laws or other insolvency laws, as now or hereafter in effect, shall be filed and shall not be withdrawn or dismissed within one hundred twenty (120) days thereafter, or if, under the provisions of any law providing for reorganization or liquidation of business entities that may apply to any Customer Party, any court of competent jurisdiction shall assume jurisdiction, custody or control of such Customer Party or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of one hundred eighty (180) days after the filing date; or

the occurrence of any of the following events with respect to any Customer Party: (A) it enters into any transaction of merger, consolidation or reorganization; (B) it ceases to do business as a going concern, liquidates, or dissolves, or sells, transfers or otherwise disposes of all or substantially all of its assets or properties (in one or more transactions); (C) it becomes the subject of, or engages in, a leveraged buy out; (D) it changes the form of organization of its business; (E) if it is privately owned as of the Closing Date, there is any substantial change in the ownership or control of its capital stock or membership interests such that the holder(s) that own or control one hundred percent (100%) of such equity interests as of the Closing Date no longer do so; or (F) if it is publicly held as of the Closing Date, any change so that it is no longer subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or no longer registered under Section 12 of the Securities Act of 1933, as amended; or

(i) the conviction of or guilty plea by any Customer Party with respect to any criminal act constituting a felony, (ii) any repudiation by any Customer Party of its obligation for the payment or performance of the Obligations, (iii) any allegation by any Customer Party or judicial determination that any of the Loan Documents is unenforceable in any material respect or (iv) a Default (as defined in any Guaranty) shall occur; or any event or condition constituting a breach or other default under any Operating Consent.

## **Remedies .**

Acceleration; Termination of Commitment . If any Event of Default shall occur, Lender, in its sole discretion, may (a) declare the Obligations to be immediately due and payable, and upon such declaration the Obligations (including, the unpaid principal amount of the Note, together with all accrued but unpaid interest thereon, any prepayment fees and all other amounts due and payable under or with respect to the Loan Documents), shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the other Loan Documents to the contrary notwithstanding, (b) terminate any then outstanding commitment whether to Customer or any Affiliate to make the Loan or any advance thereof, or any other financial accommodations, whether related to the Loan or otherwise, and/or (c) pursue and enforce any of Lender's rights and remedies under this Section 7; provided, however, if an Event of Default specified in Section 6 (e) above shall occur, the Obligations shall become immediately due and payable, all such commitments shall terminate, and Lender shall have all such other rights and remedies contemplated in the preceding clauses (a), (b) and (c), automatically, and without any notice or other action by Lender.

Additional Remedies . If an Event of Default occurs, in addition to all other rights and remedies granted to it in this Agreement and in the other Loan Documents, Lender may exercise all rights and remedies of a secured party under the UCC or as a creditor, chargee or security assignee under the Cape Town Convention (including any and all remedies thereunder requiring agreement by Customer), or otherwise available to Lender under any other Applicable Law. Without limiting the generality of the foregoing, Customer agrees that upon the occurrence of an Event of Default, Lender, without demand or notice of any kind (except as specified below) to or upon Customer or any other Person, in its sole discretion, may exercise any one or more of the following remedies:

(i) peacefully enter the premises where the Aircraft, the Engines, or any other Collateral is located, take immediate possession of, remove (or disable in place), or otherwise take control or custody of the Airframe, the Engines or any other Collateral (whether or not then attached to the Airframe) by self-help, summary proceedings or otherwise without liability, (ii) preserve the Airframe, the Engines or the other Collateral, and their respective value (but without any obligation to do so), and immobilize or keep idle the Airframe or Engines, and/or (iii) use Customer's premises for storage without liability; and Customer agrees, at Lender's request, to assemble the Collateral, and make it available to Lender at such places as Lender shall reasonably select, whether at Customer's premises or elsewhere;

(i) terminate the right of any Interested Third Party, and any other third party to use, possess or control the Airframe, the Engines or any of the other Collateral, including under any Permitted Third Party Agreement or other Third Party Agreement, without regard as to the existence of any event of default thereunder, (ii) recover from, and/or cause Customer and any such Interested Third Party, and any other third party, to relinquish possession and return the Airframe, the Engines and any other Collateral pursuant to this Section 7, and/or (iii) exercise any and all other remedies under any Operating Consents in Customer's stead, to the extent provided for under, or otherwise available to Customer in connection with any related Permitted Third Party Agreement or such other Third Party Agreement;

(i) manage, sell, lease, assign or otherwise dispose of the Airframe, the Engines or any other Collateral, in whole or in part, whether or not in Lender's possession, in one or more parcels or transactions, at public or private sale or sales, with or without notice to Customer (except as required by Applicable Law, and in furtherance thereof, Lender agrees that it shall give Customer no less than ten (10) working days' prior notice of any proposed sale or lease of the Airframe or Engines, which Customer acknowledges as constituting "reasonable prior notice" for the purposes of the Cape Town Convention) at such prices as Lender may deem best, and/or (ii) purchase the Collateral, in whole or in part, upon any public sale or sales, and to the extent permitted by Applicable Law upon any private sale or sales, free of any right or equity of redemption in Customer, which right or equity of redemption is hereby expressly released;

(i) collect, receive, appropriate and realize upon the Collateral, or any part thereof, including by applying any deposit or other cash collateral, or collecting or receiving, appropriating and realizing upon any income, profits or other proceeds arising from the management or use of the Airframe, the Engines or any of the other Collateral, and applying the same (after deducting all taxes, costs, expenses and other reductions of every kind incurred in connection therewith) to the payment in whole or in part of the Obligations, in such order and manner as Lender may elect; and (ii) after making such application, (A) remitting to Customer or to such other Person any excess then remaining, as and to the extent Lender is required by Applicable Law to make such remittance and (B) demanding, collecting and receiving from Customer any deficiency then remaining (and Customer agrees that it shall remain liable for, and pay upon demand, the full amount of any such deficiency);

(i) demand and obtain from any court speedy relief pending final determination available at law (including, possession, control, custody or immobilization of the Airframe and Engines, or preservation of the Airframe and the Engines and their respective value), (ii) procure the deregistration and/or export and physical transfer of the Airframe from the territory in which it is then situated (including pursuant to an IDERA, if any, executed by Customer), and/or (iii) otherwise proceed at law or in equity, to enforce specifically Customer's performance or to recover damages; and/or

exercise any and all other rights and remedies under or with respect to the Loan Documents or Applicable Law, including the Cape Town Convention and the UCC.

No Waiver: Cumulative Remedies . No right or remedy is exclusive. Customer hereby acknowledges that none of the provisions of this Section 7, including any remedies set forth or referenced herein, is "manifestly unreasonable" for the purposes of the Cape Town Convention. Each may be used successively and cumulatively and in addition to any other right or remedy referred to above or otherwise available to Lender at law or in equity, but in no event shall Lender be entitled to recover any amount in excess of the maximum amount recoverable under Applicable Law with respect to any Event of Default. No express or implied waiver by Lender of any Default or Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default. The failure or delay of Lender in exercising any rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or reoccurrence of any such contingencies or similar contingencies, and any single or partial exercise of any particular right by Lender shall not exhaust the same or constitute a waiver of any other right provided for or otherwise referred to herein. After the occurrence of any Default or Event of Default, the acceptance by Lender of any payment or performance of any of the Obligations, including the payment of any installment of principal and/or interest or of any other sum owing hereunder or under the other Loan Documents shall not constitute a waiver of such Default or Event of Default, regardless of Lender's knowledge or lack of knowledge thereof at the time of acceptance of any such payment or performance and shall not constitute a reinstatement of any of the Loan Documents, unless Lender shall have agreed in writing to reinstate the same and waive the Default or Event of Default. To the extent permitted by Applicable Law, Customer waives any rights now or hereafter conferred thereby, that (a) limit or modify any of Lender's rights or remedies under this Agreement or any of the other Loan Documents, including the provisions of Article 13(2) of the Convention, or (b) would otherwise entitle Customer to (i) receive notices or demands as a condition to Lender's exercise of any rights or remedies, except as expressly required above or (ii) make claims, damages and demands against Lender arising out of the repossession, retention, sale or other disposition of the Collateral.

#### **MISCELLANEOUS**

Notices . All communications and notices provided for herein shall be in writing and shall be deemed to have been duly given or made (i) upon hand delivery, or (ii) upon delivery by an overnight delivery service, or (iii) when sent by telecopy (with customary confirmation of receipt of such telecopy) on the Business Day when sent or upon the next Business Day if sent on other than a Business Day.

#### Expenses and Fees; Indemnity; Performance of Customer's Obligations .

Customer shall pay to Lender upon demand all reasonable fees, costs and expenses incurred by or on behalf of Lender at any time in connection with (i) the negotiation, preparation, execution, delivery and enforcement of the Loan Documents and the collection of the Obligations (both before and after the occurrence of a Default or Event of Default), (ii) the creation, preservation and protection of the Collateral and the perfection, first priority and enforcement of Lender's Lien, or (iii) Customer's exercise of any right granted under, or any amendment or other modification to any of, the Loan Documents. Such fees, costs and expenses shall include, without limitation, reasonable appraisal and inspection fees, the reasonable fees and expenses of Aviation Counsel and of Lender's counsel, consultants and brokers, UCC, FAA, International Registry and other applicable title, interest and lien searches, and reasonable costs and expenses relating to recovery, repossession, storage, insurance, transportation, repair, refurbishment, advertising, sale and other dispositions of the Aircraft or any of the other Collateral. Customer shall also pay all reasonable fees (including license, filing and registration fees), Impositions and other charges of whatever kind or nature that may be payable or determined to be payable in connection with (A) the execution, delivery, recording or performance of this Agreement or any of the other Loan Documents, or any modification thereof, and (B) the filings, registrations and other undertakings relating thereto. Notwithstanding the foregoing, as long as there are no more than two (2) revised drafts of any Loan Document provided by Customer or its counsel to Lender or Lender's counsel, Customer shall be responsible for not more than \$35,000.00 in the aggregate for the legal fees of outside counsel to Lender (including, Aviation Counsel) and appraisal, inspection, processing, credit verification, lien searches, FAA and International Registry fees and other fees incurred in connection with the initial negotiation, preparation and execution of this Agreement and the other Loan Documents executed and delivered on or before the Closing Date (and the consummation of the closing contemplated to occur thereon); provided that in the event that the negotiation exceeds two (2) revised drafts of any Loan Document, then Customer shall pay for the actual amount of such out of pocket fees incurred by Lender relating to the drafting and negotiation in excess of such two (2) revised drafts. Lender shall apply the previously paid deposit amount of \$35,000.00 to such fees and shall refund to Customer the amount by which the deposit exceeds such fees.

Customer hereby further agrees, whether or not the transactions contemplated by this Agreement shall be consummated, to pay, indemnify, and hold Lender and its affiliates and all of the Lender's and such affiliates' respective directors, shareholders, members, officers, employees, agents, predecessors, attorneys-in-fact, lawyers, successors and assigns (Lender, its affiliates and all of such other parties and entities sometimes hereinafter collectively, the "**Indemnified Parties** ") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, out of pocket costs, attorney's fees, expenses or disbursements of any kind or nature whatsoever ("**Claims** ") arising with respect to or in connection with (i) the Airframe, the Engines, or any APUs or Parts, or any of the other Collateral, including (whether by or through Customer, Vendor, any Interested Third Party, or any other Person), the manufacture, inspection, ownership, lease, sublease, management, pooling, interchange, time sharing, chartering, possession, use, operation, maintenance, security, condition (whether prior to, upon or after delivery or acceptance of any of the same), repossession, storage, sale or other disposition of any of the same, or any accident in connection therewith, including Claims involving or alleging environmental damage, criminal acts, hijacking, acts of terrorism or similar acts, product liability or strict or absolute liability in tort, latent and other defects (whether or not discoverable) and for any other risk or matter, including any of the same that result in injuries, death, destruction, or other harm or loss to persons or property, or (ii) any of the Loan Documents, Third Party Agreements or other Transaction Documents, or the performance, breach (including any Default or Event of Default) or enforcement of any of the terms hereof or thereof, provided, that Customer shall have no obligation to indemnify an Indemnified Party with respect to Claims arising from the gross negligence or willful misconduct of such Indemnified Party (unless if imputed by Applicable Law). If any Claim is made against any Indemnified Party, the party receiving notice or otherwise becoming aware of such Claim shall promptly notify the other, but the failure of the party having knowledge of a Claim to so notify the other party shall not relieve Customer of any obligation hereunder.

If any Customer Party fails to perform or comply with any of its agreements contained herein or in the other Loan Documents, including, without limitation, its obligations to keep the Collateral free of Liens (other than the Permitted Liens), comply with Applicable Standards, or obtain the Required Coverages, Lender shall have the right, but shall not be obligated, to effect such performance or compliance, with such agreement. Any expenses of Lender incurred in connection with effecting such performance or compliance, together with interest thereon at the default rate of interest provided for in the Note from the date incurred until reimbursed, shall be payable by Customer to Lender promptly on demand and until such payment shall constitute part of the Obligations secured hereby. Any such action shall not be a cure or waiver of any Default or Event of Default hereunder.

Entire Agreement; Modifications . This Agreement and the other Loan Documents constitute the entire understanding and agreement of the parties hereto with respect to the matters contained herein and therein, and shall completely and fully supersede all other prior agreements (including any proposal letter, commitment letter, and/or term sheet), both written and oral, between Lender and Customer relating to the Obligations. Neither this Agreement, nor any terms hereof, may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of a change, waiver, discharge or termination is sought.

Construction of this Agreement and Related Matters . All representations and warranties made in this Agreement and in the other Loan Documents shall survive the execution and delivery of this Agreement and the making of the Loan hereunder. Customer's obligations contained in this Section 8 shall survive the payment and performance of the Obligations, the termination of this Agreement, and the release of the Collateral.

This Agreement may be executed by the parties hereto on any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. The headings of the Sections hereof are for convenience only, are not part of this Agreement and shall not be deemed to affect the meaning or construction of any of the provisions hereof. Time is of the essence in the payment and performance of all of Customer's obligations under this Agreement. Any provision of this Agreement that may be determined to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective in such jurisdiction to the extent thereof without invalidating the remaining provisions of this Agreement, which shall remain in full force and effect.

**Lender's Assignment.** Lender, may at any time, with or without notice to Customer, freely grant a security interest in, sell, assign, participate or otherwise transfer (an "Assignment") all or any part of its interest in this Agreement and the other Loan Documents (including all associated rights associated with or secured thereby and the related international interests) or any amount due or to become due hereunder or thereunder, and Customer shall perform all of its obligations under the Loan Documents, to the extent so transferred, for the benefit of the beneficiary of such Assignment (such beneficiary, including any successors and assigns, an "Assignee"); provided, however, if such Assignee is not an Affiliate of Lender and if no Default or Event of Default exists, Lender will provide prior notice of any such Assignment to a third party. Customer hereby waives any right to assert, and agrees not to assert, against any Assignee any abatement, reduction, defense, setoff, recoupment, claim or counterclaim that Customer may have against Lender, provided that Lender remains fully responsible therefor. Upon the assumption by such Assignee of Lender's obligations hereunder, Lender shall be relieved of any such assumed obligations. Customer hereby consents to any such assignment, grant, sale or transfer, including, without limitation, for purposes of the Cape Town Convention. If so directed in writing, Customer shall pay all amounts due or to become due under the Loan Documents, including any of the same constituting associated rights or proceeds directly to the Assignee or any other party designated in writing by Lender or such Assignee. Customer acknowledges and agrees that Lender's right to enter into an Assignment is essential to Lender and, accordingly, waives any restrictions under Applicable Law with respect to an Assignment and any related remedies. Upon the request of Lender or any Assignee, Customer also agrees (a) to promptly execute and deliver, and cause to be executed and delivered by any Guarantor or any other Transaction Party, to Lender or to such Assignee an acknowledgment of assignment in form and substance satisfactory to the requesting party, an insurance certificate naming Assignee as additional insured and loss payee and otherwise evidencing the Required Coverages, an IDERA in favor of Assignee, and such other documents and assurances reasonably requested by Lender or Assignee, (b) to make, or cause to be made, all registrations (including all assignments and subordinations) and all amendments, extensions and discharges with the International Registry reasonably requested by Lender or Assignee (and give or obtain any necessary consent thereto, as well as renew any authorization required by the International Registry in connection therewith, including renewing its transacting user entity status and re-designating a professional user entity, if necessary in Lender's judgment), and (c) to comply with any and all other reasonable requirements of any such Assignee in connection with any such Assignment.

**Jurisdiction.** Customer and Lender each hereby irrevocably consents and agrees that any legal action, suit or proceeding arising out of or in any way in connection with this Agreement or any of the other Loan Documents may be instituted or brought in the courts of the State of New York or in the United States Courts for the Southern District of New York, as Customer or Lender may elect or in any other state or Federal court as Lender shall deem appropriate, and by execution and delivery of this Agreement, Customer and Lender each hereby irrevocably accepts and submits to, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of any such court, and to all proceedings in such courts. Customer and Lender each irrevocably consents to service of any summons and/or legal process by first class, certified United States air mail, postage prepaid, to Customer at the address set forth below its signature hereto, such method of service to constitute, in every respect, sufficient and effective service of process in any such legal action or proceeding. Nothing in this Agreement or in any of the other Loan Documents shall affect the right to service of process in any other manner permitted by law or limit the right of Lender to bring actions, suits or proceedings in the courts of any other jurisdiction. Customer and Lender each further agrees that final judgment against it in any such legal action, suit or proceeding shall 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 shall be conclusive evidence of the fact and the amount of the liability. Notwithstanding anything in the foregoing to the contrary, Lender and Customer may bring a judicial proceeding in the Republic of Ireland, solely with respect to matters relating to the International Registry.

**Governing Law; Binding Effect.** This Agreement shall be construed and enforced in accordance with, and the rights of both parties shall be governed by, the internal laws of the State of New York (without regard to the conflict of laws principles of such state, except as to the effect of Title 14, Section 5-1401 of the New York General Obligations Law), including all matters of construction, validity, and performance. This Agreement shall be binding upon and inure to the benefit of Customer and Lender and their respective successors and assigns (but without limiting the provisions of Section 8.5); except that Customer may not assign or transfer its rights or obligations hereunder or under any other Loan Agreement, or any interest herein or therein; and any such purported or attempted assignment or transfer by Customer shall be null and void.

**Customer's Capacity as Owner Trustee.** TVPX Aircraft Solutions Inc. ("TVPX") is executing this Agreement, and the other Loan Documents solely in its capacity as Owner Trustee under the Trust Agreement and not in its individual capacity and in no case shall TVPX be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of the Customer hereunder, or under any Loan Document, all such liability, if any, being expressly waived by the parties hereto and any Person claiming by, through, or under such party. Under no circumstances shall TVPX be personally liable for the payment of any other amount stated to be due from the Customer hereunder, or under any Loan Document, or be personally liable for the breach or failure of any of Customer's representations, warranties, covenants, obligations, undertakings and agreements hereunder, or under any Loan Documents; provided, however, that the Customer (or any such successor owner trustee) shall be personally liable hereunder for its own gross negligence or willful misconduct or for its breach of its covenants, representations and warranties contained herein, or in any Loan Document, to the extent covenanted or made in its individual capacity.

**Jury Waiver.** CUSTOMER AND LENDER EACH HEREBY KNOWINGLY AND FREELY WAIVES THEIR RESPECTIVE RIGHTS TO A JURY TRIAL IN ANY ACTION, SUIT OR PROCEEDING RELATING TO, ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE NOTE OR ANY OF THE OTHER LOAN DOCUMENTS.

**[Signatures On Next Page]**

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Loan and Aircraft Security Agreement

IN WITNESS WHEREOF, the parties hereto have caused this Loan and Aircraft Security Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

BANC OF AMERICA LEASING & CAPITAL, LLC, Lender

TVPX AIRCRAFT SOLUTIONS INC., a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated July \_\_\_\_, 2017,

Customer

By:  
Name:  
Title:  
Notice Address:

One Financial Plaza, 2nd Floor  
Providence, Rhode Island 02903  
Attention: Director of Aircraft Operations  
Telephone: 800-238-3737  
Facsimile: 401-278-7941

By:  
Name:  
Title:

Notice Address:

39 East Eagle Ridge Drive, Ste. 201  
North Salt Lake, UT 84054  
Telephone: (801) 924-367  
Facsimile: (801) 877-0478

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### LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)

**THIS LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)** (together with all Addenda, Riders and Annexes hereto, this “**Agreement**”) is dated as of July 27, 2017 (the “**Closing Date**”), by and between **TVPX AIRCRAFT SOLUTIONS INC.**, a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated as of July 27, 2017 (“**Customer**”) and **BANC OF AMERICA LEASING & CAPITAL, LLC**, a Delaware limited liability company (“**Lender**”).

In consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

Capitalized and certain other terms used but not otherwise defined in this Agreement shall have the meanings ascribed to them in Annex A attached hereto and made a part hereof.

#### Terms of Loan .

Loan and Use of Proceeds . Subject to the terms and conditions of this Agreement, Lender agrees to make a loan to Customer in the principal amount set forth in Annex B attached hereto and made a part hereof (the “**Loan**”). Customer shall use the proceeds of the Loan to finance the costs of the acquisition of the Aircraft.

Repayment and Prepayment . The Customer’s obligation to repay the Loan shall be evidenced by one or more Promissory Notes dated on and/or after the Closing Date, payable by Customer to the order of Lender in the original principal amount of the Loan (as amended, modified, restated, extended and renewed from time to time, the “**Note**”). The Loan shall bear interest and be repaid by Customer at the times and in the manner set forth in the Note. The Loan may be prepaid only in the manner and subject to terms and conditions set forth in the Note and, if applicable, Section 4.7 hereof.

Conditions of Borrowing . Lender’s obligation to make the Loan shall be both subject to and conditioned upon the satisfaction of all of the conditions precedent specified in the Closing Terms Addendum attached to and made a part of this Agreement.

Representations and Warranties . In order to induce Lender to enter into this Agreement and to make the Loan herein provided for, Customer represents, warrants and covenants to Lender that:

(i) Customer (A) is duly qualified to do business in each jurisdiction in which the conduct of its business or the ownership or operation of its assets requires such qualification, including the jurisdiction of the Primary Hangar Location and wherever any of the Collateral may become located; (B) has the necessary authority and power to own and operate the Aircraft and its other assets and to transact the business in which it is engaged; (C) is a “citizen of the United States” within the meaning of the Transportation Code; and (D) has the form of business organization set forth in Annex B hereto and is and will remain duly organized, validly existing and in good standing under the laws of the state of its organization set forth in Annex B hereto, its federal tax identification number is as set forth in Annex B hereto, and its state-issued organizational identification number (if any), chief executive office and principal place of business address are all as set forth on Annex B hereto; and (ii) its name as shown in the preamble of this Agreement is its exact legal name as shown on its charter, by-laws, articles of organization or operating agreement, as applicable, each as amended as of the Closing Date;

(i) Customer’s execution and delivery of, and performance of its obligations under and with respect to, each of the Loan Documents (including its borrowing the amounts constituting the Loan, granting the Lender’s Lien against the Aircraft and other Collateral and participating in the other transactions contemplated herein and therein), (A) have been duly authorized by all necessary action on the part of Customer consistent with its form of organization, (B) do not contravene or constitute a default under any Applicable Law, any of Customer’s Organizational Documents, or any agreement, indenture, or other instrument to which Customer is a party or by which it may be bound, (C) do not require the approval of or notice to (1) any Governmental Authority, except for the filings and registrations specified in the Closing Terms Addendum, all of which shall have been duly effected prior to or concurrently with Lender making the Loan, or (2) any other party (including any trustees or holders of indebtedness), and (D) will not result in the creation or imposition of any Lien on any of the assets of Customer other than the Lender’s Lien created hereby and by the other Loan Documents with respect to the Collateral; (ii) each of the Transaction Documents referenced in the Closing Terms Addendum to which Customer is a party has been duly executed and delivered by an authorized representative of the Customer, and constitutes the legal, valid and binding obligation of the Customer, enforceable against it in accordance with the respective terms of such Transaction Documents (including, without limitation, the grant of the Lender’s Lien); and (iii) without limiting the foregoing, upon Lender’s advancing the Loan on the Closing Date, (A) Customer will have satisfied or complied with all conditions precedent and requirements as set forth in the Loan Documents required to have been

satisfied or complied with concurrently with or prior to such advance and (B) no Default or Event of Default shall be then existing;

there are no proceedings pending or, so far as the officers, managers, or members of Customer know, threatened against or affecting Customer or any of its property before any Governmental Authority that could impair Customer's title to the Aircraft or any of the other Collateral, or that, if decided adversely, could materially affect the financial condition or operations of Customer or its ability to perform its obligations under any of the Loan Documents;

(i) Customer has, and shall continue to have, good and marketable title to the Collateral, free and clear of Liens, except Permitted Liens; (ii) the Lender's Lien in the Airframe, the Engines and the other Collateral is and shall remain validly created and perfected, and has and shall continue to have first priority over any other Liens pursuant to all Applicable Laws; and (iii) all filings, recordings, registrations or other actions necessary or desirable in order to vest such title in Customer, and establish, perfect and give first priority to Lender's Lien and other rights and interests in, against or with respect to the Collateral, have been duly effected, and all Impositions in connection therewith have been duly paid;

without limiting any of the other representations and warranties in this Agreement, for the purposes of the Cape Town Convention and any other Applicable Law, (i) upon the conclusion of the sale of the Aircraft to Customer, and Customer's grants and assignments, and (if constituting a lease) any Permitted Third Party Agreement, contemplated in the Loan Documents or other Transaction Documents, Customer and (if a lessee) any Interested Third Party shall be situated in, and Customer will cause the Aircraft to be duly registered in, the United States of America (which is a contracting state), (ii) with respect to any of the Transaction Documents relating to the Airframe or Engine, each of the respective parties thereto has power to dispose of the Airframe and Engine, as contemplated therein by way of the relevant Transaction Document, and (iii) the Purchase Documents qualify as a "contract of sale", and (if constituting a lease) any Permitted Third Party Agreement and the Loan Documents are effective to constitute international interests in the Airframe and Engine and security assignments of the related associated rights and transfer of the related international interests, as contemplated therein, and each such Registerable Interest will be effective against third parties upon registration at the International Registry, without any further filings or registrations (except as contemplated in the Loan Documents);

(i) the Aircraft (A) has been delivered to Customer, is in Customer's possession and is, as of the Closing Date, unconditionally, irrevocably and fully accepted by Customer, (B) has been inspected by Customer to its complete satisfaction and, without limiting the foregoing, (1) has been found to be in good working order, repair and condition and fully equipped to operate for its intended purpose, and (2) is in conformity with the requirements of the Purchase Agreement and the Applicable Standards, (C) is, or will be at the time of the funding of the Loan, currently certified under existing FAA rules and regulations and any other Applicable Laws and is airworthy in all respects, and (D) is and will remain primarily hangared at the Primary Hangar Location; and (ii) without limiting the foregoing, (A) solely as between Lender and Customer (and without prejudicing Customer's rights against Vendor or any other third party, which rights are not being disclaimed hereby), Customer has no pending claims and has no knowledge of any facts upon which a future claim may be based, against any prior owner, the seller, manufacturer or supplier of the Aircraft or any of the other Collateral, for breach of warranty or otherwise, and (B) all of the information contained in Annex C, including the registration number of the Aircraft, and the serial numbers, manufacturer and model numbers of the Airframe, Engines, and APU, are true and accurate in all respects; and

(h) the Aircraft (i) is currently capable of being certified under existing FAA rules and regulations and completely airworthy in all respects, (ii) will undergo an inspection by a Designated Airworthiness Representative of the FAA ("DAR") on the Closing Date and (iii) an FAA Standard Airworthiness Certificate (AC Form 8100-2) shall be issued for the Aircraft no later than two (2) Business Days after the Closing Date.

**Covenants** . Customer covenants and agrees that from and after the Closing Date and so long as any of the Obligations are outstanding:

Notices; Financial Information; and Further Assurances . Customer will, at its sole expense:

promptly give written notice to Lender of (i) the occurrence of any Default or Event of Default; (ii) the occurrence of any Event of Loss or event of which Customer may be aware that could become an Event of Loss; (iii) the commencement or written threat of any material litigation or proceedings affecting Customer or any material litigation or proceedings affecting the Aircraft or any of the other Collateral, or the ability of Customer to comply with its obligations under the Loan Documents; and (iv) any material dispute between Customer or any Interested Third Party and any Governmental Authority or other party that involves the Aircraft or any of the other Collateral or that might materially interfere with the normal business operations of Customer;

cause Guarantor to comply with the financial reporting requirements set forth in the Guaranty and promptly furnish to Lender any such financial and other information regarding the Customer or Guarantor or any of its Affiliates as Lender may from time to time reasonably request; and

promptly execute and deliver to Lender such further instruments, UCC and FAA filings (including an IDERA) and other documents, make, cause to be made and/or consent to all registrations (including any discharges and subordinations, or as to the prospective or actual sale of, and any international interest in, the Engines) with the International Registry, and take such further action, as Lender may from time to time reasonably request in order to further carry out the intent and purpose of the Loan Documents and to establish, protect and enforce the rights, interests, remedies and Liens (including the first priority thereof) created, or intended to be created, in favor of Lender thereby.

General Obligations . (a) Customer agrees that it shall (i) duly observe and conform to all requirements of Applicable Law relating to the conduct of its business and/or the Aircraft, (ii) remain a "citizen of the United States" within the meaning of the Transportation Code, (iii) obtain and keep in full force and effect (A) all rights, franchises, licenses and permits that are necessary to the proper conduct of its business, and (B) all approvals by any Governmental Authority required with respect to the performance of its obligations under the Loan Documents and the operation of the Aircraft and its business, (iv) cause the Aircraft to remain primarily hangared at the Primary Hangar Location, and duly registered in Customer's name under the Transportation Code (including, by making all necessary reports, re-registering its ownership of the Aircraft, and taking all other actions required by Applicable Law), and (v) pay and perform all of its obligations and liabilities when due. (b) Customer agrees that (i) it shall not change its presently existing legal name or its form or state of organization on or after the date of this Agreement, without Lender's prior written consent, (ii) if its presently existing state organizational identification number changes, or if Customer currently has no such state organizational number but is subsequently issued such a number, on or at any time after the date of this Agreement, Customer shall immediately notify Lender thereof, and (iii) it shall not change the presently existing mailing, chief executive office and/or principal place of business address on or after the date of this Agreement without giving Lender thirty (30) days written notice of the same.

Taxes . (a) Customer will file or cause to be filed with all appropriate taxing authorities all Federal, state and local income tax returns that are required to be filed and all registrations, declarations, returns and other documentation with respect to any personal property taxes (or any other taxes in the nature of or imposed in lieu of property taxes) due or to become due with respect to the Aircraft or any of the other Collateral. (b) Customer will pay (or cause to be paid) (i) on or before the date when due all taxes as shown on said returns and all taxes assessed, billed or otherwise payable with respect to the Aircraft or the other Collateral directly to the appropriate taxing authorities; and (ii) when due all license and/or registration or filing fees, assessments, governmental charges and sales, use, property, excise, privilege, value added and other taxes (including any related interest or penalties) or other charges or fees now or hereafter imposed by any governmental body or agency upon Customer or the Aircraft or any of the other Collateral, with respect to the landing, airport use, manufacturing, ordering, shipment, purchase, ownership, delivery, installation, leasing, chartering, operation, possession, use or disposition of the Aircraft or any of the other Collateral, or any interest therein (the items referred to in (i) and (ii) above being referred to herein collectively, as "Impositions").

No Disposition of Collateral or Liens; Title and Security Interest .

Customer shall not sell, assign, enter into any Third Party Agreement, convey, mortgage, exchange or otherwise transfer or relinquish possession of (including by any seizure or other taking by any foreign or domestic governmental authority) or dispose of the Airframe or Engines, any Part, any related associated rights, international interests or prospective international interests, any proceeds or any of the other Collateral, or attempt or offer to do, or suffer or permit any of the foregoing. Customer shall be permitted, however, to deliver possession of the Airframe, the Engines, or any APU or Part to another Person for testing, service, repair, maintenance, overhaul, alteration or modification, and to enter into Permitted Third Party Agreements, in each case, if and to the extent consistent with the provisions of the Loan Documents. Customer will warrant and defend its good and marketable title to the Airframe, the Engines and the other Collateral, and the validity, perfection and first priority of Lender's Lien in the Collateral, against all other Liens, claims and demands whatsoever, except Permitted Liens; and without limiting the foregoing, Customer will (i) not create, assume or suffer to exist any Liens on or with respect to the Airframe, the Engines, or any of the other Collateral, or Customer's interest therein (other than Permitted Liens); and (ii) promptly take such action as directed by Lender to duly discharge any such unpermitted Liens.

So long as no Default or Event of Default is then existing, Customer may enter into and remain a party to Third Party Agreements, in each such case, subject to the satisfaction of, and compliance by Customer and each Interested Third Party with, all of the following throughout the term of such arrangement: (i) Each such Interested Third Party shall (A) be and remain solvent, and (unless an individual) organized under the laws of a state within the United States; and (B) if engaged by Customer with the prior written consent of Lender as a manager and/or charter operator (including the Manager pursuant to the Management Agreement), while so engaged, (1) have a recognized favorable reputation as a manager and/or charter operator, as the case may be, of aircraft similar to the Aircraft, (2) be providing management and/or charter operation services for other aircraft owners similar to the services contemplated therein, and (3) if and at all times while conducting any charter operations (x) have and maintain a valid Part 135 Certificate evidencing its authority to conduct such operations, (y) list the Aircraft on its operations specifications, and (z) comply with all Applicable Standards pertaining to such charter operations. (ii) Any operation of the Aircraft pursuant to any such Third Party Agreement shall be limited to (A) if by Customer, Parent Guarantor or any Affiliate of Parent Guarantor, any time sharing agreements (as defined in Section 91.501(c)(1)) complying with Part 91 of the FARs and all other Applicable Standards, (B) if by a manager and/or a charter operator with Lender's prior written consent, pursuant to and in full compliance with the requirements of Part 135 of the FARs and all other Applicable Standards, or (C) if such Third Party Agreement is a "dry lease" by Customer, as lessor, to Parent Guarantor or an Affiliate of Parent Guarantor or other Interested Third Party permitted pursuant hereto, as lessee, operation by such lessee complying with (1) Part 91 and any other applicable provision of the FARs, and all other Applicable Standards, and (2) the provisions hereof and of the other Loan Documents pertinent to the operation of the Aircraft (whether by Customer or any permitted Interested Third Party). (iii) The related Third Party Agreement shall (A) be and remain, subject and subordinate to Lender's Lien in and with respect to the Collateral, and Lender's rights and remedies under the Loan Documents (and such subordination shall be expressly acknowledged therein), (B) not convey any Lien on, or other property interest in or against the Airframe, the Engines or any of the other Collateral, except for a Permitted Lien (but, without giving effect to clause (a) of the definition of such term), (C) not permit any further sublease or disposition of or unpermitted Lien against the Aircraft or any of the other Collateral by any of the Interested Parties thereto or any other Person, or any change in registration or unpermitted change in hanging of the Aircraft, (D) not contain provisions that are inconsistent with the provisions of any of the Loan Documents or cause Customer to breach any of its representations, warranties or agreements under any of the Loan Documents, (E) be in conformity with all requirements of the FARs and other Applicable Laws, and (F) otherwise conform to any Operating Consent required by Lender with respect thereto. (iv) (A) Customer shall have specified such Third Party Agreement on Annex B if existing on the Closing Date, or if not then existing shall require Lender's prior written consent and at least thirty (30) Business Days' prior written notice of its intention to enter into a Third Party Agreement and (B) no later than the effective date thereof Customer shall comply with, and at all times thereafter remain in compliance with, any related requirements by Lender, including (1) entering into, and causing any related Interested Third Parties to enter into, an Operating Consent, (2) causing Lender to be covered by the Required Coverages (which, for the purposes hereof, may include insurance coverages obtained and maintained by an Interested Third Party, conforming to the insurance requirements herein and in any of the other Loan Documents), and (3) entering into or delivering, or causing to be entered into and delivered, all such other documents, filings and assurances, making or causing to be made such filings and registrations, and taking or causing to be taken all such other actions, in each case as may be required by Lender and (4) paying or reimbursing Lender for any related costs or expenses. (v) Lender shall have the right, but not the obligation, to (A) require reasonable evidence that any Interested Third Party satisfies the requirements provided herein, and (B) review any such Third Party Agreement, as from time to time supplemented and amended, to determine its conformity with the provisions hereof, but without assuming any responsibility with respect thereto. (vi) Customer shall neither make, nor permit to be made, any filing or registration with respect to any Permitted Third Party Agreement, unless so directed by Lender pursuant to Section 5.2 or otherwise. Notwithstanding the foregoing limitations Parent Guarantor or any Affiliate shall be permitted to conduct the carriage of Parent Guarantor or any Affiliate and/or their respective guests pursuant to 14 CFR Section 91.501(b)(4), affiliated group operations pursuant to 14 CFR Section 91.501(b)(5) and/or (6), demonstration flights pursuant to 14 CFR Section 91.501(b)(3), time sharing or interchange operations pursuant to 14 CFR Section 91.501(b)(6), the carriage of customers pursuant to 14 CFR Section 91.501(b)(9) and/or the carriage of candidates in Federal elections conducted pursuant to 14 CFR Section 91.321.

With respect to any Third Party Agreements complying with all of the provisions of Section 4.4(b) (each a "**Permitted Third Party Agreement**"), although certain of the duties and obligations of Customer under the Loan Documents may be performed by one or more of the Interested Third Parties, (i) no such Permitted Third Party Agreement shall reduce any of Customer's obligations, or Lender's rights, under any of the Loan Documents, (ii) all of Customer's obligations under the Loan Documents shall be and remain primary and continue in full force and effect as the obligations of a principal and not of a guarantor or surety, and (iii) Lender is not waiving the right to require full and timely performance of any such obligations in strict accordance with the provisions hereof and of the other Loan Documents. By way of clarification and not limitation, with respect to any provisions of this Agreement or any of the other Loan Documents requiring Customer to take or refrain from taking an action relating to the Aircraft or any of the other Collateral, such provision may also be read to mean that Customer shall cause the same to be done in accordance therewith, if at that time the Aircraft or such other Collateral is in the possession or control of an Interested Third Party pursuant to a Permitted Third Party Agreement.

#### Use of Aircraft; Maintenance; Modifications; Security .

Customer will operate the Aircraft or shall cause the Aircraft to be operated under and in compliance with Part 91 and any other applicable provision of the FARs, and all other Applicable Standards. Unless otherwise expressly permitted hereunder, (i) Customer shall not operate or permit the Aircraft to be operated for air taxi operations or otherwise under Part 135 of the FARs; and (ii) Customer, an Affiliate or other Interested Third Party shall at all times have, and maintain, "operational control" of the Aircraft (as such term is then interpreted by the FAA or such other applicable Governmental Authority), and no other Person shall operate the Aircraft. The Aircraft at all times will be operated by duly qualified pilots having satisfied all requirements established and specified by the FAA, the TSA, any other applicable Governmental Authority and the Required Coverages.

the Aircraft may be flown temporarily to any country in the world, provided that the Aircraft (i) shall at all times be based in the continental United States; and (ii) shall not be flown, operated, used or located in, to or over any such country or area (temporarily or otherwise) (A) that is excluded from the Required Coverages (or specifically not covered by such

insurance), (B) with which the U.S. does not maintain favorable diplomatic relations (which is any country or jurisdiction not marked with an “\*” on the list maintained by the U.S. Department of State, at <http://www.state.gov/s/inr/rls/4250.htm> or any replacement or equivalent website maintained by the U.S. Department of State), provided that the prohibition in this clause (B) does not prohibit the operation of the Aircraft on an approved and assigned air traffic control route (if and so long as such use is otherwise in compliance with the provisions of the this Agreement and does not violate any insurance policies in effect with respect to the Aircraft), (C) to the extent that payment of any claim under the Required Coverages directly or indirectly arising or resulting from or connected with any such flight, operation, use or location would be prohibited under any trade or other economic sanction or embargo by the United States of America, or (D) in violation of any of the Loan Documents or any Applicable Standards. Customer shall adopt, implement and comply with all security measures required by any Applicable Law, or by any Required Coverages, or that are necessary or appropriate for the proper protection of the Aircraft (whether on the ground or in flight) against theft, vandalism, hijacking, destruction, bombing, terrorism or similar acts.

Customer agrees that, with respect to the Airframe, the Engines, each APU and each Part, Customer will at its own expense, (i) maintain, inspect, service, repair, overhaul and test the same in accordance with Applicable Standards; (ii) make any alterations or modifications that may at any time be required to comply with Applicable Standards, and to cause the Aircraft to remain airworthy; (iii) furnish all required parts, replacements, mechanisms, devices and servicing so that the condition and operating efficiency thereof will at all times be no less than its condition and operating efficiency as and when delivered to Customer, ordinary wear and tear from proper use alone excepted; (iv) promptly replace all Parts (A) which become worn out, lost, stolen, taken, destroyed, damaged beyond repair or permanently rendered or declared unfit for use for any reason whatsoever, or (B) if not previously replaced pursuant to clause (A), as and when required by any Applicable Standards, including any applicable life limits; and (v) maintain (in English) all Records in accordance with Applicable Standards; and (vi) enroll and maintain the Engines in an Engine Maintenance Program and the APU in an APU Maintenance Program or shall cause the foregoing to be done. All maintenance procedures shall be performed by properly trained, licensed, and certified maintenance sources and personnel utilizing replacement parts approved by the FAA and the manufacturer of (as applicable) the Airframe, the Engines, or any APU or Part. Without limiting the foregoing, Customer shall comply with all mandatory service bulletins and airworthiness directives by causing compliance to such bulletins and/or directives to be completed through corrective modification in lieu of operating manual restrictions.

Customer will not make, authorize or permit any improvement, change, addition or alteration to the Aircraft that will impair the originally intended function or use of the Aircraft, diminish the value of the Aircraft as it existed immediately prior thereto, or violate any Applicable Standard. All repairs, parts, replacements, mechanisms and devices added by Customer or on its behalf shall immediately, without further act, become part of the Aircraft and subject to the Lender's Lien granted under this Agreement.

#### Insurance.

Customer agrees to maintain or cause to be maintained at all times, at its sole cost and expense, with insurers of recognized reputation and responsibility satisfactory to Lender (but in no event having an A.M. Best or comparable agency rating of less than “A-”):

(A) comprehensive aircraft liability insurance against bodily injury or property damage claims including, without limitation, contractual liability, premises liability, death and property damage liability, public and passenger legal liability coverage, and sudden accident pollution coverage, in an amount not less than \$200,000,000.00 for 20 or more seats, or if the Aircraft will be chartered, or \$100,000,000.00 for 10 or more seats, or \$50,000,000.00 for fewer than 10 seats for each single occurrence, and (B) personal injury liability in an amount not less than \$25,000,000.00; but, in no event shall the amounts of coverage required by sub-clauses (A) and (B) be less than the coverage amounts as may then be required by Applicable Law;

“all-risk” ground, taxiing, and flight hull insurance on an agreed-value basis, covering the Aircraft, provided that such insurance shall at all times be in an amount not less than the greater of (1) the full replacement value of the Aircraft (as determined by Lender), or (2) the unpaid principal amount of the Note (each such amount re-determined as of each anniversary of the date hereof for the next succeeding year throughout the term of this Agreement); and

war risk and allied perils (including confiscation, appropriation, expropriation, terrorism and hijacking insurance) in the amounts required in paragraphs (i) and (ii), as applicable.

Any policies of insurance carried in accordance with this Section 4.6 and any policies taken out in substitution or replacement of any such policies shall (i) be endorsed to name Lender as an additional insured as its interests may appear (but without responsibility for premiums), (ii) provide, with respect to insurance carried in accordance with Section 4.6(a)(ii) or (a)(iii) above, that any amount payable thereunder shall be paid directly to Lender as sole loss payee and not to Lender and Customer jointly, (iii) provide for thirty (30) days' (seven (7) days' in the case of war, hijacking and allied perils) prior written notice by such insurer of cancellation, material change, or non-renewal, (iv) include a severability of interest clause providing that such policy shall operate in the same manner as if there were a separate policy covering each insured, (v) waive any right of set-off against Lender, and any rights of subrogation against Lender, (vi) provide that in respect of the interests of Lender in such policies, that the insurance shall not be invalidated by any action or inaction of Customer or any other Person operating or in possession of the Aircraft, regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by or binding upon Customer or any other Person operating or in possession of the Aircraft, and (vii) be primary, not subject to any co-insurance clause and shall be without right of contribution from any other insurance.

Customer shall not self-insure (by deductible, premium adjustment, or risk retention arrangement of any kind) with respect to any of the risks required to be insured pursuant to this Section 4.6. Customer agrees that it shall obtain and maintain such other insurance coverages, or cause adjustments to be made to the scope, amount or other aspects of the existing insurance coverages, promptly upon Lender's request, as and when Lender deems such additional insurance coverages or modifications to be appropriate in light of any changes in Applicable Law, prudent industry practices, the insurance market, Customer's anticipated use of the Aircraft or other pertinent circumstances. All of the coverages required herein shall be in full force and effect worldwide throughout any geographical areas to, in or over which the Aircraft is operated. All insurance proceeds payable under the requisite policies shall be payable in U.S. Dollars.

At least ten (10) days prior to the policy expiration date for any insurance coverage required by this Section 4.6, Customer shall furnish to Lender evidence (having the form and substance consistent with Section 1(f) of the Closing Terms Addendum) of the renewal or replacement of such coverage, complying with the terms hereof, for a twelve (12) month or greater period commencing from and after such expiration date.

#### Event of Loss: Loaner Engines.

Upon the occurrence of any Event of Loss with respect to the Aircraft and/or the Airframe, Customer shall notify Lender of any such Event of Loss within five (5) days of the date thereof. Customer shall pay the then Outstanding Balance promptly upon its receipt of insurance proceeds relating to such Event of Loss, but in no event later than ninety (90) days after the occurrence of such Event of Loss (irrespective as to whether any or all of such proceeds have been received). Upon Lender's receipt in good and indefeasible funds of all of the amounts required to be paid pursuant to the preceding sentence (whether by applying Customer's payment of such amounts, or any such insurance proceeds, or both) the Aircraft shall be released from the Lender's Lien, and Lender shall remit to Customer any such insurance proceeds so received by Lender, to the extent then remaining.

Upon an Event of Loss with respect to an Engine or any APU (as applicable, a “ **Lost Item** ”) under circumstances in which there has not occurred an Event of Loss with respect to the Airframe, Customer shall, within one hundred twenty (120) days after the occurrence of such Event of Loss, replace such Lost Item, with a Permitted Replacement. Any engine or auxiliary power unit constituting a “ **Permitted Replacement** ” for a Lost Item shall (i) be of the same make and model number as the Lost Item, (ii) be free and clear of all Liens and (iii) have a value, utility and useful life at least equal to, and be in as good an operating condition as, the Lost Item, assuming such Lost Item was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss. Customer, at its own cost and expense, shall (i) furnish Lender with such documents to evidence such conveyance, (ii) cause the Permitted Replacement to be subject to the Lender’s Lien under this Agreement, and (iii) take such other actions as may be required by Lender to cause the Lender’s Lien therein to be validly created, perfected and have first priority, including as evidenced on the FAA Registry, the International Registry, and any other recording office. Each such Permitted Replacement shall, after such conveyance, be deemed an “Engine” or “APU” (as defined herein), as applicable, and shall be deemed part of the same Aircraft as was the Lost Item replaced thereby.

In the event an Engine is damaged and is being repaired, or is being inspected or overhauled, Customer, at its option, may temporarily substitute another engine during the period of such repair or overhaul, so long as such engine is of the same make and model as the Engine being repaired or overhauled, is free and clear of any Lien that might impair Lender’s rights or interests in the Airframe and is maintained in accordance herewith (any such substitute engine being hereinafter referred to as a “ **Loaner Engine** ”). Customer shall (i) cause such Loaner Engine to be installed and removed, as applicable, by a maintenance facility certified by the FAA and manufacturer with respect to the Aircraft, and (ii) cause the repaired or overhauled original Engine to be reinstalled on the Airframe promptly upon completion of the repair or overhaul, but in no event later than the earlier of one hundred twenty (120) days after removal or the occurrence of an Event of Default.

So long as no Default has occurred and is continuing, and no Event of Default or Event of Loss with respect to the Aircraft has occurred, any loss or damage proceeds of the Required Coverages received by Lender shall be released promptly by Lender to Customer to reimburse Customer for paying the costs actually incurred with respect to repairs made to the Aircraft so as to restore it to the condition required by this Agreement, or for the purchase of a Permitted Replacement pursuant to Section 4.7(b), or shall be disbursed by Lender as otherwise required by this Agreement.

**Aircraft Registration.** On or before the Closing Date, and at all times thereafter, so long as any of the Obligations are outstanding, Customer shall remain solely responsible pursuant to the applicable provisions of this Agreement to cause (i) the Aircraft to be effectively and otherwise validly registered in Customer’s name on the Registry, and (ii) the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft, in each case, accordance with the Registration Requirements; and without limiting the foregoing, or any other provision of this Agreement, Customer shall:

cause the Registration Certificate to be maintained within the Aircraft and cause the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft; including by (A) notifying Lender immediately of any event or circumstance with respect to which the Registration Requirements require further action by Customer, the Registry or any other Governmental Authority or other Person, (B) immediately upon receipt, placing the original, replacement or renewal Registration Certificate on the Aircraft prior to the expiration or other invalidation of any previously issued Registration Certificate (whether the certificate or any other document constituting the Registration Certificate as defined herein) under the Registration Requirements, and (C) complying with any and all of the other Registration Requirements relating to such Registration Certificate, and to the Registration Certificate replaced thereby (including any of the same relating to the destruction or return thereof, as the case may be); and

upon the occurrence, and at all times thereafter, of any Defective Registration (and without waiving Customer’s responsibility to avoid such circumstance), or if the operation of the Aircraft is no longer authorized by the Registration Requirements, Customer shall (A) neither operate nor permit or suffer the operation of the Aircraft without a currently effective and otherwise valid Registration Certificate (and shall cause the pilots to be made aware of the Defective Registration), and otherwise comply with the FARs and other Applicable Laws relating to such Defective Registration, (B) ground and store the Aircraft in a manner reasonably acceptable to Lender, and (C) inform the insurer or insurers thereof, and obtain and maintain adjustments to the insurance coverages required pursuant Section 4.6 of this Agreement which may be necessary or desirable to Lender so as to reflect any changes in the insurable risks relating to any Defective Registration.

#### **Security Interest; Power of Attorney; Inspection .**

**Grant of Security Interest.** As collateral security for the prompt and complete payment and performance as and when due of all of the Obligations and in order to induce Lender to enter into this Agreement and make the Loan to Customer in accordance with the terms hereof, Customer hereby grants, pledges and assigns to Lender a first priority security interest, collateral assignment, international interest, prospective international interest, security assignment and prospective security assignment, in, against, under and with respect to (the “ **Lender’s Lien** ”) all of Customer’s right, title and interest in, to and under all of the following collateral, whether now existing or hereafter acquired (collectively, the “ **Collateral** ”): (i) the Aircraft, including the Airframe, the Engines, each of the APU and Parts, and the Records; (ii) any and all present and future Third Party Agreements; (iii) any and all other associated rights secured by or associated with the Airframe and/or the Engines, together with any related international interests and prospective international interests; (iv) any collateral described in the other Loan Documents (including in any Operating Consent); and (v) all proceeds of the foregoing. By way of clarification and not limitation, the foregoing grant of the Lender’s Lien shall include, as applicable (and in each case, being validly registered and having first priority), an international interest in the Airframe and in each Engine. Notwithstanding the foregoing, (i) Customer shall not enter into any Third Party Agreements unless expressly permitted by Section 4.4 and (ii) Lender is not assuming, nor shall it be responsible for, any obligations, liabilities or duties of any kind whatsoever of Customer (and/or of any other Person) relating to the Collateral. Customer agrees that it shall perform and procure performance in accordance with any Third Party Agreement or other agreement or instrument giving rise to any associated rights that are or may become subjected to the Lender’s Lien.

#### **UCCs, Registrations, Etc.; Lender as Attorney-in-Fact.** Customer hereby irrevocably:

authorizes Lender to prepare and file any UCC financing statements, amendments, continuations, terminations, assignments and other filings, or take such other actions for the purpose of perfecting, affording first and exclusive priority to or otherwise relating to Lender’s Lien under this Agreement or the other Loan Documents;

consents to, and authorizes its professional user entity to consent to, the registration of each Registerable Interest requested by Lender or its Assignee, or otherwise required by the provisions of this Agreement or any of the other Loan Documents, including any subordination, amendment, assignment, discharge or undertaking permitted by the Cape Town Convention with respect thereto; and

constitutes and appoints Lender (including any Person acting on Lender’s behalf), as its true and lawful attorney-in-fact with full power and authority in the place and stead of Customer and in the name of Customer or in its own name, for the purpose of carrying out the terms of this Agreement; which authority shall include the following undertakings that may be exercisable by Lender in its sole discretion at any time, and from time to time, if an Event of Default is then existing or upon the occurrence of an Event of Loss: (i) in Customer’s name, file and/or record, such further instruments, filings and other documents, make, cause to be made and/or consent to all registrations with the International Registry, and take such further action, to establish and protect Lender’s rights, interests and remedies created, or intended to be created, pursuant to the Loan Documents; (ii) endorse Customer’s name on any checks, notes, drafts or any other payments or instruments, or set off, apply, or take such other actions with respect to any funds relating to the Collateral that come into Lender’s possession or control; and (iii) to settle, adjust, receive payment and make claim or proof of loss, and take such other actions relating to the Required Coverages. This appointment is coupled with an interest, is

irrevocable and shall terminate only upon indefeasible payment and performance in full of all of the Obligations. The powers conferred on Lender hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Lender shall be accountable only for amounts that it actually receives in good and indefeasible funds as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to Customer for any act or failure to act. Without limiting the foregoing, Customer agrees that within five (5) Business Days of Lender's request, Customer will enter into an irrevocable power-of-attorney authorizing Aviation Counsel or Lender's other designee as Customer's professional user entity and administrator for the purpose of discharging any Registerable Interests as and when directed to do so by Lender in connection with its exercise of its rights and remedies under the Loan Documents.

**Inspection.** Lender or its authorized representatives shall have the right, but not the duty, to inspect the Aircraft, any part thereof and/or the Records, at its own cost any reasonable time and from time to time, wherever located, upon reasonable prior notice to Customer; except that after the occurrence of a Default or an Event of Default, such inspection may be conducted at any time without prior notice and at Customer's sole expense, and it shall pay Lender promptly upon demand any inspection costs incurred by Lender. So long as no Default or Event of Default exists, any such inspections shall be conducted during normal business hours and without interruption of the use and operation of the Aircraft as permitted hereby. Upon the request of Lender, Customer shall promptly confirm to Lender the location of the Aircraft or any of the other Collateral.

**Events of Default.** The term "**Event of Default**", wherever used herein, shall mean:

Customer shall fail to pay any Obligation within ten (10) days after the same shall become due and payable (whether at the stated maturity, by acceleration, upon demand or otherwise); or

(i) any Customer Party shall default in the payment or performance of any indebtedness, liability or obligation to Lender or any Affiliate of Lender under any note, security agreement, lease, title retention or conditional sales agreement or any other instrument or agreement; or

(ii) any Customer Party shall fail to pay any Indebtedness (other than the Obligations) exceeding \$5,000,000.00, and such failure shall continue beyond any applicable grace period (or, with respect to trade Indebtedness which is not subject to a grace period, within ninety (90) days of the date such trade Indebtedness is incurred); or

(i) any of the Required Coverages are not kept in full force and effect, or a breach or violation shall exist with respect to any provisions thereof; or the Aircraft is operated in a manner, at a time or in or over or located at a place with respect to which such Required Coverages shall not be in effect; (ii) Customer shall fail to cause the Airframe or the Engines to be used, operated, maintained or otherwise kept in a condition so as to be in compliance with all Applicable Laws; or (iii) any Customer Party shall fail to comply with (A) any financial covenants as and to the extent set forth or incorporated in any Guaranty or in any of the other Loan Documents, or (B) any provision of any of the Loan Documents restricting Liens and other dispositions relating to either the Collateral or any rights or obligations under any of the Transaction Documents (including Section 4.4 hereof), or (iv) the occurrence of any Defective Registration; or

(i) any representation or warranty made by any Customer Party in any of the Loan Documents or in any related agreement, document or certificate shall prove to have been incorrect, misleading, or inaccurate in any material respect when made or given (or, if a continuing representation or warranty, at any time); or (ii) any Customer Party shall fail to (A) perform or observe any other agreement (other than those specifically referred to in this Section 6) required to be performed or observed by it under this Agreement or in any of the other Loan Documents, and such failure shall continue uncured for thirty (30) days after the earlier of written notice thereof from Lender to such Customer Party or such Customer Party's actual knowledge thereof (but such notice and cure period will not be applicable unless such breach is curable by practical means within such notice period) or (B) notify Lender of any Default or Event of Default within ten (10) Business Days of its occurrence; or

(i) any Customer Party shall (A) generally fail to pay its, or his or her debts as they become due, admit its, or his or her inability to pay its, or his or her debts or obligations generally as they fall due, or shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws or other insolvency laws, or an answer admitting the material allegations of such a petition filed against such Customer Party in any such proceeding; or (B) by voluntary petition, answer or consent, seek relief under the provisions of any other bankruptcy or other insolvency or similar law providing for the reorganization or liquidation of corporations, or providing for an assignment for the benefit of creditors, or providing for an agreement, composition, extension or adjustment with its, or his or her creditors; or (ii) a petition against any Customer Party in a proceeding under applicable bankruptcy laws or other insolvency laws, as now or hereafter in effect, shall be filed and shall not be withdrawn or dismissed within one hundred twenty (120) days thereafter, or if, under the provisions of any law providing for reorganization or liquidation of business entities that may apply to any Customer Party, any court of competent jurisdiction shall assume jurisdiction, custody or control of such Customer Party or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of one hundred eighty (180) days after the filing date; or

the occurrence of any of the following events with respect to any Customer Party: (A) it enters into any transaction of merger, consolidation or reorganization; (B) it ceases to do business as a going concern, liquidates, or dissolves, or sells, transfers or otherwise disposes of all or substantially all of its assets or properties (in one or more transactions); (C) it becomes the subject of, or engages in, a leveraged buy out; (D) it changes the form of organization of its business; (E) if it is privately owned as of the Closing Date, there is any substantial change in the ownership or control of its capital stock or membership interests such that the holder(s) that own or control one hundred percent (100%) of such equity interests as of the Closing Date no longer do so; or (F) if it is publicly held as of the Closing Date, any change so that it is no longer subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or no longer registered under Section 12 of the Securities Act of 1933, as amended; or

(i) the conviction of or guilty plea by any Customer Party with respect to any criminal act constituting a felony, (ii) any repudiation by any Customer Party of its obligation for the payment or performance of the Obligations, (iii) any allegation by any Customer Party or judicial determination that any of the Loan Documents is unenforceable in any material respect or (iv) a Default (as defined in any Guaranty) shall occur; or any event or condition constituting a breach or other default under any Operating Consent.

## **Remedies .**

**Acceleration; Termination of Commitment.** If any Event of Default shall occur, Lender, in its sole discretion, may (a) declare the Obligations to be immediately due and payable, and upon such declaration the Obligations (including, the unpaid principal amount of the Note, together with all accrued but unpaid interest thereon, any prepayment fees and all other amounts due and payable under or with respect to the Loan Documents), shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the other Loan Documents to the contrary notwithstanding, (b) terminate any then outstanding commitment whether to Customer or any Affiliate to make the Loan or any advance thereof, or any other financial accommodations, whether related to the Loan or otherwise, and/or (c) pursue and enforce any of Lender's rights and remedies under this Section 7; provided, however, if an Event of Default specified in Section 6 (e) above shall occur, the Obligations shall become immediately due and payable, all such commitments shall terminate, and Lender shall have all such other rights and remedies contemplated in the preceding clauses (a), (b) and (c), automatically, and without any notice or other action by Lender.

**Additional Remedies.** If an Event of Default occurs, in addition to all other rights and remedies granted to it in this Agreement and in the other Loan Documents, Lender may exercise all rights and remedies of a secured party under the UCC or as a creditor, chargee or security assignee under the Cape Town Convention (including any and all remedies thereunder requiring agreement by Customer), or otherwise available to

Lender under any other Applicable Law. Without limiting the generality of the foregoing, Customer agrees that upon the occurrence of an Event of Default, Lender, without demand or notice of any kind (except as specified below) to or upon Customer or any other Person, in its sole discretion, may exercise any one or more of the following remedies:

(i) peacefully enter the premises where the Aircraft, the Engines, or any other Collateral is located, take immediate possession of, remove (or disable in place), or otherwise take control or custody of the Airframe, the Engines or any other Collateral (whether or not then attached to the Airframe) by self-help, summary proceedings or otherwise without liability, (ii) preserve the Airframe, the Engines or the other Collateral, and their respective value (but without any obligation to do so), and immobilize or keep idle the Airframe or Engines, and/or (iii) use Customer's premises for storage without liability; and Customer agrees, at Lender's request, to assemble the Collateral, and make it available to Lender at such places as Lender shall reasonably select, whether at Customer's premises or elsewhere;

(i) terminate the right of any Interested Third Party, and any other third party to use, possess or control the Airframe, the Engines or any of the other Collateral, including under any Permitted Third Party Agreement or other Third Party Agreement, without regard as to the existence of any event of default thereunder, (ii) recover from, and/or cause Customer and any such Interested Third Party, and any other third party, to relinquish possession and return the Airframe, the Engines and any other Collateral pursuant to this Section 7, and/or (iii) exercise any and all other remedies under any Operating Consents in Customer's stead, to the extent provided for under, or otherwise available to Customer in connection with any related Permitted Third Party Agreement or such other Third Party Agreement;

(i) manage, sell, lease, assign or otherwise dispose of the Airframe, the Engines or any other Collateral, in whole or in part, whether or not in Lender's possession, in one or more parcels or transactions, at public or private sale or sales, with or without notice to Customer (except as required by Applicable Law, and in furtherance thereof, Lender agrees that it shall give Customer no less than ten (10) working days' prior notice of any proposed sale or lease of the Airframe or Engines, which Customer acknowledges as constituting "reasonable prior notice" for the purposes of the Cape Town Convention) at such prices as Lender may deem best, and/or (ii) purchase the Collateral, in whole or in part, upon any public sale or sales, and to the extent permitted by Applicable Law upon any private sale or sales, free of any right or equity of redemption in Customer, which right or equity of redemption is hereby expressly released;

(i) collect, receive, appropriate and realize upon the Collateral, or any part thereof, including by applying any deposit or other cash collateral, or collecting or receiving, appropriating and realizing upon any income, profits or other proceeds arising from the management or use of the Airframe, the Engines or any of the other Collateral, and applying the same (after deducting all taxes, costs, expenses and other reductions of every kind incurred in connection therewith) to the payment in whole or in part of the Obligations, in such order and manner as Lender may elect; and (ii) after making such application, (A) remitting to Customer or to such other Person any excess then remaining, as and to the extent Lender is required by Applicable Law to make such remittance and (B) demanding, collecting and receiving from Customer any deficiency then remaining (and Customer agrees that it shall remain liable for, and pay upon demand, the full amount of any such deficiency);

(i) demand and obtain from any court speedy relief pending final determination available at law (including, possession, control, custody or immobilization of the Airframe and Engines, or preservation of the Airframe and the Engines and their respective value), (ii) procure the deregistration and/or export and physical transfer of the Airframe from the territory in which it is then situated (including pursuant to an IDERA, if any, executed by Customer), and/or (iii) otherwise proceed at law or in equity, to enforce specifically Customer's performance or to recover damages; and/or

exercise any and all other rights and remedies under or with respect to the Loan Documents or Applicable Law, including the Cape Town Convention and the UCC.

No Waiver: Cumulative Remedies. No right or remedy is exclusive. Customer hereby acknowledges that none of the provisions of this Section 7, including any remedies set forth or referenced herein, is "manifestly unreasonable" for the purposes of the Cape Town Convention. Each may be used successively and cumulatively and in addition to any other right or remedy referred to above or otherwise available to Lender at law or in equity, but in no event shall Lender be entitled to recover any amount in excess of the maximum amount recoverable under Applicable Law with respect to any Event of Default. No express or implied waiver by Lender of any Default or Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default. The failure or delay of Lender in exercising any rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or reoccurrence of any such contingencies or similar contingencies, and any single or partial exercise of any particular right by Lender shall not exhaust the same or constitute a waiver of any other right provided for or otherwise referred to herein. After the occurrence of any Default or Event of Default, the acceptance by Lender of any payment or performance of any of the Obligations, including the payment of any installment of principal and/or interest or of any other sum owing hereunder or under the other Loan Documents shall not constitute a waiver of such Default or Event of Default, regardless of Lender's knowledge or lack of knowledge thereof at the time of acceptance of any such payment or performance and shall not constitute a reinstatement of any of the Loan Documents, unless Lender shall have agreed in writing to reinstate the same and waive the Default or Event of Default. To the extent permitted by Applicable Law, Customer waives any rights now or hereafter conferred thereby, that (a) limit or modify any of Lender's rights or remedies under this Agreement or any of the other Loan Documents, including the provisions of Article 13(2) of the Convention, or (b) would otherwise entitle Customer to (i) receive notices or demands as a condition to Lender's exercise of any rights or remedies, except as expressly required above or (ii) make claims, damages and demands against Lender arising out of the repossession, retention, sale or other disposition of the Collateral.

#### **MISCELLANEOUS**

Notices. All communications and notices provided for herein shall be in writing and shall be deemed to have been duly given or made (i) upon hand delivery, or (ii) upon delivery by an overnight delivery service, or (iii) when sent by telecopy (with customary confirmation of receipt of such telecopy) on the Business Day when sent or upon the next Business Day if sent on other than a Business Day.

#### Expenses and Fees; Indemnity; Performance of Customer's Obligations

Customer shall pay to Lender upon demand all reasonable fees, costs and expenses incurred by or on behalf of Lender at any time in connection with (i) the negotiation, preparation, execution, delivery and enforcement of the Loan Documents and the collection of the Obligations (both before and after the occurrence of a Default or Event of Default), (ii) the creation, preservation and protection of the Collateral and the perfection, first priority and enforcement of Lender's Lien, or (iii) Customer's exercise of any right granted under, or any amendment or other modification to any of, the Loan Documents. Such fees, costs and expenses shall include, without limitation, reasonable appraisal and inspection fees, the reasonable fees and expenses of Aviation Counsel and of Lender's counsel, consultants and brokers, UCC, FAA, International Registry and other applicable title, interest and lien searches, and reasonable costs and expenses relating to recovery, repossession, storage, insurance, transportation, repair, refurbishment, advertising, sale and other dispositions of the Aircraft or any of the other Collateral. Customer shall also pay all reasonable fees (including license, filing and registration fees), Impositions and other charges of whatever kind or nature that may be payable or determined to be payable in connection with (A) the execution, delivery, recording or performance of this Agreement or any of the other Loan Documents, or any modification thereof, and (B) the filings, registrations and other undertakings relating thereto. Notwithstanding the foregoing, as long as there are no more than two (2) revised drafts of any Loan Document provided by Customer or its counsel to Lender or Lender's counsel, Customer shall be responsible for not more than \$35,000.00 in the aggregate for the legal fees of outside counsel to Lender (including, Aviation Counsel) and appraisal, inspection, processing, credit verification, lien searches, FAA and International Registry fees and other fees incurred in connection with the initial negotiation, preparation and execution of this Agreement and the other Loan Documents executed and delivered on or

before the Closing Date (and the consummation of the closing contemplated to occur thereon); provided that in the event that the negotiation exceeds two (2) revised drafts of any Loan Document, then Customer shall pay for the actual amount of such out of pocket fees incurred by Lender relating to the drafting and negotiation in excess of such two (2) revised drafts. Lender shall apply the previously paid deposit amount of \$35,000.00 to such fees and shall refund to Customer the amount by which the deposit exceeds such fees.

Customer hereby further agrees, whether or not the transactions contemplated by this Agreement shall be consummated, to pay, indemnify, and hold Lender and its affiliates and all of the Lender's and such affiliates' respective directors, shareholders, members, officers, employees, agents, predecessors, attorneys-in-fact, lawyers, successors and assigns (Lender, its affiliates and all of such other parties and entities sometimes hereinafter collectively, the "**Indemnified Parties**") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, out of pocket costs, attorney's fees, expenses or disbursements of any kind or nature whatsoever ("**Claims**") arising with respect to or in connection with (i) the Airframe, the Engines, or any APUs or Parts, or any of the other Collateral, including (whether by or through Customer, Vendor, any Interested Third Party, or any other Person), the manufacture, inspection, ownership, lease, sublease, management, pooling, interchange, time sharing, chartering, possession, use, operation, maintenance, security, condition (whether prior to, upon or after delivery or acceptance of any of the same), repossession, storage, sale or other disposition of any of the same, or any accident in connection therewith, including Claims involving or alleging environmental damage, criminal acts, hijacking, acts of terrorism or similar acts, product liability or strict or absolute liability in tort, latent and other defects (whether or not discoverable) and for any other risk or matter, including any of the same that result in injuries, death, destruction, or other harm or loss to persons or property, or (ii) any of the Loan Documents, Third Party Agreements or other Transaction Documents, or the performance, breach (including any Default or Event of Default) or enforcement of any of the terms hereof or thereof, provided, that Customer shall have no obligation to indemnify an Indemnified Party with respect to Claims arising from the gross negligence or willful misconduct of such Indemnified Party (unless if imputed by Applicable Law). If any Claim is made against any Indemnified Party, the party receiving notice or otherwise becoming aware of such Claim shall promptly notify the other, but the failure of the party having knowledge of a Claim to so notify the other party shall not relieve Customer of any obligation hereunder.

If any Customer Party fails to perform or comply with any of its agreements contained herein or in the other Loan Documents, including, without limitation, its obligations to keep the Collateral free of Liens (other than the Permitted Liens), comply with Applicable Standards, or obtain the Required Coverages, Lender shall have the right, but shall not be obligated, to effect such performance or compliance, with such agreement. Any expenses of Lender incurred in connection with effecting such performance or compliance, together with interest thereon at the default rate of interest provided for in the Note from the date incurred until reimbursed, shall be payable by Customer to Lender promptly on demand and until such payment shall constitute part of the Obligations secured hereby. Any such action shall not be a cure or waiver of any Default or Event of Default hereunder.

Entire Agreement; Modifications. This Agreement and the other Loan Documents constitute the entire understanding and agreement of the parties hereto with respect to the matters contained herein and therein, and shall completely and fully supersede all other prior agreements (including any proposal letter, commitment letter, and/or term sheet), both written and oral, between Lender and Customer relating to the Obligations. Neither this Agreement, nor any terms hereof, may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of a change, waiver, discharge or termination is sought.

Construction of this Agreement and Related Matters. All representations and warranties made in this Agreement and in the other Loan Documents shall survive the execution and delivery of this Agreement and the making of the Loan hereunder. Customer's obligations contained in this Section 8 shall survive the payment and performance of the Obligations, the termination of this Agreement, and the release of the Collateral. This Agreement may be executed by the parties hereto on any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. The headings of the Sections hereof are for convenience only, are not part of this Agreement and shall not be deemed to affect the meaning or construction of any of the provisions hereof. Time is of the essence in the payment and performance of all of Customer's obligations under this Agreement. Any provision of this Agreement that may be determined to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective in such jurisdiction to the extent thereof without invalidating the remaining provisions of this Agreement, which shall remain in full force and effect.

Lender's Assignment. Lender, may at any time, with or without notice to Customer, freely grant a security interest in, sell, assign, participate or otherwise transfer (an "**Assignment**") all or any part of its interest in this Agreement and the other Loan Documents (including all associated rights associated with or secured thereby and the related international interests) or any amount due or to become due hereunder or thereunder, and Customer shall perform all of its obligations under the Loan Documents, to the extent so transferred, for the benefit of the beneficiary of such Assignment (such beneficiary, including any successors and assigns, an "**Assignee**"); provided, however, if such Assignee is not an Affiliate of Lender and if no Default or Event of Default exists, Lender will provide prior notice of any such Assignment to a third party. Customer hereby waives any right to assert, and agrees not to assert, against any Assignee any abatement, reduction, defense, setoff, recoupment, claim or counterclaim that Customer may have against Lender, provided that Lender remains fully responsible therefor. Upon the assumption by such Assignee of Lender's obligations hereunder, Lender shall be relieved of any such assumed obligations. Customer hereby consents to any such assignment, grant, sale or transfer, including, without limitation, for purposes of the Cape Town Convention. If so directed in writing, Customer shall pay all amounts due or to become due under the Loan Documents, including any of the same constituting associated rights or proceeds directly to the Assignee or any other party designated in writing by Lender or such Assignee. Customer acknowledges and agrees that Lender's right to enter into an Assignment is essential to Lender and, accordingly, waives any restrictions under Applicable Law with respect to an Assignment and any related remedies. Upon the request of Lender or any Assignee, Customer also agrees (a) to promptly execute and deliver, and cause to be executed and delivered by any Guarantor or any other Transaction Party, to Lender or to such Assignee an acknowledgment of assignment in form and substance satisfactory to the requesting party, an insurance certificate naming Assignee as additional insured and loss payee and otherwise evidencing the Required Coverages, an IDERA in favor of Assignee, and such other documents and assurances reasonably requested by Lender or Assignee, (b) to make, or cause to be made, all registrations (including all assignments and subordinations) and all amendments, extensions and discharges with the International Registry reasonably requested by Lender or Assignee (and give or obtain any necessary consent thereto, as well as renew any authorization required by the International Registry in connection therewith, including renewing its transacting user entity status and re-designating a professional user entity, if necessary in Lender's judgment), and (c) to comply with any and all other reasonable requirements of any such Assignee in connection with any such Assignment.

Jurisdiction. Customer and Lender each hereby irrevocably consents and agrees that any legal action, suit or proceeding arising out of or in any way in connection with this Agreement or any of the other Loan Documents may be instituted or brought in the courts of the State of New York or in the United States Courts for the Southern District of New York, as Customer or Lender may elect or in any other state or Federal court as Lender shall deem appropriate, and by execution and delivery of this Agreement, Customer and Lender each hereby irrevocably accepts and submits to, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of any such court, and to all proceedings in such courts. Customer and Lender each irrevocably consents to service of any summons and/or legal process by first class, certified United States air mail, postage prepaid, to Customer at the address set forth below its signature hereto, such method of service to constitute, in every respect, sufficient and effective service of process in any such legal action or proceeding. Nothing in this Agreement or in any of the other Loan Documents shall affect the right to service of process in any other manner permitted by law or limit the right of Lender to bring actions, suits or proceedings in the courts of any other jurisdiction. Customer and Lender each further agrees that final judgment against it in any such legal action,

suit or proceeding shall 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 shall be conclusive evidence of the fact and the amount of the liability. Notwithstanding anything in the foregoing to the contrary, Lender and Customer may bring a judicial proceeding in the Republic of Ireland, solely with respect to matters relating to the International Registry.

Governing Law; Binding Effect. This Agreement shall be construed and enforced in accordance with, and the rights of both parties shall be governed by, the internal laws of the State of New York (without regard to the conflict of laws principles of such state, except as to the effect of Title 14, Section 5-1401 of the New York General Obligations Law), including all matters of construction, validity, and performance. This Agreement shall be binding upon and inure to the benefit of Customer and Lender and their respective successors and assigns (but without limiting the provisions of Section 8.5); except that Customer may not assign or transfer its rights or obligations hereunder or under any other Loan Agreement, or any interest herein or therein; and any such purported or attempted assignment or transfer by Customer shall be null and void.

Customer's Capacity as Owner Trustee. TVPX Aircraft Solutions Inc. ("TVPX") is executing this Agreement, and the other Loan Documents solely in its capacity as Owner Trustee under the Trust Agreement and not in its individual capacity and in no case shall TVPX be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of the Customer hereunder, or under any Loan Document, all such liability, if any, being expressly waived by the parties hereto and any Person claiming by, through, or under such party. Under no circumstances shall TVPX be personally liable for the payment of any other amount stated to be due from the Customer hereunder, or under any Loan Document, or be personally liable for the breach or failure of any of Customer's representations, warranties, covenants, obligations, undertakings and agreements hereunder, or under any Loan Documents; provided, however, that the Customer (or any such successor owner trustee) shall be personally liable hereunder for its own gross negligence or willful misconduct or for its breach of its covenants, representations and warranties contained herein, or in any Loan Document, to the extent covenanted or made in its individual capacity.

Jury Waiver. CUSTOMER AND LENDER EACH HEREBY KNOWINGLY AND FREELY WAIVES THEIR RESPECTIVE RIGHTS TO A JURY TRIAL IN ANY ACTION, SUIT OR PROCEEDING RELATING TO, ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE NOTE OR ANY OF THE OTHER LOAN DOCUMENTS.

**[Signatures On Next Page]**

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Loan and Aircraft Security Agreement

IN WITNESS WHEREOF, the parties hereto have caused this Loan and Aircraft Security Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

BANC OF AMERICA LEASING & CAPITAL, LLC, Lender

TVPX AIRCRAFT SOLUTIONS INC., a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated July \_\_\_\_, 2017,  
Customer

By:  
Name:  
Title:  
Notice Address:

One Financial Plaza, 2nd Floor  
Providence, Rhode Island 02903  
Attention: Director of Aircraft Operations  
Telephone: 800-238-3737  
Facsimile: 401-278-7941

By:  
Name:  
Title:  
Notice Address:

39 East Eagle Ridge Drive, Ste. 201  
North Salt Lake, UT 84054  
Telephone: (801) 924-367  
Facsimile: (801) 877-0478

Engines, or any of the other Collateral, or Customer's interest therein (other than Permitted Liens); and (ii) promptly take such action as directed by Lender to duly discharge any such unpermitted Liens.

(b) So long as no Default or Event of Default is then existing, Customer may enter into and remain a party to Third Party Agreements, in each such case, subject to the satisfaction of, and compliance by Customer and each Interested Third Party with, all of the following throughout the term of such arrangement: (i) Each such Interested Third Party shall (A) be and remain solvent, and (unless an individual) organized under the laws of a state within the United States; and (B) if engaged by Customer with the prior written consent of Lender as a manager and/or charter operator (including the Manager pursuant to the Management Agreement), while so engaged, (1) have a recognized favorable reputation as a manager and/or charter operator, as the case may be, of aircraft similar to the Aircraft, (2) be providing management and/or charter operation services for other aircraft owners similar to the services contemplated therein, and (3) if and at all times while conducting any charter operations (x) have and maintain a valid Part 135 Certificate evidencing its authority to conduct such operations, (y) list the Aircraft on its operations specifications, and (z) comply with all Applicable Standards pertaining to such charter operations. (ii) Any operation of the Aircraft pursuant to any such Third Party Agreement shall be limited to (A) if by Customer, Parent Guarantor or any Affiliate of Parent Guarantor, any time sharing agreements (as defined in Section 91.501(c)(1)) complying with Part 91 of the FARs and all other Applicable Standards, (B) if by a manager and/or a charter operator with Lender's prior written consent, pursuant to and in full compliance with the requirements of Part 135 of the FARs and all other Applicable Standards, or (C) if such Third Party Agreement is a "dry lease" by Customer, as lessor, to Parent Guarantor or an Affiliate of Parent Guarantor or other Interested Third Party permitted pursuant hereto, as lessee, operation by such lessee complying with (1) Part 91 and any other applicable provision of the FARs, and all other Applicable Standards, and (2) the provisions hereof and of the other Loan Documents pertinent to the operation of the Aircraft (whether by Customer or any permitted Interested Third Party). (iii) The related Third Party Agreement shall (A) be and remain, subject and subordinate to Lender's Lien in and with respect to the Collateral, and Lender's rights and remedies under the Loan Documents (and such subordination shall be expressly acknowledged therein), (B) not convey any Lien on, or other property interest in or against the Airframe, the Engines or any of the other Collateral, except for a Permitted Lien (but, without giving effect to clause (a) of the definition of such term), (C) not permit any further sublease or disposition of or unpermitted Lien against the Aircraft or any of the other Collateral by any of the Interested Parties thereto or any other Person, or any change in registration or unpermitted change in hangaring of the Aircraft, (D) not contain provisions that are inconsistent with the provisions of any of the Loan Documents or cause Customer to breach any of its representations, warranties or agreements under any of the Loan Documents, (E) be in conformity with all requirements of the FARs and other Applicable Laws, and (F) otherwise conform to any Operating Consent required by Lender with respect thereto. (iv) (A) Customer shall have specified such Third Party Agreement on Annex B if existing on the Closing Date, or if not then existing shall require Lender's prior written consent and at least thirty (30) Business Days' prior written notice of its intention to enter into a Third Party Agreement and (B) no later than the effective date thereof Customer shall comply with, and at all times thereafter remain in compliance with, any related requirements by Lender, including (1) entering into, and causing any related Interested Third Parties to enter into, an Operating Consent, (2) causing Lender to be covered by the Required Coverages (which, for the purposes hereof, may include insurance coverages obtained and maintained by an Interested Third Party, conforming to the insurance requirements herein and in any of the other Loan Documents), and (3) entering into or delivering, or causing to be entered into and delivered, all such other documents, filings and assurances, making or causing to be made such filings and registrations, and taking or causing to be taken all such other actions, in each case as may be required by Lender and (4) paying or reimbursing Lender for any related costs or expenses. (v) Lender shall have the right, but not the obligation, to (A) require reasonable evidence that any Interested Third Party satisfies the requirements provided herein, and (B) review any such Third Party Agreement, as from time to time supplemented and amended, to determine its conformity with the provisions hereof, but without assuming any responsibility with respect thereto. (vi) Customer shall neither make, nor permit to be made, any filing or registration with respect to any Permitted Third Party Agreement, unless so directed by Lender pursuant to Section 5.2 or otherwise. Notwithstanding the foregoing limitations Parent Guarantor or any Affiliate shall be permitted to conduct the carriage of Parent Guarantor or any Affiliate and/or their respective guests pursuant to 14 CFR Section 91.501(b)(4), affiliated group operations pursuant to 14 CFR Section 91.501(b)(5) and/or (6), demonstration flights pursuant to 14 CFR Section 91.501(b)(3), time sharing or interchange operations pursuant to 14 CFR Section 91.501(b)(6), the carriage of customers pursuant to 14 CFR Section 91.501(b)(9) and/or the carriage of candidates in Federal elections conducted pursuant to 14 CFR Section 91.321.

(c) With respect to any Third Party Agreements complying with all of the provisions of Section 4.4(b) (each a "**Permitted Third Party Agreement**"), although certain of the duties and obligations of Customer under the Loan Documents may be performed by one or more of the Interested Third Parties, (i) no such Permitted Third Party Agreement shall reduce any of Customer's obligations, or Lender's rights, under any of the Loan Documents, (ii) all of Customer's obligations under the Loan Documents shall be and remain primary and continue in full force and

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#### LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)

**THIS LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)** (together with all Addenda, Riders and Annexes hereto, this "**Agreement**") is dated as of July 27, 2017 (the "**Closing Date**"), by and between **TVPX AIRCRAFT SOLUTIONS INC.**, a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated as of July 27, 2017 ("**Customer**") and **BANC OF AMERICA LEASING & CAPITAL, LLC**, a Delaware limited liability company ("**Lender**").

In consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

Capitalized and certain other terms used but not otherwise defined in this Agreement shall have the meanings ascribed to them in Annex A attached hereto and made a part hereof.

#### **Terms of Loan .**

**Loan and Use of Proceeds .** Subject to the terms and conditions of this Agreement, Lender agrees to make a loan to Customer in the principal amount set forth in Annex B attached hereto and made a part hereof (the “ **Loan** ”). Customer shall use the proceeds of the Loan to finance the costs of the acquisition of the Aircraft.

**Repayment and Prepayment .** The Customer's obligation to repay the Loan shall be evidenced by one or more Promissory Notes dated on and/or after the Closing Date, payable by Customer to the order of Lender in the original principal amount of the Loan (as amended, modified, restated, extended and renewed from time to time, the “ **Note** ”). The Loan shall bear interest and be repaid by Customer at the times and in the manner set forth in the Note. The Loan may be prepaid only in the manner and subject to terms and conditions set forth in the Note and, if applicable, Section 4.7 hereof.

**Conditions of Borrowing .** Lender's obligation to make the Loan shall be both subject to and conditioned upon the satisfaction of all of the conditions precedent specified in the Closing Terms Addendum attached to and made a part of this Agreement.

**Representations and Warranties .** In order to induce Lender to enter into this Agreement and to make the Loan herein provided for, Customer represents, warrants and covenants to Lender that:

(i) Customer (A) is duly qualified to do business in each jurisdiction in which the conduct of its business or the ownership or operation of its assets requires such qualification, including the jurisdiction of the Primary Hangar Location and wherever any of the Collateral may become located; (B) has the necessary authority and power to own and operate the Aircraft and its other assets and to transact the business in which it is engaged; (C) is a “citizen of the United States” within the meaning of the Transportation Code; and (D) has the form of business organization set forth in Annex B hereto and is and will remain duly organized, validly existing and in good standing under the laws of the state of its organization set forth in Annex B hereto, its federal tax identification number is as set forth in Annex B hereto, and its state-issued organizational identification number (if any), chief executive office and principal place of business address are all as set forth on Annex B hereto; and (ii) its name as shown in the preamble of this Agreement is its exact legal name as shown on its charter, by-laws, articles of organization or operating agreement, as applicable, each as amended as of the Closing Date;

(i) Customer's execution and delivery of, and performance of its obligations under and with respect to, each of the Loan Documents (including its borrowing the amounts constituting the Loan, granting the Lender's Lien against the Aircraft and other Collateral and participating in the other transactions contemplated herein and therein), (A) have been duly authorized by all necessary action on the part of Customer consistent with its form of organization, (B) do not contravene or constitute a default under any Applicable Law, any of Customer's Organizational Documents, or any agreement, indenture, or other instrument to which Customer is a party or by which it may be bound, (C) do not require the approval of or notice to (1) any Governmental Authority, except for the filings and registrations specified in the Closing Terms Addendum, all of which shall have been duly effected prior to or concurrently with Lender making the Loan, or (2) any other party (including any trustees or holders of indebtedness), and (D) will not result in the creation or imposition of any Lien on any of the assets of Customer other than the Lender's Lien created hereby and by the other Loan Documents with respect to the Collateral; (ii) each of the Transaction Documents referenced in the Closing Terms Addendum to which Customer is a party has been duly executed and delivered by an authorized representative of the Customer, and constitutes the legal, valid and binding obligation of the Customer, enforceable against it in accordance with the respective terms of such Transaction Documents (including, without limitation, the grant of the Lender's Lien); and (iii) without limiting the foregoing, upon Lender's advancing the Loan on the Closing Date, (A) Customer will have satisfied or complied with all conditions precedent and requirements as set forth in the Loan Documents required to have been satisfied or complied with concurrently with or prior to such advance and (B) no Default or Event of Default shall be then existing;

there are no proceedings pending or, so far as the officers, managers, or members of Customer know, threatened against or affecting Customer or any of its property before any Governmental Authority that could impair Customer's title to the Aircraft or any of the other Collateral, or that, if decided adversely, could materially affect the financial condition or operations of Customer or its ability to perform its obligations under any of the Loan Documents;

(i) Customer has, and shall continue to have, good and marketable title to the Collateral, free and clear of Liens, except Permitted Liens; (ii) the Lender's Lien in the Airframe, the Engines and the other Collateral is and shall remain validly created and perfected, and has and shall continue to have first priority over any other Liens pursuant to all Applicable Laws; and (iii) all filings, recordings, registrations or other actions necessary or desirable in order to vest such title in Customer, and establish, perfect and give first priority to Lender's Lien and other rights and interests in, against or with respect to the Collateral, have been duly effected, and all Impositions in connection therewith have been duly paid;

without limiting any of the other representations and warranties in this Agreement, for the purposes of the Cape Town Convention and any other Applicable Law, (i) upon the conclusion of the sale of the Aircraft to Customer, and Customer's grants and assignments, and (if constituting a lease) any Permitted Third Party Agreement, contemplated in the Loan Documents or other Transaction Documents, Customer and (if a lessee) any Interested Third Party shall be situated in, and Customer will cause the Aircraft to be duly registered in, the United States of America (which is a contracting state), (ii) with respect to any of the Transaction Documents relating to the Airframe or Engine, each of the respective parties thereto has power to dispose of the Airframe and Engine, as contemplated therein by way of the relevant Transaction Document, and (iii) the Purchase Documents qualify as a “contract of sale”, and (if constituting a lease) any Permitted Third Party Agreement and the Loan Documents are effective to constitute international interests in the Airframe and Engine and security assignments of the related associated rights and transfer of the related international interests, as contemplated therein, and each such Registerable Interest will be effective against third parties upon registration at the International Registry, without any further filings or registrations (except as contemplated in the Loan Documents);

(i) the Aircraft (A) has been delivered to Customer, is in Customer's possession and is, as of the Closing Date, unconditionally, irrevocably and fully accepted by Customer, (B) has been inspected by Customer to its complete satisfaction and, without limiting the foregoing, (1) has been found to be in good working order, repair and condition and fully equipped to operate for its intended purpose, and (2) is in conformity with the requirements of the Purchase Agreement and the Applicable Standards, (C) is, or will be at the time of the funding of the Loan, currently certified under existing FAA rules and regulations and any other Applicable Laws and is airworthy in all respects, and (D) is and will remain primarily hangared at the Primary Hangar Location; and (ii) without limiting the foregoing, (A) solely as between Lender and Customer (and without prejudicing Customer's rights against Vendor or any other third party, which rights are not being disclaimed hereby), Customer has no pending claims and has no knowledge of any facts upon which a future claim may be based, against any prior owner, the seller, manufacturer or supplier of the Aircraft or any of the other Collateral, for breach of warranty or otherwise, and (B) all of the information contained in Annex C, including the registration number of the Aircraft, and the serial numbers, manufacturer and model numbers of the Airframe, Engines, and APU, are true and accurate in all respects; and

(h) the Aircraft (i) is currently capable of being certified under existing FAA rules and regulations and completely airworthy in all respects, (ii) will undergo an inspection by a Designated Airworthiness Representative of the FAA (“ **DAR** ”) on the Closing Date and (iii) an FAA Standard Airworthiness Certificate (AC Form 8100-2) shall be issued for the Aircraft no later than two (2) Business Days after the Closing Date.

**Covenants .** Customer covenants and agrees that from and after the Closing Date and so long as any of the Obligations are outstanding:

Notices; Financial Information; and Further Assurances. Customer will, at its sole expense:

promptly give written notice to Lender of (i) the occurrence of any Default or Event of Default; (ii) the occurrence of any Event of Loss or event of which Customer may be aware that could become an Event of Loss; (iii) the commencement or written threat of any material litigation or proceedings affecting Customer or any material litigation or proceedings affecting the Aircraft or any of the other Collateral, or the ability of Customer to comply with its obligations under the Loan Documents; and (iv) any material dispute between Customer or any Interested Third Party and any Governmental Authority or other party that involves the Aircraft or any of the other Collateral or that might materially interfere with the normal business operations of Customer;

cause Guarantor to comply with the financial reporting requirements set forth in the Guaranty and promptly furnish to Lender any such financial and other information regarding the Customer or Guarantor or any of its Affiliates as Lender may from time to time reasonably request; and

promptly execute and deliver to Lender such further instruments, UCC and FAA filings (including an IDERA) and other documents, make, cause to be made and/or consent to all registrations (including any discharges and subordinations, or as to the prospective or actual sale of, and any international interest in, the Engines) with the International Registry, and take such further action, as Lender may from time to time reasonably request in order to further carry out the intent and purpose of the Loan Documents and to establish, protect and enforce the rights, interests, remedies and Liens (including the first priority thereof) created, or intended to be created, in favor of Lender thereby.

General Obligations. (a) Customer agrees that it shall (i) duly observe and conform to all requirements of Applicable Law relating to the conduct of its business and/or the Aircraft, (ii) remain a "citizen of the United States" within the meaning of the Transportation Code, (iii) obtain and keep in full force and effect (A) all rights, franchises, licenses and permits that are necessary to the proper conduct of its business, and (B) all approvals by any Governmental Authority required with respect to the performance of its obligations under the Loan Documents and the operation of the Aircraft and its business, (iv) cause the Aircraft to remain primarily hangared at the Primary Hangar Location, and duly registered in Customer's name under the Transportation Code (including, by making all necessary reports, re-registering its ownership of the Aircraft, and taking all other actions required by Applicable Law), and (v) pay and perform all of its obligations and liabilities when due. (b) Customer agrees that (i) it shall not change its presently existing legal name or its form or state of organization on or after the date of this Agreement, without Lender's prior written consent, (ii) if its presently existing state organizational identification number changes, or if Customer currently has no such state organizational number but is subsequently issued such a number, on or at any time after the date of this Agreement, Customer shall immediately notify Lender thereof, and (iii) it shall not change the presently existing mailing, chief executive office and/or principal place of business address on or after the date of this Agreement without giving Lender thirty (30) days written notice of the same.

Taxes. (a) Customer will file or cause to be filed with all appropriate taxing authorities all Federal, state and local income tax returns that are required to be filed and all registrations, declarations, returns and other documentation with respect to any personal property taxes (or any other taxes in the nature of or imposed in lieu of property taxes) due or to become due with respect to the Aircraft or any of the other Collateral. (b) Customer will pay (or cause to be paid) (i) on or before the date when due all taxes as shown on said returns and all taxes assessed, billed or otherwise payable with respect to the Aircraft or the other Collateral directly to the appropriate taxing authorities; and (ii) when due all license and/or registration or filing fees, assessments, governmental charges and sales, use, property, excise, privilege, value added and other taxes (including any related interest or penalties) or other charges or fees now or hereafter imposed by any governmental body or agency upon Customer or the Aircraft or any of the other Collateral, with respect to the landing, airport use, manufacturing, ordering, shipment, purchase, ownership, delivery, installation, leasing, chartering, operation, possession, use or disposition of the Aircraft or any of the other Collateral, or any interest therein (the items referred to in (i) and (ii) above being referred to herein collectively, as "**Impositions**").

No Disposition of Collateral or Liens; Title and Security Interest.

Customer shall not sell, assign, enter into any Third Party Agreement, convey, mortgage, exchange or otherwise transfer or relinquish possession of (including by any seizure or other taking by any foreign or domestic governmental authority) or dispose of the Airframe or Engines, any Part, any related associated rights, international interests or prospective international interests, any proceeds or any of the other Collateral, or attempt or offer to do, or suffer or permit any of the foregoing. Customer shall be permitted, however, to deliver possession of the Airframe, the Engines, or any APU or Part to another Person for testing, service, repair, maintenance, overhaul, alteration or modification, and to enter into Permitted Third Party Agreements, in each case, if and to the extent consistent with the provisions of the Loan Documents. Customer will warrant and defend its good and marketable title to the Airframe, the Engines and the other Collateral, and the validity, perfection and first priority of Lender's Lien in the Collateral, against all other Liens, claims and demands whatsoever, except Permitted Liens; and without limiting the foregoing, Customer will (i) not create, assume or suffer to exist any Liens on or with respect to the Airframe, the Engines, or any of the other Collateral, or Customer's interest therein (other than Permitted Liens); and (ii) promptly take such action as directed by Lender to duly discharge any such unpermitted Liens.

So long as no Default or Event of Default is then existing, Customer may enter into and remain a party to Third Party Agreements, in each such case, subject to the satisfaction of, and compliance by Customer and each Interested Third Party with, all of the following throughout the term of such arrangement: (i) Each such Interested Third Party shall (A) be and remain solvent, and (unless an individual) organized under the laws of a state within the United States; and (B) if engaged by Customer with the prior written consent of Lender as a manager and/or charter operator (including the Manager pursuant to the Management Agreement), while so engaged, (1) have a recognized favorable reputation as a manager and/or charter operator, as the case may be, of aircraft similar to the Aircraft, (2) be providing management and/or charter operation services for other aircraft owners similar to the services contemplated therein, and (3) if and at all times while conducting any charter operations (x) have and maintain a valid Part 135 Certificate evidencing its authority to conduct such operations, (y) list the Aircraft on its operations specifications, and (z) comply with all Applicable Standards pertaining to such charter operations. (ii) Any operation of the Aircraft pursuant to any such Third Party Agreement shall be limited to (A) if by Customer, Parent Guarantor or any Affiliate of Parent Guarantor, any time sharing agreements (as defined in Section 91.501(c)(1)) complying with Part 91 of the FARs and all other Applicable Standards, (B) if by a manager and/or a charter operator with Lender's prior written consent, pursuant to and in full compliance with the requirements of Part 135 of the FARs and all other Applicable Standards, or (C) if such Third Party Agreement is a "dry lease" by Customer, as lessor, to Parent Guarantor or an Affiliate of Parent Guarantor or other Interested Third Party permitted pursuant hereto, as lessee, operation by such lessee complying with (1) Part 91 and any other applicable provision of the FARs, and all other Applicable Standards, and (2) the provisions hereof and of the other Loan Documents pertinent to the operation of the Aircraft (whether by Customer or any permitted Interested Third Party). (iii) The related Third Party Agreement shall (A) be and remain, subject and subordinate to Lender's Lien in and with respect to the Collateral, and Lender's rights and remedies under the Loan Documents (and such subordination shall be expressly acknowledged therein), (B) not convey any Lien on, or other property interest in or against the Airframe, the Engines or any of the other Collateral, except for a Permitted Lien (but, without giving effect to clause (a) of the definition of such term), (C) not permit any further sublease or disposition of or unpermitted Lien against the Aircraft or any of the other Collateral by any of the Interested Parties thereto or any other Person, or any change in registration or unpermitted change in hangaring of the Aircraft, (D) not contain provisions that are inconsistent with the provisions of any of the Loan Documents or cause Customer to breach any of its representations, warranties or agreements under any of the Loan Documents, (E) be in conformity with all requirements of the FARs and other Applicable Laws, and (F) otherwise conform to any Operating Consent required by Lender with respect thereto. (iv) (A) Customer shall have specified such Third Party Agreement on Annex B if existing on the Closing Date, or if not then existing shall require Lender's prior written consent and at least thirty (30) Business Days' prior written

notice of its intention to enter into a Third Party Agreement and (B) no later than the effective date thereof Customer shall comply with, and at all times thereafter remain in compliance with, any related requirements by Lender, including (1) entering into, and causing any related Interested Third Parties to enter into, an Operating Consent, (2) causing Lender to be covered by the Required Coverages (which, for the purposes hereof, may include insurance coverages obtained and maintained by an Interested Third Party, conforming to the insurance requirements herein and in any of the other Loan Documents), and (3) entering into or delivering, or causing to be entered into and delivered, all such other documents, filings and assurances, making or causing to be made such filings and registrations, and taking or causing to be taken all such other actions, in each case as may be required by Lender and (4) paying or reimbursing Lender for any related costs or expenses. (v) Lender shall have the right, but not the obligation, to (A) require reasonable evidence that any Interested Third Party satisfies the requirements provided herein, and (B) review any such Third Party Agreement, as from time to time supplemented and amended, to determine its conformity with the provisions hereof, but without assuming any responsibility with respect thereto. (vi) Customer shall neither make, nor permit to be made, any filing or registration with respect to any Permitted Third Party Agreement, unless so directed by Lender pursuant to Section 5.2 or otherwise. Notwithstanding the foregoing limitations Parent Guarantor or any Affiliate shall be permitted to conduct the carriage of Parent Guarantor or any Affiliate and/or their respective guests pursuant to 14 CFR Section 91.501(b)(4), affiliated group operations pursuant to 14 CFR Section 91.501(b)(5) and/or (6), demonstration flights pursuant to 14 CFR Section 91.501(b)(3), time sharing or interchange operations pursuant to 14 CFR Section 91.501(b)(6), the carriage of customers pursuant to 14 CFR Section 91.501(b)(9) and/or the carriage of candidates in Federal elections conducted pursuant to 14 CFR Section 91.321.

With respect to any Third Party Agreements complying with all of the provisions of Section 4.4(b) (each a “ **Permitted Third Party Agreement** ”), although certain of the duties and obligations of Customer under the Loan Documents may be performed by one or more of the Interested Third Parties, (i) no such Permitted Third Party Agreement shall reduce any of Customer’s obligations, or Lender’s rights, under any of the Loan Documents, (ii) all of Customer’s obligations under the Loan Documents shall be and remain primary and continue in full force and effect as the obligations of a principal and not of a guarantor or surety, and (iii) Lender is not waiving the right to require full and timely performance of any such obligations in strict accordance with the provisions hereof and of the other Loan Documents. By way of clarification and not limitation, with respect to any provisions of this Agreement or any of the other Loan Documents requiring Customer to take or refrain from taking an action relating to the Aircraft or any of the other Collateral, such provision may also be read to mean that Customer shall cause the same to be done in accordance therewith, if at that time the Aircraft or such other Collateral is in the possession or control of an Interested Third Party pursuant to a Permitted Third Party Agreement.

Use of Aircraft; Maintenance; Modifications; Security.

Customer will operate the Aircraft or shall cause the Aircraft to be operated under and in compliance with Part 91 and any other applicable provision of the FARs, and all other Applicable Standards. Unless otherwise expressly permitted hereunder, (i) Customer shall not operate or permit the Aircraft to be operated for air taxi operations or otherwise under Part 135 of the FARs; and (ii) Customer, an Affiliate or other Interested Third Party shall at all times have, and maintain, “operational control” of the Aircraft (as such term is then interpreted by the FAA or such other applicable Governmental Authority), and no other Person shall operate the Aircraft. The Aircraft at all times will be operated by duly qualified pilots having satisfied all requirements established and specified by the FAA, the TSA, any other applicable Governmental Authority and the Required Coverages.

the Aircraft may be flown temporarily to any country in the world, provided that the Aircraft (i) shall at all times be based in the continental United States; and (ii) shall not be flown, operated, used or located in, to or over any such country or area (temporarily or otherwise) (A) that is excluded from the Required Coverages (or specifically not covered by such insurance), (B) with which the U.S. does not maintain favorable diplomatic relations (which is any country or jurisdiction not marked with an “\*” on the list maintained by the U.S. Department of State, at <http://www.state.gov/s/inr/rls/4250.htm> or any replacement or equivalent website maintained by the U.S. Department of State), provided that the prohibition in this clause (B) does not prohibit the operation of the Aircraft on an approved and assigned air traffic control route (if and so long as such use is otherwise in compliance with the provisions of the this Agreement and does not violate any insurance policies in effect with respect to the Aircraft) , (C) to the extent that payment of any claim under the Required Coverages directly or indirectly arising or resulting from or connected with any such flight, operation, use or location would be prohibited under any trade or other economic sanction or embargo by the United States of America, or (D) in violation of any of the Loan Documents or any Applicable Standards. Customer shall adopt, implement and comply with all security measures required by any Applicable Law, or by any Required Coverages, or that are necessary or appropriate for the proper protection of the Aircraft (whether on the ground or in flight) against theft, vandalism, hijacking, destruction, bombing, terrorism or similar acts.

Customer agrees that, with respect to the Airframe, the Engines, each APU and each Part, Customer will at its own expense, (i) maintain, inspect, service, repair, overhaul and test the same in accordance with Applicable Standards; (ii) make any alterations or modifications that may at any time be required to comply with Applicable Standards, and to cause the Aircraft to remain airworthy; (iii) furnish all required parts, replacements, mechanisms, devices and servicing so that the condition and operating efficiency thereof will at all times be no less than its condition and operating efficiency as and when delivered to Customer, ordinary wear and tear from proper use alone excepted; (iv) promptly replace all Parts (A) which become worn out, lost, stolen, taken, destroyed, damaged beyond repair or permanently rendered or declared unfit for use for any reason whatsoever, or (B) if not previously replaced pursuant to clause (A), as and when required by any Applicable Standards, including any applicable life limits; and (v) maintain (in English) all Records in accordance with Applicable Standards; and (vi) enroll and maintain the Engines in an Engine Maintenance Program and the APU in an APU Maintenance Program or shall cause the foregoing to be done. All maintenance procedures shall be performed by properly trained, licensed, and certified maintenance sources and personnel utilizing replacement parts approved by the FAA and the manufacturer of (as applicable) the Airframe, the Engines, or any APU or Part. Without limiting the foregoing, Customer shall comply with all mandatory service bulletins and airworthiness directives by causing compliance to such bulletins and/or directives to be completed through corrective modification in lieu of operating manual restrictions.

Customer will not make, authorize or permit any improvement, change, addition or alteration to the Aircraft that will impair the originally intended function or use of the Aircraft, diminish the value of the Aircraft as it existed immediately prior thereto, or violate any Applicable Standard. All repairs, parts, replacements, mechanisms and devices added by Customer or on its behalf shall immediately, without further act, become part of the Aircraft and subject to the Lender’s Lien granted under this Agreement.

Insurance.

Customer agrees to maintain or cause to be maintained at all times, at its sole cost and expense, with insurers of recognized reputation and responsibility satisfactory to Lender (but in no event having an A.M. Best or comparable agency rating of less than “A-”):

(A) comprehensive aircraft liability insurance against bodily injury or property damage claims including, without limitation, contractual liability, premises liability, death and property damage liability, public and passenger legal liability coverage, and sudden accident pollution coverage, in an amount not less than \$200,000,000.00 for 20 or more seats, or if the Aircraft will be chartered, or \$100,000,000.00 for 10 or more seats, or \$50,000,000.00 for fewer than 10 seats for each single occurrence, and (B) personal injury liability in an amount not less than

\$25,000,000.00; but, in no event shall the amounts of coverage required by sub-clauses (A) and (B) be less than the coverage amounts as may then be required by Applicable Law;

“all-risk” ground, taxiing, and flight hull insurance on an agreed-value basis, covering the Aircraft, provided that such insurance shall at all times be in an amount not less than the greater of (1) the full replacement value of the Aircraft (as determined by Lender), or (2) the unpaid principal amount of the Note (each such amount re-determined as of each anniversary of the date hereof for the next succeeding year throughout the term of this Agreement); and

war risk and allied perils (including confiscation, appropriation, expropriation, terrorism and hijacking insurance) in the amounts required in paragraphs (i) and (ii), as applicable.

Any policies of insurance carried in accordance with this Section 4.6 and any policies taken out in substitution or replacement of any such policies shall (i) be endorsed to name Lender as an additional insured as its interests may appear (but without responsibility for premiums), (ii) provide, with respect to insurance carried in accordance with Section 4.6(a)(ii) or (a)(iii) above, that any amount payable thereunder shall be paid directly to Lender as sole loss payee and not to Lender and Customer jointly, (iii) provide for thirty (30) days’ (seven (7) days’ in the case of war, hijacking and allied perils) prior written notice by such insurer of cancellation, material change, or non-renewal, (iv) include a severability of interest clause providing that such policy shall operate in the same manner as if there were a separate policy covering each insured, (v) waive any right of set-off against Lender, and any rights of subrogation against Lender, (vi) provide that in respect of the interests of Lender in such policies, that the insurance shall not be invalidated by any action or inaction of Customer or any other Person operating or in possession of the Aircraft, regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by or binding upon Customer or any other Person operating or in possession of the Aircraft, and (vii) be primary, not subject to any co-insurance clause and shall be without right of contribution from any other insurance.

Customer shall not self-insure (by deductible, premium adjustment, or risk retention arrangement of any kind) with respect to any of the risks required to be insured pursuant to this Section 4.6. Customer agrees that it shall obtain and maintain such other insurance coverages, or cause adjustments to be made to the scope, amount or other aspects of the existing insurance coverages, promptly upon Lender’s request, as and when Lender deems such additional insurance coverages or modifications to be appropriate in light of any changes in Applicable Law, prudent industry practices, the insurance market, Customer’s anticipated use of the Aircraft or other pertinent circumstances. All of the coverages required herein shall be in full force and effect worldwide throughout any geographical areas to, in or over which the Aircraft is operated. All insurance proceeds payable under the requisite policies shall be payable in U.S. Dollars.

At least ten (10) days prior to the policy expiration date for any insurance coverage required by this Section 4.6, Customer shall furnish to Lender evidence (having the form and substance consistent with Section 1(f) of the Closing Terms Addendum) of the renewal or replacement of such coverage, complying with the terms hereof, for a twelve (12) month or greater period commencing from and after such expiration date.

#### Event of Loss; Loaner Engines.

Upon the occurrence of any Event of Loss with respect to the Aircraft and/or the Airframe, Customer shall notify Lender of any such Event of Loss within five (5) days of the date thereof. Customer shall pay the then Outstanding Balance promptly upon its receipt of insurance proceeds relating to such Event of Loss, but in no event later than ninety (90) days after the occurrence of such Event of Loss (irrespective as to whether any or all of such proceeds have been received). Upon Lender’s receipt in good and indefeasible funds of all of the amounts required to be paid pursuant to the preceding sentence (whether by applying Customer’s payment of such amounts, or any such insurance proceeds, or both) the Aircraft shall be released from the Lender’s Lien, and Lender shall remit to Customer any such insurance proceeds so received by Lender, to the extent then remaining.

Upon an Event of Loss with respect to an Engine or any APU (as applicable, a “ **Lost Item** ”) under circumstances in which there has not occurred an Event of Loss with respect to the Airframe, Customer shall, within one hundred twenty (120) days after the occurrence of such Event of Loss, replace such Lost Item, with a Permitted Replacement. Any engine or auxiliary power unit constituting a “ **Permitted Replacement** ” for a Lost Item shall (i) be of the same make and model number as the Lost Item, (ii) be free and clear of all Liens and (iii) have a value, utility and useful life at least equal to, and be in as good an operating condition as, the Lost Item, assuming such Lost Item was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss. Customer, at its own cost and expense, shall (i) furnish Lender with such documents to evidence such conveyance, (ii) cause the Permitted Replacement to be subject to the Lender’s Lien under this Agreement, and (iii) take such other actions as may be required by Lender to cause the Lender’s Lien therein to be validly created, perfected and have first priority, including as evidenced on the FAA Registry, the International Registry, and any other recording office. Each such Permitted Replacement shall, after such conveyance, be deemed an “Engine” or “APU” (as defined herein), as applicable, and shall be deemed part of the same Aircraft as was the Lost Item replaced thereby.

In the event an Engine is damaged and is being repaired, or is being inspected or overhauled, Customer, at its option, may temporarily substitute another engine during the period of such repair or overhaul, so long as such engine is of the same make and model as the Engine being repaired or overhauled, is free and clear of any Lien that might impair Lender’s rights or interests in the Airframe and is maintained in accordance herewith (any such substitute engine being hereinafter referred to as a “ **Loaner Engine** ”). Customer shall (i) cause such Loaner Engine to be installed and removed, as applicable, by a maintenance facility certified by the FAA and manufacturer with respect to the Aircraft, and (ii) cause the repaired or overhauled original Engine to be reinstalled on the Airframe promptly upon completion of the repair or overhaul, but in no event later than the earlier of one hundred twenty (120) days after removal or the occurrence of an Event of Default.

So long as no Default has occurred and is continuing, and no Event of Default or Event of Loss with respect to the Aircraft has occurred, any loss or damage proceeds of the Required Coverages received by Lender shall be released promptly by Lender to Customer to reimburse Customer for paying the costs actually incurred with respect to repairs made to the Aircraft so as to restore it to the condition required by this Agreement, or for the purchase of a Permitted Replacement pursuant to Section 4.7(b), or shall be disbursed by Lender as otherwise required by this Agreement.

Aircraft Registration. On or before the Closing Date, and at all times thereafter, so long as any of the Obligations are outstanding, Customer shall remain solely responsible pursuant to the applicable provisions of this Agreement to cause (i) the Aircraft to be effectively and otherwise validly registered in Customer’s name on the Registry, and (ii) the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft, in each case, accordance with the Registration Requirements; and without limiting the foregoing, or any other provision of this Agreement, Customer shall:

cause the Registration Certificate to be maintained within the Aircraft and cause the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft; including by (A) notifying Lender immediately of any event or circumstance with respect to which the Registration Requirements require further action by Customer, the Registry or any other Governmental Authority or other Person, (B) immediately upon receipt, placing the original, replacement or renewal Registration Certificate on the Aircraft prior to the expiration or other invalidation of any previously issued Registration Certificate (whether the certificate or any other document constituting the Registration Certificate as defined herein) under the Registration Requirements, and (C) complying with any and all of the other Registration Requirements relating to such Registration Certificate, and to the Registration Certificate replaced thereby (including any of the same relating to the destruction or return thereof, as the case may be); and



within such notice period) or (B) notify Lender of any Default or Event of Default within ten (10) Business Days of its occurrence; or

(i) any Customer Party shall (A) generally fail to pay its, or his or her debts as they become due, admit its, or his or her inability to pay its, or his or her debts or obligations generally as they fall due, or shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws or other insolvency laws, or an answer admitting the material allegations of such a petition filed against such Customer Party in any such proceeding; or (B) by voluntary petition, answer or consent, seek relief under the provisions of any other bankruptcy or other insolvency or similar law providing for the reorganization or liquidation of corporations, or providing for an assignment for the benefit of creditors, or providing for an agreement, composition, extension or adjustment with its, or his or her creditors; or (ii) a petition against any Customer Party in a proceeding under applicable bankruptcy laws or other insolvency laws, as now or hereafter in effect, shall be filed and shall not be withdrawn or dismissed within one hundred twenty (120) days thereafter, or if, under the provisions of any law providing for reorganization or liquidation of business entities that may apply to any Customer Party, any court of competent jurisdiction shall assume jurisdiction, custody or control of such Customer Party or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of one hundred eighty (180) days after the filing date; or

the occurrence of any of the following events with respect to any Customer Party: (A) it enters into any transaction of merger, consolidation or reorganization; (B) it ceases to do business as a going concern, liquidates, or dissolves, or sells, transfers or otherwise disposes of all or substantially all of its assets or properties (in one or more transactions); (C) it becomes the subject of, or engages in, a leveraged buy out; (D) it changes the form of organization of its business; (E) if it is privately owned as of the Closing Date, there is any substantial change in the ownership or control of its capital stock or membership interests such that the holder(s) that own or control one hundred percent (100%) of such equity interests as of the Closing Date no longer do so; or (F) if it is publicly held as of the Closing Date, any change so that it is no longer subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or no longer registered under Section 12 of the Securities Act of 1933, as amended; or

(i) the conviction of or guilty plea by any Customer Party with respect to any criminal act constituting a felony, (ii) any repudiation by any Customer Party of its obligation for the payment or performance of the Obligations, (iii) any allegation by any Customer Party or judicial determination that any of the Loan Documents is unenforceable in any material respect or (iv) a Default (as defined in any Guaranty) shall occur; or any event or condition constituting a breach or other default under any Operating Consent.

## **Remedies .**

Acceleration; Termination of Commitment . If any Event of Default shall occur, Lender, in its sole discretion, may (a) declare the Obligations to be immediately due and payable, and upon such declaration the Obligations (including, the unpaid principal amount of the Note, together with all accrued but unpaid interest thereon, any prepayment fees and all other amounts due and payable under or with respect to the Loan Documents), shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the other Loan Documents to the contrary notwithstanding, (b) terminate any then outstanding commitment whether to Customer or any Affiliate to make the Loan or any advance thereof, or any other financial accommodations, whether related to the Loan or otherwise, and/or (c) pursue and enforce any of Lender's rights and remedies under this Section 7; provided, however, if an Event of Default specified in Section 6 (e) above shall occur, the Obligations shall become immediately due and payable, all such commitments shall terminate, and Lender shall have all such other rights and remedies contemplated in the preceding clauses (a), (b) and (c), automatically, and without any notice or other action by Lender.

Additional Remedies . If an Event of Default occurs, in addition to all other rights and remedies granted to it in this Agreement and in the other Loan Documents, Lender may exercise all rights and remedies of a secured party under the UCC or as a creditor, chargee or security assignee under the Cape Town Convention (including any and all remedies thereunder requiring agreement by Customer), or otherwise available to Lender under any other Applicable Law. Without limiting the generality of the foregoing, Customer agrees that upon the occurrence of an Event of Default, Lender, without demand or notice of any kind (except as specified below) to or upon Customer or any other Person, in its sole discretion, may exercise any one or more of the following remedies:

(i) peacefully enter the premises where the Aircraft, the Engines, or any other Collateral is located, take immediate possession of, remove (or disable in place), or otherwise take control or custody of the Airframe, the Engines or any other Collateral (whether or not then attached to the Airframe) by self-help, summary proceedings or otherwise without liability, (ii) preserve the Airframe, the Engines or the other Collateral, and their respective value (but without any obligation to do so), and immobilize or keep idle the Airframe or Engines, and/or (iii) use Customer's premises for storage without liability; and Customer agrees, at Lender's request, to assemble the Collateral, and make it available to Lender at such places as Lender shall reasonably select, whether at Customer's premises or elsewhere;

(i) terminate the right of any Interested Third Party, and any other third party to use, possess or control the Airframe, the Engines or any of the other Collateral, including under any Permitted Third Party Agreement or other Third Party Agreement, without regard as to the existence of any event of default thereunder, (ii) recover from, and/or cause Customer and any such Interested Third Party, and any other third party, to relinquish possession and return the Airframe, the Engines and any other Collateral pursuant to this Section 7, and/or (iii) exercise any and all other remedies under any Operating Consents in Customer's stead, to the extent provided for under, or otherwise available to Customer in connection with any related Permitted Third Party Agreement or such other Third Party Agreement;

(i) manage, sell, lease, assign or otherwise dispose of the Airframe, the Engines or any other Collateral, in whole or in part, whether or not in Lender's possession, in one or more parcels or transactions, at public or private sale or sales, with or without notice to Customer (except as required by Applicable Law, and in furtherance thereof, Lender agrees that it shall give Customer no less than ten (10) working days' prior notice of any proposed sale or lease of the Airframe or Engines, which Customer acknowledges as constituting "reasonable prior notice" for the purposes of the Cape Town Convention) at such prices as Lender may deem best, and/or (ii) purchase the Collateral, in whole or in part, upon any public sale or sales, and to the extent permitted by Applicable Law upon any private sale or sales, free of any right or equity of redemption in Customer, which right or equity of redemption is hereby expressly released;

(i) collect, receive, appropriate and realize upon the Collateral, or any part thereof, including by applying any deposit or other cash collateral, or collecting or receiving, appropriating and realizing upon any income, profits or other proceeds arising from the management or use of the Airframe, the Engines or any of the other Collateral, and applying the same (after deducting all taxes, costs, expenses and other reductions of every kind incurred in connection therewith) to the payment in whole or in part of the Obligations, in such order and manner as Lender may elect; and (ii) after making such application, (A) remitting to Customer or to such other Person any excess then remaining, as and to the extent Lender is required by Applicable Law to make such remittance and (B) demanding, collecting and receiving from Customer any deficiency then remaining (and Customer agrees that it shall remain liable for, and pay upon demand, the full amount of any such deficiency);

(i) demand and obtain from any court speedy relief pending final determination available at law (including, possession, control, custody or immobilization of the Airframe and Engines, or preservation of the Airframe and the Engines and their respective value), (ii) procure the deregistration and/or export and physical transfer of the Airframe from the territory in which it is then situated (including pursuant to an IDERA, if any, executed by Customer), and/or (iii) otherwise proceed at law or in equity, to enforce specifically Customer's performance or to recover damages; and/or

exercise any and all other rights and remedies under or with respect to the Loan Documents or Applicable Law, including the Cape Town Convention and the UCC.

No Waiver: Cumulative Remedies . No right or remedy is exclusive. Customer hereby acknowledges that none of the provisions of this Section 7, including any remedies set forth or referenced herein, is "manifestly unreasonable" for the purposes of the Cape Town Convention. Each may be used successively and cumulatively and in addition to any other right or remedy referred to above or otherwise available to Lender at law or in equity, but in no event shall Lender be entitled to recover any amount in excess of the maximum amount recoverable under Applicable Law with respect to any Event of Default. No express or implied waiver by Lender of any Default or Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default. The failure or delay of Lender in exercising any rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or reoccurrence of any such contingencies or similar contingencies, and any single or partial exercise of any particular right by Lender shall not exhaust the same or constitute a waiver of any other right provided for or otherwise referred to herein. After the occurrence of any Default or Event of Default, the acceptance by Lender of any payment or performance of any of the Obligations, including the payment of any installment of principal and/or interest or of any other sum owing hereunder or under the other Loan Documents shall not constitute a waiver of such Default or Event of Default, regardless of Lender's knowledge or lack of knowledge thereof at the time of acceptance of any such payment or performance and shall not constitute a reinstatement of any of the Loan Documents, unless Lender shall have agreed in writing to reinstate the same and waive the Default or Event of Default. To the extent permitted by Applicable Law, Customer waives any rights now or hereafter conferred thereby, that (a) limit or modify any of Lender's rights or remedies under this Agreement or any of the other Loan Documents, including the provisions of Article 13(2) of the Convention, or (b) would otherwise entitle Customer to (i) receive notices or demands as a condition to Lender's exercise of any rights or remedies, except as expressly required above or (ii) make claims, damages and demands against Lender arising out of the repossession, retention, sale or other disposition of the Collateral.

#### **MISCELLANEOUS**

Notices . All communications and notices provided for herein shall be in writing and shall be deemed to have been duly given or made (i) upon hand delivery, or (ii) upon delivery by an overnight delivery service, or (iii) when sent by telecopy (with customary confirmation of receipt of such telecopy) on the Business Day when sent or upon the next Business Day if sent on other than a Business Day.

#### Expenses and Fees; Indemnity; Performance of Customer's Obligations .

Customer shall pay to Lender upon demand all reasonable fees, costs and expenses incurred by or on behalf of Lender at any time in connection with (i) the negotiation, preparation, execution, delivery and enforcement of the Loan Documents and the collection of the Obligations (both before and after the occurrence of a Default or Event of Default), (ii) the creation, preservation and protection of the Collateral and the perfection, first priority and enforcement of Lender's Lien, or (iii) Customer's exercise of any right granted under, or any amendment or other modification to any of, the Loan Documents. Such fees, costs and expenses shall include, without limitation, reasonable appraisal and inspection fees, the reasonable fees and expenses of Aviation Counsel and of Lender's counsel, consultants and brokers, UCC, FAA, International Registry and other applicable title, interest and lien searches, and reasonable costs and expenses relating to recovery, repossession, storage, insurance, transportation, repair, refurbishment, advertising, sale and other dispositions of the Aircraft or any of the other Collateral. Customer shall also pay all reasonable fees (including license, filing and registration fees), Impositions and other charges of whatever kind or nature that may be payable or determined to be payable in connection with (A) the execution, delivery, recording or performance of this Agreement or any of the other Loan Documents, or any modification thereof, and (B) the filings, registrations and other undertakings relating thereto. Notwithstanding the foregoing, as long as there are no more than two (2) revised drafts of any Loan Document provided by Customer or its counsel to Lender or Lender's counsel, Customer shall be responsible for not more than \$35,000.00 in the aggregate for the legal fees of outside counsel to Lender (including, Aviation Counsel) and appraisal, inspection, processing, credit verification, lien searches, FAA and International Registry fees and other fees incurred in connection with the initial negotiation, preparation and execution of this Agreement and the other Loan Documents executed and delivered on or before the Closing Date (and the consummation of the closing contemplated to occur thereon); provided that in the event that the negotiation exceeds two (2) revised drafts of any Loan Document, then Customer shall pay for the actual amount of such out of pocket fees incurred by Lender relating to the drafting and negotiation in excess of such two (2) revised drafts. Lender shall apply the previously paid deposit amount of \$35,000.00 to such fees and shall refund to Customer the amount by which the deposit exceeds such fees.

Customer hereby further agrees, whether or not the transactions contemplated by this Agreement shall be consummated, to pay, indemnify, and hold Lender and its affiliates and all of the Lender's and such affiliates' respective directors, shareholders, members, officers, employees, agents, predecessors, attorneys-in-fact, lawyers, successors and assigns (Lender, its affiliates and all of such other parties and entities sometimes hereinafter collectively, the "**Indemnified Parties**" ) harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, out of pocket costs, attorney's fees, expenses or disbursements of any kind or nature whatsoever ("**Claims**" ) arising with respect to or in connection with (i) the Airframe, the Engines, or any APUs or Parts, or any of the other Collateral, including (whether by or through Customer, Vendor, any Interested Third Party, or any other Person), the manufacture, inspection, ownership, lease, sublease, management, pooling, interchange, time sharing, chartering, possession, use, operation, maintenance, security, condition (whether prior to, upon or after delivery or acceptance of any of the same), repossession, storage, sale or other disposition of any of the same, or any accident in connection therewith, including Claims involving or alleging environmental damage, criminal acts, hijacking, acts of terrorism or similar acts, product liability or strict or absolute liability in tort, latent and other defects (whether or not discoverable) and for any other risk or matter, including any of the same that result in injuries, death, destruction, or other harm or loss to persons or property, or (ii) any of the Loan Documents, Third Party Agreements or other Transaction Documents, or the performance, breach (including any Default or Event of Default) or enforcement of any of the terms hereof or thereof, provided, that Customer shall have no obligation to indemnify an Indemnified Party with respect to Claims arising from the gross negligence or willful misconduct of such Indemnified Party (unless if imputed by Applicable Law). If any Claim is made against any Indemnified Party, the party receiving notice or otherwise becoming aware of such Claim shall promptly notify the other, but the failure of the party having knowledge of a Claim to so notify the other party shall not relieve Customer of any obligation hereunder.

If any Customer Party fails to perform or comply with any of its agreements contained herein or in the other Loan Documents, including, without limitation, its obligations to keep the Collateral free of Liens (other than the Permitted Liens), comply with Applicable Standards, or obtain the Required Coverages, Lender shall have the right, but shall not be obligated, to effect such performance or compliance, with such agreement. Any expenses of Lender incurred in connection with effecting such performance or compliance, together with interest thereon at the default rate of interest provided for in the Note from the date incurred until reimbursed, shall be payable by Customer to Lender promptly on demand and until such payment shall constitute part of the Obligations secured hereby. Any such action shall not be a cure or waiver of any Default or Event of Default hereunder.

Entire Agreement; Modifications . This Agreement and the other Loan Documents constitute the entire understanding and agreement of the parties hereto with respect to the matters contained herein and therein, and shall completely and fully supersede all other prior agreements (including any proposal letter, commitment letter, and/or term sheet), both written and oral, between Lender and Customer relating to the Obligations. Neither this Agreement, nor any terms hereof, may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of a change, waiver, discharge or termination is sought.

Construction of this Agreement and Related Matters . All representations and warranties made in this Agreement and in the other Loan Documents shall survive the execution and delivery of this Agreement and the making of the Loan hereunder. Customer's obligations contained in this Section 8 shall survive the payment and performance of the Obligations, the termination of this Agreement, and the release of the Collateral.

This Agreement may be executed by the parties hereto on any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. The headings of the Sections hereof are for convenience only, are not part of this Agreement and shall not be deemed to affect the meaning or construction of any of the provisions hereof. Time is of the essence in the payment and performance of all of Customer's obligations under this Agreement. Any provision of this Agreement that may be determined to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective in such jurisdiction to the extent thereof without invalidating the remaining provisions of this Agreement, which shall remain in full force and effect.

Lender's Assignment. Lender, may at any time, with or without notice to Customer, freely grant a security interest in, sell, assign, participate or otherwise transfer (an "Assignment") all or any part of its interest in this Agreement and the other Loan Documents (including all associated rights associated with or secured thereby and the related international interests) or any amount due or to become due hereunder or thereunder, and Customer shall perform all of its obligations under the Loan Documents, to the extent so transferred, for the benefit of the beneficiary of such Assignment (such beneficiary, including any successors and assigns, an "Assignee"); provided, however, if such Assignee is not an Affiliate of Lender and if no Default or Event of Default exists, Lender will provide prior notice of any such Assignment to a third party. Customer hereby waives any right to assert, and agrees not to assert, against any Assignee any abatement, reduction, defense, setoff, recoupment, claim or counterclaim that Customer may have against Lender, provided that Lender remains fully responsible therefor. Upon the assumption by such Assignee of Lender's obligations hereunder, Lender shall be relieved of any such assumed obligations. Customer hereby consents to any such assignment, grant, sale or transfer, including, without limitation, for purposes of the Cape Town Convention. If so directed in writing, Customer shall pay all amounts due or to become due under the Loan Documents, including any of the same constituting associated rights or proceeds directly to the Assignee or any other party designated in writing by Lender or such Assignee. Customer acknowledges and agrees that Lender's right to enter into an Assignment is essential to Lender and, accordingly, waives any restrictions under Applicable Law with respect to an Assignment and any related remedies. Upon the request of Lender or any Assignee, Customer also agrees (a) to promptly execute and deliver, and cause to be executed and delivered by any Guarantor or any other Transaction Party, to Lender or to such Assignee an acknowledgment of assignment in form and substance satisfactory to the requesting party, an insurance certificate naming Assignee as additional insured and loss payee and otherwise evidencing the Required Coverages, an IDERA in favor of Assignee, and such other documents and assurances reasonably requested by Lender or Assignee, (b) to make, or cause to be made, all registrations (including all assignments and subordinations) and all amendments, extensions and discharges with the International Registry reasonably requested by Lender or Assignee (and give or obtain any necessary consent thereto, as well as renew any authorization required by the International Registry in connection therewith, including renewing its transacting user entity status and re-designating a professional user entity, if necessary in Lender's judgment), and (c) to comply with any and all other reasonable requirements of any such Assignee in connection with any such Assignment.

Jurisdiction. Customer and Lender each hereby irrevocably consents and agrees that any legal action, suit or proceeding arising out of or in any way in connection with this Agreement or any of the other Loan Documents may be instituted or brought in the courts of the State of New York or in the United States Courts for the Southern District of New York, as Customer or Lender may elect or in any other state or Federal court as Lender shall deem appropriate, and by execution and delivery of this Agreement, Customer and Lender each hereby irrevocably accepts and submits to, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of any such court, and to all proceedings in such courts. Customer and Lender each irrevocably consents to service of any summons and/or legal process by first class, certified United States air mail, postage prepaid, to Customer at the address set forth below its signature hereto, such method of service to constitute, in every respect, sufficient and effective service of process in any such legal action or proceeding. Nothing in this Agreement or in any of the other Loan Documents shall affect the right to service of process in any other manner permitted by law or limit the right of Lender to bring actions, suits or proceedings in the courts of any other jurisdiction. Customer and Lender each further agrees that final judgment against it in any such legal action, suit or proceeding shall 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 shall be conclusive evidence of the fact and the amount of the liability. Notwithstanding anything in the foregoing to the contrary, Lender and Customer may bring a judicial proceeding in the Republic of Ireland, solely with respect to matters relating to the International Registry.

Governing Law; Binding Effect. This Agreement shall be construed and enforced in accordance with, and the rights of both parties shall be governed by, the internal laws of the State of New York (without regard to the conflict of laws principles of such state, except as to the effect of Title 14, Section 5-1401 of the New York General Obligations Law), including all matters of construction, validity, and performance. This Agreement shall be binding upon and inure to the benefit of Customer and Lender and their respective successors and assigns (but without limiting the provisions of Section 8.5); except that Customer may not assign or transfer its rights or obligations hereunder or under any other Loan Agreement, or any interest herein or therein; and any such purported or attempted assignment or transfer by Customer shall be null and void.

Customer's Capacity as Owner Trustee. TVPX Aircraft Solutions Inc. ("TVPX") is executing this Agreement, and the other Loan Documents solely in its capacity as Owner Trustee under the Trust Agreement and not in its individual capacity and in no case shall TVPX be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of the Customer hereunder, or under any Loan Document, all such liability, if any, being expressly waived by the parties hereto and any Person claiming by, through, or under such party. Under no circumstances shall TVPX be personally liable for the payment of any other amount stated to be due from the Customer hereunder, or under any Loan Document, or be personally liable for the breach or failure of any of Customer's representations, warranties, covenants, obligations, undertakings and agreements hereunder, or under any Loan Documents; provided, however, that the Customer (or any such successor owner trustee) shall be personally liable hereunder for its own gross negligence or willful misconduct or for its breach of its covenants, representations and warranties contained herein, or in any Loan Document, to the extent covenanted or made in its individual capacity.

Jury Waiver. CUSTOMER AND LENDER EACH HEREBY KNOWINGLY AND FREELY WAIVES THEIR RESPECTIVE RIGHTS TO A JURY TRIAL IN ANY ACTION, SUIT OR PROCEEDING RELATING TO, ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE NOTE OR ANY OF THE OTHER LOAN DOCUMENTS.

**[Signatures On Next Page]**

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Loan and Aircraft Security Agreement

IN WITNESS WHEREOF, the parties hereto have caused this Loan and Aircraft Security Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

BANC OF AMERICA LEASING & CAPITAL, LLC, Lender

TVPX AIRCRAFT SOLUTIONS INC., a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated July \_\_\_\_, 2017,

Customer

By:  
Name:  
Title:  
Notice Address:

One Financial Plaza, 2nd Floor  
Providence, Rhode Island 02903  
Attention: Director of Aircraft Operations  
Telephone: 800-238-3737  
Facsimile: 401-278-7941

By:  
Name:  
Title:

Notice Address:

39 East Eagle Ridge Drive, Ste. 201  
North Salt Lake, UT 84054  
Telephone: (801) 924-367  
Facsimile: (801) 877-0478

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### LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)

**THIS LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)** (together with all Addenda, Riders and Annexes hereto, this “**Agreement**”) is dated as of July 27, 2017 (the “**Closing Date**”), by and between **TVPX AIRCRAFT SOLUTIONS INC.**, a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated as of July 27, 2017 (“**Customer**”) and **BANC OF AMERICA LEASING & CAPITAL, LLC**, a Delaware limited liability company (“**Lender**”).

In consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

Capitalized and certain other terms used but not otherwise defined in this Agreement shall have the meanings ascribed to them in Annex A attached hereto and made a part hereof.

#### Terms of Loan .

Loan and Use of Proceeds . Subject to the terms and conditions of this Agreement, Lender agrees to make a loan to Customer in the principal amount set forth in Annex B attached hereto and made a part hereof (the “**Loan**”). Customer shall use the proceeds of the Loan to finance the costs of the acquisition of the Aircraft.

Repayment and Prepayment . The Customer’s obligation to repay the Loan shall be evidenced by one or more Promissory Notes dated on and/or after the Closing Date, payable by Customer to the order of Lender in the original principal amount of the Loan (as amended, modified, restated, extended and renewed from time to time, the “**Note**”). The Loan shall bear interest and be repaid by Customer at the times and in the manner set forth in the Note. The Loan may be prepaid only in the manner and subject to terms and conditions set forth in the Note and, if applicable, Section 4.7 hereof.

Conditions of Borrowing . Lender’s obligation to make the Loan shall be both subject to and conditioned upon the satisfaction of all of the conditions precedent specified in the Closing Terms Addendum attached to and made a part of this Agreement.

Representations and Warranties . In order to induce Lender to enter into this Agreement and to make the Loan herein provided for, Customer represents, warrants and covenants to Lender that:

(i) Customer (A) is duly qualified to do business in each jurisdiction in which the conduct of its business or the ownership or operation of its assets requires such qualification, including the jurisdiction of the Primary Hangar Location and wherever any of the Collateral may become located; (B) has the necessary authority and power to own and operate the Aircraft and its other assets and to transact the business in which it is engaged; (C) is a “citizen of the United States” within the meaning of the Transportation Code; and (D) has the form of business organization set forth in Annex B hereto and is and will remain duly organized, validly existing and in good standing under the laws of the state of its organization set forth in Annex B hereto, its federal tax identification number is as set forth in Annex B hereto, and its state-issued organizational identification number (if any), chief executive office and principal place of business address are all as set forth on Annex B hereto; and (ii) its name as shown in the preamble of this Agreement is its exact legal name as shown on its charter, by-laws, articles of organization or operating agreement, as applicable, each as amended as of the Closing Date;

(i) Customer’s execution and delivery of, and performance of its obligations under and with respect to, each of the Loan Documents (including its borrowing the amounts constituting the Loan, granting the Lender’s Lien against the Aircraft and other Collateral and participating in the other transactions contemplated herein and therein), (A) have been duly authorized by all necessary action on the part of Customer consistent with its form of organization, (B) do not contravene or constitute a default under any Applicable Law, any of Customer’s Organizational Documents, or any agreement, indenture, or other instrument to which Customer is a party or by which it may be bound, (C) do not require the approval of or notice to (1) any Governmental Authority, except for the filings and registrations specified in the Closing Terms Addendum, all of which shall have been duly effected prior to or concurrently with Lender making the Loan, or (2) any other party (including any trustees or holders of indebtedness), and (D) will not result in the creation or imposition of any Lien on any of the assets of Customer other than the Lender’s Lien created hereby and by the other Loan Documents with respect to the Collateral; (ii) each of the Transaction Documents referenced in the Closing Terms Addendum to which Customer is a party has been duly executed and delivered by an authorized representative of the Customer, and constitutes the legal, valid and binding obligation of the Customer, enforceable against it in accordance with the respective terms of such Transaction Documents (including, without limitation, the grant of the Lender’s Lien); and (iii) without limiting the foregoing, upon Lender’s advancing the Loan on the Closing Date, (A) Customer will have satisfied or complied with all conditions precedent and requirements as set forth in the Loan Documents required to have been

satisfied or complied with concurrently with or prior to such advance and (B) no Default or Event of Default shall be then existing;

there are no proceedings pending or, so far as the officers, managers, or members of Customer know, threatened against or affecting Customer or any of its property before any Governmental Authority that could impair Customer's title to the Aircraft or any of the other Collateral, or that, if decided adversely, could materially affect the financial condition or operations of Customer or its ability to perform its obligations under any of the Loan Documents;

(i) Customer has, and shall continue to have, good and marketable title to the Collateral, free and clear of Liens, except Permitted Liens; (ii) the Lender's Lien in the Airframe, the Engines and the other Collateral is and shall remain validly created and perfected, and has and shall continue to have first priority over any other Liens pursuant to all Applicable Laws; and (iii) all filings, recordings, registrations or other actions necessary or desirable in order to vest such title in Customer, and establish, perfect and give first priority to Lender's Lien and other rights and interests in, against or with respect to the Collateral, have been duly effected, and all Impositions in connection therewith have been duly paid;

without limiting any of the other representations and warranties in this Agreement, for the purposes of the Cape Town Convention and any other Applicable Law, (i) upon the conclusion of the sale of the Aircraft to Customer, and Customer's grants and assignments, and (if constituting a lease) any Permitted Third Party Agreement, contemplated in the Loan Documents or other Transaction Documents, Customer and (if a lessee) any Interested Third Party shall be situated in, and Customer will cause the Aircraft to be duly registered in, the United States of America (which is a contracting state), (ii) with respect to any of the Transaction Documents relating to the Airframe or Engine, each of the respective parties thereto has power to dispose of the Airframe and Engine, as contemplated therein by way of the relevant Transaction Document, and (iii) the Purchase Documents qualify as a "contract of sale", and (if constituting a lease) any Permitted Third Party Agreement and the Loan Documents are effective to constitute international interests in the Airframe and Engine and security assignments of the related associated rights and transfer of the related international interests, as contemplated therein, and each such Registerable Interest will be effective against third parties upon registration at the International Registry, without any further filings or registrations (except as contemplated in the Loan Documents);

(i) the Aircraft (A) has been delivered to Customer, is in Customer's possession and is, as of the Closing Date, unconditionally, irrevocably and fully accepted by Customer, (B) has been inspected by Customer to its complete satisfaction and, without limiting the foregoing, (1) has been found to be in good working order, repair and condition and fully equipped to operate for its intended purpose, and (2) is in conformity with the requirements of the Purchase Agreement and the Applicable Standards, (C) is, or will be at the time of the funding of the Loan, currently certified under existing FAA rules and regulations and any other Applicable Laws and is airworthy in all respects, and (D) is and will remain primarily hangared at the Primary Hangar Location; and (ii) without limiting the foregoing, (A) solely as between Lender and Customer (and without prejudicing Customer's rights against Vendor or any other third party, which rights are not being disclaimed hereby), Customer has no pending claims and has no knowledge of any facts upon which a future claim may be based, against any prior owner, the seller, manufacturer or supplier of the Aircraft or any of the other Collateral, for breach of warranty or otherwise, and (B) all of the information contained in Annex C, including the registration number of the Aircraft, and the serial numbers, manufacturer and model numbers of the Airframe, Engines, and APU, are true and accurate in all respects; and

(h) the Aircraft (i) is currently capable of being certified under existing FAA rules and regulations and completely airworthy in all respects, (ii) will undergo an inspection by a Designated Airworthiness Representative of the FAA ("DAR") on the Closing Date and (iii) an FAA Standard Airworthiness Certificate (AC Form 8100-2) shall be issued for the Aircraft no later than two (2) Business Days after the Closing Date.

**Covenants** . Customer covenants and agrees that from and after the Closing Date and so long as any of the Obligations are outstanding:

Notices; Financial Information; and Further Assurances . Customer will, at its sole expense:

promptly give written notice to Lender of (i) the occurrence of any Default or Event of Default; (ii) the occurrence of any Event of Loss or event of which Customer may be aware that could become an Event of Loss; (iii) the commencement or written threat of any material litigation or proceedings affecting Customer or any material litigation or proceedings affecting the Aircraft or any of the other Collateral, or the ability of Customer to comply with its obligations under the Loan Documents; and (iv) any material dispute between Customer or any Interested Third Party and any Governmental Authority or other party that involves the Aircraft or any of the other Collateral or that might materially interfere with the normal business operations of Customer;

cause Guarantor to comply with the financial reporting requirements set forth in the Guaranty and promptly furnish to Lender any such financial and other information regarding the Customer or Guarantor or any of its Affiliates as Lender may from time to time reasonably request; and

promptly execute and deliver to Lender such further instruments, UCC and FAA filings (including an IDERA) and other documents, make, cause to be made and/or consent to all registrations (including any discharges and subordinations, or as to the prospective or actual sale of, and any international interest in, the Engines) with the International Registry, and take such further action, as Lender may from time to time reasonably request in order to further carry out the intent and purpose of the Loan Documents and to establish, protect and enforce the rights, interests, remedies and Liens (including the first priority thereof) created, or intended to be created, in favor of Lender thereby.

General Obligations . (a) Customer agrees that it shall (i) duly observe and conform to all requirements of Applicable Law relating to the conduct of its business and/or the Aircraft, (ii) remain a "citizen of the United States" within the meaning of the Transportation Code, (iii) obtain and keep in full force and effect (A) all rights, franchises, licenses and permits that are necessary to the proper conduct of its business, and (B) all approvals by any Governmental Authority required with respect to the performance of its obligations under the Loan Documents and the operation of the Aircraft and its business, (iv) cause the Aircraft to remain primarily hangared at the Primary Hangar Location, and duly registered in Customer's name under the Transportation Code (including, by making all necessary reports, re-registering its ownership of the Aircraft, and taking all other actions required by Applicable Law), and (v) pay and perform all of its obligations and liabilities when due. (b) Customer agrees that (i) it shall not change its presently existing legal name or its form or state of organization on or after the date of this Agreement, without Lender's prior written consent, (ii) if its presently existing state organizational identification number changes, or if Customer currently has no such state organizational number but is subsequently issued such a number, on or at any time after the date of this Agreement, Customer shall immediately notify Lender thereof, and (iii) it shall not change the presently existing mailing, chief executive office and/or principal place of business address on or after the date of this Agreement without giving Lender thirty (30) days written notice of the same.

Taxes . (a) Customer will file or cause to be filed with all appropriate taxing authorities all Federal, state and local income tax returns that are required to be filed and all registrations, declarations, returns and other documentation with respect to any personal property taxes (or any other taxes in the nature of or imposed in lieu of property taxes) due or to become due with respect to the Aircraft or any of the other Collateral. (b) Customer will pay (or cause to be paid) (i) on or before the date when due all taxes as shown on said returns and all taxes assessed, billed or otherwise payable with respect to the Aircraft or the other Collateral directly to the appropriate taxing authorities; and (ii) when due all license and/or registration or filing fees, assessments, governmental charges and sales, use, property, excise, privilege, value added and other taxes (including any related interest or penalties) or other charges or fees now or hereafter imposed by any governmental body or agency upon Customer or the Aircraft or any of the other Collateral, with respect to the landing, airport use, manufacturing, ordering, shipment, purchase, ownership, delivery, installation, leasing, chartering, operation, possession, use or disposition of the Aircraft or any of the other Collateral, or any interest therein (the items referred to in (i) and (ii) above being referred to herein collectively, as "Impositions").

No Disposition of Collateral or Liens; Title and Security Interest .

Customer shall not sell, assign, enter into any Third Party Agreement, convey, mortgage, exchange or otherwise transfer or relinquish possession of (including by any seizure or other taking by any foreign or domestic governmental authority) or dispose of the Airframe or Engines, any Part, any related associated rights, international interests or prospective international interests, any proceeds or any of the other Collateral, or attempt or offer to do, or suffer or permit any of the foregoing. Customer shall be permitted, however, to deliver possession of the Airframe, the Engines, or any APU or Part to another Person for testing, service, repair, maintenance, overhaul, alteration or modification, and to enter into Permitted Third Party Agreements, in each case, if and to the extent consistent with the provisions of the Loan Documents. Customer will warrant and defend its good and marketable title to the Airframe, the Engines and the other Collateral, and the validity, perfection and first priority of Lender's Lien in the Collateral, against all other Liens, claims and demands whatsoever, except Permitted Liens; and without limiting the foregoing, Customer will (i) not create, assume or suffer to exist any Liens on or with respect to the Airframe, the Engines, or any of the other Collateral, or Customer's interest therein (other than Permitted Liens); and (ii) promptly take such action as directed by Lender to duly discharge any such unpermitted Liens.

So long as no Default or Event of Default is then existing, Customer may enter into and remain a party to Third Party Agreements, in each such case, subject to the satisfaction of, and compliance by Customer and each Interested Third Party with, all of the following throughout the term of such arrangement: (i) Each such Interested Third Party shall (A) be and remain solvent, and (unless an individual) organized under the laws of a state within the United States; and (B) if engaged by Customer with the prior written consent of Lender as a manager and/or charter operator (including the Manager pursuant to the Management Agreement), while so engaged, (1) have a recognized favorable reputation as a manager and/or charter operator, as the case may be, of aircraft similar to the Aircraft, (2) be providing management and/or charter operation services for other aircraft owners similar to the services contemplated therein, and (3) if and at all times while conducting any charter operations (x) have and maintain a valid Part 135 Certificate evidencing its authority to conduct such operations, (y) list the Aircraft on its operations specifications, and (z) comply with all Applicable Standards pertaining to such charter operations. (ii) Any operation of the Aircraft pursuant to any such Third Party Agreement shall be limited to (A) if by Customer, Parent Guarantor or any Affiliate of Parent Guarantor, any time sharing agreements (as defined in Section 91.501(c)(1)) complying with Part 91 of the FARs and all other Applicable Standards, (B) if by a manager and/or a charter operator with Lender's prior written consent, pursuant to and in full compliance with the requirements of Part 135 of the FARs and all other Applicable Standards, or (C) if such Third Party Agreement is a "dry lease" by Customer, as lessor, to Parent Guarantor or an Affiliate of Parent Guarantor or other Interested Third Party permitted pursuant hereto, as lessee, operation by such lessee complying with (1) Part 91 and any other applicable provision of the FARs, and all other Applicable Standards, and (2) the provisions hereof and of the other Loan Documents pertinent to the operation of the Aircraft (whether by Customer or any permitted Interested Third Party). (iii) The related Third Party Agreement shall (A) be and remain, subject and subordinate to Lender's Lien in and with respect to the Collateral, and Lender's rights and remedies under the Loan Documents (and such subordination shall be expressly acknowledged therein), (B) not convey any Lien on, or other property interest in or against the Airframe, the Engines or any of the other Collateral, except for a Permitted Lien (but, without giving effect to clause (a) of the definition of such term), (C) not permit any further sublease or disposition of or unpermitted Lien against the Aircraft or any of the other Collateral by any of the Interested Parties thereto or any other Person, or any change in registration or unpermitted change in hanging of the Aircraft, (D) not contain provisions that are inconsistent with the provisions of any of the Loan Documents or cause Customer to breach any of its representations, warranties or agreements under any of the Loan Documents, (E) be in conformity with all requirements of the FARs and other Applicable Laws, and (F) otherwise conform to any Operating Consent required by Lender with respect thereto. (iv) (A) Customer shall have specified such Third Party Agreement on Annex B if existing on the Closing Date, or if not then existing shall require Lender's prior written consent and at least thirty (30) Business Days' prior written notice of its intention to enter into a Third Party Agreement and (B) no later than the effective date thereof Customer shall comply with, and at all times thereafter remain in compliance with, any related requirements by Lender, including (1) entering into, and causing any related Interested Third Parties to enter into, an Operating Consent, (2) causing Lender to be covered by the Required Coverages (which, for the purposes hereof, may include insurance coverages obtained and maintained by an Interested Third Party, conforming to the insurance requirements herein and in any of the other Loan Documents), and (3) entering into or delivering, or causing to be entered into and delivered, all such other documents, filings and assurances, making or causing to be made such filings and registrations, and taking or causing to be taken all such other actions, in each case as may be required by Lender and (4) paying or reimbursing Lender for any related costs or expenses. (v) Lender shall have the right, but not the obligation, to (A) require reasonable evidence that any Interested Third Party satisfies the requirements provided herein, and (B) review any such Third Party Agreement, as from time to time supplemented and amended, to determine its conformity with the provisions hereof, but without assuming any responsibility with respect thereto. (vi) Customer shall neither make, nor permit to be made, any filing or registration with respect to any Permitted Third Party Agreement, unless so directed by Lender pursuant to Section 5.2 or otherwise. Notwithstanding the foregoing limitations Parent Guarantor or any Affiliate shall be permitted to conduct the carriage of Parent Guarantor or any Affiliate and/or their respective guests pursuant to 14 CFR Section 91.501(b)(4), affiliated group operations pursuant to 14 CFR Section 91.501(b)(5) and/or (6), demonstration flights pursuant to 14 CFR Section 91.501(b)(3), time sharing or interchange operations pursuant to 14 CFR Section 91.501(b)(6), the carriage of customers pursuant to 14 CFR Section 91.501(b)(9) and/or the carriage of candidates in Federal elections conducted pursuant to 14 CFR Section 91.321.

With respect to any Third Party Agreements complying with all of the provisions of Section 4.4(b) (each a "**Permitted Third Party Agreement**"), although certain of the duties and obligations of Customer under the Loan Documents may be performed by one or more of the Interested Third Parties, (i) no such Permitted Third Party Agreement shall reduce any of Customer's obligations, or Lender's rights, under any of the Loan Documents, (ii) all of Customer's obligations under the Loan Documents shall be and remain primary and continue in full force and effect as the obligations of a principal and not of a guarantor or surety, and (iii) Lender is not waiving the right to require full and timely performance of any such obligations in strict accordance with the provisions hereof and of the other Loan Documents. By way of clarification and not limitation, with respect to any provisions of this Agreement or any of the other Loan Documents requiring Customer to take or refrain from taking an action relating to the Aircraft or any of the other Collateral, such provision may also be read to mean that Customer shall cause the same to be done in accordance therewith, if at that time the Aircraft or such other Collateral is in the possession or control of an Interested Third Party pursuant to a Permitted Third Party Agreement.

#### Use of Aircraft; Maintenance; Modifications; Security .

Customer will operate the Aircraft or shall cause the Aircraft to be operated under and in compliance with Part 91 and any other applicable provision of the FARs, and all other Applicable Standards. Unless otherwise expressly permitted hereunder, (i) Customer shall not operate or permit the Aircraft to be operated for air taxi operations or otherwise under Part 135 of the FARs; and (ii) Customer, an Affiliate or other Interested Third Party shall at all times have, and maintain, "operational control" of the Aircraft (as such term is then interpreted by the FAA or such other applicable Governmental Authority), and no other Person shall operate the Aircraft. The Aircraft at all times will be operated by duly qualified pilots having satisfied all requirements established and specified by the FAA, the TSA, any other applicable Governmental Authority and the Required Coverages.

the Aircraft may be flown temporarily to any country in the world, provided that the Aircraft (i) shall at all times be based in the continental United States; and (ii) shall not be flown, operated, used or located in, to or over any such country or area (temporarily or otherwise) (A) that is excluded from the Required Coverages (or specifically not covered by such

insurance), (B) with which the U.S. does not maintain favorable diplomatic relations (which is any country or jurisdiction not marked with an “\*” on the list maintained by the U.S. Department of State, at <http://www.state.gov/s/inr/rls/4250.htm> or any replacement or equivalent website maintained by the U.S. Department of State), provided that the prohibition in this clause (B) does not prohibit the operation of the Aircraft on an approved and assigned air traffic control route (if and so long as such use is otherwise in compliance with the provisions of the this Agreement and does not violate any insurance policies in effect with respect to the Aircraft), (C) to the extent that payment of any claim under the Required Coverages directly or indirectly arising or resulting from or connected with any such flight, operation, use or location would be prohibited under any trade or other economic sanction or embargo by the United States of America, or (D) in violation of any of the Loan Documents or any Applicable Standards. Customer shall adopt, implement and comply with all security measures required by any Applicable Law, or by any Required Coverages, or that are necessary or appropriate for the proper protection of the Aircraft (whether on the ground or in flight) against theft, vandalism, hijacking, destruction, bombing, terrorism or similar acts.

Customer agrees that, with respect to the Airframe, the Engines, each APU and each Part, Customer will at its own expense, (i) maintain, inspect, service, repair, overhaul and test the same in accordance with Applicable Standards; (ii) make any alterations or modifications that may at any time be required to comply with Applicable Standards, and to cause the Aircraft to remain airworthy; (iii) furnish all required parts, replacements, mechanisms, devices and servicing so that the condition and operating efficiency thereof will at all times be no less than its condition and operating efficiency as and when delivered to Customer, ordinary wear and tear from proper use alone excepted; (iv) promptly replace all Parts (A) which become worn out, lost, stolen, taken, destroyed, damaged beyond repair or permanently rendered or declared unfit for use for any reason whatsoever, or (B) if not previously replaced pursuant to clause (A), as and when required by any Applicable Standards, including any applicable life limits; and (v) maintain (in English) all Records in accordance with Applicable Standards; and (vi) enroll and maintain the Engines in an Engine Maintenance Program and the APU in an APU Maintenance Program or shall cause the foregoing to be done. All maintenance procedures shall be performed by properly trained, licensed, and certified maintenance sources and personnel utilizing replacement parts approved by the FAA and the manufacturer of (as applicable) the Airframe, the Engines, or any APU or Part. Without limiting the foregoing, Customer shall comply with all mandatory service bulletins and airworthiness directives by causing compliance to such bulletins and/or directives to be completed through corrective modification in lieu of operating manual restrictions.

Customer will not make, authorize or permit any improvement, change, addition or alteration to the Aircraft that will impair the originally intended function or use of the Aircraft, diminish the value of the Aircraft as it existed immediately prior thereto, or violate any Applicable Standard. All repairs, parts, replacements, mechanisms and devices added by Customer or on its behalf shall immediately, without further act, become part of the Aircraft and subject to the Lender's Lien granted under this Agreement.

#### Insurance.

Customer agrees to maintain or cause to be maintained at all times, at its sole cost and expense, with insurers of recognized reputation and responsibility satisfactory to Lender (but in no event having an A.M. Best or comparable agency rating of less than “A-”):

(A) comprehensive aircraft liability insurance against bodily injury or property damage claims including, without limitation, contractual liability, premises liability, death and property damage liability, public and passenger legal liability coverage, and sudden accident pollution coverage, in an amount not less than \$200,000,000.00 for 20 or more seats, or if the Aircraft will be chartered, or \$100,000,000.00 for 10 or more seats, or \$50,000,000.00 for fewer than 10 seats for each single occurrence, and (B) personal injury liability in an amount not less than \$25,000,000.00; but, in no event shall the amounts of coverage required by sub-clauses (A) and (B) be less than the coverage amounts as may then be required by Applicable Law;

“all-risk” ground, taxiing, and flight hull insurance on an agreed-value basis, covering the Aircraft, provided that such insurance shall at all times be in an amount not less than the greater of (1) the full replacement value of the Aircraft (as determined by Lender), or (2) the unpaid principal amount of the Note (each such amount re-determined as of each anniversary of the date hereof for the next succeeding year throughout the term of this Agreement); and

war risk and allied perils (including confiscation, appropriation, expropriation, terrorism and hijacking insurance) in the amounts required in paragraphs (i) and (ii), as applicable.

Any policies of insurance carried in accordance with this Section 4.6 and any policies taken out in substitution or replacement of any such policies shall (i) be endorsed to name Lender as an additional insured as its interests may appear (but without responsibility for premiums), (ii) provide, with respect to insurance carried in accordance with Section 4.6(a)(ii) or (a)(iii) above, that any amount payable thereunder shall be paid directly to Lender as sole loss payee and not to Lender and Customer jointly, (iii) provide for thirty (30) days' (seven (7) days' in the case of war, hijacking and allied perils) prior written notice by such insurer of cancellation, material change, or non-renewal, (iv) include a severability of interest clause providing that such policy shall operate in the same manner as if there were a separate policy covering each insured, (v) waive any right of set-off against Lender, and any rights of subrogation against Lender, (vi) provide that in respect of the interests of Lender in such policies, that the insurance shall not be invalidated by any action or inaction of Customer or any other Person operating or in possession of the Aircraft, regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by or binding upon Customer or any other Person operating or in possession of the Aircraft, and (vii) be primary, not subject to any co-insurance clause and shall be without right of contribution from any other insurance.

Customer shall not self-insure (by deductible, premium adjustment, or risk retention arrangement of any kind) with respect to any of the risks required to be insured pursuant to this Section 4.6. Customer agrees that it shall obtain and maintain such other insurance coverages, or cause adjustments to be made to the scope, amount or other aspects of the existing insurance coverages, promptly upon Lender's request, as and when Lender deems such additional insurance coverages or modifications to be appropriate in light of any changes in Applicable Law, prudent industry practices, the insurance market, Customer's anticipated use of the Aircraft or other pertinent circumstances. All of the coverages required herein shall be in full force and effect worldwide throughout any geographical areas to, in or over which the Aircraft is operated. All insurance proceeds payable under the requisite policies shall be payable in U.S. Dollars.

At least ten (10) days prior to the policy expiration date for any insurance coverage required by this Section 4.6, Customer shall furnish to Lender evidence (having the form and substance consistent with Section 1(f) of the Closing Terms Addendum) of the renewal or replacement of such coverage, complying with the terms hereof, for a twelve (12) month or greater period commencing from and after such expiration date.

#### Event of Loss: Loaner Engines.

Upon the occurrence of any Event of Loss with respect to the Aircraft and/or the Airframe, Customer shall notify Lender of any such Event of Loss within five (5) days of the date thereof. Customer shall pay the then Outstanding Balance promptly upon its receipt of insurance proceeds relating to such Event of Loss, but in no event later than ninety (90) days after the occurrence of such Event of Loss (irrespective as to whether any or all of such proceeds have been received). Upon Lender's receipt in good and indefeasible funds of all of the amounts required to be paid pursuant to the preceding sentence (whether by applying Customer's payment of such amounts, or any such insurance proceeds, or both) the Aircraft shall be released from the Lender's Lien, and Lender shall remit to Customer any such insurance proceeds so received by Lender, to the extent then remaining.

Upon an Event of Loss with respect to an Engine or any APU (as applicable, a “ **Lost Item** ”) under circumstances in which there has not occurred an Event of Loss with respect to the Airframe, Customer shall, within one hundred twenty (120) days after the occurrence of such Event of Loss, replace such Lost Item, with a Permitted Replacement. Any engine or auxiliary power unit constituting a “ **Permitted Replacement** ” for a Lost Item shall (i) be of the same make and model number as the Lost Item, (ii) be free and clear of all Liens and (iii) have a value, utility and useful life at least equal to, and be in as good an operating condition as, the Lost Item, assuming such Lost Item was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss. Customer, at its own cost and expense, shall (i) furnish Lender with such documents to evidence such conveyance, (ii) cause the Permitted Replacement to be subject to the Lender’s Lien under this Agreement, and (iii) take such other actions as may be required by Lender to cause the Lender’s Lien therein to be validly created, perfected and have first priority, including as evidenced on the FAA Registry, the International Registry, and any other recording office. Each such Permitted Replacement shall, after such conveyance, be deemed an “Engine” or “APU” (as defined herein), as applicable, and shall be deemed part of the same Aircraft as was the Lost Item replaced thereby.

In the event an Engine is damaged and is being repaired, or is being inspected or overhauled, Customer, at its option, may temporarily substitute another engine during the period of such repair or overhaul, so long as such engine is of the same make and model as the Engine being repaired or overhauled, is free and clear of any Lien that might impair Lender’s rights or interests in the Airframe and is maintained in accordance herewith (any such substitute engine being hereinafter referred to as a “ **Loaner Engine** ”). Customer shall (i) cause such Loaner Engine to be installed and removed, as applicable, by a maintenance facility certified by the FAA and manufacturer with respect to the Aircraft, and (ii) cause the repaired or overhauled original Engine to be reinstalled on the Airframe promptly upon completion of the repair or overhaul, but in no event later than the earlier of one hundred twenty (120) days after removal or the occurrence of an Event of Default.

So long as no Default has occurred and is continuing, and no Event of Default or Event of Loss with respect to the Aircraft has occurred, any loss or damage proceeds of the Required Coverages received by Lender shall be released promptly by Lender to Customer to reimburse Customer for paying the costs actually incurred with respect to repairs made to the Aircraft so as to restore it to the condition required by this Agreement, or for the purchase of a Permitted Replacement pursuant to Section 4.7(b), or shall be disbursed by Lender as otherwise required by this Agreement.

**Aircraft Registration.** On or before the Closing Date, and at all times thereafter, so long as any of the Obligations are outstanding, Customer shall remain solely responsible pursuant to the applicable provisions of this Agreement to cause (i) the Aircraft to be effectively and otherwise validly registered in Customer’s name on the Registry, and (ii) the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft, in each case, accordance with the Registration Requirements; and without limiting the foregoing, or any other provision of this Agreement, Customer shall:

cause the Registration Certificate to be maintained within the Aircraft and cause the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft; including by (A) notifying Lender immediately of any event or circumstance with respect to which the Registration Requirements require further action by Customer, the Registry or any other Governmental Authority or other Person, (B) immediately upon receipt, placing the original, replacement or renewal Registration Certificate on the Aircraft prior to the expiration or other invalidation of any previously issued Registration Certificate (whether the certificate or any other document constituting the Registration Certificate as defined herein) under the Registration Requirements, and (C) complying with any and all of the other Registration Requirements relating to such Registration Certificate, and to the Registration Certificate replaced thereby (including any of the same relating to the destruction or return thereof, as the case may be); and

upon the occurrence, and at all times thereafter, of any Defective Registration (and without waiving Customer’s responsibility to avoid such circumstance), or if the operation of the Aircraft is no longer authorized by the Registration Requirements, Customer shall (A) neither operate nor permit or suffer the operation of the Aircraft without a currently effective and otherwise valid Registration Certificate (and shall cause the pilots to be made aware of the Defective Registration), and otherwise comply with the FARs and other Applicable Laws relating to such Defective Registration, (B) ground and store the Aircraft in a manner reasonably acceptable to Lender, and (C) inform the insurer or insurers thereof, and obtain and maintain adjustments to the insurance coverages required pursuant Section 4.6 of this Agreement which may be necessary or desirable to Lender so as to reflect any changes in the insurable risks relating to any Defective Registration.

#### **Security Interest; Power of Attorney; Inspection .**

**Grant of Security Interest.** As collateral security for the prompt and complete payment and performance as and when due of all of the Obligations and in order to induce Lender to enter into this Agreement and make the Loan to Customer in accordance with the terms hereof, Customer hereby grants, pledges and assigns to Lender a first priority security interest, collateral assignment, international interest, prospective international interest, security assignment and prospective security assignment, in, against, under and with respect to (the “ **Lender’s Lien** ”) all of Customer’s right, title and interest in, to and under all of the following collateral, whether now existing or hereafter acquired (collectively, the “ **Collateral** ”): (i) the Aircraft, including the Airframe, the Engines, each of the APU and Parts, and the Records; (ii) any and all present and future Third Party Agreements; (iii) any and all other associated rights secured by or associated with the Airframe and/or the Engines, together with any related international interests and prospective international interests; (iv) any collateral described in the other Loan Documents (including in any Operating Consent); and (v) all proceeds of the foregoing. By way of clarification and not limitation, the foregoing grant of the Lender’s Lien shall include, as applicable (and in each case, being validly registered and having first priority), an international interest in the Airframe and in each Engine. Notwithstanding the foregoing, (i) Customer shall not enter into any Third Party Agreements unless expressly permitted by Section 4.4 and (ii) Lender is not assuming, nor shall it be responsible for, any obligations, liabilities or duties of any kind whatsoever of Customer (and/or of any other Person) relating to the Collateral. Customer agrees that it shall perform and procure performance in accordance with any Third Party Agreement or other agreement or instrument giving rise to any associated rights that are or may become subjected to the Lender’s Lien.

#### **UCCs, Registrations, Etc.; Lender as Attorney-in-Fact.** Customer hereby irrevocably:

authorizes Lender to prepare and file any UCC financing statements, amendments, continuations, terminations, assignments and other filings, or take such other actions for the purpose of perfecting, affording first and exclusive priority to or otherwise relating to Lender’s Lien under this Agreement or the other Loan Documents;

consents to, and authorizes its professional user entity to consent to, the registration of each Registerable Interest requested by Lender or its Assignee, or otherwise required by the provisions of this Agreement or any of the other Loan Documents, including any subordination, amendment, assignment, discharge or undertaking permitted by the Cape Town Convention with respect thereto; and

constitutes and appoints Lender (including any Person acting on Lender’s behalf), as its true and lawful attorney-in-fact with full power and authority in the place and stead of Customer and in the name of Customer or in its own name, for the purpose of carrying out the terms of this Agreement; which authority shall include the following undertakings that may be exercisable by Lender in its sole discretion at any time, and from time to time, if an Event of Default is then existing or upon the occurrence of an Event of Loss: (i) in Customer’s name, file and/or record, such further instruments, filings and other documents, make, cause to be made and/or consent to all registrations with the International Registry, and take such further action, to establish and protect Lender’s rights, interests and remedies created, or intended to be created, pursuant to the Loan Documents; (ii) endorse Customer’s name on any checks, notes, drafts or any other payments or instruments, or set off, apply, or take such other actions with respect to any funds relating to the Collateral that come into Lender’s possession or control; and (iii) to settle, adjust, receive payment and make claim or proof of loss, and take such other actions relating to the Required Coverages. This appointment is coupled with an interest, is

irrevocable and shall terminate only upon indefeasible payment and performance in full of all of the Obligations. The powers conferred on Lender hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Lender shall be accountable only for amounts that it actually receives in good and indefeasible funds as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to Customer for any act or failure to act. Without limiting the foregoing, Customer agrees that within five (5) Business Days of Lender's request, Customer will enter into an irrevocable power-of-attorney authorizing Aviation Counsel or Lender's other designee as Customer's professional user entity and administrator for the purpose of discharging any Registerable Interests as and when directed to do so by Lender in connection with its exercise of its rights and remedies under the Loan Documents.

**Inspection.** Lender or its authorized representatives shall have the right, but not the duty, to inspect the Aircraft, any part thereof and/or the Records, at its own cost any reasonable time and from time to time, wherever located, upon reasonable prior notice to Customer; except that after the occurrence of a Default or an Event of Default, such inspection may be conducted at any time without prior notice and at Customer's sole expense, and it shall pay Lender promptly upon demand any inspection costs incurred by Lender. So long as no Default or Event of Default exists, any such inspections shall be conducted during normal business hours and without interruption of the use and operation of the Aircraft as permitted hereby. Upon the request of Lender, Customer shall promptly confirm to Lender the location of the Aircraft or any of the other Collateral.

**Events of Default.** The term "**Event of Default**", wherever used herein, shall mean:

Customer shall fail to pay any Obligation within ten (10) days after the same shall become due and payable (whether at the stated maturity, by acceleration, upon demand or otherwise); or

(i) any Customer Party shall default in the payment or performance of any indebtedness, liability or obligation to Lender or any Affiliate of Lender under any note, security agreement, lease, title retention or conditional sales agreement or any other instrument or agreement; or

(ii) any Customer Party shall fail to pay any Indebtedness (other than the Obligations) exceeding \$5,000,000.00, and such failure shall continue beyond any applicable grace period (or, with respect to trade Indebtedness which is not subject to a grace period, within ninety (90) days of the date such trade Indebtedness is incurred); or

(i) any of the Required Coverages are not kept in full force and effect, or a breach or violation shall exist with respect to any provisions thereof; or the Aircraft is operated in a manner, at a time or in or over or located at a place with respect to which such Required Coverages shall not be in effect; (ii) Customer shall fail to cause the Airframe or the Engines to be used, operated, maintained or otherwise kept in a condition so as to be in compliance with all Applicable Laws; or (iii) any Customer Party shall fail to comply with (A) any financial covenants as and to the extent set forth or incorporated in any Guaranty or in any of the other Loan Documents, or (B) any provision of any of the Loan Documents restricting Liens and other dispositions relating to either the Collateral or any rights or obligations under any of the Transaction Documents (including Section 4.4 hereof), or (iv) the occurrence of any Defective Registration; or

(i) any representation or warranty made by any Customer Party in any of the Loan Documents or in any related agreement, document or certificate shall prove to have been incorrect, misleading, or inaccurate in any material respect when made or given (or, if a continuing representation or warranty, at any time); or (ii) any Customer Party shall fail to (A) perform or observe any other agreement (other than those specifically referred to in this Section 6) required to be performed or observed by it under this Agreement or in any of the other Loan Documents, and such failure shall continue uncured for thirty (30) days after the earlier of written notice thereof from Lender to such Customer Party or such Customer Party's actual knowledge thereof (but such notice and cure period will not be applicable unless such breach is curable by practical means within such notice period) or (B) notify Lender of any Default or Event of Default within ten (10) Business Days of its occurrence; or

(i) any Customer Party shall (A) generally fail to pay its, or his or her debts as they become due, admit its, or his or her inability to pay its, or his or her debts or obligations generally as they fall due, or shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws or other insolvency laws, or an answer admitting the material allegations of such a petition filed against such Customer Party in any such proceeding; or (B) by voluntary petition, answer or consent, seek relief under the provisions of any other bankruptcy or other insolvency or similar law providing for the reorganization or liquidation of corporations, or providing for an assignment for the benefit of creditors, or providing for an agreement, composition, extension or adjustment with its, or his or her creditors; or (ii) a petition against any Customer Party in a proceeding under applicable bankruptcy laws or other insolvency laws, as now or hereafter in effect, shall be filed and shall not be withdrawn or dismissed within one hundred twenty (120) days thereafter, or if, under the provisions of any law providing for reorganization or liquidation of business entities that may apply to any Customer Party, any court of competent jurisdiction shall assume jurisdiction, custody or control of such Customer Party or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of one hundred eighty (180) days after the filing date; or

the occurrence of any of the following events with respect to any Customer Party: (A) it enters into any transaction of merger, consolidation or reorganization; (B) it ceases to do business as a going concern, liquidates, or dissolves, or sells, transfers or otherwise disposes of all or substantially all of its assets or properties (in one or more transactions); (C) it becomes the subject of, or engages in, a leveraged buy out; (D) it changes the form of organization of its business; (E) if it is privately owned as of the Closing Date, there is any substantial change in the ownership or control of its capital stock or membership interests such that the holder(s) that own or control one hundred percent (100%) of such equity interests as of the Closing Date no longer do so; or (F) if it is publicly held as of the Closing Date, any change so that it is no longer subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or no longer registered under Section 12 of the Securities Act of 1933, as amended; or

(i) the conviction of or guilty plea by any Customer Party with respect to any criminal act constituting a felony, (ii) any repudiation by any Customer Party of its obligation for the payment or performance of the Obligations, (iii) any allegation by any Customer Party or judicial determination that any of the Loan Documents is unenforceable in any material respect or (iv) a Default (as defined in any Guaranty) shall occur; or any event or condition constituting a breach or other default under any Operating Consent.

## **Remedies .**

**Acceleration; Termination of Commitment.** If any Event of Default shall occur, Lender, in its sole discretion, may (a) declare the Obligations to be immediately due and payable, and upon such declaration the Obligations (including, the unpaid principal amount of the Note, together with all accrued but unpaid interest thereon, any prepayment fees and all other amounts due and payable under or with respect to the Loan Documents), shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the other Loan Documents to the contrary notwithstanding, (b) terminate any then outstanding commitment whether to Customer or any Affiliate to make the Loan or any advance thereof, or any other financial accommodations, whether related to the Loan or otherwise, and/or (c) pursue and enforce any of Lender's rights and remedies under this Section 7; provided, however, if an Event of Default specified in Section 6 (e) above shall occur, the Obligations shall become immediately due and payable, all such commitments shall terminate, and Lender shall have all such other rights and remedies contemplated in the preceding clauses (a), (b) and (c), automatically, and without any notice or other action by Lender.

**Additional Remedies.** If an Event of Default occurs, in addition to all other rights and remedies granted to it in this Agreement and in the other Loan Documents, Lender may exercise all rights and remedies of a secured party under the UCC or as a creditor, chargee or security assignee under the Cape Town Convention (including any and all remedies thereunder requiring agreement by Customer), or otherwise available to

Lender under any other Applicable Law. Without limiting the generality of the foregoing, Customer agrees that upon the occurrence of an Event of Default, Lender, without demand or notice of any kind (except as specified below) to or upon Customer or any other Person, in its sole discretion, may exercise any one or more of the following remedies:

(i) peacefully enter the premises where the Aircraft, the Engines, or any other Collateral is located, take immediate possession of, remove (or disable in place), or otherwise take control or custody of the Airframe, the Engines or any other Collateral (whether or not then attached to the Airframe) by self-help, summary proceedings or otherwise without liability, (ii) preserve the Airframe, the Engines or the other Collateral, and their respective value (but without any obligation to do so), and immobilize or keep idle the Airframe or Engines, and/or (iii) use Customer's premises for storage without liability; and Customer agrees, at Lender's request, to assemble the Collateral, and make it available to Lender at such places as Lender shall reasonably select, whether at Customer's premises or elsewhere;

(i) terminate the right of any Interested Third Party, and any other third party to use, possess or control the Airframe, the Engines or any of the other Collateral, including under any Permitted Third Party Agreement or other Third Party Agreement, without regard as to the existence of any event of default thereunder, (ii) recover from, and/or cause Customer and any such Interested Third Party, and any other third party, to relinquish possession and return the Airframe, the Engines and any other Collateral pursuant to this Section 7, and/or (iii) exercise any and all other remedies under any Operating Consents in Customer's stead, to the extent provided for under, or otherwise available to Customer in connection with any related Permitted Third Party Agreement or such other Third Party Agreement;

(i) manage, sell, lease, assign or otherwise dispose of the Airframe, the Engines or any other Collateral, in whole or in part, whether or not in Lender's possession, in one or more parcels or transactions, at public or private sale or sales, with or without notice to Customer (except as required by Applicable Law, and in furtherance thereof, Lender agrees that it shall give Customer no less than ten (10) working days' prior notice of any proposed sale or lease of the Airframe or Engines, which Customer acknowledges as constituting "reasonable prior notice" for the purposes of the Cape Town Convention) at such prices as Lender may deem best, and/or (ii) purchase the Collateral, in whole or in part, upon any public sale or sales, and to the extent permitted by Applicable Law upon any private sale or sales, free of any right or equity of redemption in Customer, which right or equity of redemption is hereby expressly released;

(i) collect, receive, appropriate and realize upon the Collateral, or any part thereof, including by applying any deposit or other cash collateral, or collecting or receiving, appropriating and realizing upon any income, profits or other proceeds arising from the management or use of the Airframe, the Engines or any of the other Collateral, and applying the same (after deducting all taxes, costs, expenses and other reductions of every kind incurred in connection therewith) to the payment in whole or in part of the Obligations, in such order and manner as Lender may elect; and (ii) after making such application, (A) remitting to Customer or to such other Person any excess then remaining, as and to the extent Lender is required by Applicable Law to make such remittance and (B) demanding, collecting and receiving from Customer any deficiency then remaining (and Customer agrees that it shall remain liable for, and pay upon demand, the full amount of any such deficiency);

(i) demand and obtain from any court speedy relief pending final determination available at law (including, possession, control, custody or immobilization of the Airframe and Engines, or preservation of the Airframe and the Engines and their respective value), (ii) procure the deregistration and/or export and physical transfer of the Airframe from the territory in which it is then situated (including pursuant to an IDERA, if any, executed by Customer), and/or (iii) otherwise proceed at law or in equity, to enforce specifically Customer's performance or to recover damages; and/or

exercise any and all other rights and remedies under or with respect to the Loan Documents or Applicable Law, including the Cape Town Convention and the UCC.

No Waiver: Cumulative Remedies. No right or remedy is exclusive. Customer hereby acknowledges that none of the provisions of this Section 7, including any remedies set forth or referenced herein, is "manifestly unreasonable" for the purposes of the Cape Town Convention. Each may be used successively and cumulatively and in addition to any other right or remedy referred to above or otherwise available to Lender at law or in equity, but in no event shall Lender be entitled to recover any amount in excess of the maximum amount recoverable under Applicable Law with respect to any Event of Default. No express or implied waiver by Lender of any Default or Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default. The failure or delay of Lender in exercising any rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or reoccurrence of any such contingencies or similar contingencies, and any single or partial exercise of any particular right by Lender shall not exhaust the same or constitute a waiver of any other right provided for or otherwise referred to herein. After the occurrence of any Default or Event of Default, the acceptance by Lender of any payment or performance of any of the Obligations, including the payment of any installment of principal and/or interest or of any other sum owing hereunder or under the other Loan Documents shall not constitute a waiver of such Default or Event of Default, regardless of Lender's knowledge or lack of knowledge thereof at the time of acceptance of any such payment or performance and shall not constitute a reinstatement of any of the Loan Documents, unless Lender shall have agreed in writing to reinstate the same and waive the Default or Event of Default. To the extent permitted by Applicable Law, Customer waives any rights now or hereafter conferred thereby, that (a) limit or modify any of Lender's rights or remedies under this Agreement or any of the other Loan Documents, including the provisions of Article 13(2) of the Convention, or (b) would otherwise entitle Customer to (i) receive notices or demands as a condition to Lender's exercise of any rights or remedies, except as expressly required above or (ii) make claims, damages and demands against Lender arising out of the repossession, retention, sale or other disposition of the Collateral.

#### **MISCELLANEOUS**

Notices. All communications and notices provided for herein shall be in writing and shall be deemed to have been duly given or made (i) upon hand delivery, or (ii) upon delivery by an overnight delivery service, or (iii) when sent by telecopy (with customary confirmation of receipt of such telecopy) on the Business Day when sent or upon the next Business Day if sent on other than a Business Day.

#### Expenses and Fees; Indemnity; Performance of Customer's Obligations

Customer shall pay to Lender upon demand all reasonable fees, costs and expenses incurred by or on behalf of Lender at any time in connection with (i) the negotiation, preparation, execution, delivery and enforcement of the Loan Documents and the collection of the Obligations (both before and after the occurrence of a Default or Event of Default), (ii) the creation, preservation and protection of the Collateral and the perfection, first priority and enforcement of Lender's Lien, or (iii) Customer's exercise of any right granted under, or any amendment or other modification to any of, the Loan Documents. Such fees, costs and expenses shall include, without limitation, reasonable appraisal and inspection fees, the reasonable fees and expenses of Aviation Counsel and of Lender's counsel, consultants and brokers, UCC, FAA, International Registry and other applicable title, interest and lien searches, and reasonable costs and expenses relating to recovery, repossession, storage, insurance, transportation, repair, refurbishment, advertising, sale and other dispositions of the Aircraft or any of the other Collateral. Customer shall also pay all reasonable fees (including license, filing and registration fees), Impositions and other charges of whatever kind or nature that may be payable or determined to be payable in connection with (A) the execution, delivery, recording or performance of this Agreement or any of the other Loan Documents, or any modification thereof, and (B) the filings, registrations and other undertakings relating thereto. Notwithstanding the foregoing, as long as there are no more than two (2) revised drafts of any Loan Document provided by Customer or its counsel to Lender or Lender's counsel, Customer shall be responsible for not more than \$35,000.00 in the aggregate for the legal fees of outside counsel to Lender (including, Aviation Counsel) and appraisal, inspection, processing, credit verification, lien searches, FAA and International Registry fees and other fees incurred in connection with the initial negotiation, preparation and execution of this Agreement and the other Loan Documents executed and delivered on or

before the Closing Date (and the consummation of the closing contemplated to occur thereon); provided that in the event that the negotiation exceeds two (2) revised drafts of any Loan Document, then Customer shall pay for the actual amount of such out of pocket fees incurred by Lender relating to the drafting and negotiation in excess of such two (2) revised drafts. Lender shall apply the previously paid deposit amount of \$35,000.00 to such fees and shall refund to Customer the amount by which the deposit exceeds such fees.

Customer hereby further agrees, whether or not the transactions contemplated by this Agreement shall be consummated, to pay, indemnify, and hold Lender and its affiliates and all of the Lender's and such affiliates' respective directors, shareholders, members, officers, employees, agents, predecessors, attorneys-in-fact, lawyers, successors and assigns (Lender, its affiliates and all of such other parties and entities sometimes hereinafter collectively, the "**Indemnified Parties**") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, out of pocket costs, attorney's fees, expenses or disbursements of any kind or nature whatsoever ("**Claims**") arising with respect to or in connection with (i) the Airframe, the Engines, or any APUs or Parts, or any of the other Collateral, including (whether by or through Customer, Vendor, any Interested Third Party, or any other Person), the manufacture, inspection, ownership, lease, sublease, management, pooling, interchange, time sharing, chartering, possession, use, operation, maintenance, security, condition (whether prior to, upon or after delivery or acceptance of any of the same), repossession, storage, sale or other disposition of any of the same, or any accident in connection therewith, including Claims involving or alleging environmental damage, criminal acts, hijacking, acts of terrorism or similar acts, product liability or strict or absolute liability in tort, latent and other defects (whether or not discoverable) and for any other risk or matter, including any of the same that result in injuries, death, destruction, or other harm or loss to persons or property, or (ii) any of the Loan Documents, Third Party Agreements or other Transaction Documents, or the performance, breach (including any Default or Event of Default) or enforcement of any of the terms hereof or thereof, provided, that Customer shall have no obligation to indemnify an Indemnified Party with respect to Claims arising from the gross negligence or willful misconduct of such Indemnified Party (unless if imputed by Applicable Law). If any Claim is made against any Indemnified Party, the party receiving notice or otherwise becoming aware of such Claim shall promptly notify the other, but the failure of the party having knowledge of a Claim to so notify the other party shall not relieve Customer of any obligation hereunder.

If any Customer Party fails to perform or comply with any of its agreements contained herein or in the other Loan Documents, including, without limitation, its obligations to keep the Collateral free of Liens (other than the Permitted Liens), comply with Applicable Standards, or obtain the Required Coverages, Lender shall have the right, but shall not be obligated, to effect such performance or compliance, with such agreement. Any expenses of Lender incurred in connection with effecting such performance or compliance, together with interest thereon at the default rate of interest provided for in the Note from the date incurred until reimbursed, shall be payable by Customer to Lender promptly on demand and until such payment shall constitute part of the Obligations secured hereby. Any such action shall not be a cure or waiver of any Default or Event of Default hereunder.

Entire Agreement; Modifications. This Agreement and the other Loan Documents constitute the entire understanding and agreement of the parties hereto with respect to the matters contained herein and therein, and shall completely and fully supersede all other prior agreements (including any proposal letter, commitment letter, and/or term sheet), both written and oral, between Lender and Customer relating to the Obligations. Neither this Agreement, nor any terms hereof, may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of a change, waiver, discharge or termination is sought.

Construction of this Agreement and Related Matters. All representations and warranties made in this Agreement and in the other Loan Documents shall survive the execution and delivery of this Agreement and the making of the Loan hereunder. Customer's obligations contained in this Section 8 shall survive the payment and performance of the Obligations, the termination of this Agreement, and the release of the Collateral. This Agreement may be executed by the parties hereto on any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. The headings of the Sections hereof are for convenience only, are not part of this Agreement and shall not be deemed to affect the meaning or construction of any of the provisions hereof. Time is of the essence in the payment and performance of all of Customer's obligations under this Agreement. Any provision of this Agreement that may be determined to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective in such jurisdiction to the extent thereof without invalidating the remaining provisions of this Agreement, which shall remain in full force and effect.

Lender's Assignment. Lender, may at any time, with or without notice to Customer, freely grant a security interest in, sell, assign, participate or otherwise transfer (an "**Assignment**") all or any part of its interest in this Agreement and the other Loan Documents (including all associated rights associated with or secured thereby and the related international interests) or any amount due or to become due hereunder or thereunder, and Customer shall perform all of its obligations under the Loan Documents, to the extent so transferred, for the benefit of the beneficiary of such Assignment (such beneficiary, including any successors and assigns, an "**Assignee**"); provided, however, if such Assignee is not an Affiliate of Lender and if no Default or Event of Default exists, Lender will provide prior notice of any such Assignment to a third party. Customer hereby waives any right to assert, and agrees not to assert, against any Assignee any abatement, reduction, defense, setoff, recoupment, claim or counterclaim that Customer may have against Lender, provided that Lender remains fully responsible therefor. Upon the assumption by such Assignee of Lender's obligations hereunder, Lender shall be relieved of any such assumed obligations. Customer hereby consents to any such assignment, grant, sale or transfer, including, without limitation, for purposes of the Cape Town Convention. If so directed in writing, Customer shall pay all amounts due or to become due under the Loan Documents, including any of the same constituting associated rights or proceeds directly to the Assignee or any other party designated in writing by Lender or such Assignee. Customer acknowledges and agrees that Lender's right to enter into an Assignment is essential to Lender and, accordingly, waives any restrictions under Applicable Law with respect to an Assignment and any related remedies. Upon the request of Lender or any Assignee, Customer also agrees (a) to promptly execute and deliver, and cause to be executed and delivered by any Guarantor or any other Transaction Party, to Lender or to such Assignee an acknowledgment of assignment in form and substance satisfactory to the requesting party, an insurance certificate naming Assignee as additional insured and loss payee and otherwise evidencing the Required Coverages, an IDERA in favor of Assignee, and such other documents and assurances reasonably requested by Lender or Assignee, (b) to make, or cause to be made, all registrations (including all assignments and subordinations) and all amendments, extensions and discharges with the International Registry reasonably requested by Lender or Assignee (and give or obtain any necessary consent thereto, as well as renew any authorization required by the International Registry in connection therewith, including renewing its transacting user entity status and re-designating a professional user entity, if necessary in Lender's judgment), and (c) to comply with any and all other reasonable requirements of any such Assignee in connection with any such Assignment.

Jurisdiction. Customer and Lender each hereby irrevocably consents and agrees that any legal action, suit or proceeding arising out of or in any way in connection with this Agreement or any of the other Loan Documents may be instituted or brought in the courts of the State of New York or in the United States Courts for the Southern District of New York, as Customer or Lender may elect or in any other state or Federal court as Lender shall deem appropriate, and by execution and delivery of this Agreement, Customer and Lender each hereby irrevocably accepts and submits to, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of any such court, and to all proceedings in such courts. Customer and Lender each irrevocably consents to service of any summons and/or legal process by first class, certified United States air mail, postage prepaid, to Customer at the address set forth below its signature hereto, such method of service to constitute, in every respect, sufficient and effective service of process in any such legal action or proceeding. Nothing in this Agreement or in any of the other Loan Documents shall affect the right to service of process in any other manner permitted by law or limit the right of Lender to bring actions, suits or proceedings in the courts of any other jurisdiction. Customer and Lender each further agrees that final judgment against it in any such legal action,

suit or proceeding shall 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 shall be conclusive evidence of the fact and the amount of the liability. Notwithstanding anything in the foregoing to the contrary, Lender and Customer may bring a judicial proceeding in the Republic of Ireland, solely with respect to matters relating to the International Registry.

Governing Law; Binding Effect. This Agreement shall be construed and enforced in accordance with, and the rights of both parties shall be governed by, the internal laws of the State of New York (without regard to the conflict of laws principles of such state, except as to the effect of Title 14, Section 5-1401 of the New York General Obligations Law), including all matters of construction, validity, and performance. This Agreement shall be binding upon and inure to the benefit of Customer and Lender and their respective successors and assigns (but without limiting the provisions of Section 8.5); except that Customer may not assign or transfer its rights or obligations hereunder or under any other Loan Agreement, or any interest herein or therein; and any such purported or attempted assignment or transfer by Customer shall be null and void.

Customer's Capacity as Owner Trustee. TVPX Aircraft Solutions Inc. ("TVPX") is executing this Agreement, and the other Loan Documents solely in its capacity as Owner Trustee under the Trust Agreement and not in its individual capacity and in no case shall TVPX be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of the Customer hereunder, or under any Loan Document, all such liability, if any, being expressly waived by the parties hereto and any Person claiming by, through, or under such party. Under no circumstances shall TVPX be personally liable for the payment of any other amount stated to be due from the Customer hereunder, or under any Loan Document, or be personally liable for the breach or failure of any of Customer's representations, warranties, covenants, obligations, undertakings and agreements hereunder, or under any Loan Documents; provided, however, that the Customer (or any such successor owner trustee) shall be personally liable hereunder for its own gross negligence or willful misconduct or for its breach of its covenants, representations and warranties contained herein, or in any Loan Document, to the extent covenanted or made in its individual capacity.

Jury Waiver. CUSTOMER AND LENDER EACH HEREBY KNOWINGLY AND FREELY WAIVES THEIR RESPECTIVE RIGHTS TO A JURY TRIAL IN ANY ACTION, SUIT OR PROCEEDING RELATING TO, ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE NOTE OR ANY OF THE OTHER LOAN DOCUMENTS.

**[Signatures On Next Page]**

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Loan and Aircraft Security Agreement

IN WITNESS WHEREOF, the parties hereto have caused this Loan and Aircraft Security Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

BANC OF AMERICA LEASING & CAPITAL, LLC, Lender

TVPX AIRCRAFT SOLUTIONS INC., a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated July \_\_\_\_, 2017,  
Customer

By:  
Name:  
Title:  
Notice Address:

One Financial Plaza, 2nd Floor  
Providence, Rhode Island 02903  
Attention: Director of Aircraft Operations  
Telephone: 800-238-3737  
Facsimile: 401-278-7941

By:  
Name:  
Title:  
Notice Address:

39 East Eagle Ridge Drive, Ste. 201  
North Salt Lake, UT 84054  
Telephone: (801) 924-367  
Facsimile: (801) 877-0478

effect as the obligations of a principal and not of a guarantor or surety, and (iii) Lender is not waiving the right to require full and timely performance of any such obligations in strict accordance with the provisions hereof and of the other Loan Documents. By way of clarification and not limitation, with respect to any provisions of this Agreement or any of the other Loan Documents requiring Customer to take or refrain from taking an action relating to the Aircraft or any of the other Collateral, such provision may also be read to mean that Customer shall cause the same to be done in accordance therewith, if at that time the Aircraft or such other Collateral is in the possession or control of an Interested Third Party pursuant to a Permitted Third Party Agreement.

5. Use of Aircraft; Maintenance; Modifications; Security.

(a) Customer will operate the Aircraft or shall cause the Aircraft to be operated under and in compliance with Part 91 and any other applicable provision of the FARs, and all other Applicable Standards. Unless otherwise expressly permitted hereunder, (i) Customer shall not operate or permit the Aircraft to be operated for air taxi operations or otherwise under Part 135 of the FARs; and (ii) Customer, an Affiliate or other Interested Third Party shall at all times have, and maintain, "operational control" of the Aircraft (as such term is then interpreted by the FAA or such other applicable Governmental Authority), and no other Person shall operate the Aircraft. The Aircraft at all times will be operated by duly qualified pilots having satisfied all requirements established and specified by the FAA, the TSA, any other applicable Governmental Authority and the Required Coverages.

(b) the Aircraft may be flown temporarily to any country in the world, provided that the Aircraft (i) shall at all times be based in the continental United States; and (ii) shall not be flown, operated, used or located in, to or over any such country or area (temporarily or otherwise) (A) that is excluded from the Required Coverages (or specifically not covered by such insurance), (B) with which the U.S. does not maintain favorable diplomatic relations (which is any country or jurisdiction not marked with an "\*" on the list maintained by the U.S. Department of State, at <http://www.state.gov/s/inr/rls/4250.htm> or any replacement or equivalent website maintained by the U.S. Department of State), provided that the prohibition in this clause (B) does not prohibit the operation of the Aircraft on an approved and assigned air traffic control route (if and so long as such use is otherwise in compliance with the provisions of this Agreement and does not violate any insurance policies in effect with respect to the Aircraft), (C) to the extent that payment of any claim under the Required Coverages directly or indirectly arising or resulting from or connected with any such flight, operation, use or location would be prohibited under any trade or other economic sanction or embargo by the United States of America, or (D) in violation of any of the Loan Documents or any Applicable Standards. Customer shall adopt, implement and comply with all security measures required by any Applicable Law, or by any Required Coverages, or that are necessary or appropriate for the proper protection of the Aircraft (whether on the ground or in flight) against theft, vandalism, hijacking, destruction, bombing, terrorism or similar acts.

(c) Customer agrees that, with respect to the Airframe, the Engines, each APU and each Part, Customer will at its own expense, (i) maintain, inspect, service, repair, overhaul and test the same in accordance with Applicable Standards; (ii) make any alterations or modifications that may at any time be required to comply with Applicable Standards, and to cause the Aircraft to remain airworthy; (iii) furnish all required parts, replacements, mechanisms, devices and servicing so that the condition and operating efficiency thereof will at all times be no less than its condition and operating efficiency as and when delivered to Customer, ordinary wear and tear from proper use alone excepted; (iv) promptly replace all Parts (A) which become worn out, lost, stolen, taken, destroyed, damaged beyond repair or permanently rendered or declared unfit for use for any reason whatsoever, or (B) if not previously replaced pursuant to clause (A), as and when required by any Applicable Standards, including any applicable life limits; and (v) maintain (in English) all Records in accordance with Applicable Standards; and (vi) enroll and maintain the Engines in an Engine Maintenance Program and the APU in an APU Maintenance Program or shall cause the foregoing to be done. All maintenance procedures shall be performed by properly trained, licensed, and certified maintenance sources and personnel utilizing replacement parts approved by the FAA and the manufacturer of (as applicable) the Airframe, the Engines, or any APU or Part. Without limiting the foregoing, Customer shall comply with all mandatory service bulletins and airworthiness directives by causing compliance to such bulletins and/or directives to be completed through corrective modification in lieu of operating manual restrictions.

(d) Customer will not make, authorize or permit any improvement, change, addition or alteration to the Aircraft that will impair the originally intended function or use of the Aircraft, diminish the value of the Aircraft as it existed immediately prior thereto, or violate any Applicable Standard. All repairs, parts, replacements, mechanisms and devices added by Customer or on its behalf shall immediately, without further act, become part of the Aircraft and subject to the Lender's Lien granted under this Agreement.

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**LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)**

**THIS LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)** (together with all Addenda, Riders and Annexes hereto, this "Agreement") is dated as of July 27, 2017 (the "Closing Date"), by and between **TVPX AIRCRAFT SOLUTIONS INC.**, a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated as of July 27, 2017 ("Customer") and **BANC OF AMERICA LEASING & CAPITAL, LLC**, a Delaware limited liability company ("Lender").

In consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

Capitalized and certain other terms used but not otherwise defined in this Agreement shall have the meanings ascribed to them in Annex A attached hereto and made a part hereof.

#### **Terms of Loan .**

**Loan and Use of Proceeds .** Subject to the terms and conditions of this Agreement, Lender agrees to make a loan to Customer in the principal amount set forth in Annex B attached hereto and made a part hereof (the “ **Loan** ”). Customer shall use the proceeds of the Loan to finance the costs of the acquisition of the Aircraft.

**Repayment and Prepayment .** The Customer's obligation to repay the Loan shall be evidenced by one or more Promissory Notes dated on and/or after the Closing Date, payable by Customer to the order of Lender in the original principal amount of the Loan (as amended, modified, restated, extended and renewed from time to time, the “ **Note** ”). The Loan shall bear interest and be repaid by Customer at the times and in the manner set forth in the Note. The Loan may be prepaid only in the manner and subject to terms and conditions set forth in the Note and, if applicable, Section 4.7 hereof.

**Conditions of Borrowing .** Lender's obligation to make the Loan shall be both subject to and conditioned upon the satisfaction of all of the conditions precedent specified in the Closing Terms Addendum attached to and made a part of this Agreement.

**Representations and Warranties .** In order to induce Lender to enter into this Agreement and to make the Loan herein provided for, Customer represents, warrants and covenants to Lender that:

(i) Customer (A) is duly qualified to do business in each jurisdiction in which the conduct of its business or the ownership or operation of its assets requires such qualification, including the jurisdiction of the Primary Hangar Location and wherever any of the Collateral may become located; (B) has the necessary authority and power to own and operate the Aircraft and its other assets and to transact the business in which it is engaged; (C) is a “citizen of the United States” within the meaning of the Transportation Code; and (D) has the form of business organization set forth in Annex B hereto and is and will remain duly organized, validly existing and in good standing under the laws of the state of its organization set forth in Annex B hereto, its federal tax identification number is as set forth in Annex B hereto, and its state-issued organizational identification number (if any), chief executive office and principal place of business address are all as set forth on Annex B hereto; and (ii) its name as shown in the preamble of this Agreement is its exact legal name as shown on its charter, by-laws, articles of organization or operating agreement, as applicable, each as amended as of the Closing Date;

(i) Customer's execution and delivery of, and performance of its obligations under and with respect to, each of the Loan Documents (including its borrowing the amounts constituting the Loan, granting the Lender's Lien against the Aircraft and other Collateral and participating in the other transactions contemplated herein and therein), (A) have been duly authorized by all necessary action on the part of Customer consistent with its form of organization, (B) do not contravene or constitute a default under any Applicable Law, any of Customer's Organizational Documents, or any agreement, indenture, or other instrument to which Customer is a party or by which it may be bound, (C) do not require the approval of or notice to (1) any Governmental Authority, except for the filings and registrations specified in the Closing Terms Addendum, all of which shall have been duly effected prior to or concurrently with Lender making the Loan, or (2) any other party (including any trustees or holders of indebtedness), and (D) will not result in the creation or imposition of any Lien on any of the assets of Customer other than the Lender's Lien created hereby and by the other Loan Documents with respect to the Collateral; (ii) each of the Transaction Documents referenced in the Closing Terms Addendum to which Customer is a party has been duly executed and delivered by an authorized representative of the Customer, and constitutes the legal, valid and binding obligation of the Customer, enforceable against it in accordance with the respective terms of such Transaction Documents (including, without limitation, the grant of the Lender's Lien); and (iii) without limiting the foregoing, upon Lender's advancing the Loan on the Closing Date, (A) Customer will have satisfied or complied with all conditions precedent and requirements as set forth in the Loan Documents required to have been satisfied or complied with concurrently with or prior to such advance and (B) no Default or Event of Default shall be then existing;

there are no proceedings pending or, so far as the officers, managers, or members of Customer know, threatened against or affecting Customer or any of its property before any Governmental Authority that could impair Customer's title to the Aircraft or any of the other Collateral, or that, if decided adversely, could materially affect the financial condition or operations of Customer or its ability to perform its obligations under any of the Loan Documents;

(i) Customer has, and shall continue to have, good and marketable title to the Collateral, free and clear of Liens, except Permitted Liens; (ii) the Lender's Lien in the Airframe, the Engines and the other Collateral is and shall remain validly created and perfected, and has and shall continue to have first priority over any other Liens pursuant to all Applicable Laws; and (iii) all filings, recordings, registrations or other actions necessary or desirable in order to vest such title in Customer, and establish, perfect and give first priority to Lender's Lien and other rights and interests in, against or with respect to the Collateral, have been duly effected, and all Impositions in connection therewith have been duly paid;

without limiting any of the other representations and warranties in this Agreement, for the purposes of the Cape Town Convention and any other Applicable Law, (i) upon the conclusion of the sale of the Aircraft to Customer, and Customer's grants and assignments, and (if constituting a lease) any Permitted Third Party Agreement, contemplated in the Loan Documents or other Transaction Documents, Customer and (if a lessee) any Interested Third Party shall be situated in, and Customer will cause the Aircraft to be duly registered in, the United States of America (which is a contracting state), (ii) with respect to any of the Transaction Documents relating to the Airframe or Engine, each of the respective parties thereto has power to dispose of the Airframe and Engine, as contemplated therein by way of the relevant Transaction Document, and (iii) the Purchase Documents qualify as a “contract of sale”, and (if constituting a lease) any Permitted Third Party Agreement and the Loan Documents are effective to constitute international interests in the Airframe and Engine and security assignments of the related associated rights and transfer of the related international interests, as contemplated therein, and each such Registerable Interest will be effective against third parties upon registration at the International Registry, without any further filings or registrations (except as contemplated in the Loan Documents);

(i) the Aircraft (A) has been delivered to Customer, is in Customer's possession and is, as of the Closing Date, unconditionally, irrevocably and fully accepted by Customer, (B) has been inspected by Customer to its complete satisfaction and, without limiting the foregoing, (1) has been found to be in good working order, repair and condition and fully equipped to operate for its intended purpose, and (2) is in conformity with the requirements of the Purchase Agreement and the Applicable Standards, (C) is, or will be at the time of the funding of the Loan, currently certified under existing FAA rules and regulations and any other Applicable Laws and is airworthy in all respects, and (D) is and will remain primarily hangared at the Primary Hangar Location; and (ii) without limiting the foregoing, (A) solely as between Lender and Customer (and without prejudicing Customer's rights against Vendor or any other third party, which rights are not being disclaimed hereby), Customer has no pending claims and has no knowledge of any facts upon which a future claim may be based, against any prior owner, the seller, manufacturer or supplier of the Aircraft or any of the other Collateral, for breach of warranty or otherwise, and (B) all of the information contained in Annex C, including the registration number of the Aircraft, and the serial numbers, manufacturer and model numbers of the Airframe, Engines, and APU, are true and accurate in all respects; and

(h) the Aircraft (i) is currently capable of being certified under existing FAA rules and regulations and completely airworthy in all respects, (ii) will undergo an inspection by a Designated Airworthiness Representative of the FAA (“ **DAR** ”) on the Closing Date and (iii) an FAA Standard Airworthiness Certificate (AC Form 8100-2) shall be issued for the Aircraft no later than two (2) Business Days after the Closing Date.

**Covenants .** Customer covenants and agrees that from and after the Closing Date and so long as any of the Obligations are outstanding:

Notices; Financial Information; and Further Assurances. Customer will, at its sole expense:

promptly give written notice to Lender of (i) the occurrence of any Default or Event of Default; (ii) the occurrence of any Event of Loss or event of which Customer may be aware that could become an Event of Loss; (iii) the commencement or written threat of any material litigation or proceedings affecting Customer or any material litigation or proceedings affecting the Aircraft or any of the other Collateral, or the ability of Customer to comply with its obligations under the Loan Documents; and (iv) any material dispute between Customer or any Interested Third Party and any Governmental Authority or other party that involves the Aircraft or any of the other Collateral or that might materially interfere with the normal business operations of Customer;

cause Guarantor to comply with the financial reporting requirements set forth in the Guaranty and promptly furnish to Lender any such financial and other information regarding the Customer or Guarantor or any of its Affiliates as Lender may from time to time reasonably request; and

promptly execute and deliver to Lender such further instruments, UCC and FAA filings (including an IDERA) and other documents, make, cause to be made and/or consent to all registrations (including any discharges and subordinations, or as to the prospective or actual sale of, and any international interest in, the Engines) with the International Registry, and take such further action, as Lender may from time to time reasonably request in order to further carry out the intent and purpose of the Loan Documents and to establish, protect and enforce the rights, interests, remedies and Liens (including the first priority thereof) created, or intended to be created, in favor of Lender thereby.

General Obligations. (a) Customer agrees that it shall (i) duly observe and conform to all requirements of Applicable Law relating to the conduct of its business and/or the Aircraft, (ii) remain a "citizen of the United States" within the meaning of the Transportation Code, (iii) obtain and keep in full force and effect (A) all rights, franchises, licenses and permits that are necessary to the proper conduct of its business, and (B) all approvals by any Governmental Authority required with respect to the performance of its obligations under the Loan Documents and the operation of the Aircraft and its business, (iv) cause the Aircraft to remain primarily hangared at the Primary Hangar Location, and duly registered in Customer's name under the Transportation Code (including, by making all necessary reports, re-registering its ownership of the Aircraft, and taking all other actions required by Applicable Law), and (v) pay and perform all of its obligations and liabilities when due. (b) Customer agrees that (i) it shall not change its presently existing legal name or its form or state of organization on or after the date of this Agreement, without Lender's prior written consent, (ii) if its presently existing state organizational identification number changes, or if Customer currently has no such state organizational number but is subsequently issued such a number, on or at any time after the date of this Agreement, Customer shall immediately notify Lender thereof, and (iii) it shall not change the presently existing mailing, chief executive office and/or principal place of business address on or after the date of this Agreement without giving Lender thirty (30) days written notice of the same.

Taxes. (a) Customer will file or cause to be filed with all appropriate taxing authorities all Federal, state and local income tax returns that are required to be filed and all registrations, declarations, returns and other documentation with respect to any personal property taxes (or any other taxes in the nature of or imposed in lieu of property taxes) due or to become due with respect to the Aircraft or any of the other Collateral. (b) Customer will pay (or cause to be paid) (i) on or before the date when due all taxes as shown on said returns and all taxes assessed, billed or otherwise payable with respect to the Aircraft or the other Collateral directly to the appropriate taxing authorities; and (ii) when due all license and/or registration or filing fees, assessments, governmental charges and sales, use, property, excise, privilege, value added and other taxes (including any related interest or penalties) or other charges or fees now or hereafter imposed by any governmental body or agency upon Customer or the Aircraft or any of the other Collateral, with respect to the landing, airport use, manufacturing, ordering, shipment, purchase, ownership, delivery, installation, leasing, chartering, operation, possession, use or disposition of the Aircraft or any of the other Collateral, or any interest therein (the items referred to in (i) and (ii) above being referred to herein collectively, as "**Impositions**").

No Disposition of Collateral or Liens; Title and Security Interest.

Customer shall not sell, assign, enter into any Third Party Agreement, convey, mortgage, exchange or otherwise transfer or relinquish possession of (including by any seizure or other taking by any foreign or domestic governmental authority) or dispose of the Airframe or Engines, any Part, any related associated rights, international interests or prospective international interests, any proceeds or any of the other Collateral, or attempt or offer to do, or suffer or permit any of the foregoing. Customer shall be permitted, however, to deliver possession of the Airframe, the Engines, or any APU or Part to another Person for testing, service, repair, maintenance, overhaul, alteration or modification, and to enter into Permitted Third Party Agreements, in each case, if and to the extent consistent with the provisions of the Loan Documents. Customer will warrant and defend its good and marketable title to the Airframe, the Engines and the other Collateral, and the validity, perfection and first priority of Lender's Lien in the Collateral, against all other Liens, claims and demands whatsoever, except Permitted Liens; and without limiting the foregoing, Customer will (i) not create, assume or suffer to exist any Liens on or with respect to the Airframe, the Engines, or any of the other Collateral, or Customer's interest therein (other than Permitted Liens); and (ii) promptly take such action as directed by Lender to duly discharge any such unpermitted Liens.

So long as no Default or Event of Default is then existing, Customer may enter into and remain a party to Third Party Agreements, in each such case, subject to the satisfaction of, and compliance by Customer and each Interested Third Party with, all of the following throughout the term of such arrangement: (i) Each such Interested Third Party shall (A) be and remain solvent, and (unless an individual) organized under the laws of a state within the United States; and (B) if engaged by Customer with the prior written consent of Lender as a manager and/or charter operator (including the Manager pursuant to the Management Agreement), while so engaged, (1) have a recognized favorable reputation as a manager and/or charter operator, as the case may be, of aircraft similar to the Aircraft, (2) be providing management and/or charter operation services for other aircraft owners similar to the services contemplated therein, and (3) if and at all times while conducting any charter operations (x) have and maintain a valid Part 135 Certificate evidencing its authority to conduct such operations, (y) list the Aircraft on its operations specifications, and (z) comply with all Applicable Standards pertaining to such charter operations. (ii) Any operation of the Aircraft pursuant to any such Third Party Agreement shall be limited to (A) if by Customer, Parent Guarantor or any Affiliate of Parent Guarantor, any time sharing agreements (as defined in Section 91.501(c)(1)) complying with Part 91 of the FARs and all other Applicable Standards, (B) if by a manager and/or a charter operator with Lender's prior written consent, pursuant to and in full compliance with the requirements of Part 135 of the FARs and all other Applicable Standards, or (C) if such Third Party Agreement is a "dry lease" by Customer, as lessor, to Parent Guarantor or an Affiliate of Parent Guarantor or other Interested Third Party permitted pursuant hereto, as lessee, operation by such lessee complying with (1) Part 91 and any other applicable provision of the FARs, and all other Applicable Standards, and (2) the provisions hereof and of the other Loan Documents pertinent to the operation of the Aircraft (whether by Customer or any permitted Interested Third Party). (iii) The related Third Party Agreement shall (A) be and remain, subject and subordinate to Lender's Lien in and with respect to the Collateral, and Lender's rights and remedies under the Loan Documents (and such subordination shall be expressly acknowledged therein), (B) not convey any Lien on, or other property interest in or against the Airframe, the Engines or any of the other Collateral, except for a Permitted Lien (but, without giving effect to clause (a) of the definition of such term), (C) not permit any further sublease or disposition of or unpermitted Lien against the Aircraft or any of the other Collateral by any of the Interested Parties thereto or any other Person, or any change in registration or unpermitted change in hangaring of the Aircraft, (D) not contain provisions that are inconsistent with the provisions of any of the Loan Documents or cause Customer to breach any of its representations, warranties or agreements under any of the Loan Documents, (E) be in conformity with all requirements of the FARs and other Applicable Laws, and (F) otherwise conform to any Operating Consent required by Lender with respect thereto. (iv) (A) Customer shall have specified such Third Party Agreement on Annex B if existing on the Closing Date, or if not then existing shall require Lender's prior written consent and at least thirty (30) Business Days' prior written

notice of its intention to enter into a Third Party Agreement and (B) no later than the effective date thereof Customer shall comply with, and at all times thereafter remain in compliance with, any related requirements by Lender, including (1) entering into, and causing any related Interested Third Parties to enter into, an Operating Consent, (2) causing Lender to be covered by the Required Coverages (which, for the purposes hereof, may include insurance coverages obtained and maintained by an Interested Third Party, conforming to the insurance requirements herein and in any of the other Loan Documents), and (3) entering into or delivering, or causing to be entered into and delivered, all such other documents, filings and assurances, making or causing to be made such filings and registrations, and taking or causing to be taken all such other actions, in each case as may be required by Lender and (4) paying or reimbursing Lender for any related costs or expenses. (v) Lender shall have the right, but not the obligation, to (A) require reasonable evidence that any Interested Third Party satisfies the requirements provided herein, and (B) review any such Third Party Agreement, as from time to time supplemented and amended, to determine its conformity with the provisions hereof, but without assuming any responsibility with respect thereto. (vi) Customer shall neither make, nor permit to be made, any filing or registration with respect to any Permitted Third Party Agreement, unless so directed by Lender pursuant to Section 5.2 or otherwise. Notwithstanding the foregoing limitations Parent Guarantor or any Affiliate shall be permitted to conduct the carriage of Parent Guarantor or any Affiliate and/or their respective guests pursuant to 14 CFR Section 91.501(b)(4), affiliated group operations pursuant to 14 CFR Section 91.501(b)(5) and/or (6), demonstration flights pursuant to 14 CFR Section 91.501(b)(3), time sharing or interchange operations pursuant to 14 CFR Section 91.501(b)(6), the carriage of customers pursuant to 14 CFR Section 91.501(b)(9) and/or the carriage of candidates in Federal elections conducted pursuant to 14 CFR Section 91.321.

With respect to any Third Party Agreements complying with all of the provisions of Section 4.4(b) (each a “ **Permitted Third Party Agreement** ”), although certain of the duties and obligations of Customer under the Loan Documents may be performed by one or more of the Interested Third Parties, (i) no such Permitted Third Party Agreement shall reduce any of Customer’s obligations, or Lender’s rights, under any of the Loan Documents, (ii) all of Customer’s obligations under the Loan Documents shall be and remain primary and continue in full force and effect as the obligations of a principal and not of a guarantor or surety, and (iii) Lender is not waiving the right to require full and timely performance of any such obligations in strict accordance with the provisions hereof and of the other Loan Documents. By way of clarification and not limitation, with respect to any provisions of this Agreement or any of the other Loan Documents requiring Customer to take or refrain from taking an action relating to the Aircraft or any of the other Collateral, such provision may also be read to mean that Customer shall cause the same to be done in accordance therewith, if at that time the Aircraft or such other Collateral is in the possession or control of an Interested Third Party pursuant to a Permitted Third Party Agreement.

Use of Aircraft; Maintenance; Modifications; Security.

Customer will operate the Aircraft or shall cause the Aircraft to be operated under and in compliance with Part 91 and any other applicable provision of the FARs, and all other Applicable Standards. Unless otherwise expressly permitted hereunder, (i) Customer shall not operate or permit the Aircraft to be operated for air taxi operations or otherwise under Part 135 of the FARs; and (ii) Customer, an Affiliate or other Interested Third Party shall at all times have, and maintain, “operational control” of the Aircraft (as such term is then interpreted by the FAA or such other applicable Governmental Authority), and no other Person shall operate the Aircraft. The Aircraft at all times will be operated by duly qualified pilots having satisfied all requirements established and specified by the FAA, the TSA, any other applicable Governmental Authority and the Required Coverages.

the Aircraft may be flown temporarily to any country in the world, provided that the Aircraft (i) shall at all times be based in the continental United States; and (ii) shall not be flown, operated, used or located in, to or over any such country or area (temporarily or otherwise) (A) that is excluded from the Required Coverages (or specifically not covered by such insurance), (B) with which the U.S. does not maintain favorable diplomatic relations (which is any country or jurisdiction not marked with an “\*” on the list maintained by the U.S. Department of State, at <http://www.state.gov/s/inr/rls/4250.htm> or any replacement or equivalent website maintained by the U.S. Department of State), provided that the prohibition in this clause (B) does not prohibit the operation of the Aircraft on an approved and assigned air traffic control route (if and so long as such use is otherwise in compliance with the provisions of the this Agreement and does not violate any insurance policies in effect with respect to the Aircraft) , (C) to the extent that payment of any claim under the Required Coverages directly or indirectly arising or resulting from or connected with any such flight, operation, use or location would be prohibited under any trade or other economic sanction or embargo by the United States of America, or (D) in violation of any of the Loan Documents or any Applicable Standards. Customer shall adopt, implement and comply with all security measures required by any Applicable Law, or by any Required Coverages, or that are necessary or appropriate for the proper protection of the Aircraft (whether on the ground or in flight) against theft, vandalism, hijacking, destruction, bombing, terrorism or similar acts.

Customer agrees that, with respect to the Airframe, the Engines, each APU and each Part, Customer will at its own expense, (i) maintain, inspect, service, repair, overhaul and test the same in accordance with Applicable Standards; (ii) make any alterations or modifications that may at any time be required to comply with Applicable Standards, and to cause the Aircraft to remain airworthy; (iii) furnish all required parts, replacements, mechanisms, devices and servicing so that the condition and operating efficiency thereof will at all times be no less than its condition and operating efficiency as and when delivered to Customer, ordinary wear and tear from proper use alone excepted; (iv) promptly replace all Parts (A) which become worn out, lost, stolen, taken, destroyed, damaged beyond repair or permanently rendered or declared unfit for use for any reason whatsoever, or (B) if not previously replaced pursuant to clause (A), as and when required by any Applicable Standards, including any applicable life limits; and (v) maintain (in English) all Records in accordance with Applicable Standards; and (vi) enroll and maintain the Engines in an Engine Maintenance Program and the APU in an APU Maintenance Program or shall cause the foregoing to be done. All maintenance procedures shall be performed by properly trained, licensed, and certified maintenance sources and personnel utilizing replacement parts approved by the FAA and the manufacturer of (as applicable) the Airframe, the Engines, or any APU or Part. Without limiting the foregoing, Customer shall comply with all mandatory service bulletins and airworthiness directives by causing compliance to such bulletins and/or directives to be completed through corrective modification in lieu of operating manual restrictions.

Customer will not make, authorize or permit any improvement, change, addition or alteration to the Aircraft that will impair the originally intended function or use of the Aircraft, diminish the value of the Aircraft as it existed immediately prior thereto, or violate any Applicable Standard. All repairs, parts, replacements, mechanisms and devices added by Customer or on its behalf shall immediately, without further act, become part of the Aircraft and subject to the Lender’s Lien granted under this Agreement.

Insurance.

Customer agrees to maintain or cause to be maintained at all times, at its sole cost and expense, with insurers of recognized reputation and responsibility satisfactory to Lender (but in no event having an A.M. Best or comparable agency rating of less than “A-”):

(A) comprehensive aircraft liability insurance against bodily injury or property damage claims including, without limitation, contractual liability, premises liability, death and property damage liability, public and passenger legal liability coverage, and sudden accident pollution coverage, in an amount not less than \$200,000,000.00 for 20 or more seats, or if the Aircraft will be chartered, or \$100,000,000.00 for 10 or more seats, or \$50,000,000.00 for fewer than 10 seats for each single occurrence, and (B) personal injury liability in an amount not less than

\$25,000,000.00; but, in no event shall the amounts of coverage required by sub-clauses (A) and (B) be less than the coverage amounts as may then be required by Applicable Law;

“all-risk” ground, taxiing, and flight hull insurance on an agreed-value basis, covering the Aircraft, provided that such insurance shall at all times be in an amount not less than the greater of (1) the full replacement value of the Aircraft (as determined by Lender), or (2) the unpaid principal amount of the Note (each such amount re-determined as of each anniversary of the date hereof for the next succeeding year throughout the term of this Agreement); and

war risk and allied perils (including confiscation, appropriation, expropriation, terrorism and hijacking insurance) in the amounts required in paragraphs (i) and (ii), as applicable.

Any policies of insurance carried in accordance with this Section 4.6 and any policies taken out in substitution or replacement of any such policies shall (i) be endorsed to name Lender as an additional insured as its interests may appear (but without responsibility for premiums), (ii) provide, with respect to insurance carried in accordance with Section 4.6(a)(ii) or (a)(iii) above, that any amount payable thereunder shall be paid directly to Lender as sole loss payee and not to Lender and Customer jointly, (iii) provide for thirty (30) days’ (seven (7) days’ in the case of war, hijacking and allied perils) prior written notice by such insurer of cancellation, material change, or non-renewal, (iv) include a severability of interest clause providing that such policy shall operate in the same manner as if there were a separate policy covering each insured, (v) waive any right of set-off against Lender, and any rights of subrogation against Lender, (vi) provide that in respect of the interests of Lender in such policies, that the insurance shall not be invalidated by any action or inaction of Customer or any other Person operating or in possession of the Aircraft, regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by or binding upon Customer or any other Person operating or in possession of the Aircraft, and (vii) be primary, not subject to any co-insurance clause and shall be without right of contribution from any other insurance.

Customer shall not self-insure (by deductible, premium adjustment, or risk retention arrangement of any kind) with respect to any of the risks required to be insured pursuant to this Section 4.6. Customer agrees that it shall obtain and maintain such other insurance coverages, or cause adjustments to be made to the scope, amount or other aspects of the existing insurance coverages, promptly upon Lender’s request, as and when Lender deems such additional insurance coverages or modifications to be appropriate in light of any changes in Applicable Law, prudent industry practices, the insurance market, Customer’s anticipated use of the Aircraft or other pertinent circumstances. All of the coverages required herein shall be in full force and effect worldwide throughout any geographical areas to, in or over which the Aircraft is operated. All insurance proceeds payable under the requisite policies shall be payable in U.S. Dollars.

At least ten (10) days prior to the policy expiration date for any insurance coverage required by this Section 4.6, Customer shall furnish to Lender evidence (having the form and substance consistent with Section 1(f) of the Closing Terms Addendum) of the renewal or replacement of such coverage, complying with the terms hereof, for a twelve (12) month or greater period commencing from and after such expiration date.

#### Event of Loss; Loaner Engines.

Upon the occurrence of any Event of Loss with respect to the Aircraft and/or the Airframe, Customer shall notify Lender of any such Event of Loss within five (5) days of the date thereof. Customer shall pay the then Outstanding Balance promptly upon its receipt of insurance proceeds relating to such Event of Loss, but in no event later than ninety (90) days after the occurrence of such Event of Loss (irrespective as to whether any or all of such proceeds have been received). Upon Lender’s receipt in good and indefeasible funds of all of the amounts required to be paid pursuant to the preceding sentence (whether by applying Customer’s payment of such amounts, or any such insurance proceeds, or both) the Aircraft shall be released from the Lender’s Lien, and Lender shall remit to Customer any such insurance proceeds so received by Lender, to the extent then remaining.

Upon an Event of Loss with respect to an Engine or any APU (as applicable, a “ **Lost Item** ”) under circumstances in which there has not occurred an Event of Loss with respect to the Airframe, Customer shall, within one hundred twenty (120) days after the occurrence of such Event of Loss, replace such Lost Item, with a Permitted Replacement. Any engine or auxiliary power unit constituting a “ **Permitted Replacement** ” for a Lost Item shall (i) be of the same make and model number as the Lost Item, (ii) be free and clear of all Liens and (iii) have a value, utility and useful life at least equal to, and be in as good an operating condition as, the Lost Item, assuming such Lost Item was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss. Customer, at its own cost and expense, shall (i) furnish Lender with such documents to evidence such conveyance, (ii) cause the Permitted Replacement to be subject to the Lender’s Lien under this Agreement, and (iii) take such other actions as may be required by Lender to cause the Lender’s Lien therein to be validly created, perfected and have first priority, including as evidenced on the FAA Registry, the International Registry, and any other recording office. Each such Permitted Replacement shall, after such conveyance, be deemed an “Engine” or “APU” (as defined herein), as applicable, and shall be deemed part of the same Aircraft as was the Lost Item replaced thereby.

In the event an Engine is damaged and is being repaired, or is being inspected or overhauled, Customer, at its option, may temporarily substitute another engine during the period of such repair or overhaul, so long as such engine is of the same make and model as the Engine being repaired or overhauled, is free and clear of any Lien that might impair Lender’s rights or interests in the Airframe and is maintained in accordance herewith (any such substitute engine being hereinafter referred to as a “ **Loaner Engine** ”). Customer shall (i) cause such Loaner Engine to be installed and removed, as applicable, by a maintenance facility certified by the FAA and manufacturer with respect to the Aircraft, and (ii) cause the repaired or overhauled original Engine to be reinstalled on the Airframe promptly upon completion of the repair or overhaul, but in no event later than the earlier of one hundred twenty (120) days after removal or the occurrence of an Event of Default.

So long as no Default has occurred and is continuing, and no Event of Default or Event of Loss with respect to the Aircraft has occurred, any loss or damage proceeds of the Required Coverages received by Lender shall be released promptly by Lender to Customer to reimburse Customer for paying the costs actually incurred with respect to repairs made to the Aircraft so as to restore it to the condition required by this Agreement, or for the purchase of a Permitted Replacement pursuant to Section 4.7(b), or shall be disbursed by Lender as otherwise required by this Agreement.

Aircraft Registration. On or before the Closing Date, and at all times thereafter, so long as any of the Obligations are outstanding, Customer shall remain solely responsible pursuant to the applicable provisions of this Agreement to cause (i) the Aircraft to be effectively and otherwise validly registered in Customer’s name on the Registry, and (ii) the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft, in each case, accordance with the Registration Requirements; and without limiting the foregoing, or any other provision of this Agreement, Customer shall:

cause the Registration Certificate to be maintained within the Aircraft and cause the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft; including by (A) notifying Lender immediately of any event or circumstance with respect to which the Registration Requirements require further action by Customer, the Registry or any other Governmental Authority or other Person, (B) immediately upon receipt, placing the original, replacement or renewal Registration Certificate on the Aircraft prior to the expiration or other invalidation of any previously issued Registration Certificate (whether the certificate or any other document constituting the Registration Certificate as defined herein) under the Registration Requirements, and (C) complying with any and all of the other Registration Requirements relating to such Registration Certificate, and to the Registration Certificate replaced thereby (including any of the same relating to the destruction or return thereof, as the case may be); and



within such notice period) or (B) notify Lender of any Default or Event of Default within ten (10) Business Days of its occurrence; or

(i) any Customer Party shall (A) generally fail to pay its, or his or her debts as they become due, admit its, or his or her inability to pay its, or his or her debts or obligations generally as they fall due, or shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws or other insolvency laws, or an answer admitting the material allegations of such a petition filed against such Customer Party in any such proceeding; or (B) by voluntary petition, answer or consent, seek relief under the provisions of any other bankruptcy or other insolvency or similar law providing for the reorganization or liquidation of corporations, or providing for an assignment for the benefit of creditors, or providing for an agreement, composition, extension or adjustment with its, or his or her creditors; or (ii) a petition against any Customer Party in a proceeding under applicable bankruptcy laws or other insolvency laws, as now or hereafter in effect, shall be filed and shall not be withdrawn or dismissed within one hundred twenty (120) days thereafter, or if, under the provisions of any law providing for reorganization or liquidation of business entities that may apply to any Customer Party, any court of competent jurisdiction shall assume jurisdiction, custody or control of such Customer Party or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of one hundred eighty (180) days after the filing date; or

the occurrence of any of the following events with respect to any Customer Party: (A) it enters into any transaction of merger, consolidation or reorganization; (B) it ceases to do business as a going concern, liquidates, or dissolves, or sells, transfers or otherwise disposes of all or substantially all of its assets or properties (in one or more transactions); (C) it becomes the subject of, or engages in, a leveraged buy out; (D) it changes the form of organization of its business; (E) if it is privately owned as of the Closing Date, there is any substantial change in the ownership or control of its capital stock or membership interests such that the holder(s) that own or control one hundred percent (100%) of such equity interests as of the Closing Date no longer do so; or (F) if it is publicly held as of the Closing Date, any change so that it is no longer subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or no longer registered under Section 12 of the Securities Act of 1933, as amended; or

(i) the conviction of or guilty plea by any Customer Party with respect to any criminal act constituting a felony, (ii) any repudiation by any Customer Party of its obligation for the payment or performance of the Obligations, (iii) any allegation by any Customer Party or judicial determination that any of the Loan Documents is unenforceable in any material respect or (iv) a Default (as defined in any Guaranty) shall occur; or any event or condition constituting a breach or other default under any Operating Consent.

## **Remedies .**

Acceleration; Termination of Commitment . If any Event of Default shall occur, Lender, in its sole discretion, may (a) declare the Obligations to be immediately due and payable, and upon such declaration the Obligations (including, the unpaid principal amount of the Note, together with all accrued but unpaid interest thereon, any prepayment fees and all other amounts due and payable under or with respect to the Loan Documents), shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the other Loan Documents to the contrary notwithstanding, (b) terminate any then outstanding commitment whether to Customer or any Affiliate to make the Loan or any advance thereof, or any other financial accommodations, whether related to the Loan or otherwise, and/or (c) pursue and enforce any of Lender's rights and remedies under this Section 7; provided, however, if an Event of Default specified in Section 6 (e) above shall occur, the Obligations shall become immediately due and payable, all such commitments shall terminate, and Lender shall have all such other rights and remedies contemplated in the preceding clauses (a), (b) and (c), automatically, and without any notice or other action by Lender.

Additional Remedies . If an Event of Default occurs, in addition to all other rights and remedies granted to it in this Agreement and in the other Loan Documents, Lender may exercise all rights and remedies of a secured party under the UCC or as a creditor, chargee or security assignee under the Cape Town Convention (including any and all remedies thereunder requiring agreement by Customer), or otherwise available to Lender under any other Applicable Law. Without limiting the generality of the foregoing, Customer agrees that upon the occurrence of an Event of Default, Lender, without demand or notice of any kind (except as specified below) to or upon Customer or any other Person, in its sole discretion, may exercise any one or more of the following remedies:

(i) peacefully enter the premises where the Aircraft, the Engines, or any other Collateral is located, take immediate possession of, remove (or disable in place), or otherwise take control or custody of the Airframe, the Engines or any other Collateral (whether or not then attached to the Airframe) by self-help, summary proceedings or otherwise without liability, (ii) preserve the Airframe, the Engines or the other Collateral, and their respective value (but without any obligation to do so), and immobilize or keep idle the Airframe or Engines, and/or (iii) use Customer's premises for storage without liability; and Customer agrees, at Lender's request, to assemble the Collateral, and make it available to Lender at such places as Lender shall reasonably select, whether at Customer's premises or elsewhere;

(i) terminate the right of any Interested Third Party, and any other third party to use, possess or control the Airframe, the Engines or any of the other Collateral, including under any Permitted Third Party Agreement or other Third Party Agreement, without regard as to the existence of any event of default thereunder, (ii) recover from, and/or cause Customer and any such Interested Third Party, and any other third party, to relinquish possession and return the Airframe, the Engines and any other Collateral pursuant to this Section 7, and/or (iii) exercise any and all other remedies under any Operating Consents in Customer's stead, to the extent provided for under, or otherwise available to Customer in connection with any related Permitted Third Party Agreement or such other Third Party Agreement;

(i) manage, sell, lease, assign or otherwise dispose of the Airframe, the Engines or any other Collateral, in whole or in part, whether or not in Lender's possession, in one or more parcels or transactions, at public or private sale or sales, with or without notice to Customer (except as required by Applicable Law, and in furtherance thereof, Lender agrees that it shall give Customer no less than ten (10) working days' prior notice of any proposed sale or lease of the Airframe or Engines, which Customer acknowledges as constituting "reasonable prior notice" for the purposes of the Cape Town Convention) at such prices as Lender may deem best, and/or (ii) purchase the Collateral, in whole or in part, upon any public sale or sales, and to the extent permitted by Applicable Law upon any private sale or sales, free of any right or equity of redemption in Customer, which right or equity of redemption is hereby expressly released;

(i) collect, receive, appropriate and realize upon the Collateral, or any part thereof, including by applying any deposit or other cash collateral, or collecting or receiving, appropriating and realizing upon any income, profits or other proceeds arising from the management or use of the Airframe, the Engines or any of the other Collateral, and applying the same (after deducting all taxes, costs, expenses and other reductions of every kind incurred in connection therewith) to the payment in whole or in part of the Obligations, in such order and manner as Lender may elect; and (ii) after making such application, (A) remitting to Customer or to such other Person any excess then remaining, as and to the extent Lender is required by Applicable Law to make such remittance and (B) demanding, collecting and receiving from Customer any deficiency then remaining (and Customer agrees that it shall remain liable for, and pay upon demand, the full amount of any such deficiency);

(i) demand and obtain from any court speedy relief pending final determination available at law (including, possession, control, custody or immobilization of the Airframe and Engines, or preservation of the Airframe and the Engines and their respective value), (ii) procure the deregistration and/or export and physical transfer of the Airframe from the territory in which it is then situated (including pursuant to an IDERA, if any, executed by Customer), and/or (iii) otherwise proceed at law or in equity, to enforce specifically Customer's performance or to recover damages; and/or

exercise any and all other rights and remedies under or with respect to the Loan Documents or Applicable Law, including the Cape Town Convention and the UCC.

No Waiver: Cumulative Remedies . No right or remedy is exclusive. Customer hereby acknowledges that none of the provisions of this Section 7, including any remedies set forth or referenced herein, is "manifestly unreasonable" for the purposes of the Cape Town Convention. Each may be used successively and cumulatively and in addition to any other right or remedy referred to above or otherwise available to Lender at law or in equity, but in no event shall Lender be entitled to recover any amount in excess of the maximum amount recoverable under Applicable Law with respect to any Event of Default. No express or implied waiver by Lender of any Default or Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default. The failure or delay of Lender in exercising any rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or reoccurrence of any such contingencies or similar contingencies, and any single or partial exercise of any particular right by Lender shall not exhaust the same or constitute a waiver of any other right provided for or otherwise referred to herein. After the occurrence of any Default or Event of Default, the acceptance by Lender of any payment or performance of any of the Obligations, including the payment of any installment of principal and/or interest or of any other sum owing hereunder or under the other Loan Documents shall not constitute a waiver of such Default or Event of Default, regardless of Lender's knowledge or lack of knowledge thereof at the time of acceptance of any such payment or performance and shall not constitute a reinstatement of any of the Loan Documents, unless Lender shall have agreed in writing to reinstate the same and waive the Default or Event of Default. To the extent permitted by Applicable Law, Customer waives any rights now or hereafter conferred thereby, that (a) limit or modify any of Lender's rights or remedies under this Agreement or any of the other Loan Documents, including the provisions of Article 13(2) of the Convention, or (b) would otherwise entitle Customer to (i) receive notices or demands as a condition to Lender's exercise of any rights or remedies, except as expressly required above or (ii) make claims, damages and demands against Lender arising out of the repossession, retention, sale or other disposition of the Collateral.

#### **MISCELLANEOUS**

Notices . All communications and notices provided for herein shall be in writing and shall be deemed to have been duly given or made (i) upon hand delivery, or (ii) upon delivery by an overnight delivery service, or (iii) when sent by telecopy (with customary confirmation of receipt of such telecopy) on the Business Day when sent or upon the next Business Day if sent on other than a Business Day.

#### Expenses and Fees; Indemnity; Performance of Customer's Obligations .

Customer shall pay to Lender upon demand all reasonable fees, costs and expenses incurred by or on behalf of Lender at any time in connection with (i) the negotiation, preparation, execution, delivery and enforcement of the Loan Documents and the collection of the Obligations (both before and after the occurrence of a Default or Event of Default), (ii) the creation, preservation and protection of the Collateral and the perfection, first priority and enforcement of Lender's Lien, or (iii) Customer's exercise of any right granted under, or any amendment or other modification to any of, the Loan Documents. Such fees, costs and expenses shall include, without limitation, reasonable appraisal and inspection fees, the reasonable fees and expenses of Aviation Counsel and of Lender's counsel, consultants and brokers, UCC, FAA, International Registry and other applicable title, interest and lien searches, and reasonable costs and expenses relating to recovery, repossession, storage, insurance, transportation, repair, refurbishment, advertising, sale and other dispositions of the Aircraft or any of the other Collateral. Customer shall also pay all reasonable fees (including license, filing and registration fees), Impositions and other charges of whatever kind or nature that may be payable or determined to be payable in connection with (A) the execution, delivery, recording or performance of this Agreement or any of the other Loan Documents, or any modification thereof, and (B) the filings, registrations and other undertakings relating thereto. Notwithstanding the foregoing, as long as there are no more than two (2) revised drafts of any Loan Document provided by Customer or its counsel to Lender or Lender's counsel, Customer shall be responsible for not more than \$35,000.00 in the aggregate for the legal fees of outside counsel to Lender (including, Aviation Counsel) and appraisal, inspection, processing, credit verification, lien searches, FAA and International Registry fees and other fees incurred in connection with the initial negotiation, preparation and execution of this Agreement and the other Loan Documents executed and delivered on or before the Closing Date (and the consummation of the closing contemplated to occur thereon); provided that in the event that the negotiation exceeds two (2) revised drafts of any Loan Document, then Customer shall pay for the actual amount of such out of pocket fees incurred by Lender relating to the drafting and negotiation in excess of such two (2) revised drafts. Lender shall apply the previously paid deposit amount of \$35,000.00 to such fees and shall refund to Customer the amount by which the deposit exceeds such fees.

Customer hereby further agrees, whether or not the transactions contemplated by this Agreement shall be consummated, to pay, indemnify, and hold Lender and its affiliates and all of the Lender's and such affiliates' respective directors, shareholders, members, officers, employees, agents, predecessors, attorneys-in-fact, lawyers, successors and assigns (Lender, its affiliates and all of such other parties and entities sometimes hereinafter collectively, the "**Indemnified Parties**" ) harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, out of pocket costs, attorney's fees, expenses or disbursements of any kind or nature whatsoever ("**Claims**" ) arising with respect to or in connection with (i) the Airframe, the Engines, or any APUs or Parts, or any of the other Collateral, including (whether by or through Customer, Vendor, any Interested Third Party, or any other Person), the manufacture, inspection, ownership, lease, sublease, management, pooling, interchange, time sharing, chartering, possession, use, operation, maintenance, security, condition (whether prior to, upon or after delivery or acceptance of any of the same), repossession, storage, sale or other disposition of any of the same, or any accident in connection therewith, including Claims involving or alleging environmental damage, criminal acts, hijacking, acts of terrorism or similar acts, product liability or strict or absolute liability in tort, latent and other defects (whether or not discoverable) and for any other risk or matter, including any of the same that result in injuries, death, destruction, or other harm or loss to persons or property, or (ii) any of the Loan Documents, Third Party Agreements or other Transaction Documents, or the performance, breach (including any Default or Event of Default) or enforcement of any of the terms hereof or thereof, provided, that Customer shall have no obligation to indemnify an Indemnified Party with respect to Claims arising from the gross negligence or willful misconduct of such Indemnified Party (unless if imputed by Applicable Law). If any Claim is made against any Indemnified Party, the party receiving notice or otherwise becoming aware of such Claim shall promptly notify the other, but the failure of the party having knowledge of a Claim to so notify the other party shall not relieve Customer of any obligation hereunder.

If any Customer Party fails to perform or comply with any of its agreements contained herein or in the other Loan Documents, including, without limitation, its obligations to keep the Collateral free of Liens (other than the Permitted Liens), comply with Applicable Standards, or obtain the Required Coverages, Lender shall have the right, but shall not be obligated, to effect such performance or compliance, with such agreement. Any expenses of Lender incurred in connection with effecting such performance or compliance, together with interest thereon at the default rate of interest provided for in the Note from the date incurred until reimbursed, shall be payable by Customer to Lender promptly on demand and until such payment shall constitute part of the Obligations secured hereby. Any such action shall not be a cure or waiver of any Default or Event of Default hereunder.

Entire Agreement; Modifications . This Agreement and the other Loan Documents constitute the entire understanding and agreement of the parties hereto with respect to the matters contained herein and therein, and shall completely and fully supersede all other prior agreements (including any proposal letter, commitment letter, and/or term sheet), both written and oral, between Lender and Customer relating to the Obligations. Neither this Agreement, nor any terms hereof, may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of a change, waiver, discharge or termination is sought.

Construction of this Agreement and Related Matters . All representations and warranties made in this Agreement and in the other Loan Documents shall survive the execution and delivery of this Agreement and the making of the Loan hereunder. Customer's obligations contained in this Section 8 shall survive the payment and performance of the Obligations, the termination of this Agreement, and the release of the Collateral.

This Agreement may be executed by the parties hereto on any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. The headings of the Sections hereof are for convenience only, are not part of this Agreement and shall not be deemed to affect the meaning or construction of any of the provisions hereof. Time is of the essence in the payment and performance of all of Customer's obligations under this Agreement. Any provision of this Agreement that may be determined to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective in such jurisdiction to the extent thereof without invalidating the remaining provisions of this Agreement, which shall remain in full force and effect.

**Lender's Assignment.** Lender, may at any time, with or without notice to Customer, freely grant a security interest in, sell, assign, participate or otherwise transfer (an "Assignment") all or any part of its interest in this Agreement and the other Loan Documents (including all associated rights associated with or secured thereby and the related international interests) or any amount due or to become due hereunder or thereunder, and Customer shall perform all of its obligations under the Loan Documents, to the extent so transferred, for the benefit of the beneficiary of such Assignment (such beneficiary, including any successors and assigns, an "Assignee"); provided, however, if such Assignee is not an Affiliate of Lender and if no Default or Event of Default exists, Lender will provide prior notice of any such Assignment to a third party. Customer hereby waives any right to assert, and agrees not to assert, against any Assignee any abatement, reduction, defense, setoff, recoupment, claim or counterclaim that Customer may have against Lender, provided that Lender remains fully responsible therefor. Upon the assumption by such Assignee of Lender's obligations hereunder, Lender shall be relieved of any such assumed obligations. Customer hereby consents to any such assignment, grant, sale or transfer, including, without limitation, for purposes of the Cape Town Convention. If so directed in writing, Customer shall pay all amounts due or to become due under the Loan Documents, including any of the same constituting associated rights or proceeds directly to the Assignee or any other party designated in writing by Lender or such Assignee. Customer acknowledges and agrees that Lender's right to enter into an Assignment is essential to Lender and, accordingly, waives any restrictions under Applicable Law with respect to an Assignment and any related remedies. Upon the request of Lender or any Assignee, Customer also agrees (a) to promptly execute and deliver, and cause to be executed and delivered by any Guarantor or any other Transaction Party, to Lender or to such Assignee an acknowledgment of assignment in form and substance satisfactory to the requesting party, an insurance certificate naming Assignee as additional insured and loss payee and otherwise evidencing the Required Coverages, an IDERA in favor of Assignee, and such other documents and assurances reasonably requested by Lender or Assignee, (b) to make, or cause to be made, all registrations (including all assignments and subordinations) and all amendments, extensions and discharges with the International Registry reasonably requested by Lender or Assignee (and give or obtain any necessary consent thereto, as well as renew any authorization required by the International Registry in connection therewith, including renewing its transacting user entity status and re-designating a professional user entity, if necessary in Lender's judgment), and (c) to comply with any and all other reasonable requirements of any such Assignee in connection with any such Assignment.

**Jurisdiction.** Customer and Lender each hereby irrevocably consents and agrees that any legal action, suit or proceeding arising out of or in any way in connection with this Agreement or any of the other Loan Documents may be instituted or brought in the courts of the State of New York or in the United States Courts for the Southern District of New York, as Customer or Lender may elect or in any other state or Federal court as Lender shall deem appropriate, and by execution and delivery of this Agreement, Customer and Lender each hereby irrevocably accepts and submits to, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of any such court, and to all proceedings in such courts. Customer and Lender each irrevocably consents to service of any summons and/or legal process by first class, certified United States air mail, postage prepaid, to Customer at the address set forth below its signature hereto, such method of service to constitute, in every respect, sufficient and effective service of process in any such legal action or proceeding. Nothing in this Agreement or in any of the other Loan Documents shall affect the right to service of process in any other manner permitted by law or limit the right of Lender to bring actions, suits or proceedings in the courts of any other jurisdiction. Customer and Lender each further agrees that final judgment against it in any such legal action, suit or proceeding shall 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 shall be conclusive evidence of the fact and the amount of the liability. Notwithstanding anything in the foregoing to the contrary, Lender and Customer may bring a judicial proceeding in the Republic of Ireland, solely with respect to matters relating to the International Registry.

**Governing Law; Binding Effect.** This Agreement shall be construed and enforced in accordance with, and the rights of both parties shall be governed by, the internal laws of the State of New York (without regard to the conflict of laws principles of such state, except as to the effect of Title 14, Section 5-1401 of the New York General Obligations Law), including all matters of construction, validity, and performance. This Agreement shall be binding upon and inure to the benefit of Customer and Lender and their respective successors and assigns (but without limiting the provisions of Section 8.5); except that Customer may not assign or transfer its rights or obligations hereunder or under any other Loan Agreement, or any interest herein or therein; and any such purported or attempted assignment or transfer by Customer shall be null and void.

**Customer's Capacity as Owner Trustee.** TVPX Aircraft Solutions Inc. ("TVPX") is executing this Agreement, and the other Loan Documents solely in its capacity as Owner Trustee under the Trust Agreement and not in its individual capacity and in no case shall TVPX be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of the Customer hereunder, or under any Loan Document, all such liability, if any, being expressly waived by the parties hereto and any Person claiming by, through, or under such party. Under no circumstances shall TVPX be personally liable for the payment of any other amount stated to be due from the Customer hereunder, or under any Loan Document, or be personally liable for the breach or failure of any of Customer's representations, warranties, covenants, obligations, undertakings and agreements hereunder, or under any Loan Documents; provided, however, that the Customer (or any such successor owner trustee) shall be personally liable hereunder for its own gross negligence or willful misconduct or for its breach of its covenants, representations and warranties contained herein, or in any Loan Document, to the extent covenanted or made in its individual capacity.

**Jury Waiver.** CUSTOMER AND LENDER EACH HEREBY KNOWINGLY AND FREELY WAIVES THEIR RESPECTIVE RIGHTS TO A JURY TRIAL IN ANY ACTION, SUIT OR PROCEEDING RELATING TO, ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE NOTE OR ANY OF THE OTHER LOAN DOCUMENTS.

**[Signatures On Next Page]**

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Loan and Aircraft Security Agreement

IN WITNESS WHEREOF, the parties hereto have caused this Loan and Aircraft Security Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

BANC OF AMERICA LEASING & CAPITAL, LLC, Lender

TVPX AIRCRAFT SOLUTIONS INC., a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated July \_\_\_\_, 2017,

Customer

By:  
Name:  
Title:  
Notice Address:

One Financial Plaza, 2nd Floor  
Providence, Rhode Island 02903  
Attention: Director of Aircraft Operations  
Telephone: 800-238-3737  
Facsimile: 401-278-7941

By:  
Name:  
Title:

Notice Address:

39 East Eagle Ridge Drive, Ste. 201  
North Salt Lake, UT 84054  
Telephone: (801) 924-367  
Facsimile: (801) 877-0478

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### LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)

**THIS LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)** (together with all Addenda, Riders and Annexes hereto, this “**Agreement**”) is dated as of July 27, 2017 (the “**Closing Date**”), by and between **TVPX AIRCRAFT SOLUTIONS INC.**, a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated as of July 27, 2017 (“**Customer**”) and **BANC OF AMERICA LEASING & CAPITAL, LLC**, a Delaware limited liability company (“**Lender**”).

In consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

Capitalized and certain other terms used but not otherwise defined in this Agreement shall have the meanings ascribed to them in Annex A attached hereto and made a part hereof.

#### Terms of Loan .

**Loan and Use of Proceeds** . Subject to the terms and conditions of this Agreement, Lender agrees to make a loan to Customer in the principal amount set forth in Annex B attached hereto and made a part hereof (the “**Loan**”). Customer shall use the proceeds of the Loan to finance the costs of the acquisition of the Aircraft.

**Repayment and Prepayment** . The Customer’s obligation to repay the Loan shall be evidenced by one or more Promissory Notes dated on and/or after the Closing Date, payable by Customer to the order of Lender in the original principal amount of the Loan (as amended, modified, restated, extended and renewed from time to time, the “**Note**”). The Loan shall bear interest and be repaid by Customer at the times and in the manner set forth in the Note. The Loan may be prepaid only in the manner and subject to terms and conditions set forth in the Note and, if applicable, Section 4.7 hereof.

**Conditions of Borrowing** . Lender’s obligation to make the Loan shall be both subject to and conditioned upon the satisfaction of all of the conditions precedent specified in the Closing Terms Addendum attached to and made a part of this Agreement.

**Representations and Warranties** . In order to induce Lender to enter into this Agreement and to make the Loan herein provided for, Customer represents, warrants and covenants to Lender that:

(i) Customer (A) is duly qualified to do business in each jurisdiction in which the conduct of its business or the ownership or operation of its assets requires such qualification, including the jurisdiction of the Primary Hangar Location and wherever any of the Collateral may become located; (B) has the necessary authority and power to own and operate the Aircraft and its other assets and to transact the business in which it is engaged; (C) is a “citizen of the United States” within the meaning of the Transportation Code; and (D) has the form of business organization set forth in Annex B hereto and is and will remain duly organized, validly existing and in good standing under the laws of the state of its organization set forth in Annex B hereto, its federal tax identification number is as set forth in Annex B hereto, and its state-issued organizational identification number (if any), chief executive office and principal place of business address are all as set forth on Annex B hereto; and (ii) its name as shown in the preamble of this Agreement is its exact legal name as shown on its charter, by-laws, articles of organization or operating agreement, as applicable, each as amended as of the Closing Date;

(i) Customer’s execution and delivery of, and performance of its obligations under and with respect to, each of the Loan Documents (including its borrowing the amounts constituting the Loan, granting the Lender’s Lien against the Aircraft and other Collateral and participating in the other transactions contemplated herein and therein), (A) have been duly authorized by all necessary action on the part of Customer consistent with its form of organization, (B) do not contravene or constitute a default under any Applicable Law, any of Customer’s Organizational Documents, or any agreement, indenture, or other instrument to which Customer is a party or by which it may be bound, (C) do not require the approval of or notice to (1) any Governmental Authority, except for the filings and registrations specified in the Closing Terms Addendum, all of which shall have been duly effected prior to or concurrently with Lender making the Loan, or (2) any other party (including any trustees or holders of indebtedness), and (D) will not result in the creation or imposition of any Lien on any of the assets of Customer other than the Lender’s Lien created hereby and by the other Loan Documents with respect to the Collateral; (ii) each of the Transaction Documents referenced in the Closing Terms Addendum to which Customer is a party has been duly executed and delivered by an authorized representative of the Customer, and constitutes the legal, valid and binding obligation of the Customer, enforceable against it in accordance with the respective terms of such Transaction Documents (including, without limitation, the grant of the Lender’s Lien); and (iii) without limiting the foregoing, upon Lender’s advancing the Loan on the Closing Date, (A) Customer will have satisfied or complied with all conditions precedent and requirements as set forth in the Loan Documents required to have been

satisfied or complied with concurrently with or prior to such advance and (B) no Default or Event of Default shall be then existing;

there are no proceedings pending or, so far as the officers, managers, or members of Customer know, threatened against or affecting Customer or any of its property before any Governmental Authority that could impair Customer's title to the Aircraft or any of the other Collateral, or that, if decided adversely, could materially affect the financial condition or operations of Customer or its ability to perform its obligations under any of the Loan Documents;

(i) Customer has, and shall continue to have, good and marketable title to the Collateral, free and clear of Liens, except Permitted Liens; (ii) the Lender's Lien in the Airframe, the Engines and the other Collateral is and shall remain validly created and perfected, and has and shall continue to have first priority over any other Liens pursuant to all Applicable Laws; and (iii) all filings, recordings, registrations or other actions necessary or desirable in order to vest such title in Customer, and establish, perfect and give first priority to Lender's Lien and other rights and interests in, against or with respect to the Collateral, have been duly effected, and all Impositions in connection therewith have been duly paid;

without limiting any of the other representations and warranties in this Agreement, for the purposes of the Cape Town Convention and any other Applicable Law, (i) upon the conclusion of the sale of the Aircraft to Customer, and Customer's grants and assignments, and (if constituting a lease) any Permitted Third Party Agreement, contemplated in the Loan Documents or other Transaction Documents, Customer and (if a lessee) any Interested Third Party shall be situated in, and Customer will cause the Aircraft to be duly registered in, the United States of America (which is a contracting state), (ii) with respect to any of the Transaction Documents relating to the Airframe or Engine, each of the respective parties thereto has power to dispose of the Airframe and Engine, as contemplated therein by way of the relevant Transaction Document, and (iii) the Purchase Documents qualify as a "contract of sale", and (if constituting a lease) any Permitted Third Party Agreement and the Loan Documents are effective to constitute international interests in the Airframe and Engine and security assignments of the related associated rights and transfer of the related international interests, as contemplated therein, and each such Registerable Interest will be effective against third parties upon registration at the International Registry, without any further filings or registrations (except as contemplated in the Loan Documents);

(i) the Aircraft (A) has been delivered to Customer, is in Customer's possession and is, as of the Closing Date, unconditionally, irrevocably and fully accepted by Customer, (B) has been inspected by Customer to its complete satisfaction and, without limiting the foregoing, (1) has been found to be in good working order, repair and condition and fully equipped to operate for its intended purpose, and (2) is in conformity with the requirements of the Purchase Agreement and the Applicable Standards, (C) is, or will be at the time of the funding of the Loan, currently certified under existing FAA rules and regulations and any other Applicable Laws and is airworthy in all respects, and (D) is and will remain primarily hangared at the Primary Hangar Location; and (ii) without limiting the foregoing, (A) solely as between Lender and Customer (and without prejudicing Customer's rights against Vendor or any other third party, which rights are not being disclaimed hereby), Customer has no pending claims and has no knowledge of any facts upon which a future claim may be based, against any prior owner, the seller, manufacturer or supplier of the Aircraft or any of the other Collateral, for breach of warranty or otherwise, and (B) all of the information contained in Annex C, including the registration number of the Aircraft, and the serial numbers, manufacturer and model numbers of the Airframe, Engines, and APU, are true and accurate in all respects; and

(h) the Aircraft (i) is currently capable of being certified under existing FAA rules and regulations and completely airworthy in all respects, (ii) will undergo an inspection by a Designated Airworthiness Representative of the FAA ("DAR") on the Closing Date and (iii) an FAA Standard Airworthiness Certificate (AC Form 8100-2) shall be issued for the Aircraft no later than two (2) Business Days after the Closing Date.

**Covenants** . Customer covenants and agrees that from and after the Closing Date and so long as any of the Obligations are outstanding:

Notices; Financial Information; and Further Assurances . Customer will, at its sole expense:

promptly give written notice to Lender of (i) the occurrence of any Default or Event of Default; (ii) the occurrence of any Event of Loss or event of which Customer may be aware that could become an Event of Loss; (iii) the commencement or written threat of any material litigation or proceedings affecting Customer or any material litigation or proceedings affecting the Aircraft or any of the other Collateral, or the ability of Customer to comply with its obligations under the Loan Documents; and (iv) any material dispute between Customer or any Interested Third Party and any Governmental Authority or other party that involves the Aircraft or any of the other Collateral or that might materially interfere with the normal business operations of Customer;

cause Guarantor to comply with the financial reporting requirements set forth in the Guaranty and promptly furnish to Lender any such financial and other information regarding the Customer or Guarantor or any of its Affiliates as Lender may from time to time reasonably request; and

promptly execute and deliver to Lender such further instruments, UCC and FAA filings (including an IDERA) and other documents, make, cause to be made and/or consent to all registrations (including any discharges and subordinations, or as to the prospective or actual sale of, and any international interest in, the Engines) with the International Registry, and take such further action, as Lender may from time to time reasonably request in order to further carry out the intent and purpose of the Loan Documents and to establish, protect and enforce the rights, interests, remedies and Liens (including the first priority thereof) created, or intended to be created, in favor of Lender thereby.

General Obligations . (a) Customer agrees that it shall (i) duly observe and conform to all requirements of Applicable Law relating to the conduct of its business and/or the Aircraft, (ii) remain a "citizen of the United States" within the meaning of the Transportation Code, (iii) obtain and keep in full force and effect (A) all rights, franchises, licenses and permits that are necessary to the proper conduct of its business, and (B) all approvals by any Governmental Authority required with respect to the performance of its obligations under the Loan Documents and the operation of the Aircraft and its business, (iv) cause the Aircraft to remain primarily hangared at the Primary Hangar Location, and duly registered in Customer's name under the Transportation Code (including, by making all necessary reports, re-registering its ownership of the Aircraft, and taking all other actions required by Applicable Law), and (v) pay and perform all of its obligations and liabilities when due. (b) Customer agrees that (i) it shall not change its presently existing legal name or its form or state of organization on or after the date of this Agreement, without Lender's prior written consent, (ii) if its presently existing state organizational identification number changes, or if Customer currently has no such state organizational number but is subsequently issued such a number, on or at any time after the date of this Agreement, Customer shall immediately notify Lender thereof, and (iii) it shall not change the presently existing mailing, chief executive office and/or principal place of business address on or after the date of this Agreement without giving Lender thirty (30) days written notice of the same.

Taxes . (a) Customer will file or cause to be filed with all appropriate taxing authorities all Federal, state and local income tax returns that are required to be filed and all registrations, declarations, returns and other documentation with respect to any personal property taxes (or any other taxes in the nature of or imposed in lieu of property taxes) due or to become due with respect to the Aircraft or any of the other Collateral. (b) Customer will pay (or cause to be paid) (i) on or before the date when due all taxes as shown on said returns and all taxes assessed, billed or otherwise payable with respect to the Aircraft or the other Collateral directly to the appropriate taxing authorities; and (ii) when due all license and/or registration or filing fees, assessments, governmental charges and sales, use, property, excise, privilege, value added and other taxes (including any related interest or penalties) or other charges or fees now or hereafter imposed by any governmental body or agency upon Customer or the Aircraft or any of the other Collateral, with respect to the landing, airport use, manufacturing, ordering, shipment, purchase, ownership, delivery, installation, leasing, chartering, operation, possession, use or disposition of the Aircraft or any of the other Collateral, or any interest therein (the items referred to in (i) and (ii) above being referred to herein collectively, as "Impositions").

No Disposition of Collateral or Liens; Title and Security Interest .

Customer shall not sell, assign, enter into any Third Party Agreement, convey, mortgage, exchange or otherwise transfer or relinquish possession of (including by any seizure or other taking by any foreign or domestic governmental authority) or dispose of the Airframe or Engines, any Part, any related associated rights, international interests or prospective international interests, any proceeds or any of the other Collateral, or attempt or offer to do, or suffer or permit any of the foregoing. Customer shall be permitted, however, to deliver possession of the Airframe, the Engines, or any APU or Part to another Person for testing, service, repair, maintenance, overhaul, alteration or modification, and to enter into Permitted Third Party Agreements, in each case, if and to the extent consistent with the provisions of the Loan Documents. Customer will warrant and defend its good and marketable title to the Airframe, the Engines and the other Collateral, and the validity, perfection and first priority of Lender's Lien in the Collateral, against all other Liens, claims and demands whatsoever, except Permitted Liens; and without limiting the foregoing, Customer will (i) not create, assume or suffer to exist any Liens on or with respect to the Airframe, the Engines, or any of the other Collateral, or Customer's interest therein (other than Permitted Liens); and (ii) promptly take such action as directed by Lender to duly discharge any such unpermitted Liens.

So long as no Default or Event of Default is then existing, Customer may enter into and remain a party to Third Party Agreements, in each such case, subject to the satisfaction of, and compliance by Customer and each Interested Third Party with, all of the following throughout the term of such arrangement: (i) Each such Interested Third Party shall (A) be and remain solvent, and (unless an individual) organized under the laws of a state within the United States; and (B) if engaged by Customer with the prior written consent of Lender as a manager and/or charter operator (including the Manager pursuant to the Management Agreement), while so engaged, (1) have a recognized favorable reputation as a manager and/or charter operator, as the case may be, of aircraft similar to the Aircraft, (2) be providing management and/or charter operation services for other aircraft owners similar to the services contemplated therein, and (3) if and at all times while conducting any charter operations (x) have and maintain a valid Part 135 Certificate evidencing its authority to conduct such operations, (y) list the Aircraft on its operations specifications, and (z) comply with all Applicable Standards pertaining to such charter operations. (ii) Any operation of the Aircraft pursuant to any such Third Party Agreement shall be limited to (A) if by Customer, Parent Guarantor or any Affiliate of Parent Guarantor, any time sharing agreements (as defined in Section 91.501(c)(1)) complying with Part 91 of the FARs and all other Applicable Standards, (B) if by a manager and/or a charter operator with Lender's prior written consent, pursuant to and in full compliance with the requirements of Part 135 of the FARs and all other Applicable Standards, or (C) if such Third Party Agreement is a "dry lease" by Customer, as lessor, to Parent Guarantor or an Affiliate of Parent Guarantor or other Interested Third Party permitted pursuant hereto, as lessee, operation by such lessee complying with (1) Part 91 and any other applicable provision of the FARs, and all other Applicable Standards, and (2) the provisions hereof and of the other Loan Documents pertinent to the operation of the Aircraft (whether by Customer or any permitted Interested Third Party). (iii) The related Third Party Agreement shall (A) be and remain, subject and subordinate to Lender's Lien in and with respect to the Collateral, and Lender's rights and remedies under the Loan Documents (and such subordination shall be expressly acknowledged therein), (B) not convey any Lien on, or other property interest in or against the Airframe, the Engines or any of the other Collateral, except for a Permitted Lien (but, without giving effect to clause (a) of the definition of such term), (C) not permit any further sublease or disposition of or unpermitted Lien against the Aircraft or any of the other Collateral by any of the Interested Parties thereto or any other Person, or any change in registration or unpermitted change in hanging of the Aircraft, (D) not contain provisions that are inconsistent with the provisions of any of the Loan Documents or cause Customer to breach any of its representations, warranties or agreements under any of the Loan Documents, (E) be in conformity with all requirements of the FARs and other Applicable Laws, and (F) otherwise conform to any Operating Consent required by Lender with respect thereto. (iv) (A) Customer shall have specified such Third Party Agreement on Annex B if existing on the Closing Date, or if not then existing shall require Lender's prior written consent and at least thirty (30) Business Days' prior written notice of its intention to enter into a Third Party Agreement and (B) no later than the effective date thereof Customer shall comply with, and at all times thereafter remain in compliance with, any related requirements by Lender, including (1) entering into, and causing any related Interested Third Parties to enter into, an Operating Consent, (2) causing Lender to be covered by the Required Coverages (which, for the purposes hereof, may include insurance coverages obtained and maintained by an Interested Third Party, conforming to the insurance requirements herein and in any of the other Loan Documents), and (3) entering into or delivering, or causing to be entered into and delivered, all such other documents, filings and assurances, making or causing to be made such filings and registrations, and taking or causing to be taken all such other actions, in each case as may be required by Lender and (4) paying or reimbursing Lender for any related costs or expenses. (v) Lender shall have the right, but not the obligation, to (A) require reasonable evidence that any Interested Third Party satisfies the requirements provided herein, and (B) review any such Third Party Agreement, as from time to time supplemented and amended, to determine its conformity with the provisions hereof, but without assuming any responsibility with respect thereto. (vi) Customer shall neither make, nor permit to be made, any filing or registration with respect to any Permitted Third Party Agreement, unless so directed by Lender pursuant to Section 5.2 or otherwise. Notwithstanding the foregoing limitations Parent Guarantor or any Affiliate shall be permitted to conduct the carriage of Parent Guarantor or any Affiliate and/or their respective guests pursuant to 14 CFR Section 91.501(b)(4), affiliated group operations pursuant to 14 CFR Section 91.501(b)(5) and/or (6), demonstration flights pursuant to 14 CFR Section 91.501(b)(3), time sharing or interchange operations pursuant to 14 CFR Section 91.501(b)(6), the carriage of customers pursuant to 14 CFR Section 91.501(b)(9) and/or the carriage of candidates in Federal elections conducted pursuant to 14 CFR Section 91.321.

With respect to any Third Party Agreements complying with all of the provisions of Section 4.4(b) (each a "**Permitted Third Party Agreement**"), although certain of the duties and obligations of Customer under the Loan Documents may be performed by one or more of the Interested Third Parties, (i) no such Permitted Third Party Agreement shall reduce any of Customer's obligations, or Lender's rights, under any of the Loan Documents, (ii) all of Customer's obligations under the Loan Documents shall be and remain primary and continue in full force and effect as the obligations of a principal and not of a guarantor or surety, and (iii) Lender is not waiving the right to require full and timely performance of any such obligations in strict accordance with the provisions hereof and of the other Loan Documents. By way of clarification and not limitation, with respect to any provisions of this Agreement or any of the other Loan Documents requiring Customer to take or refrain from taking an action relating to the Aircraft or any of the other Collateral, such provision may also be read to mean that Customer shall cause the same to be done in accordance therewith, if at that time the Aircraft or such other Collateral is in the possession or control of an Interested Third Party pursuant to a Permitted Third Party Agreement.

#### Use of Aircraft; Maintenance; Modifications; Security .

Customer will operate the Aircraft or shall cause the Aircraft to be operated under and in compliance with Part 91 and any other applicable provision of the FARs, and all other Applicable Standards. Unless otherwise expressly permitted hereunder, (i) Customer shall not operate or permit the Aircraft to be operated for air taxi operations or otherwise under Part 135 of the FARs; and (ii) Customer, an Affiliate or other Interested Third Party shall at all times have, and maintain, "operational control" of the Aircraft (as such term is then interpreted by the FAA or such other applicable Governmental Authority), and no other Person shall operate the Aircraft. The Aircraft at all times will be operated by duly qualified pilots having satisfied all requirements established and specified by the FAA, the TSA, any other applicable Governmental Authority and the Required Coverages.

the Aircraft may be flown temporarily to any country in the world, provided that the Aircraft (i) shall at all times be based in the continental United States; and (ii) shall not be flown, operated, used or located in, to or over any such country or area (temporarily or otherwise) (A) that is excluded from the Required Coverages (or specifically not covered by such

insurance), (B) with which the U.S. does not maintain favorable diplomatic relations (which is any country or jurisdiction not marked with an “\*” on the list maintained by the U.S. Department of State, at <http://www.state.gov/s/inr/rls/4250.htm> or any replacement or equivalent website maintained by the U.S. Department of State), provided that the prohibition in this clause (B) does not prohibit the operation of the Aircraft on an approved and assigned air traffic control route (if and so long as such use is otherwise in compliance with the provisions of the this Agreement and does not violate any insurance policies in effect with respect to the Aircraft), (C) to the extent that payment of any claim under the Required Coverages directly or indirectly arising or resulting from or connected with any such flight, operation, use or location would be prohibited under any trade or other economic sanction or embargo by the United States of America, or (D) in violation of any of the Loan Documents or any Applicable Standards. Customer shall adopt, implement and comply with all security measures required by any Applicable Law, or by any Required Coverages, or that are necessary or appropriate for the proper protection of the Aircraft (whether on the ground or in flight) against theft, vandalism, hijacking, destruction, bombing, terrorism or similar acts.

Customer agrees that, with respect to the Airframe, the Engines, each APU and each Part, Customer will at its own expense, (i) maintain, inspect, service, repair, overhaul and test the same in accordance with Applicable Standards; (ii) make any alterations or modifications that may at any time be required to comply with Applicable Standards, and to cause the Aircraft to remain airworthy; (iii) furnish all required parts, replacements, mechanisms, devices and servicing so that the condition and operating efficiency thereof will at all times be no less than its condition and operating efficiency as and when delivered to Customer, ordinary wear and tear from proper use alone excepted; (iv) promptly replace all Parts (A) which become worn out, lost, stolen, taken, destroyed, damaged beyond repair or permanently rendered or declared unfit for use for any reason whatsoever, or (B) if not previously replaced pursuant to clause (A), as and when required by any Applicable Standards, including any applicable life limits; and (v) maintain (in English) all Records in accordance with Applicable Standards; and (vi) enroll and maintain the Engines in an Engine Maintenance Program and the APU in an APU Maintenance Program or shall cause the foregoing to be done. All maintenance procedures shall be performed by properly trained, licensed, and certified maintenance sources and personnel utilizing replacement parts approved by the FAA and the manufacturer of (as applicable) the Airframe, the Engines, or any APU or Part. Without limiting the foregoing, Customer shall comply with all mandatory service bulletins and airworthiness directives by causing compliance to such bulletins and/or directives to be completed through corrective modification in lieu of operating manual restrictions.

Customer will not make, authorize or permit any improvement, change, addition or alteration to the Aircraft that will impair the originally intended function or use of the Aircraft, diminish the value of the Aircraft as it existed immediately prior thereto, or violate any Applicable Standard. All repairs, parts, replacements, mechanisms and devices added by Customer or on its behalf shall immediately, without further act, become part of the Aircraft and subject to the Lender's Lien granted under this Agreement.

#### Insurance.

Customer agrees to maintain or cause to be maintained at all times, at its sole cost and expense, with insurers of recognized reputation and responsibility satisfactory to Lender (but in no event having an A.M. Best or comparable agency rating of less than “A-”):

(A) comprehensive aircraft liability insurance against bodily injury or property damage claims including, without limitation, contractual liability, premises liability, death and property damage liability, public and passenger legal liability coverage, and sudden accident pollution coverage, in an amount not less than \$200,000,000.00 for 20 or more seats, or if the Aircraft will be chartered, or \$100,000,000.00 for 10 or more seats, or \$50,000,000.00 for fewer than 10 seats for each single occurrence, and (B) personal injury liability in an amount not less than \$25,000,000.00; but, in no event shall the amounts of coverage required by sub-clauses (A) and (B) be less than the coverage amounts as may then be required by Applicable Law;

“all-risk” ground, taxiing, and flight hull insurance on an agreed-value basis, covering the Aircraft, provided that such insurance shall at all times be in an amount not less than the greater of (1) the full replacement value of the Aircraft (as determined by Lender), or (2) the unpaid principal amount of the Note (each such amount re-determined as of each anniversary of the date hereof for the next succeeding year throughout the term of this Agreement); and

war risk and allied perils (including confiscation, appropriation, expropriation, terrorism and hijacking insurance) in the amounts required in paragraphs (i) and (ii), as applicable.

Any policies of insurance carried in accordance with this Section 4.6 and any policies taken out in substitution or replacement of any such policies shall (i) be endorsed to name Lender as an additional insured as its interests may appear (but without responsibility for premiums), (ii) provide, with respect to insurance carried in accordance with Section 4.6(a)(ii) or (a)(iii) above, that any amount payable thereunder shall be paid directly to Lender as sole loss payee and not to Lender and Customer jointly, (iii) provide for thirty (30) days' (seven (7) days' in the case of war, hijacking and allied perils) prior written notice by such insurer of cancellation, material change, or non-renewal, (iv) include a severability of interest clause providing that such policy shall operate in the same manner as if there were a separate policy covering each insured, (v) waive any right of set-off against Lender, and any rights of subrogation against Lender, (vi) provide that in respect of the interests of Lender in such policies, that the insurance shall not be invalidated by any action or inaction of Customer or any other Person operating or in possession of the Aircraft, regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by or binding upon Customer or any other Person operating or in possession of the Aircraft, and (vii) be primary, not subject to any co-insurance clause and shall be without right of contribution from any other insurance.

Customer shall not self-insure (by deductible, premium adjustment, or risk retention arrangement of any kind) with respect to any of the risks required to be insured pursuant to this Section 4.6. Customer agrees that it shall obtain and maintain such other insurance coverages, or cause adjustments to be made to the scope, amount or other aspects of the existing insurance coverages, promptly upon Lender's request, as and when Lender deems such additional insurance coverages or modifications to be appropriate in light of any changes in Applicable Law, prudent industry practices, the insurance market, Customer's anticipated use of the Aircraft or other pertinent circumstances. All of the coverages required herein shall be in full force and effect worldwide throughout any geographical areas to, in or over which the Aircraft is operated. All insurance proceeds payable under the requisite policies shall be payable in U.S. Dollars.

At least ten (10) days prior to the policy expiration date for any insurance coverage required by this Section 4.6, Customer shall furnish to Lender evidence (having the form and substance consistent with Section 1(f) of the Closing Terms Addendum) of the renewal or replacement of such coverage, complying with the terms hereof, for a twelve (12) month or greater period commencing from and after such expiration date.

#### Event of Loss: Loaner Engines.

Upon the occurrence of any Event of Loss with respect to the Aircraft and/or the Airframe, Customer shall notify Lender of any such Event of Loss within five (5) days of the date thereof. Customer shall pay the then Outstanding Balance promptly upon its receipt of insurance proceeds relating to such Event of Loss, but in no event later than ninety (90) days after the occurrence of such Event of Loss (irrespective as to whether any or all of such proceeds have been received). Upon Lender's receipt in good and indefeasible funds of all of the amounts required to be paid pursuant to the preceding sentence (whether by applying Customer's payment of such amounts, or any such insurance proceeds, or both) the Aircraft shall be released from the Lender's Lien, and Lender shall remit to Customer any such insurance proceeds so received by Lender, to the extent then remaining.

Upon an Event of Loss with respect to an Engine or any APU (as applicable, a “ **Lost Item** ”) under circumstances in which there has not occurred an Event of Loss with respect to the Airframe, Customer shall, within one hundred twenty (120) days after the occurrence of such Event of Loss, replace such Lost Item, with a Permitted Replacement. Any engine or auxiliary power unit constituting a “ **Permitted Replacement** ” for a Lost Item shall (i) be of the same make and model number as the Lost Item, (ii) be free and clear of all Liens and (iii) have a value, utility and useful life at least equal to, and be in as good an operating condition as, the Lost Item, assuming such Lost Item was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss. Customer, at its own cost and expense, shall (i) furnish Lender with such documents to evidence such conveyance, (ii) cause the Permitted Replacement to be subject to the Lender’s Lien under this Agreement, and (iii) take such other actions as may be required by Lender to cause the Lender’s Lien therein to be validly created, perfected and have first priority, including as evidenced on the FAA Registry, the International Registry, and any other recording office. Each such Permitted Replacement shall, after such conveyance, be deemed an “Engine” or “APU” (as defined herein), as applicable, and shall be deemed part of the same Aircraft as was the Lost Item replaced thereby.

In the event an Engine is damaged and is being repaired, or is being inspected or overhauled, Customer, at its option, may temporarily substitute another engine during the period of such repair or overhaul, so long as such engine is of the same make and model as the Engine being repaired or overhauled, is free and clear of any Lien that might impair Lender’s rights or interests in the Airframe and is maintained in accordance herewith (any such substitute engine being hereinafter referred to as a “ **Loaner Engine** ”). Customer shall (i) cause such Loaner Engine to be installed and removed, as applicable, by a maintenance facility certified by the FAA and manufacturer with respect to the Aircraft, and (ii) cause the repaired or overhauled original Engine to be reinstalled on the Airframe promptly upon completion of the repair or overhaul, but in no event later than the earlier of one hundred twenty (120) days after removal or the occurrence of an Event of Default.

So long as no Default has occurred and is continuing, and no Event of Default or Event of Loss with respect to the Aircraft has occurred, any loss or damage proceeds of the Required Coverages received by Lender shall be released promptly by Lender to Customer to reimburse Customer for paying the costs actually incurred with respect to repairs made to the Aircraft so as to restore it to the condition required by this Agreement, or for the purchase of a Permitted Replacement pursuant to Section 4.7(b), or shall be disbursed by Lender as otherwise required by this Agreement.

**Aircraft Registration.** On or before the Closing Date, and at all times thereafter, so long as any of the Obligations are outstanding, Customer shall remain solely responsible pursuant to the applicable provisions of this Agreement to cause (i) the Aircraft to be effectively and otherwise validly registered in Customer’s name on the Registry, and (ii) the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft, in each case, accordance with the Registration Requirements; and without limiting the foregoing, or any other provision of this Agreement, Customer shall:

cause the Registration Certificate to be maintained within the Aircraft and cause the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft; including by (A) notifying Lender immediately of any event or circumstance with respect to which the Registration Requirements require further action by Customer, the Registry or any other Governmental Authority or other Person, (B) immediately upon receipt, placing the original, replacement or renewal Registration Certificate on the Aircraft prior to the expiration or other invalidation of any previously issued Registration Certificate (whether the certificate or any other document constituting the Registration Certificate as defined herein) under the Registration Requirements, and (C) complying with any and all of the other Registration Requirements relating to such Registration Certificate, and to the Registration Certificate replaced thereby (including any of the same relating to the destruction or return thereof, as the case may be); and

upon the occurrence, and at all times thereafter, of any Defective Registration (and without waiving Customer’s responsibility to avoid such circumstance), or if the operation of the Aircraft is no longer authorized by the Registration Requirements, Customer shall (A) neither operate nor permit or suffer the operation of the Aircraft without a currently effective and otherwise valid Registration Certificate (and shall cause the pilots to be made aware of the Defective Registration), and otherwise comply with the FARs and other Applicable Laws relating to such Defective Registration, (B) ground and store the Aircraft in a manner reasonably acceptable to Lender, and (C) inform the insurer or insurers thereof, and obtain and maintain adjustments to the insurance coverages required pursuant Section 4.6 of this Agreement which may be necessary or desirable to Lender so as to reflect any changes in the insurable risks relating to any Defective Registration.

#### **Security Interest; Power of Attorney; Inspection .**

**Grant of Security Interest.** As collateral security for the prompt and complete payment and performance as and when due of all of the Obligations and in order to induce Lender to enter into this Agreement and make the Loan to Customer in accordance with the terms hereof, Customer hereby grants, pledges and assigns to Lender a first priority security interest, collateral assignment, international interest, prospective international interest, security assignment and prospective security assignment, in, against, under and with respect to (the “ **Lender’s Lien** ”) all of Customer’s right, title and interest in, to and under all of the following collateral, whether now existing or hereafter acquired (collectively, the “ **Collateral** ”): (i) the Aircraft, including the Airframe, the Engines, each of the APU and Parts, and the Records; (ii) any and all present and future Third Party Agreements; (iii) any and all other associated rights secured by or associated with the Airframe and/or the Engines, together with any related international interests and prospective international interests; (iv) any collateral described in the other Loan Documents (including in any Operating Consent); and (v) all proceeds of the foregoing. By way of clarification and not limitation, the foregoing grant of the Lender’s Lien shall include, as applicable (and in each case, being validly registered and having first priority), an international interest in the Airframe and in each Engine. Notwithstanding the foregoing, (i) Customer shall not enter into any Third Party Agreements unless expressly permitted by Section 4.4 and (ii) Lender is not assuming, nor shall it be responsible for, any obligations, liabilities or duties of any kind whatsoever of Customer (and/or of any other Person) relating to the Collateral. Customer agrees that it shall perform and procure performance in accordance with any Third Party Agreement or other agreement or instrument giving rise to any associated rights that are or may become subjected to the Lender’s Lien.

#### **UCCs, Registrations, Etc.; Lender as Attorney-in-Fact.** Customer hereby irrevocably:

authorizes Lender to prepare and file any UCC financing statements, amendments, continuations, terminations, assignments and other filings, or take such other actions for the purpose of perfecting, affording first and exclusive priority to or otherwise relating to Lender’s Lien under this Agreement or the other Loan Documents;

consents to, and authorizes its professional user entity to consent to, the registration of each Registerable Interest requested by Lender or its Assignee, or otherwise required by the provisions of this Agreement or any of the other Loan Documents, including any subordination, amendment, assignment, discharge or undertaking permitted by the Cape Town Convention with respect thereto; and

constitutes and appoints Lender (including any Person acting on Lender’s behalf), as its true and lawful attorney-in-fact with full power and authority in the place and stead of Customer and in the name of Customer or in its own name, for the purpose of carrying out the terms of this Agreement; which authority shall include the following undertakings that may be exercisable by Lender in its sole discretion at any time, and from time to time, if an Event of Default is then existing or upon the occurrence of an Event of Loss: (i) in Customer’s name, file and/or record, such further instruments, filings and other documents, make, cause to be made and/or consent to all registrations with the International Registry, and take such further action, to establish and protect Lender’s rights, interests and remedies created, or intended to be created, pursuant to the Loan Documents; (ii) endorse Customer’s name on any checks, notes, drafts or any other payments or instruments, or set off, apply, or take such other actions with respect to any funds relating to the Collateral that come into Lender’s possession or control; and (iii) to settle, adjust, receive payment and make claim or proof of loss, and take such other actions relating to the Required Coverages. This appointment is coupled with an interest, is

irrevocable and shall terminate only upon indefeasible payment and performance in full of all of the Obligations. The powers conferred on Lender hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Lender shall be accountable only for amounts that it actually receives in good and indefeasible funds as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to Customer for any act or failure to act. Without limiting the foregoing, Customer agrees that within five (5) Business Days of Lender's request, Customer will enter into an irrevocable power-of-attorney authorizing Aviation Counsel or Lender's other designee as Customer's professional user entity and administrator for the purpose of discharging any Registerable Interests as and when directed to do so by Lender in connection with its exercise of its rights and remedies under the Loan Documents.

**Inspection.** Lender or its authorized representatives shall have the right, but not the duty, to inspect the Aircraft, any part thereof and/or the Records, at its own cost any reasonable time and from time to time, wherever located, upon reasonable prior notice to Customer; except that after the occurrence of a Default or an Event of Default, such inspection may be conducted at any time without prior notice and at Customer's sole expense, and it shall pay Lender promptly upon demand any inspection costs incurred by Lender. So long as no Default or Event of Default exists, any such inspections shall be conducted during normal business hours and without interruption of the use and operation of the Aircraft as permitted hereby. Upon the request of Lender, Customer shall promptly confirm to Lender the location of the Aircraft or any of the other Collateral.

**Events of Default.** The term "**Event of Default**", wherever used herein, shall mean:

Customer shall fail to pay any Obligation within ten (10) days after the same shall become due and payable (whether at the stated maturity, by acceleration, upon demand or otherwise); or

(i) any Customer Party shall default in the payment or performance of any indebtedness, liability or obligation to Lender or any Affiliate of Lender under any note, security agreement, lease, title retention or conditional sales agreement or any other instrument or agreement; or

(ii) any Customer Party shall fail to pay any Indebtedness (other than the Obligations) exceeding \$5,000,000.00, and such failure shall continue beyond any applicable grace period (or, with respect to trade Indebtedness which is not subject to a grace period, within ninety (90) days of the date such trade Indebtedness is incurred); or

(i) any of the Required Coverages are not kept in full force and effect, or a breach or violation shall exist with respect to any provisions thereof; or the Aircraft is operated in a manner, at a time or in or over or located at a place with respect to which such Required Coverages shall not be in effect; (ii) Customer shall fail to cause the Airframe or the Engines to be used, operated, maintained or otherwise kept in a condition so as to be in compliance with all Applicable Laws; or (iii) any Customer Party shall fail to comply with (A) any financial covenants as and to the extent set forth or incorporated in any Guaranty or in any of the other Loan Documents, or (B) any provision of any of the Loan Documents restricting Liens and other dispositions relating to either the Collateral or any rights or obligations under any of the Transaction Documents (including Section 4.4 hereof), or (iv) the occurrence of any Defective Registration; or

(i) any representation or warranty made by any Customer Party in any of the Loan Documents or in any related agreement, document or certificate shall prove to have been incorrect, misleading, or inaccurate in any material respect when made or given (or, if a continuing representation or warranty, at any time); or (ii) any Customer Party shall fail to (A) perform or observe any other agreement (other than those specifically referred to in this Section 6) required to be performed or observed by it under this Agreement or in any of the other Loan Documents, and such failure shall continue uncured for thirty (30) days after the earlier of written notice thereof from Lender to such Customer Party or such Customer Party's actual knowledge thereof (but such notice and cure period will not be applicable unless such breach is curable by practical means within such notice period) or (B) notify Lender of any Default or Event of Default within ten (10) Business Days of its occurrence; or

(i) any Customer Party shall (A) generally fail to pay its, or his or her debts as they become due, admit its, or his or her inability to pay its, or his or her debts or obligations generally as they fall due, or shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws or other insolvency laws, or an answer admitting the material allegations of such a petition filed against such Customer Party in any such proceeding; or (B) by voluntary petition, answer or consent, seek relief under the provisions of any other bankruptcy or other insolvency or similar law providing for the reorganization or liquidation of corporations, or providing for an assignment for the benefit of creditors, or providing for an agreement, composition, extension or adjustment with its, or his or her creditors; or (ii) a petition against any Customer Party in a proceeding under applicable bankruptcy laws or other insolvency laws, as now or hereafter in effect, shall be filed and shall not be withdrawn or dismissed within one hundred twenty (120) days thereafter, or if, under the provisions of any law providing for reorganization or liquidation of business entities that may apply to any Customer Party, any court of competent jurisdiction shall assume jurisdiction, custody or control of such Customer Party or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of one hundred eighty (180) days after the filing date; or

the occurrence of any of the following events with respect to any Customer Party: (A) it enters into any transaction of merger, consolidation or reorganization; (B) it ceases to do business as a going concern, liquidates, or dissolves, or sells, transfers or otherwise disposes of all or substantially all of its assets or properties (in one or more transactions); (C) it becomes the subject of, or engages in, a leveraged buy out; (D) it changes the form of organization of its business; (E) if it is privately owned as of the Closing Date, there is any substantial change in the ownership or control of its capital stock or membership interests such that the holder(s) that own or control one hundred percent (100%) of such equity interests as of the Closing Date no longer do so; or (F) if it is publicly held as of the Closing Date, any change so that it is no longer subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or no longer registered under Section 12 of the Securities Act of 1933, as amended; or

(i) the conviction of or guilty plea by any Customer Party with respect to any criminal act constituting a felony, (ii) any repudiation by any Customer Party of its obligation for the payment or performance of the Obligations, (iii) any allegation by any Customer Party or judicial determination that any of the Loan Documents is unenforceable in any material respect or (iv) a Default (as defined in any Guaranty) shall occur; or any event or condition constituting a breach or other default under any Operating Consent.

## **Remedies .**

**Acceleration; Termination of Commitment.** If any Event of Default shall occur, Lender, in its sole discretion, may (a) declare the Obligations to be immediately due and payable, and upon such declaration the Obligations (including, the unpaid principal amount of the Note, together with all accrued but unpaid interest thereon, any prepayment fees and all other amounts due and payable under or with respect to the Loan Documents), shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the other Loan Documents to the contrary notwithstanding, (b) terminate any then outstanding commitment whether to Customer or any Affiliate to make the Loan or any advance thereof, or any other financial accommodations, whether related to the Loan or otherwise, and/or (c) pursue and enforce any of Lender's rights and remedies under this Section 7; provided, however, if an Event of Default specified in Section 6 (e) above shall occur, the Obligations shall become immediately due and payable, all such commitments shall terminate, and Lender shall have all such other rights and remedies contemplated in the preceding clauses (a), (b) and (c), automatically, and without any notice or other action by Lender.

**Additional Remedies.** If an Event of Default occurs, in addition to all other rights and remedies granted to it in this Agreement and in the other Loan Documents, Lender may exercise all rights and remedies of a secured party under the UCC or as a creditor, chargee or security assignee under the Cape Town Convention (including any and all remedies thereunder requiring agreement by Customer), or otherwise available to

Lender under any other Applicable Law. Without limiting the generality of the foregoing, Customer agrees that upon the occurrence of an Event of Default, Lender, without demand or notice of any kind (except as specified below) to or upon Customer or any other Person, in its sole discretion, may exercise any one or more of the following remedies:

(i) peacefully enter the premises where the Aircraft, the Engines, or any other Collateral is located, take immediate possession of, remove (or disable in place), or otherwise take control or custody of the Airframe, the Engines or any other Collateral (whether or not then attached to the Airframe) by self-help, summary proceedings or otherwise without liability, (ii) preserve the Airframe, the Engines or the other Collateral, and their respective value (but without any obligation to do so), and immobilize or keep idle the Airframe or Engines, and/or (iii) use Customer's premises for storage without liability; and Customer agrees, at Lender's request, to assemble the Collateral, and make it available to Lender at such places as Lender shall reasonably select, whether at Customer's premises or elsewhere;

(i) terminate the right of any Interested Third Party, and any other third party to use, possess or control the Airframe, the Engines or any of the other Collateral, including under any Permitted Third Party Agreement or other Third Party Agreement, without regard as to the existence of any event of default thereunder, (ii) recover from, and/or cause Customer and any such Interested Third Party, and any other third party, to relinquish possession and return the Airframe, the Engines and any other Collateral pursuant to this Section 7, and/or (iii) exercise any and all other remedies under any Operating Consents in Customer's stead, to the extent provided for under, or otherwise available to Customer in connection with any related Permitted Third Party Agreement or such other Third Party Agreement;

(i) manage, sell, lease, assign or otherwise dispose of the Airframe, the Engines or any other Collateral, in whole or in part, whether or not in Lender's possession, in one or more parcels or transactions, at public or private sale or sales, with or without notice to Customer (except as required by Applicable Law, and in furtherance thereof, Lender agrees that it shall give Customer no less than ten (10) working days' prior notice of any proposed sale or lease of the Airframe or Engines, which Customer acknowledges as constituting "reasonable prior notice" for the purposes of the Cape Town Convention) at such prices as Lender may deem best, and/or (ii) purchase the Collateral, in whole or in part, upon any public sale or sales, and to the extent permitted by Applicable Law upon any private sale or sales, free of any right or equity of redemption in Customer, which right or equity of redemption is hereby expressly released;

(i) collect, receive, appropriate and realize upon the Collateral, or any part thereof, including by applying any deposit or other cash collateral, or collecting or receiving, appropriating and realizing upon any income, profits or other proceeds arising from the management or use of the Airframe, the Engines or any of the other Collateral, and applying the same (after deducting all taxes, costs, expenses and other reductions of every kind incurred in connection therewith) to the payment in whole or in part of the Obligations, in such order and manner as Lender may elect; and (ii) after making such application, (A) remitting to Customer or to such other Person any excess then remaining, as and to the extent Lender is required by Applicable Law to make such remittance and (B) demanding, collecting and receiving from Customer any deficiency then remaining (and Customer agrees that it shall remain liable for, and pay upon demand, the full amount of any such deficiency);

(i) demand and obtain from any court speedy relief pending final determination available at law (including, possession, control, custody or immobilization of the Airframe and Engines, or preservation of the Airframe and the Engines and their respective value), (ii) procure the deregistration and/or export and physical transfer of the Airframe from the territory in which it is then situated (including pursuant to an IDERA, if any, executed by Customer), and/or (iii) otherwise proceed at law or in equity, to enforce specifically Customer's performance or to recover damages; and/or

exercise any and all other rights and remedies under or with respect to the Loan Documents or Applicable Law, including the Cape Town Convention and the UCC.

No Waiver: Cumulative Remedies. No right or remedy is exclusive. Customer hereby acknowledges that none of the provisions of this Section 7, including any remedies set forth or referenced herein, is "manifestly unreasonable" for the purposes of the Cape Town Convention. Each may be used successively and cumulatively and in addition to any other right or remedy referred to above or otherwise available to Lender at law or in equity, but in no event shall Lender be entitled to recover any amount in excess of the maximum amount recoverable under Applicable Law with respect to any Event of Default. No express or implied waiver by Lender of any Default or Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default. The failure or delay of Lender in exercising any rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or reoccurrence of any such contingencies or similar contingencies, and any single or partial exercise of any particular right by Lender shall not exhaust the same or constitute a waiver of any other right provided for or otherwise referred to herein. After the occurrence of any Default or Event of Default, the acceptance by Lender of any payment or performance of any of the Obligations, including the payment of any installment of principal and/or interest or of any other sum owing hereunder or under the other Loan Documents shall not constitute a waiver of such Default or Event of Default, regardless of Lender's knowledge or lack of knowledge thereof at the time of acceptance of any such payment or performance and shall not constitute a reinstatement of any of the Loan Documents, unless Lender shall have agreed in writing to reinstate the same and waive the Default or Event of Default. To the extent permitted by Applicable Law, Customer waives any rights now or hereafter conferred thereby, that (a) limit or modify any of Lender's rights or remedies under this Agreement or any of the other Loan Documents, including the provisions of Article 13(2) of the Convention, or (b) would otherwise entitle Customer to (i) receive notices or demands as a condition to Lender's exercise of any rights or remedies, except as expressly required above or (ii) make claims, damages and demands against Lender arising out of the repossession, retention, sale or other disposition of the Collateral.

#### **MISCELLANEOUS**

Notices. All communications and notices provided for herein shall be in writing and shall be deemed to have been duly given or made (i) upon hand delivery, or (ii) upon delivery by an overnight delivery service, or (iii) when sent by telecopy (with customary confirmation of receipt of such telecopy) on the Business Day when sent or upon the next Business Day if sent on other than a Business Day.

#### Expenses and Fees; Indemnity; Performance of Customer's Obligations

Customer shall pay to Lender upon demand all reasonable fees, costs and expenses incurred by or on behalf of Lender at any time in connection with (i) the negotiation, preparation, execution, delivery and enforcement of the Loan Documents and the collection of the Obligations (both before and after the occurrence of a Default or Event of Default), (ii) the creation, preservation and protection of the Collateral and the perfection, first priority and enforcement of Lender's Lien, or (iii) Customer's exercise of any right granted under, or any amendment or other modification to any of, the Loan Documents. Such fees, costs and expenses shall include, without limitation, reasonable appraisal and inspection fees, the reasonable fees and expenses of Aviation Counsel and of Lender's counsel, consultants and brokers, UCC, FAA, International Registry and other applicable title, interest and lien searches, and reasonable costs and expenses relating to recovery, repossession, storage, insurance, transportation, repair, refurbishment, advertising, sale and other dispositions of the Aircraft or any of the other Collateral. Customer shall also pay all reasonable fees (including license, filing and registration fees), Impositions and other charges of whatever kind or nature that may be payable or determined to be payable in connection with (A) the execution, delivery, recording or performance of this Agreement or any of the other Loan Documents, or any modification thereof, and (B) the filings, registrations and other undertakings relating thereto. Notwithstanding the foregoing, as long as there are no more than two (2) revised drafts of any Loan Document provided by Customer or its counsel to Lender or Lender's counsel, Customer shall be responsible for not more than \$35,000.00 in the aggregate for the legal fees of outside counsel to Lender (including, Aviation Counsel) and appraisal, inspection, processing, credit verification, lien searches, FAA and International Registry fees and other fees incurred in connection with the initial negotiation, preparation and execution of this Agreement and the other Loan Documents executed and delivered on or

before the Closing Date (and the consummation of the closing contemplated to occur thereon); provided that in the event that the negotiation exceeds two (2) revised drafts of any Loan Document, then Customer shall pay for the actual amount of such out of pocket fees incurred by Lender relating to the drafting and negotiation in excess of such two (2) revised drafts. Lender shall apply the previously paid deposit amount of \$35,000.00 to such fees and shall refund to Customer the amount by which the deposit exceeds such fees.

Customer hereby further agrees, whether or not the transactions contemplated by this Agreement shall be consummated, to pay, indemnify, and hold Lender and its affiliates and all of the Lender's and such affiliates' respective directors, shareholders, members, officers, employees, agents, predecessors, attorneys-in-fact, lawyers, successors and assigns (Lender, its affiliates and all of such other parties and entities sometimes hereinafter collectively, the "**Indemnified Parties**") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, out of pocket costs, attorney's fees, expenses or disbursements of any kind or nature whatsoever ("**Claims**") arising with respect to or in connection with (i) the Airframe, the Engines, or any APUs or Parts, or any of the other Collateral, including (whether by or through Customer, Vendor, any Interested Third Party, or any other Person), the manufacture, inspection, ownership, lease, sublease, management, pooling, interchange, time sharing, chartering, possession, use, operation, maintenance, security, condition (whether prior to, upon or after delivery or acceptance of any of the same), repossession, storage, sale or other disposition of any of the same, or any accident in connection therewith, including Claims involving or alleging environmental damage, criminal acts, hijacking, acts of terrorism or similar acts, product liability or strict or absolute liability in tort, latent and other defects (whether or not discoverable) and for any other risk or matter, including any of the same that result in injuries, death, destruction, or other harm or loss to persons or property, or (ii) any of the Loan Documents, Third Party Agreements or other Transaction Documents, or the performance, breach (including any Default or Event of Default) or enforcement of any of the terms hereof or thereof, provided, that Customer shall have no obligation to indemnify an Indemnified Party with respect to Claims arising from the gross negligence or willful misconduct of such Indemnified Party (unless if imputed by Applicable Law). If any Claim is made against any Indemnified Party, the party receiving notice or otherwise becoming aware of such Claim shall promptly notify the other, but the failure of the party having knowledge of a Claim to so notify the other party shall not relieve Customer of any obligation hereunder.

If any Customer Party fails to perform or comply with any of its agreements contained herein or in the other Loan Documents, including, without limitation, its obligations to keep the Collateral free of Liens (other than the Permitted Liens), comply with Applicable Standards, or obtain the Required Coverages, Lender shall have the right, but shall not be obligated, to effect such performance or compliance, with such agreement. Any expenses of Lender incurred in connection with effecting such performance or compliance, together with interest thereon at the default rate of interest provided for in the Note from the date incurred until reimbursed, shall be payable by Customer to Lender promptly on demand and until such payment shall constitute part of the Obligations secured hereby. Any such action shall not be a cure or waiver of any Default or Event of Default hereunder.

Entire Agreement; Modifications. This Agreement and the other Loan Documents constitute the entire understanding and agreement of the parties hereto with respect to the matters contained herein and therein, and shall completely and fully supersede all other prior agreements (including any proposal letter, commitment letter, and/or term sheet), both written and oral, between Lender and Customer relating to the Obligations. Neither this Agreement, nor any terms hereof, may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of a change, waiver, discharge or termination is sought.

Construction of this Agreement and Related Matters. All representations and warranties made in this Agreement and in the other Loan Documents shall survive the execution and delivery of this Agreement and the making of the Loan hereunder. Customer's obligations contained in this Section 8 shall survive the payment and performance of the Obligations, the termination of this Agreement, and the release of the Collateral. This Agreement may be executed by the parties hereto on any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. The headings of the Sections hereof are for convenience only, are not part of this Agreement and shall not be deemed to affect the meaning or construction of any of the provisions hereof. Time is of the essence in the payment and performance of all of Customer's obligations under this Agreement. Any provision of this Agreement that may be determined to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective in such jurisdiction to the extent thereof without invalidating the remaining provisions of this Agreement, which shall remain in full force and effect.

Lender's Assignment. Lender, may at any time, with or without notice to Customer, freely grant a security interest in, sell, assign, participate or otherwise transfer (an "**Assignment**") all or any part of its interest in this Agreement and the other Loan Documents (including all associated rights associated with or secured thereby and the related international interests) or any amount due or to become due hereunder or thereunder, and Customer shall perform all of its obligations under the Loan Documents, to the extent so transferred, for the benefit of the beneficiary of such Assignment (such beneficiary, including any successors and assigns, an "**Assignee**"); provided, however, if such Assignee is not an Affiliate of Lender and if no Default or Event of Default exists, Lender will provide prior notice of any such Assignment to a third party. Customer hereby waives any right to assert, and agrees not to assert, against any Assignee any abatement, reduction, defense, setoff, recoupment, claim or counterclaim that Customer may have against Lender, provided that Lender remains fully responsible therefor. Upon the assumption by such Assignee of Lender's obligations hereunder, Lender shall be relieved of any such assumed obligations. Customer hereby consents to any such assignment, grant, sale or transfer, including, without limitation, for purposes of the Cape Town Convention. If so directed in writing, Customer shall pay all amounts due or to become due under the Loan Documents, including any of the same constituting associated rights or proceeds directly to the Assignee or any other party designated in writing by Lender or such Assignee. Customer acknowledges and agrees that Lender's right to enter into an Assignment is essential to Lender and, accordingly, waives any restrictions under Applicable Law with respect to an Assignment and any related remedies. Upon the request of Lender or any Assignee, Customer also agrees (a) to promptly execute and deliver, and cause to be executed and delivered by any Guarantor or any other Transaction Party, to Lender or to such Assignee an acknowledgment of assignment in form and substance satisfactory to the requesting party, an insurance certificate naming Assignee as additional insured and loss payee and otherwise evidencing the Required Coverages, an IDERA in favor of Assignee, and such other documents and assurances reasonably requested by Lender or Assignee, (b) to make, or cause to be made, all registrations (including all assignments and subordinations) and all amendments, extensions and discharges with the International Registry reasonably requested by Lender or Assignee (and give or obtain any necessary consent thereto, as well as renew any authorization required by the International Registry in connection therewith, including renewing its transacting user entity status and re-designating a professional user entity, if necessary in Lender's judgment), and (c) to comply with any and all other reasonable requirements of any such Assignee in connection with any such Assignment.

Jurisdiction. Customer and Lender each hereby irrevocably consents and agrees that any legal action, suit or proceeding arising out of or in any way in connection with this Agreement or any of the other Loan Documents may be instituted or brought in the courts of the State of New York or in the United States Courts for the Southern District of New York, as Customer or Lender may elect or in any other state or Federal court as Lender shall deem appropriate, and by execution and delivery of this Agreement, Customer and Lender each hereby irrevocably accepts and submits to, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of any such court, and to all proceedings in such courts. Customer and Lender each irrevocably consents to service of any summons and/or legal process by first class, certified United States air mail, postage prepaid, to Customer at the address set forth below its signature hereto, such method of service to constitute, in every respect, sufficient and effective service of process in any such legal action or proceeding. Nothing in this Agreement or in any of the other Loan Documents shall affect the right to service of process in any other manner permitted by law or limit the right of Lender to bring actions, suits or proceedings in the courts of any other jurisdiction. Customer and Lender each further agrees that final judgment against it in any such legal action,

suit or proceeding shall 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 shall be conclusive evidence of the fact and the amount of the liability. Notwithstanding anything in the foregoing to the contrary, Lender and Customer may bring a judicial proceeding in the Republic of Ireland, solely with respect to matters relating to the International Registry.

Governing Law; Binding Effect. This Agreement shall be construed and enforced in accordance with, and the rights of both parties shall be governed by, the internal laws of the State of New York (without regard to the conflict of laws principles of such state, except as to the effect of Title 14, Section 5-1401 of the New York General Obligations Law), including all matters of construction, validity, and performance. This Agreement shall be binding upon and inure to the benefit of Customer and Lender and their respective successors and assigns (but without limiting the provisions of Section 8.5); except that Customer may not assign or transfer its rights or obligations hereunder or under any other Loan Agreement, or any interest herein or therein; and any such purported or attempted assignment or transfer by Customer shall be null and void.

Customer's Capacity as Owner Trustee. TVPX Aircraft Solutions Inc. ("TVPX") is executing this Agreement, and the other Loan Documents solely in its capacity as Owner Trustee under the Trust Agreement and not in its individual capacity and in no case shall TVPX be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of the Customer hereunder, or under any Loan Document, all such liability, if any, being expressly waived by the parties hereto and any Person claiming by, through, or under such party. Under no circumstances shall TVPX be personally liable for the payment of any other amount stated to be due from the Customer hereunder, or under any Loan Document, or be personally liable for the breach or failure of any of Customer's representations, warranties, covenants, obligations, undertakings and agreements hereunder, or under any Loan Documents; provided, however, that the Customer (or any such successor owner trustee) shall be personally liable hereunder for its own gross negligence or willful misconduct or for its breach of its covenants, representations and warranties contained herein, or in any Loan Document, to the extent covenanted or made in its individual capacity.

Jury Waiver. CUSTOMER AND LENDER EACH HEREBY KNOWINGLY AND FREELY WAIVES THEIR RESPECTIVE RIGHTS TO A JURY TRIAL IN ANY ACTION, SUIT OR PROCEEDING RELATING TO, ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE NOTE OR ANY OF THE OTHER LOAN DOCUMENTS.

**[Signatures On Next Page]**

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Loan and Aircraft Security Agreement

IN WITNESS WHEREOF, the parties hereto have caused this Loan and Aircraft Security Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

BANC OF AMERICA LEASING & CAPITAL, LLC, Lender

TVPX AIRCRAFT SOLUTIONS INC., a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated July \_\_\_\_, 2017,  
Customer

By:  
Name:  
Title:  
Notice Address:

One Financial Plaza, 2nd Floor  
Providence, Rhode Island 02903  
Attention: Director of Aircraft Operations  
Telephone: 800-238-3737  
Facsimile: 401-278-7941

By:  
Name:  
Title:  
Notice Address:

39 East Eagle Ridge Drive, Ste. 201  
North Salt Lake, UT 84054  
Telephone: (801) 924-367  
Facsimile: (801) 877-0478

6. Insurance.

(a) Customer agrees to maintain or cause to be maintained at all times, at its sole cost and expense, with insurers of recognized reputation and responsibility satisfactory to Lender (but in no event having an A.M. Best or comparable agency rating of less than "A-"):

(i) (A) comprehensive aircraft liability insurance against bodily injury or property damage claims including, without limitation, contractual liability, premises liability, death and property damage liability, public and passenger legal liability coverage, and sudden accident pollution coverage, in an amount not less than \$200,000,000.00 for 20 or more seats, or if the Aircraft will be chartered, or \$100,000,000.00 for 10 or more seats, or \$50,000,000.00 for fewer than 10 seats for each single occurrence, and (B) personal injury liability in an amount not less than \$25,000,000.00; but, in no event shall the amounts of coverage required by sub-clauses (A) and (B) be less than the coverage amounts as may then be required by Applicable Law;

(ii) "all-risk" ground, taxiing, and flight hull insurance on an agreed-value basis, covering the Aircraft, provided that such insurance shall at all times be in an amount not less than the greater of (1) the full replacement value of the Aircraft (as determined by Lender), or (2) the unpaid principal amount of the Note (each such amount re-determined as of each anniversary of the date hereof for the next succeeding year throughout the term of this Agreement); and

(iii) war risk and allied perils (including confiscation, appropriation, expropriation, terrorism and hijacking insurance) in the amounts required in paragraphs (i) and (ii), as applicable.

(b) Any policies of insurance carried in accordance with this Section 4.6 and any policies taken out in substitution or replacement of any such policies shall (i) be endorsed to name Lender as an additional insured as its interests may appear (but without responsibility for premiums), (ii) provide, with respect to insurance carried in accordance with Section 4.6(a)(ii) or (a)(iii) above, that any amount payable thereunder shall be paid directly to Lender as sole loss payee and not to Lender and Customer jointly, (iii) provide for thirty (30) days' (seven (7) days' in the case of war, hijacking and allied perils) prior written notice by such insurer of cancellation, material change, or non-renewal, (iv) include a severability of interest clause providing that such policy shall operate in the same manner as if there were a separate policy covering each insured, (v) waive any right of set-off against Lender, and any rights of subrogation against Lender, (vi) provide that in respect of the interests of Lender in such policies, that the insurance shall not be invalidated by any action or inaction of Customer or any other Person operating or in possession of the Aircraft, regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by or binding upon Customer or any other Person operating or in possession of the Aircraft, and (vii) be primary, not subject to any co-insurance clause and shall be without right of contribution from any other insurance.

(c) Customer shall not self-insure (by deductible, premium adjustment, or risk retention arrangement of any kind) with respect to any of the risks required to be insured pursuant to this Section 4.6. Customer agrees that it shall obtain and maintain such other insurance coverages, or cause adjustments to be made to the scope, amount or other aspects of the existing insurance coverages, promptly upon Lender's request, as and when Lender deems such additional insurance coverages or modifications to be appropriate in light of any changes in Applicable Law, prudent industry practices, the insurance market, Customer's anticipated use of the Aircraft or other pertinent circumstances. All of the coverages required herein shall be in full force and effect worldwide throughout any geographical areas to, in or over which the Aircraft is operated. All insurance proceeds payable under the requisite policies shall be payable in U.S. Dollars.

(d) At least ten (10) days prior to the policy expiration date for any insurance coverage required by this Section 4.6, Customer shall furnish to Lender evidence (having the form and substance consistent with Section 1(f) of the Closing Terms Addendum) of the renewal or replacement of such coverage, complying with the terms hereof, for a twelve (12) month or greater period commencing from and after such expiration date.

7. Event of Loss; Loaner Engines.

(a) Upon the occurrence of any Event of Loss with respect to the Aircraft and/or the Airframe, Customer shall notify Lender of any such Event of Loss within five (5) days of the date thereof. Customer shall pay the then Outstanding Balance promptly upon its receipt of insurance proceeds relating to such Event of Loss, but in no event later than ninety (90) days after the occurrence of such Event of Loss (irrespective as to whether any or all of such proceeds have been received). Upon Lender's receipt in good and indefeasible funds of all of the amounts required to be paid pursuant to the preceding sentence (whether by applying Customer's payment of such amounts,

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**LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)**

**THIS LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)** (together with all Addenda, Riders and Annexes hereto, this "Agreement") is dated as of July 27, 2017 (the "Closing Date"), by and between **TVPX AIRCRAFT SOLUTIONS INC.**, a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated as of July 27, 2017 ("Customer") and **BANC OF AMERICA LEASING & CAPITAL, LLC**, a Delaware limited liability company ("Lender").

In consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which

are hereby acknowledged, the parties hereto agree as follows:

Capitalized and certain other terms used but not otherwise defined in this Agreement shall have the meanings ascribed to them in Annex A attached hereto and made a part hereof.

#### **Terms of Loan .**

Loan and Use of Proceeds . Subject to the terms and conditions of this Agreement, Lender agrees to make a loan to Customer in the principal amount set forth in Annex B attached hereto and made a part hereof (the “**Loan**”). Customer shall use the proceeds of the Loan to finance the costs of the acquisition of the Aircraft.

Repayment and Prepayment . The Customer’s obligation to repay the Loan shall be evidenced by one or more Promissory Notes dated on and/or after the Closing Date, payable by Customer to the order of Lender in the original principal amount of the Loan (as amended, modified, restated, extended and renewed from time to time, the “**Note**”). The Loan shall bear interest and be repaid by Customer at the times and in the manner set forth in the Note. The Loan may be prepaid only in the manner and subject to terms and conditions set forth in the Note and, if applicable, Section 4.7 hereof.

Conditions of Borrowing . Lender’s obligation to make the Loan shall be both subject to and conditioned upon the satisfaction of all of the conditions precedent specified in the Closing Terms Addendum attached to and made a part of this Agreement.

Representations and Warranties . In order to induce Lender to enter into this Agreement and to make the Loan herein provided for, Customer represents, warrants and covenants to Lender that:

(i) Customer (A) is duly qualified to do business in each jurisdiction in which the conduct of its business or the ownership or operation of its assets requires such qualification, including the jurisdiction of the Primary Hangar Location and wherever any of the Collateral may become located; (B) has the necessary authority and power to own and operate the Aircraft and its other assets and to transact the business in which it is engaged; (C) is a “citizen of the United States” within the meaning of the Transportation Code; and (D) has the form of business organization set forth in Annex B hereto and is and will remain duly organized, validly existing and in good standing under the laws of the state of its organization set forth in Annex B hereto, its federal tax identification number is as set forth in Annex B hereto, and its state-issued organizational identification number (if any), chief executive office and principal place of business address are all as set forth on Annex B hereto; and (ii) its name as shown in the preamble of this Agreement is its exact legal name as shown on its charter, by-laws, articles of organization or operating agreement, as applicable, each as amended as of the Closing Date;

(i) Customer’s execution and delivery of, and performance of its obligations under and with respect to, each of the Loan Documents (including its borrowing the amounts constituting the Loan, granting the Lender’s Lien against the Aircraft and other Collateral and participating in the other transactions contemplated herein and therein), (A) have been duly authorized by all necessary action on the part of Customer consistent with its form of organization, (B) do not contravene or constitute a default under any Applicable Law, any of Customer’s Organizational Documents, or any agreement, indenture, or other instrument to which Customer is a party or by which it may be bound, (C) do not require the approval of or notice to (1) any Governmental Authority, except for the filings and registrations specified in the Closing Terms Addendum, all of which shall have been duly effected prior to or concurrently with Lender making the Loan, or (2) any other party (including any trustees or holders of indebtedness), and (D) will not result in the creation or imposition of any Lien on any of the assets of Customer other than the Lender’s Lien created hereby and by the other Loan Documents with respect to the Collateral; (ii) each of the Transaction Documents referenced in the Closing Terms Addendum to which Customer is a party has been duly executed and delivered by an authorized representative of the Customer, and constitutes the legal, valid and binding obligation of the Customer, enforceable against it in accordance with the respective terms of such Transaction Documents (including, without limitation, the grant of the Lender’s Lien); and (iii) without limiting the foregoing, upon Lender’s advancing the Loan on the Closing Date, (A) Customer will have satisfied or complied with all conditions precedent and requirements as set forth in the Loan Documents required to have been satisfied or complied with concurrently with or prior to such advance and (B) no Default or Event of Default shall be then existing;

there are no proceedings pending or, so far as the officers, managers, or members of Customer know, threatened against or affecting Customer or any of its property before any Governmental Authority that could impair Customer’s title to the Aircraft or any of the other Collateral, or that, if decided adversely, could materially affect the financial condition or operations of Customer or its ability to perform its obligations under any of the Loan Documents;

(i) Customer has, and shall continue to have, good and marketable title to the Collateral, free and clear of Liens, except Permitted Liens; (ii) the Lender’s Lien in the Airframe, the Engines and the other Collateral is and shall remain validly created and perfected, and has and shall continue to have first priority over any other Liens pursuant to all Applicable Laws; and (iii) all filings, recordings, registrations or other actions necessary or desirable in order to vest such title in Customer, and establish, perfect and give first priority to Lender’s Lien and other rights and interests in, against or with respect to the Collateral, have been duly effected, and all Impositions in connection therewith have been duly paid;

without limiting any of the other representations and warranties in this Agreement, for the purposes of the Cape Town Convention and any other Applicable Law, (i) upon the conclusion of the sale of the Aircraft to Customer, and Customer’s grants and assignments, and (if constituting a lease) any Permitted Third Party Agreement, contemplated in the Loan Documents or other Transaction Documents, Customer and (if a lessee) any Interested Third Party shall be situated in, and Customer will cause the Aircraft to be duly registered in, the United States of America (which is a contracting state), (ii) with respect to any of the Transaction Documents relating to the Airframe or Engine, each of the respective parties thereto has power to dispose of the Airframe and Engine, as contemplated therein by way of the relevant Transaction Document, and (iii) the Purchase Documents qualify as a “contract of sale”, and (if constituting a lease) any Permitted Third Party Agreement and the Loan Documents are effective to constitute international interests in the Airframe and Engine and security assignments of the related associated rights and transfer of the related international interests, as contemplated therein, and each such Registerable Interest will be effective against third parties upon registration at the International Registry, without any further filings or registrations (except as contemplated in the Loan Documents);

(i) the Aircraft (A) has been delivered to Customer, is in Customer’s possession and is, as of the Closing Date, unconditionally, irrevocably and fully accepted by Customer, (B) has been inspected by Customer to its complete satisfaction and, without limiting the foregoing, (1) has been found to be in good working order, repair and condition and fully equipped to operate for its intended purpose, and (2) is in conformity with the requirements of the Purchase Agreement and the Applicable Standards, (C) is, or will be at the time of the funding of the Loan, currently certified under existing FAA rules and regulations and any other Applicable Laws and is airworthy in all respects, and (D) is and will remain primarily hangered at the Primary Hangar Location; and (ii) without limiting the foregoing, (A) solely as between Lender and Customer (and without prejudicing Customer’s rights against Vendor or any other third party, which rights are not being disclaimed hereby), Customer has no pending claims and has no knowledge of any facts upon which a future claim may be based, against any prior owner, the seller, manufacturer or supplier of the Aircraft or any of the other Collateral, for breach of warranty or otherwise, and (B) all of the information contained in Annex C, including the registration number of the Aircraft, and the serial numbers, manufacturer and model numbers of the Airframe, Engines, and APU, are true and accurate in all respects; and

(h) the Aircraft (i) is currently capable of being certified under existing FAA rules and regulations and completely airworthy in all respects, (ii) will undergo an inspection by a Designated Airworthiness Representative of the FAA (“**DAR**”) on the Closing Date and (iii) an FAA Standard Airworthiness Certificate (AC Form 8100-2) shall be issued for the Aircraft no later than two (2) Business Days after the Closing Date.

**Covenants** . Customer covenants and agrees that from and after the Closing Date and so long as any of the Obligations are outstanding:

Notices; Financial Information; and Further Assurances . Customer will, at its sole expense:

promptly give written notice to Lender of (i) the occurrence of any Default or Event of Default; (ii) the occurrence of any Event of Loss or event of which Customer may be aware that could become an Event of Loss; (iii) the commencement or written threat of any material litigation or proceedings affecting Customer or any material litigation or proceedings affecting the Aircraft or any of the other Collateral, or the ability of Customer to comply with its obligations under the Loan Documents; and (iv) any material dispute between Customer or any Interested Third Party and any Governmental Authority or other party that involves the Aircraft or any of the other Collateral or that might materially interfere with the normal business operations of Customer;

cause Guarantor to comply with the financial reporting requirements set forth in the Guaranty and promptly furnish to Lender any such financial and other information regarding the Customer or Guarantor or any of its Affiliates as Lender may from time to time reasonably request; and

promptly execute and deliver to Lender such further instruments, UCC and FAA filings (including an IDERA) and other documents, make, cause to be made and/or consent to all registrations (including any discharges and subordinations, or as to the prospective or actual sale of, and any international interest in, the Engines) with the International Registry, and take such further action, as Lender may from time to time reasonably request in order to further carry out the intent and purpose of the Loan Documents and to establish, protect and enforce the rights, interests, remedies and Liens (including the first priority thereof) created, or intended to be created, in favor of Lender thereby.

General Obligations . (a) Customer agrees that it shall (i) duly observe and conform to all requirements of Applicable Law relating to the conduct of its business and/or the Aircraft, (ii) remain a "citizen of the United States" within the meaning of the Transportation Code, (iii) obtain and keep in full force and effect (A) all rights, franchises, licenses and permits that are necessary to the proper conduct of its business, and (B) all approvals by any Governmental Authority required with respect to the performance of its obligations under the Loan Documents and the operation of the Aircraft and its business, (iv) cause the Aircraft to remain primarily hangared at the Primary Hangar Location, and duly registered in Customer's name under the Transportation Code (including, by making all necessary reports, re-registering its ownership of the Aircraft, and taking all other actions required by Applicable Law), and (v) pay and perform all of its obligations and liabilities when due. (b) Customer agrees that (i) it shall not change its presently existing legal name or its form or state of organization on or after the date of this Agreement, without Lender's prior written consent, (ii) if its presently existing state organizational identification number changes, or if Customer currently has no such state organizational number but is subsequently issued such a number, on or at any time after the date of this Agreement, Customer shall immediately notify Lender thereof, and (iii) it shall not change the presently existing mailing, chief executive office and/or principal place of business address on or after the date of this Agreement without giving Lender thirty (30) days written notice of the same.

Taxes . (a) Customer will file or cause to be filed with all appropriate taxing authorities all Federal, state and local income tax returns that are required to be filed and all registrations, declarations, returns and other documentation with respect to any personal property taxes (or any other taxes in the nature of or imposed in lieu of property taxes) due or to become due with respect to the Aircraft or any of the other Collateral. (b) Customer will pay (or cause to be paid) (i) on or before the date when due all taxes as shown on said returns and all taxes assessed, billed or otherwise payable with respect to the Aircraft or the other Collateral directly to the appropriate taxing authorities; and (ii) when due all license and/or registration or filing fees, assessments, governmental charges and sales, use, property, excise, privilege, value added and other taxes (including any related interest or penalties) or other charges or fees now or hereafter imposed by any governmental body or agency upon Customer or the Aircraft or any of the other Collateral, with respect to the landing, airport use, manufacturing, ordering, shipment, purchase, ownership, delivery, installation, leasing, chartering, operation, possession, use or disposition of the Aircraft or any of the other Collateral, or any interest therein (the items referred to in (i) and (ii) above being referred to herein collectively, as "**Impositions** ").

No Disposition of Collateral or Liens; Title and Security Interest .

Customer shall not sell, assign, enter into any Third Party Agreement, convey, mortgage, exchange or otherwise transfer or relinquish possession of (including by any seizure or other taking by any foreign or domestic governmental authority) or dispose of the Airframe or Engines, any Part, any related associated rights, international interests or prospective international interests, any proceeds or any of the other Collateral, or attempt or offer to do, or suffer or permit any of the foregoing. Customer shall be permitted, however, to deliver possession of the Airframe, the Engines, or any APU or Part to another Person for testing, service, repair, maintenance, overhaul, alteration or modification, and to enter into Permitted Third Party Agreements, in each case, if and to the extent consistent with the provisions of the Loan Documents. Customer will warrant and defend its good and marketable title to the Airframe, the Engines and the other Collateral, and the validity, perfection and first priority of Lender's Lien in the Collateral, against all other Liens, claims and demands whatsoever, except Permitted Liens; and without limiting the foregoing, Customer will (i) not create, assume or suffer to exist any Liens on or with respect to the Airframe, the Engines, or any of the other Collateral, or Customer's interest therein (other than Permitted Liens); and (ii) promptly take such action as directed by Lender to duly discharge any such unpermitted Liens.

So long as no Default or Event of Default is then existing, Customer may enter into and remain a party to Third Party Agreements, in each such case, subject to the satisfaction of, and compliance by Customer and each Interested Third Party with, all of the following throughout the term of such arrangement: (i) Each such Interested Third Party shall (A) be and remain solvent, and (unless an individual) organized under the laws of a state within the United States; and (B) if engaged by Customer with the prior written consent of Lender as a manager and/or charter operator (including the Manager pursuant to the Management Agreement), while so engaged, (1) have a recognized favorable reputation as a manager and/or charter operator, as the case may be, of aircraft similar to the Aircraft, (2) be providing management and/or charter operation services for other aircraft owners similar to the services contemplated therein, and (3) if and at all times while conducting any charter operations (x) have and maintain a valid Part 135 Certificate evidencing its authority to conduct such operations, (y) list the Aircraft on its operations specifications, and (z) comply with all Applicable Standards pertaining to such charter operations. (ii) Any operation of the Aircraft pursuant to any such Third Party Agreement shall be limited to (A) if by Customer, Parent Guarantor or any Affiliate of Parent Guarantor, any time sharing agreements (as defined in Section 91.501(c)(1)) complying with Part 91 of the FARs and all other Applicable Standards, (B) if by a manager and/or a charter operator with Lender's prior written consent, pursuant to and in full compliance with the requirements of Part 135 of the FARs and all other Applicable Standards, or (C) if such Third Party Agreement is a "dry lease" by Customer, as lessor, to Parent Guarantor or an Affiliate of Parent Guarantor or other Interested Third Party permitted pursuant hereto, as lessee, operation by such lessee complying with (1) Part 91 and any other applicable provision of the FARs, and all other Applicable Standards, and (2) the provisions hereof and of the other Loan Documents pertinent to the operation of the Aircraft (whether by Customer or any permitted Interested Third Party). (iii) The related Third Party Agreement shall (A) be and remain, subject and subordinate to Lender's Lien in and with respect to the Collateral, and Lender's rights and remedies under the Loan Documents (and such subordination shall be expressly acknowledged therein), (B) not convey any Lien on, or other property interest in or against the Airframe, the Engines or any of the other Collateral, except for a Permitted Lien (but, without giving effect to clause (a) of the definition of such term), (C) not permit any further sublease or disposition of or unpermitted Lien against the Aircraft or any of the other Collateral by any of the Interested Parties thereto or any other Person, or any change in registration or unpermitted change in hangaring of the Aircraft, (D) not contain provisions that are inconsistent with the provisions of any of the Loan Documents or cause Customer to breach any of its representations, warranties or agreements under any of the Loan Documents, (E) be in conformity with all requirements of the FARs and other Applicable Laws, and (F) otherwise conform to any Operating Consent required by Lender with respect thereto. (iv) (A) Customer shall have specified such Third Party Agreement on Annex B if

existing on the Closing Date, or if not then existing shall require Lender's prior written consent and at least thirty (30) Business Days' prior written notice of its intention to enter into a Third Party Agreement and (B) no later than the effective date thereof Customer shall comply with, and at all times thereafter remain in compliance with, any related requirements by Lender, including (1) entering into, and causing any related Interested Third Parties to enter into, an Operating Consent, (2) causing Lender to be covered by the Required Coverages (which, for the purposes hereof, may include insurance coverages obtained and maintained by an Interested Third Party, conforming to the insurance requirements herein and in any of the other Loan Documents), and (3) entering into or delivering, or causing to be entered into and delivered, all such other documents, filings and assurances, making or causing to be made such filings and registrations, and taking or causing to be taken all such other actions, in each case as may be required by Lender and (4) paying or reimbursing Lender for any related costs or expenses. (v) Lender shall have the right, but not the obligation, to (A) require reasonable evidence that any Interested Third Party satisfies the requirements provided herein, and (B) review any such Third Party Agreement, as from time to time supplemented and amended, to determine its conformity with the provisions hereof, but without assuming any responsibility with respect thereto. (vi) Customer shall neither make, nor permit to be made, any filing or registration with respect to any Permitted Third Party Agreement, unless so directed by Lender pursuant to Section 5.2 or otherwise. Notwithstanding the foregoing limitations Parent Guarantor or any Affiliate shall be permitted to conduct the carriage of Parent Guarantor or any Affiliate and/or their respective guests pursuant to 14 CFR Section 91.501(b)(4), affiliated group operations pursuant to 14 CFR Section 91.501(b)(5) and/or (6), demonstration flights pursuant to 14 CFR Section 91.501(b)(3), time sharing or interchange operations pursuant to 14 CFR Section 91.501(b)(6), the carriage of customers pursuant to 14 CFR Section 91.501(b)(9) and/or the carriage of candidates in Federal elections conducted pursuant to 14 CFR Section 91.321.

With respect to any Third Party Agreements complying with all of the provisions of Section 4.4(b) (each a "**Permitted Third Party Agreement**"), although certain of the duties and obligations of Customer under the Loan Documents may be performed by one or more of the Interested Third Parties, (i) no such Permitted Third Party Agreement shall reduce any of Customer's obligations, or Lender's rights, under any of the Loan Documents, (ii) all of Customer's obligations under the Loan Documents shall be and remain primary and continue in full force and effect as the obligations of a principal and not of a guarantor or surety, and (iii) Lender is not waiving the right to require full and timely performance of any such obligations in strict accordance with the provisions hereof and of the other Loan Documents. By way of clarification and not limitation, with respect to any provisions of this Agreement or any of the other Loan Documents requiring Customer to take or refrain from taking an action relating to the Aircraft or any of the other Collateral, such provision may also be read to mean that Customer shall cause the same to be done in accordance therewith, if at that time the Aircraft or such other Collateral is in the possession or control of an Interested Third Party pursuant to a Permitted Third Party Agreement.

#### Use of Aircraft; Maintenance; Modifications; Security.

Customer will operate the Aircraft or shall cause the Aircraft to be operated under and in compliance with Part 91 and any other applicable provision of the FARs, and all other Applicable Standards. Unless otherwise expressly permitted hereunder, (i) Customer shall not operate or permit the Aircraft to be operated for air taxi operations or otherwise under Part 135 of the FARs; and (ii) Customer, an Affiliate or other Interested Third Party shall at all times have, and maintain, "operational control" of the Aircraft (as such term is then interpreted by the FAA or such other applicable Governmental Authority), and no other Person shall operate the Aircraft. The Aircraft at all times will be operated by duly qualified pilots having satisfied all requirements established and specified by the FAA, the TSA, any other applicable Governmental Authority and the Required Coverages.

the Aircraft may be flown temporarily to any country in the world, provided that the Aircraft (i) shall at all times be based in the continental United States; and (ii) shall not be flown, operated, used or located in, to or over any such country or area (temporarily or otherwise) (A) that is excluded from the Required Coverages (or specifically not covered by such insurance), (B) with which the U.S. does not maintain favorable diplomatic relations (which is any country or jurisdiction not marked with an "\*" on the list maintained by the U.S. Department of State, at <http://www.state.gov/s/inr/rls/4250.htm> or any replacement or equivalent website maintained by the U.S. Department of State), provided that the prohibition in this clause (B) does not prohibit the operation of the Aircraft on an approved and assigned air traffic control route (if and so long as such use is otherwise in compliance with the provisions of the this Agreement and does not violate any insurance policies in effect with respect to the Aircraft), (C) to the extent that payment of any claim under the Required Coverages directly or indirectly arising or resulting from or connected with any such flight, operation, use or location would be prohibited under any trade or other economic sanction or embargo by the United States of America, or (D) in violation of any of the Loan Documents or any Applicable Standards. Customer shall adopt, implement and comply with all security measures required by any Applicable Law, or by any Required Coverages, or that are necessary or appropriate for the proper protection of the Aircraft (whether on the ground or in flight) against theft, vandalism, hijacking, destruction, bombing, terrorism or similar acts.

Customer agrees that, with respect to the Airframe, the Engines, each APU and each Part, Customer will at its own expense, (i) maintain, inspect, service, repair, overhaul and test the same in accordance with Applicable Standards; (ii) make any alterations or modifications that may at any time be required to comply with Applicable Standards, and to cause the Aircraft to remain airworthy; (iii) furnish all required parts, replacements, mechanisms, devices and servicing so that the condition and operating efficiency thereof will at all times be no less than its condition and operating efficiency as and when delivered to Customer, ordinary wear and tear from proper use alone excepted; (iv) promptly replace all Parts (A) which become worn out, lost, stolen, taken, destroyed, damaged beyond repair or permanently rendered or declared unfit for use for any reason whatsoever, or (B) if not previously replaced pursuant to clause (A), as and when required by any Applicable Standards, including any applicable life limits; and (v) maintain (in English) all Records in accordance with Applicable Standards; and (vi) enroll and maintain the Engines in an Engine Maintenance Program and the APU in an APU Maintenance Program or shall cause the foregoing to be done. All maintenance procedures shall be performed by properly trained, licensed, and certified maintenance sources and personnel utilizing replacement parts approved by the FAA and the manufacturer of (as applicable) the Airframe, the Engines, or any APU or Part. Without limiting the foregoing, Customer shall comply with all mandatory service bulletins and airworthiness directives by causing compliance to such bulletins and/or directives to be completed through corrective modification in lieu of operating manual restrictions.

Customer will not make, authorize or permit any improvement, change, addition or alteration to the Aircraft that will impair the originally intended function or use of the Aircraft, diminish the value of the Aircraft as it existed immediately prior thereto, or violate any Applicable Standard. All repairs, parts, replacements, mechanisms and devices added by Customer or on its behalf shall immediately, without further act, become part of the Aircraft and subject to the Lender's Lien granted under this Agreement.

#### Insurance.

Customer agrees to maintain or cause to be maintained at all times, at its sole cost and expense, with insurers of recognized reputation and responsibility satisfactory to Lender (but in no event having an A.M. Best or comparable agency rating of less than "A-");

(A) comprehensive aircraft liability insurance against bodily injury or property damage claims including, without limitation, contractual liability, premises liability, death and property damage liability, public and passenger legal liability coverage, and sudden accident pollution coverage, in an amount not less than \$200,000,000.00 for 20 or more seats, or if the Aircraft will be chartered, or \$100,000,000.00 for 10 or

more seats, or \$50,000,000.00 for fewer than 10 seats for each single occurrence, and (B) personal injury liability in an amount not less than \$25,000,000.00; but, in no event shall the amounts of coverage required by sub-clauses (A) and (B) be less than the coverage amounts as may then be required by Applicable Law;

"all-risk" ground, taxiing, and flight hull insurance on an agreed-value basis, covering the Aircraft, provided that such insurance shall at all times be in an amount not less than the greater of (1) the full replacement value of the Aircraft (as determined by Lender), or (2) the unpaid principal amount of the Note (each such amount re-determined as of each anniversary of the date hereof for the next succeeding year throughout the term of this Agreement); and

war risk and allied perils (including confiscation, appropriation, expropriation, terrorism and hijacking insurance) in the amounts required in paragraphs (i) and (ii), as applicable.

Any policies of insurance carried in accordance with this Section 4.6 and any policies taken out in substitution or replacement of any such policies shall (i) be endorsed to name Lender as an additional insured as its interests may appear (but without responsibility for premiums), (ii) provide, with respect to insurance carried in accordance with Section 4.6(a)(ii) or (a)(iii) above, that any amount payable thereunder shall be paid directly to Lender as sole loss payee and not to Lender and Customer jointly, (iii) provide for thirty (30) days' (seven (7) days' in the case of war, hijacking and allied perils) prior written notice by such insurer of cancellation, material change, or non-renewal, (iv) include a severability of interest clause providing that such policy shall operate in the same manner as if there were a separate policy covering each insured, (v) waive any right of set-off against Lender, and any rights of subrogation against Lender, (vi) provide that in respect of the interests of Lender in such policies, that the insurance shall not be invalidated by any action or inaction of Customer or any other Person operating or in possession of the Aircraft, regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by or binding upon Customer or any other Person operating or in possession of the Aircraft, and (vii) be primary, not subject to any co-insurance clause and shall be without right of contribution from any other insurance.

Customer shall not self-insure (by deductible, premium adjustment, or risk retention arrangement of any kind) with respect to any of the risks required to be insured pursuant to this Section 4.6. Customer agrees that it shall obtain and maintain such other insurance coverages, or cause adjustments to be made to the scope, amount or other aspects of the existing insurance coverages, promptly upon Lender's request, as and when Lender deems such additional insurance coverages or modifications to be appropriate in light of any changes in Applicable Law, prudent industry practices, the insurance market, Customer's anticipated use of the Aircraft or other pertinent circumstances. All of the coverages required herein shall be in full force and effect worldwide throughout any geographical areas to, in or over which the Aircraft is operated. All insurance proceeds payable under the requisite policies shall be payable in U.S. Dollars.

At least ten (10) days prior to the policy expiration date for any insurance coverage required by this Section 4.6, Customer shall furnish to Lender evidence (having the form and substance consistent with Section 1(f) of the Closing Terms Addendum) of the renewal or replacement of such coverage, complying with the terms hereof, for a twelve (12) month or greater period commencing from and after such expiration date.

#### Event of Loss: Loaner Engines.

Upon the occurrence of any Event of Loss with respect to the Aircraft and/or the Airframe, Customer shall notify Lender of any such Event of Loss within five (5) days of the date thereof. Customer shall pay the then Outstanding Balance promptly upon its receipt of insurance proceeds relating to such Event of Loss, but in no event later than ninety (90) days after the occurrence of such Event of Loss (irrespective as to whether any or all of such proceeds have been received). Upon Lender's receipt in good and indefeasible funds of all of the amounts required to be paid pursuant to the preceding sentence (whether by applying Customer's payment of such amounts, or any such insurance proceeds, or both) the Aircraft shall be released from the Lender's Lien, and Lender shall remit to Customer any such insurance proceeds so received by Lender, to the extent then remaining.

Upon an Event of Loss with respect to an Engine or any APU (as applicable, a " **Lost Item** ") under circumstances in which there has not occurred an Event of Loss with respect to the Airframe, Customer shall, within one hundred twenty (120) days after the occurrence of such Event of Loss, replace such Lost Item, with a Permitted Replacement. Any engine or auxiliary power unit constituting a " **Permitted Replacement** " for a Lost Item shall (i) be of the same make and model number as the Lost Item, (ii) be free and clear of all Liens and (iii) have a value, utility and useful life at least equal to, and be in as good an operating condition as, the Lost Item, assuming such Lost Item was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss. Customer, at its own cost and expense, shall (i) furnish Lender with such documents to evidence such conveyance, (ii) cause the Permitted Replacement to be subject to the Lender's Lien under this Agreement, and (iii) take such other actions as may be required by Lender to cause the Lender's Lien therein to be validly created, perfected and have first priority, including as evidenced on the FAA Registry, the International Registry, and any other recording office. Each such Permitted Replacement shall, after such conveyance, be deemed an "Engine" or "APU" (as defined herein), as applicable, and shall be deemed part of the same Aircraft as was the Lost Item replaced thereby.

In the event an Engine is damaged and is being repaired, or is being inspected or overhauled, Customer, at its option, may temporarily substitute another engine during the period of such repair or overhaul, so long as such engine is of the same make and model as the Engine being repaired or overhauled, is free and clear of any Lien that might impair Lender's rights or interests in the Airframe and is maintained in accordance herewith (any such substitute engine being hereinafter referred to as a " **Loaner Engine** "). Customer shall (i) cause such Loaner Engine to be installed and removed, as applicable, by a maintenance facility certified by the FAA and manufacturer with respect to the Aircraft, and (ii) cause the repaired or overhauled original Engine to be reinstalled on the Airframe promptly upon completion of the repair or overhaul, but in no event later than the earlier of one hundred twenty (120) days after removal or the occurrence of an Event of Default.

So long as no Default has occurred and is continuing, and no Event of Default or Event of Loss with respect to the Aircraft has occurred, any loss or damage proceeds of the Required Coverages received by Lender shall be released promptly by Lender to Customer to reimburse Customer for paying the costs actually incurred with respect to repairs made to the Aircraft so as to restore it to the condition required by this Agreement, or for the purchase of a Permitted Replacement pursuant to Section 4.7(b), or shall be disbursed by Lender as otherwise required by this Agreement.

Aircraft Registration. On or before the Closing Date, and at all times thereafter, so long as any of the Obligations are outstanding, Customer shall remain solely responsible pursuant to the applicable provisions of this Agreement to cause (i) the Aircraft to be effectively and otherwise validly registered in Customer's name on the Registry, and (ii) the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft, in each case, accordance with the Registration Requirements; and without limiting the foregoing, or any other provision of this Agreement, Customer shall:

cause the Registration Certificate to be maintained within the Aircraft and cause the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft; including by (A) notifying Lender immediately of any event or circumstance with respect to which the Registration Requirements require further action by Customer, the Registry or any other Governmental Authority or other Person, (B) immediately upon receipt, placing the original, replacement or renewal Registration Certificate on the Aircraft prior to the expiration or other invalidation of any previously issued Registration Certificate (whether the certificate or any other document constituting the Registration Certificate as defined herein) under the Registration Requirements, and (C) complying with any and all of the other Registration Requirements relating to such Registration Certificate, and to the Registration Certificate replaced thereby (including any of the same relating to the

destruction or return thereof, as the case may be); and

upon the occurrence, and at all times thereafter, of any Defective Registration (and without waiving Customer's responsibility to avoid such circumstance), or if the operation of the Aircraft is no longer authorized by the Registration Requirements, Customer shall (A) neither operate nor permit or suffer the operation of the Aircraft without a currently effective and otherwise valid Registration Certificate (and shall cause the pilots to be made aware of the Defective Registration), and otherwise comply with the FARs and other Applicable Laws relating to such Defective Registration, (B) ground and store the Aircraft in a manner reasonably acceptable to Lender, and (C) inform the insurer or insurers thereof, and obtain and maintain adjustments to the insurance coverages required pursuant Section 4.6 of this Agreement which may be necessary or desirable to Lender so as to reflect any changes in the insurable risks relating to any Defective Registration.

**Security Interest; Power of Attorney; Inspection .**

Grant of Security Interest . As collateral security for the prompt and complete payment and performance as and when due of all of the Obligations and in order to induce Lender to enter into this Agreement and make the Loan to Customer in accordance with the terms hereof, Customer hereby grants, pledges and assigns to Lender a first priority security interest, collateral assignment, international interest, prospective international interest, security assignment and prospective security assignment, in, against, under and with respect to (the " **Lender's Lien** ") all of Customer's right, title and interest in, to and under all of the following collateral, whether now existing or hereafter acquired (collectively, the " **Collateral** "): (i) the Aircraft, including the Airframe, the Engines, each of the APU and Parts, and the Records; (ii) any and all present and future Third Party Agreements; (iii) any and all other associated rights secured by or associated with the Airframe and/or the Engines, together with any related international interests and prospective international interests; (iv) any collateral described in the other Loan Documents (including in any Operating Consent); and (v) all proceeds of the foregoing. By way of clarification and not limitation, the foregoing grant of the Lender's Lien shall include, as applicable (and in each case, being validly registered and having first priority), an international interest in the Airframe and in each Engine. Notwithstanding the foregoing, (i) Customer shall not enter into any Third Party Agreements unless expressly permitted by Section 4.4 and (ii) Lender is not assuming, nor shall it be responsible for, any obligations, liabilities or duties of any kind whatsoever of Customer (and/or of any other Person) relating to the Collateral. Customer agrees that it shall perform and procure performance in accordance with any Third Party Agreement or other agreement or instrument giving rise to any associated rights that are or may become subjected to the Lender's Lien.

UCCs, Registrations, Etc.; Lender as Attorney-in-Fact . Customer hereby irrevocably:

authorizes Lender to prepare and file any UCC financing statements, amendments, continuations, terminations, assignments and other filings, or take such other actions for the purpose of perfecting, affording first and exclusive priority to or otherwise relating to Lender's Lien under this Agreement or the other Loan Documents;

consents to, and authorizes its professional user entity to consent to, the registration of each Registerable Interest requested by Lender or its Assignee, or otherwise required by the provisions of this Agreement or any of the other Loan Documents, including any subordination, amendment, assignment, discharge or undertaking permitted by the Cape Town Convention with respect thereto; and

constitutes and appoints Lender (including any Person acting on Lender's behalf), as its true and lawful attorney-in-fact with full power and authority in the place and stead of Customer and in the name of Customer or in its own name, for the purpose of carrying out the terms of this Agreement; which authority shall include the following undertakings that may be exercisable by Lender in its sole discretion at any time, and from time to time, if an Event of Default is then existing or upon the occurrence of an Event of Loss: (i) in Customer's name, file and/or record, such further instruments, filings and other documents, make, cause to be made and/or consent to all registrations with the International Registry, and take such further action, to establish and protect Lender's rights, interests and remedies created, or intended to be created, pursuant to the Loan Documents; (ii) endorse Customer's name on any checks, notes, drafts or any other payments or instruments, or set off, apply, or take such other actions with respect to any funds relating to the Collateral that come into Lender's possession or control; and (iii) to settle, adjust, receive payment and make claim or proof of loss, and take such other actions relating to the Required Coverages. This appointment is coupled with an interest, is irrevocable and shall terminate only upon indefeasible payment and performance in full of all of the Obligations. The powers conferred on Lender hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Lender shall be accountable only for amounts that it actually receives in good and indefeasible funds as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to Customer for any act or failure to act. Without limiting the foregoing, Customer agrees that within five (5) Business Days of Lender's request, Customer will enter into an irrevocable power-of-attorney authorizing Aviation Counsel or Lender's other designee as Customer's professional user entity and administrator for the purpose of discharging any Registerable Interests as and when directed to do so by Lender in connection with its exercise of its rights and remedies under the Loan Documents.

Inspection . Lender or its authorized representatives shall have the right, but not the duty, to inspect the Aircraft, any part thereof and/or the Records, at its own cost any reasonable time and from time to time, wherever located, upon reasonable prior notice to Customer; except that after the occurrence of a Default or an Event of Default, such inspection may be conducted at any time without prior notice and at Customer's sole expense, and it shall pay Lender promptly upon demand any inspection costs incurred by Lender. So long as no Default or Event of Default exists, any such inspections shall be conducted during normal business hours and without interruption of the use and operation of the Aircraft as permitted hereby. Upon the request of Lender, Customer shall promptly confirm to Lender the location of the Aircraft or any of the other Collateral.

**Events of Default .** The term " **Event of Default** ", wherever used herein, shall mean:

Customer shall fail to pay any Obligation within ten (10) days after the same shall become due and payable (whether at the stated maturity, by acceleration, upon demand or otherwise); or

(i) any Customer Party shall default in the payment or performance of any indebtedness, liability or obligation to Lender or any Affiliate of Lender under any note, security agreement, lease, title retention or conditional sales agreement or any other instrument or agreement; or (ii) any Customer Party shall fail to pay any Indebtedness (other than the Obligations) exceeding \$5,000,000.00, and such failure shall continue beyond any applicable grace period (or, with respect to trade Indebtedness which is not subject to a grace period, within ninety (90) days of the date such trade Indebtedness is incurred); or

(i) any of the Required Coverages are not kept in full force and effect, or a breach or violation shall exist with respect to any provisions thereof; or the Aircraft is operated in a manner, at a time or in or over or located at a place with respect to which such Required Coverages shall not be in effect; (ii) Customer shall fail to cause the Airframe or the Engines to be used, operated, maintained or otherwise kept in a condition so as to be in compliance with all Applicable Laws; or (iii) any Customer Party shall fail to comply with (A) any financial covenants as and to the extent set forth or incorporated in any Guaranty or in any of the other Loan Documents, or (B) any provision of any of the Loan Documents restricting Liens and other dispositions relating to either the Collateral or any rights or obligations under any of the Transaction Documents (including Section 4.4 hereof), or (iv) the occurrence of any Defective Registration; or

(i) any representation or warranty made by any Customer Party in any of the Loan Documents or in any related agreement, document or certificate shall prove to have been incorrect, misleading, or inaccurate in any material respect when made or given (or, if a continuing representation or warranty, at any time); or (ii) any Customer Party shall fail to (A) perform or observe any other agreement (other than those specifically referred to in this Section 6) required to be performed or observed by it under this Agreement or in any of the other Loan Documents, and such failure shall continue uncured for thirty (30) days after the earlier of written notice thereof from Lender to such Customer Party or such

Customer Party's actual knowledge thereof (but such notice and cure period will not be applicable unless such breach is curable by practical means within such notice period) or (B) notify Lender of any Default or Event of Default within ten (10) Business Days of its occurrence; or

(i) any Customer Party shall (A) generally fail to pay its, or his or her debts as they become due, admit its, or his or her inability to pay its, or his or her debts or obligations generally as they fall due, or shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws or other insolvency laws, or an answer admitting the material allegations of such a petition filed against such Customer Party in any such proceeding; or (B) by voluntary petition, answer or consent, seek relief under the provisions of any other bankruptcy or other insolvency or similar law providing for the reorganization or liquidation of corporations, or providing for an assignment for the benefit of creditors, or providing for an agreement, composition, extension or adjustment with its, or his or her creditors; or (ii) a petition against any Customer Party in a proceeding under applicable bankruptcy laws or other insolvency laws, as now or hereafter in effect, shall be filed and shall not be withdrawn or dismissed within one hundred twenty (120) days thereafter, or if, under the provisions of any law providing for reorganization or liquidation of business entities that may apply to any Customer Party, any court of competent jurisdiction shall assume jurisdiction, custody or control of such Customer Party or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of one hundred eighty (180) days after the filing date; or

the occurrence of any of the following events with respect to any Customer Party: (A) it enters into any transaction of merger, consolidation or reorganization; (B) it ceases to do business as a going concern, liquidates, or dissolves, or sells, transfers or otherwise disposes of all or substantially all of its assets or properties (in one or more transactions); (C) it becomes the subject of, or engages in, a leveraged buy out; (D) it changes the form of organization of its business; (E) if it is privately owned as of the Closing Date, there is any substantial change in the ownership or control of its capital stock or membership interests such that the holder(s) that own or control one hundred percent (100%) of such equity interests as of the Closing Date no longer do so; or (F) if it is publicly held as of the Closing Date, any change so that it is no longer subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or no longer registered under Section 12 of the Securities Act of 1933, as amended; or

(i) the conviction of or guilty plea by any Customer Party with respect to any criminal act constituting a felony, (ii) any repudiation by any Customer Party of its obligation for the payment or performance of the Obligations, (iii) any allegation by any Customer Party or judicial determination that any of the Loan Documents is unenforceable in any material respect or (iv) a Default (as defined in any Guaranty) shall occur; or any event or condition constituting a breach or other default under any Operating Consent.

#### **Remedies .**

Acceleration; Termination of Commitment . If any Event of Default shall occur, Lender, in its sole discretion, may (a) declare the Obligations to be immediately due and payable, and upon such declaration the Obligations (including, the unpaid principal amount of the Note, together with all accrued but unpaid interest thereon, any prepayment fees and all other amounts due and payable under or with respect to the Loan Documents), shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the other Loan Documents to the contrary notwithstanding, (b) terminate any then outstanding commitment whether to Customer or any Affiliate to make the Loan or any advance thereof, or any other financial accommodations, whether related to the Loan or otherwise, and/or (c) pursue and enforce any of Lender's rights and remedies under this Section 7; provided, however, if an Event of Default specified in Section 6 (e) above shall occur, the Obligations shall become immediately due and payable, all such commitments shall terminate, and Lender shall have all such other rights and remedies contemplated in the preceding clauses (a), (b) and (c), automatically, and without any notice or other action by Lender.

Additional Remedies . If an Event of Default occurs, in addition to all other rights and remedies granted to it in this Agreement and in the other Loan Documents, Lender may exercise all rights and remedies of a secured party under the UCC or as a creditor, chargee or security assignee under the Cape Town Convention (including any and all remedies thereunder requiring agreement by Customer), or otherwise available to Lender under any other Applicable Law. Without limiting the generality of the foregoing, Customer agrees that upon the occurrence of an Event of Default, Lender, without demand or notice of any kind (except as specified below) to or upon Customer or any other Person, in its sole discretion, may exercise any one or more of the following remedies:

(i) peacefully enter the premises where the Aircraft, the Engines, or any other Collateral is located, take immediate possession of, remove (or disable in place), or otherwise take control or custody of the Airframe, the Engines or any other Collateral (whether or not then attached to the Airframe) by self-help, summary proceedings or otherwise without liability, (ii) preserve the Airframe, the Engines or the other Collateral, and their respective value (but without any obligation to do so), and immobilize or keep idle the Airframe or Engines, and/or (iii) use Customer's premises for storage without liability; and Customer agrees, at Lender's request, to assemble the Collateral, and make it available to Lender at such places as Lender shall reasonably select, whether at Customer's premises or elsewhere;

(i) terminate the right of any Interested Third Party, and any other third party to use, possess or control the Airframe, the Engines or any of the other Collateral, including under any Permitted Third Party Agreement or other Third Party Agreement, without regard as to the existence of any event of default thereunder, (ii) recover from, and/or cause Customer and any such Interested Third Party, and any other third party, to relinquish possession and return the Airframe, the Engines and any other Collateral pursuant to this Section 7, and/or (iii) exercise any and all other remedies under any Operating Consents in Customer's stead, to the extent provided for under, or otherwise available to Customer in connection with any related Permitted Third Party Agreement or such other Third Party Agreement;

(i) manage, sell, lease, assign or otherwise dispose of the Airframe, the Engines or any other Collateral, in whole or in part, whether or not in Lender's possession, in one or more parcels or transactions, at public or private sale or sales, with or without notice to Customer (except as required by Applicable Law, and in furtherance thereof, Lender agrees that it shall give Customer no less than ten (10) working days' prior notice of any proposed sale or lease of the Airframe or Engines, which Customer acknowledges as constituting "reasonable prior notice" for the purposes of the Cape Town Convention) at such prices as Lender may deem best, and/or (ii) purchase the Collateral, in whole or in part, upon any public sale or sales, and to the extent permitted by Applicable Law upon any private sale or sales, free of any right or equity of redemption in Customer, which right or equity of redemption is hereby expressly released;

(i) collect, receive, appropriate and realize upon the Collateral, or any part thereof, including by applying any deposit or other cash collateral, or collecting or receiving, appropriating and realizing upon any income, profits or other proceeds arising from the management or use of the Airframe, the Engines or any of the other Collateral, and applying the same (after deducting all taxes, costs, expenses and other reductions of every kind incurred in connection therewith) to the payment in whole or in part of the Obligations, in such order and manner as Lender may elect; and (ii) after making such application, (A) remitting to Customer or to such other Person any excess then remaining, as and to the extent Lender is required by Applicable Law to make such remittance and (B) demanding, collecting and receiving from Customer any deficiency then remaining (and Customer agrees that it shall remain liable for, and pay upon demand, the full amount of any such deficiency);

(i) demand and obtain from any court speedy relief pending final determination available at law (including, possession, control, custody or immobilization of the Airframe and Engines, or preservation of the Airframe and the Engines and their respective value), (ii) procure the deregistration and/or export and physical transfer of the Airframe from the territory in which it is then situated (including pursuant to an IDERA, if any, executed by Customer), and/or (iii) otherwise proceed at law or in equity, to enforce specifically Customer's performance or to recover damages; and/or

exercise any and all other rights and remedies under or with respect to the Loan Documents or Applicable Law, including the Cape

Town Convention and the UCC.

No Waiver: Cumulative Remedies. No right or remedy is exclusive. Customer hereby acknowledges that none of the provisions of this Section 7, including any remedies set forth or referenced herein, is "manifestly unreasonable" for the purposes of the Cape Town Convention. Each may be used successively and cumulatively and in addition to any other right or remedy referred to above or otherwise available to Lender at law or in equity, but in no event shall Lender be entitled to recover any amount in excess of the maximum amount recoverable under Applicable Law with respect to any Event of Default. No express or implied waiver by Lender of any Default or Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default. The failure or delay of Lender in exercising any rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or reoccurrence of any such contingencies or similar contingencies, and any single or partial exercise of any particular right by Lender shall not exhaust the same or constitute a waiver of any other right provided for or otherwise referred to herein. After the occurrence of any Default or Event of Default, the acceptance by Lender of any payment or performance of any of the Obligations, including the payment of any installment of principal and/or interest or of any other sum owing hereunder or under the other Loan Documents shall not constitute a waiver of such Default or Event of Default, regardless of Lender's knowledge or lack of knowledge thereof at the time of acceptance of any such payment or performance and shall not constitute a reinstatement of any of the Loan Documents, unless Lender shall have agreed in writing to reinstate the same and waive the Default or Event of Default. To the extent permitted by Applicable Law, Customer waives any rights now or hereafter conferred thereby, that (a) limit or modify any of Lender's rights or remedies under this Agreement or any of the other Loan Documents, including the provisions of Article 13(2) of the Convention, or (b) would otherwise entitle Customer to (i) receive notices or demands as a condition to Lender's exercise of any rights or remedies, except as expressly required above or (ii) make claims, damages and demands against Lender arising out of the repossession, retention, sale or other disposition of the Collateral.

#### **MISCELLANEOUS**

Notices. All communications and notices provided for herein shall be in writing and shall be deemed to have been duly given or made (i) upon hand delivery, or (ii) upon delivery by an overnight delivery service, or (iii) when sent by telecopy (with customary confirmation of receipt of such telecopy) on the Business Day when sent or upon the next Business Day if sent on other than a Business Day.

#### Expenses and Fees; Indemnity; Performance of Customer's Obligations

Customer shall pay to Lender upon demand all reasonable fees, costs and expenses incurred by or on behalf of Lender at any time in connection with (i) the negotiation, preparation, execution, delivery and enforcement of the Loan Documents and the collection of the Obligations (both before and after the occurrence of a Default or Event of Default), (ii) the creation, preservation and protection of the Collateral and the perfection, first priority and enforcement of Lender's Lien, or (iii) Customer's exercise of any right granted under, or any amendment or other modification to any of, the Loan Documents. Such fees, costs and expenses shall include, without limitation, reasonable appraisal and inspection fees, the reasonable fees and expenses of Aviation Counsel and of Lender's counsel, consultants and brokers, UCC, FAA, International Registry and other applicable title, interest and lien searches, and reasonable costs and expenses relating to recovery, repossession, storage, insurance, transportation, repair, refurbishment, advertising, sale and other dispositions of the Aircraft or any of the other Collateral. Customer shall also pay all reasonable fees (including license, filing and registration fees), Impositions and other charges of whatever kind or nature that may be payable or determined to be payable in connection with (A) the execution, delivery, recording or performance of this Agreement or any of the other Loan Documents, or any modification thereof, and (B) the filings, registrations and other undertakings relating thereto. Notwithstanding the foregoing, as long as there are no more than two (2) revised drafts of any Loan Document provided by Customer or its counsel to Lender or Lender's counsel, Customer shall be responsible for not more than \$35,000.00 in the aggregate for the legal fees of outside counsel to Lender (including, Aviation Counsel) and appraisal, inspection, processing, credit verification, lien searches, FAA and International Registry fees and other fees incurred in connection with the initial negotiation, preparation and execution of this Agreement and the other Loan Documents executed and delivered on or before the Closing Date (and the consummation of the closing contemplated to occur thereon); provided that in the event that the negotiation exceeds two (2) revised drafts of any Loan Document, then Customer shall pay for the actual amount of such out of pocket fees incurred by Lender relating to the drafting and negotiation in excess of such two (2) revised drafts. Lender shall apply the previously paid deposit amount of \$35,000.00 to such fees and shall refund to Customer the amount by which the deposit exceeds such fees.

Customer hereby further agrees, whether or not the transactions contemplated by this Agreement shall be consummated, to pay, indemnify, and hold Lender and its affiliates and all of the Lender's and such affiliates' respective directors, shareholders, members, officers, employees, agents, predecessors, attorneys-in-fact, lawyers, successors and assigns (Lender, its affiliates and all of such other parties and entities sometimes hereinafter collectively, the "**Indemnified Parties**") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, out of pocket costs, attorney's fees, expenses or disbursements of any kind or nature whatsoever ("**Claims**") arising with respect to or in connection with (i) the Airframe, the Engines, or any APUs or Parts, or any of the other Collateral, including (whether by or through Customer, Vendor, any Interested Third Party, or any other Person), the manufacture, inspection, ownership, lease, sublease, management, pooling, interchange, time sharing, chartering, possession, use, operation, maintenance, security, condition (whether prior to, upon or after delivery or acceptance of any of the same), repossession, storage, sale or other disposition of any of the same, or any accident in connection therewith, including Claims involving or alleging environmental damage, criminal acts, hijacking, acts of terrorism or similar acts, product liability or strict or absolute liability in tort, latent and other defects (whether or not discoverable) and for any other risk or matter, including any of the same that result in injuries, death, destruction, or other harm or loss to persons or property, or (ii) any of the Loan Documents, Third Party Agreements or other Transaction Documents, or the performance, breach (including any Default or Event of Default) or enforcement of any of the terms hereof or thereof, provided, that Customer shall have no obligation to indemnify an Indemnified Party with respect to Claims arising from the gross negligence or willful misconduct of such Indemnified Party (unless if imputed by Applicable Law). If any Claim is made against any Indemnified Party, the party receiving notice or otherwise becoming aware of such Claim shall promptly notify the other, but the failure of the party having knowledge of a Claim to so notify the other party shall not relieve Customer of any obligation hereunder.

If any Customer Party fails to perform or comply with any of its agreements contained herein or in the other Loan Documents, including, without limitation, its obligations to keep the Collateral free of Liens (other than the Permitted Liens), comply with Applicable Standards, or obtain the Required Coverages, Lender shall have the right, but shall not be obligated, to effect such performance or compliance, with such agreement. Any expenses of Lender incurred in connection with effecting such performance or compliance, together with interest thereon at the default rate of interest provided for in the Note from the date incurred until reimbursed, shall be payable by Customer to Lender promptly on demand and until such payment shall constitute part of the Obligations secured hereby. Any such action shall not be a cure or waiver of any Default or Event of Default hereunder.

Entire Agreement; Modifications. This Agreement and the other Loan Documents constitute the entire understanding and agreement of the parties hereto with respect to the matters contained herein and therein, and shall completely and fully supersede all other prior agreements (including any proposal letter, commitment letter, and/or term sheet), both written and oral, between Lender and Customer relating to the Obligations. Neither this Agreement, nor any terms hereof, may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of a change, waiver, discharge or termination is sought.

Construction of this Agreement and Related Matters. All representations and warranties made in this Agreement and in the other Loan Documents shall survive the execution and delivery of this Agreement and the making of the Loan hereunder. Customer's obligations contained in

this Section 8 shall survive the payment and performance of the Obligations, the termination of this Agreement, and the release of the Collateral. This Agreement may be executed by the parties hereto on any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. The headings of the Sections hereof are for convenience only, are not part of this Agreement and shall not be deemed to affect the meaning or construction of any of the provisions hereof. Time is of the essence in the payment and performance of all of Customer's obligations under this Agreement. Any provision of this Agreement that may be determined to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective in such jurisdiction to the extent thereof without invalidating the remaining provisions of this Agreement, which shall remain in full force and effect.

Lender's Assignment. Lender, may at any time, with or without notice to Customer, freely grant a security interest in, sell, assign, participate or otherwise transfer (an "**Assignment**") all or any part of its interest in this Agreement and the other Loan Documents (including all associated rights associated with or secured thereby and the related international interests) or any amount due or to become due hereunder or thereunder, and Customer shall perform all of its obligations under the Loan Documents, to the extent so transferred, for the benefit of the beneficiary of such Assignment (such beneficiary, including any successors and assigns, an "**Assignee**"); provided, however, if such Assignee is not an Affiliate of Lender and if no Default or Event of Default exists, Lender will provide prior notice of any such Assignment to a third party. Customer hereby waives any right to assert, and agrees not to assert, against any Assignee any abatement, reduction, defense, setoff, recoupment, claim or counterclaim that Customer may have against Lender, provided that Lender remains fully responsible therefor. Upon the assumption by such Assignee of Lender's obligations hereunder, Lender shall be relieved of any such assumed obligations. Customer hereby consents to any such assignment, grant, sale or transfer, including, without limitation, for purposes of the Cape Town Convention. If so directed in writing, Customer shall pay all amounts due or to become due under the Loan Documents, including any of the same constituting associated rights or proceeds directly to the Assignee or any other party designated in writing by Lender or such Assignee. Customer acknowledges and agrees that Lender's right to enter into an Assignment is essential to Lender and, accordingly, waives any restrictions under Applicable Law with respect to an Assignment and any related remedies. Upon the request of Lender or any Assignee, Customer also agrees (a) to promptly execute and deliver, and cause to be executed and delivered by any Guarantor or any other Transaction Party, to Lender or to such Assignee an acknowledgment of assignment in form and substance satisfactory to the requesting party, an insurance certificate naming Assignee as additional insured and loss payee and otherwise evidencing the Required Coverages, an IDERA in favor of Assignee, and such other documents and assurances reasonably requested by Lender or Assignee, (b) to make, or cause to be made, all registrations (including all assignments and subordinations) and all amendments, extensions and discharges with the International Registry reasonably requested by Lender or Assignee (and give or obtain any necessary consent thereto, as well as renew any authorization required by the International Registry in connection therewith, including renewing its transacting user entity status and re-designating a professional user entity, if necessary in Lender's judgment), and (c) to comply with any and all other reasonable requirements of any such Assignee in connection with any such Assignment.

Jurisdiction. Customer and Lender each hereby irrevocably consents and agrees that any legal action, suit or proceeding arising out of or in any way in connection with this Agreement or any of the other Loan Documents may be instituted or brought in the courts of the State of New York or in the United States Courts for the Southern District of New York, as Customer or Lender may elect or in any other state or Federal court as Lender shall deem appropriate, and by execution and delivery of this Agreement, Customer and Lender each hereby irrevocably accepts and submits to, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of any such court, and to all proceedings in such courts. Customer and Lender each irrevocably consents to service of any summons and/or legal process by first class, certified United States air mail, postage prepaid, to Customer at the address set forth below its signature hereto, such method of service to constitute, in every respect, sufficient and effective service of process in any such legal action or proceeding. Nothing in this Agreement or in any of the other Loan Documents shall affect the right to service of process in any other manner permitted by law or limit the right of Lender to bring actions, suits or proceedings in the courts of any other jurisdiction. Customer and Lender each further agrees that final judgment against it in any such legal action, suit or proceeding shall 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 shall be conclusive evidence of the fact and the amount of the liability. Notwithstanding anything in the foregoing to the contrary, Lender and Customer may bring a judicial proceeding in the Republic of Ireland, solely with respect to matters relating to the International Registry.

Governing Law; Binding Effect. This Agreement shall be construed and enforced in accordance with, and the rights of both parties shall be governed by, the internal laws of the State of New York (without regard to the conflict of laws principles of such state, except as to the effect of Title 14, Section 5-1401 of the New York General Obligations Law), including all matters of construction, validity, and performance. This Agreement shall be binding upon and inure to the benefit of Customer and Lender and their respective successors and assigns (but without limiting the provisions of Section 8.5); except that Customer may not assign or transfer its rights or obligations hereunder or under any other Loan Agreement, or any interest herein or therein; and any such purported or attempted assignment or transfer by Customer shall be null and void.

Customer's Capacity as Owner Trustee. TVPX Aircraft Solutions Inc. ("TVPX") is executing this Agreement, and the other Loan Documents solely in its capacity as Owner Trustee under the Trust Agreement and not in its individual capacity and in no case shall TVPX be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of the Customer hereunder, or under any Loan Document, all such liability, if any, being expressly waived by the parties hereto and any Person claiming by, through, or under such party. Under no circumstances shall TVPX be personally liable for the payment of any other amount stated to be due from the Customer hereunder, or under any Loan Document, or be personally liable for the breach or failure of any of Customer's representations, warranties, covenants, obligations, undertakings and agreements hereunder, or under any Loan Documents; provided, however, that the Customer (or any such successor owner trustee) shall be personally liable hereunder for its own gross negligence or willful misconduct or for its breach of its covenants, representations and warranties contained herein, or in any Loan Document, to the extent covenanted or made in its individual capacity.

Jury Waiver. CUSTOMER AND LENDER EACH HEREBY KNOWINGLY AND FREELY WAIVES THEIR RESPECTIVE RIGHTS TO A JURY TRIAL IN ANY ACTION, SUIT OR PROCEEDING RELATING TO, ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE NOTE OR ANY OF THE OTHER LOAN DOCUMENTS.

**[Signatures On Next Page]**

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Loan and Aircraft Security Agreement

IN WITNESS WHEREOF, the parties hereto have caused this Loan and Aircraft Security Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

BANC OF AMERICA LEASING & CAPITAL, LLC, Lender

TVPX AIRCRAFT SOLUTIONS INC., a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust

Agreement dated July \_\_\_\_, 2017,  
Customer

By:  
Name:  
Title:  
Notice Address:

One Financial Plaza, 2nd Floor  
Providence, Rhode Island 02903  
Attention: Director of Aircraft Operations  
Telephone: 800-238-3737  
Facsimile: 401-278-7941

By:  
Name:  
Title:

Notice Address:

39 East Eagle Ridge Drive, Ste. 201  
North Salt Lake, UT 84054  
Telephone: (801) 924-367  
Facsimile: (801) 877-0478

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### LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)

**THIS LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)** (together with all Addenda, Riders and Annexes hereto, this "**Agreement**") is dated as of July 27, 2017 (the "**Closing Date**"), by and between **TVPX AIRCRAFT SOLUTIONS INC.**, a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated as of July 27, 2017 ("**Customer**") and **BANC OF AMERICA LEASING & CAPITAL, LLC**, a Delaware limited liability company ("**Lender**").

In consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

Capitalized and certain other terms used but not otherwise defined in this Agreement shall have the meanings ascribed to them in Annex A attached hereto and made a part hereof.

#### Terms of Loan .

Loan and Use of Proceeds . Subject to the terms and conditions of this Agreement, Lender agrees to make a loan to Customer in the principal amount set forth in Annex B attached hereto and made a part hereof (the "**Loan**"). Customer shall use the proceeds of the Loan to finance the costs of the acquisition of the Aircraft.

Repayment and Prepayment . The Customer's obligation to repay the Loan shall be evidenced by one or more Promissory Notes dated on and/or after the Closing Date, payable by Customer to the order of Lender in the original principal amount of the Loan (as amended, modified, restated, extended and renewed from time to time, the "**Note**"). The Loan shall bear interest and be repaid by Customer at the times and in the manner set forth in the Note. The Loan may be prepaid only in the manner and subject to terms and conditions set forth in the Note and, if applicable, Section 4.7 hereof.

Conditions of Borrowing . Lender's obligation to make the Loan shall be both subject to and conditioned upon the satisfaction of all of the conditions precedent specified in the Closing Terms Addendum attached to and made a part of this Agreement.

Representations and Warranties . In order to induce Lender to enter into this Agreement and to make the Loan herein provided for, Customer represents, warrants and covenants to Lender that:

(i) Customer (A) is duly qualified to do business in each jurisdiction in which the conduct of its business or the ownership or operation of its assets requires such qualification, including the jurisdiction of the Primary Hangar Location and wherever any of the Collateral may become located; (B) has the necessary authority and power to own and operate the Aircraft and its other assets and to transact the business in which it is engaged; (C) is a "citizen of the United States" within the meaning of the Transportation Code; and (D) has the form of business organization set forth in Annex B hereto and is and will remain duly organized, validly existing and in good standing under the laws of the state of its organization set forth in Annex B hereto, its federal tax identification number is as set forth in Annex B hereto, and its state-issued organizational identification number (if any), chief executive office and principal place of business address are all as set forth on Annex B hereto; and (ii) its name as shown in the preamble of this Agreement is its exact legal name as shown on its charter, by-laws, articles of organization or operating agreement, as applicable, each as amended as of the Closing Date;

(i) Customer's execution and delivery of, and performance of its obligations under and with respect to, each of the Loan Documents (including its borrowing the amounts constituting the Loan, granting the Lender's Lien against the Aircraft and other Collateral and participating in the other transactions contemplated herein and therein), (A) have been duly authorized by all necessary action on the part of Customer consistent with its form of organization, (B) do not contravene or constitute a default under any Applicable Law, any of Customer's Organizational Documents, or any agreement, indenture, or other instrument to which Customer is a party or by which it may be bound, (C) do not require the approval of or notice to (1) any Governmental Authority, except for the filings and registrations specified in the Closing Terms Addendum, all of which shall have been duly effected prior to or concurrently with Lender making the Loan, or (2) any other party (including any trustees or holders of indebtedness), and (D) will not result in the creation or imposition of any Lien on any of the assets of Customer other than the Lender's Lien created hereby and by the other Loan Documents with respect to the Collateral; (ii) each of the Transaction Documents referenced in the Closing Terms Addendum to which Customer is a party has been duly executed and delivered by an authorized representative of the Customer, and constitutes the legal, valid and binding obligation of the Customer, enforceable against it in accordance with the respective terms of such Transaction Documents (including, without limitation, the grant of the Lender's Lien); and (iii) without limiting the foregoing, upon Lender's advancing the Loan on the Closing Date, (A)

Customer will have satisfied or complied with all conditions precedent and requirements as set forth in the Loan Documents required to have been satisfied or complied with concurrently with or prior to such advance and (B) no Default or Event of Default shall be then existing;

there are no proceedings pending or, so far as the officers, managers, or members of Customer know, threatened against or affecting Customer or any of its property before any Governmental Authority that could impair Customer's title to the Aircraft or any of the other Collateral, or that, if decided adversely, could materially affect the financial condition or operations of Customer or its ability to perform its obligations under any of the Loan Documents;

(i) Customer has, and shall continue to have, good and marketable title to the Collateral, free and clear of Liens, except Permitted Liens; (ii) the Lender's Lien in the Airframe, the Engines and the other Collateral is and shall remain validly created and perfected, and has and shall continue to have first priority over any other Liens pursuant to all Applicable Laws; and (iii) all filings, recordings, registrations or other actions necessary or desirable in order to vest such title in Customer, and establish, perfect and give first priority to Lender's Lien and other rights and interests in, against or with respect to the Collateral, have been duly effected, and all Impositions in connection therewith have been duly paid;

without limiting any of the other representations and warranties in this Agreement, for the purposes of the Cape Town Convention and any other Applicable Law, (i) upon the conclusion of the sale of the Aircraft to Customer, and Customer's grants and assignments, and (if constituting a lease) any Permitted Third Party Agreement, contemplated in the Loan Documents or other Transaction Documents, Customer and (if a lessee) any Interested Third Party shall be situated in, and Customer will cause the Aircraft to be duly registered in, the United States of America (which is a contracting state), (ii) with respect to any of the Transaction Documents relating to the Airframe or Engine, each of the respective parties thereto has power to dispose of the Airframe and Engine, as contemplated therein by way of the relevant Transaction Document, and (iii) the Purchase Documents qualify as a "contract of sale", and (if constituting a lease) any Permitted Third Party Agreement and the Loan Documents are effective to constitute international interests in the Airframe and Engine and security assignments of the related associated rights and transfer of the related international interests, as contemplated therein, and each such Registerable Interest will be effective against third parties upon registration at the International Registry, without any further filings or registrations (except as contemplated in the Loan Documents);

(i) the Aircraft (A) has been delivered to Customer, is in Customer's possession and is, as of the Closing Date, unconditionally, irrevocably and fully accepted by Customer, (B) has been inspected by Customer to its complete satisfaction and, without limiting the foregoing, (1) has been found to be in good working order, repair and condition and fully equipped to operate for its intended purpose, and (2) is in conformity with the requirements of the Purchase Agreement and the Applicable Standards, (C) is, or will be at the time of the funding of the Loan, currently certified under existing FAA rules and regulations and any other Applicable Laws and is airworthy in all respects, and (D) is and will remain primarily hangared at the Primary Hangar Location; and (ii) without limiting the foregoing, (A) solely as between Lender and Customer (and without prejudicing Customer's rights against Vendor or any other third party, which rights are not being disclaimed hereby), Customer has no pending claims and has no knowledge of any facts upon which a future claim may be based, against any prior owner, the seller, manufacturer or supplier of the Aircraft or any of the other Collateral, for breach of warranty or otherwise, and (B) all of the information contained in Annex C, including the registration number of the Aircraft, and the serial numbers, manufacturer and model numbers of the Airframe, Engines, and APU, are true and accurate in all respects; and

(h) the Aircraft (i) is currently capable of being certified under existing FAA rules and regulations and completely airworthy in all respects, (ii) will undergo an inspection by a Designated Airworthiness Representative of the FAA ("DAR") on the Closing Date and (iii) an FAA Standard Airworthiness Certificate (AC Form 8100-2) shall be issued for the Aircraft no later than two (2) Business Days after the Closing Date.

**Covenants** . Customer covenants and agrees that from and after the Closing Date and so long as any of the Obligations are outstanding:

Notices; Financial Information; and Further Assurances . Customer will, at its sole expense:

promptly give written notice to Lender of (i) the occurrence of any Default or Event of Default; (ii) the occurrence of any Event of Loss or event of which Customer may be aware that could become an Event of Loss; (iii) the commencement or written threat of any material litigation or proceedings affecting Customer or any material litigation or proceedings affecting the Aircraft or any of the other Collateral, or the ability of Customer to comply with its obligations under the Loan Documents; and (iv) any material dispute between Customer or any Interested Third Party and any Governmental Authority or other party that involves the Aircraft or any of the other Collateral or that might materially interfere with the normal business operations of Customer;

cause Guarantor to comply with the financial reporting requirements set forth in the Guaranty and promptly furnish to Lender any such financial and other information regarding the Customer or Guarantor or any of its Affiliates as Lender may from time to time reasonably request; and

promptly execute and deliver to Lender such further instruments, UCC and FAA filings (including an IDERA) and other documents, make, cause to be made and/or consent to all registrations (including any discharges and subordinations, or as to the prospective or actual sale of, and any international interest in, the Engines) with the International Registry, and take such further action, as Lender may from time to time reasonably request in order to further carry out the intent and purpose of the Loan Documents and to establish, protect and enforce the rights, interests, remedies and Liens (including the first priority thereof) created, or intended to be created, in favor of Lender thereby.

General Obligations . (a) Customer agrees that it shall (i) duly observe and conform to all requirements of Applicable Law relating to the conduct of its business and/or the Aircraft, (ii) remain a "citizen of the United States" within the meaning of the Transportation Code, (iii) obtain and keep in full force and effect (A) all rights, franchises, licenses and permits that are necessary to the proper conduct of its business, and (B) all approvals by any Governmental Authority required with respect to the performance of its obligations under the Loan Documents and the operation of the Aircraft and its business, (iv) cause the Aircraft to remain primarily hangared at the Primary Hangar Location, and duly registered in Customer's name under the Transportation Code (including, by making all necessary reports, re-registering its ownership of the Aircraft, and taking all other actions required by Applicable Law), and (v) pay and perform all of its obligations and liabilities when due. (b) Customer agrees that (i) it shall not change its presently existing legal name or its form or state of organization on or after the date of this Agreement, without Lender's prior written consent, (ii) if its presently existing state organizational identification number changes, or if Customer currently has no such state organizational number but is subsequently issued such a number, on or at any time after the date of this Agreement, Customer shall immediately notify Lender thereof, and (iii) it shall not change the presently existing mailing, chief executive office and/or principal place of business address on or after the date of this Agreement without giving Lender thirty (30) days written notice of the same.

Taxes . (a) Customer will file or cause to be filed with all appropriate taxing authorities all Federal, state and local income tax returns that are required to be filed and all registrations, declarations, returns and other documentation with respect to any personal property taxes (or any other taxes in the nature of or imposed in lieu of property taxes) due or to become due with respect to the Aircraft or any of the other Collateral. (b) Customer will pay (or cause to be paid) (i) on or before the date when due all taxes as shown on said returns and all taxes assessed, billed or otherwise payable with respect to the Aircraft or the other Collateral directly to the appropriate taxing authorities; and (ii) when due all license and/or registration or filing fees, assessments, governmental charges and sales, use, property, excise, privilege, value added and other taxes (including any related interest or penalties) or other charges or fees now or hereafter imposed by any governmental body or agency upon Customer or the Aircraft or any of the other Collateral, with respect to the landing, airport use, manufacturing, ordering, shipment, purchase, ownership, delivery, installation, leasing, chartering, operation, possession, use or disposition of the Aircraft or any of the other Collateral, or any interest therein (the items referred to in (i) and (ii) above being referred to herein collectively, as "**Impositions**").

#### No Disposition of Collateral or Liens: Title and Security Interest.

Customer shall not sell, assign, enter into any Third Party Agreement, convey, mortgage, exchange or otherwise transfer or relinquish possession of (including by any seizure or other taking by any foreign or domestic governmental authority) or dispose of the Airframe or Engines, any Part, any related associated rights, international interests or prospective international interests, any proceeds or any of the other Collateral, or attempt or offer to do, or suffer or permit any of the foregoing. Customer shall be permitted, however, to deliver possession of the Airframe, the Engines, or any APU or Part to another Person for testing, service, repair, maintenance, overhaul, alteration or modification, and to enter into Permitted Third Party Agreements, in each case, if and to the extent consistent with the provisions of the Loan Documents. Customer will warrant and defend its good and marketable title to the Airframe, the Engines and the other Collateral, and the validity, perfection and first priority of Lender's Lien in the Collateral, against all other Liens, claims and demands whatsoever, except Permitted Liens; and without limiting the foregoing, Customer will (i) not create, assume or suffer to exist any Liens on or with respect to the Airframe, the Engines, or any of the other Collateral, or Customer's interest therein (other than Permitted Liens); and (ii) promptly take such action as directed by Lender to duly discharge any such unpermitted Liens.

So long as no Default or Event of Default is then existing, Customer may enter into and remain a party to Third Party Agreements, in each such case, subject to the satisfaction of, and compliance by Customer and each Interested Third Party with, all of the following throughout the term of such arrangement: (i) Each such Interested Third Party shall (A) be and remain solvent, and (unless an individual) organized under the laws of a state within the United States; and (B) if engaged by Customer with the prior written consent of Lender as a manager and/or charter operator (including the Manager pursuant to the Management Agreement), while so engaged, (1) have a recognized favorable reputation as a manager and/or charter operator, as the case may be, of aircraft similar to the Aircraft, (2) be providing management and/or charter operation services for other aircraft owners similar to the services contemplated therein, and (3) if and at all times while conducting any charter operations (x) have and maintain a valid Part 135 Certificate evidencing its authority to conduct such operations, (y) list the Aircraft on its operations specifications, and (z) comply with all Applicable Standards pertaining to such charter operations. (ii) Any operation of the Aircraft pursuant to any such Third Party Agreement shall be limited to (A) if by Customer, Parent Guarantor or any Affiliate of Parent Guarantor, any time sharing agreements (as defined in Section 91.501(c)(1)) complying with Part 91 of the FARs and all other Applicable Standards, (B) if by a manager and/or a charter operator with Lender's prior written consent, pursuant to and in full compliance with the requirements of Part 135 of the FARs and all other Applicable Standards, or (C) if such Third Party Agreement is a "dry lease" by Customer, as lessor, to Parent Guarantor or an Affiliate of Parent Guarantor or other Interested Third Party permitted pursuant hereto, as lessee, operation by such lessee complying with (1) Part 91 and any other applicable provision of the FARs, and all other Applicable Standards, and (2) the provisions hereof and of the other Loan Documents pertinent to the operation of the Aircraft (whether by Customer or any permitted Interested Third Party). (iii) The related Third Party Agreement shall (A) be and remain, subject and subordinate to Lender's Lien in and with respect to the Collateral, and Lender's rights and remedies under the Loan Documents (and such subordination shall be expressly acknowledged therein), (B) not convey any Lien on, or other property interest in or against the Airframe, the Engines or any of the other Collateral, except for a Permitted Lien (but, without giving effect to clause (a) of the definition of such term), (C) not permit any further sublease or disposition of or unpermitted Lien against the Aircraft or any of the other Collateral by any of the Interested Parties thereto or any other Person, or any change in registration or unpermitted change in hanging of the Aircraft, (D) not contain provisions that are inconsistent with the provisions of any of the Loan Documents or cause Customer to breach any of its representations, warranties or agreements under any of the Loan Documents, (E) be in conformity with all requirements of the FARs and other Applicable Laws, and (F) otherwise conform to any Operating Consent required by Lender with respect thereto. (iv) (A) Customer shall have specified such Third Party Agreement on Annex B if existing on the Closing Date, or if not then existing shall require Lender's prior written consent and at least thirty (30) Business Days' prior written notice of its intention to enter into a Third Party Agreement and (B) no later than the effective date thereof Customer shall comply with, and at all times thereafter remain in compliance with, any related requirements by Lender, including (1) entering into, and causing any related Interested Third Parties to enter into, an Operating Consent, (2) causing Lender to be covered by the Required Coverages (which, for the purposes hereof, may include insurance coverages obtained and maintained by an Interested Third Party, conforming to the insurance requirements herein and in any of the other Loan Documents), and (3) entering into or delivering, or causing to be entered into and delivered, all such other documents, filings and assurances, making or causing to be made such filings and registrations, and taking or causing to be taken all such other actions, in each case as may be required by Lender and (4) paying or reimbursing Lender for any related costs or expenses. (v) Lender shall have the right, but not the obligation, to (A) require reasonable evidence that any Interested Third Party satisfies the requirements provided herein, and (B) review any such Third Party Agreement, as from time to time supplemented and amended, to determine its conformity with the provisions hereof, but without assuming any responsibility with respect thereto. (vi) Customer shall neither make, nor permit to be made, any filing or registration with respect to any Permitted Third Party Agreement, unless so directed by Lender pursuant to Section 5.2 or otherwise. Notwithstanding the foregoing limitations Parent Guarantor or any Affiliate shall be permitted to conduct the carriage of Parent Guarantor or any Affiliate and/or their respective guests pursuant to 14 CFR Section 91.501(b)(4), affiliated group operations pursuant to 14 CFR Section 91.501(b)(5) and/or (6), demonstration flights pursuant to 14 CFR Section 91.501(b)(3), time sharing or interchange operations pursuant to 14 CFR Section 91.501(b)(6), the carriage of customers pursuant to 14 CFR Section 91.501(b)(9) and/or the carriage of candidates in Federal elections conducted pursuant to 14 CFR Section 91.321.

With respect to any Third Party Agreements complying with all of the provisions of Section 4.4(b) (each a "**Permitted Third Party Agreement**"), although certain of the duties and obligations of Customer under the Loan Documents may be performed by one or more of the Interested Third Parties, (i) no such Permitted Third Party Agreement shall reduce any of Customer's obligations, or Lender's rights, under any of the Loan Documents, (ii) all of Customer's obligations under the Loan Documents shall be and remain primary and continue in full force and effect as the obligations of a principal and not of a guarantor or surety, and (iii) Lender is not waiving the right to require full and timely performance of any such obligations in strict accordance with the provisions hereof and of the other Loan Documents. By way of clarification and not limitation, with respect to any provisions of this Agreement or any of the other Loan Documents requiring Customer to take or refrain from taking an action relating to the Aircraft or any of the other Collateral, such provision may also be read to mean that Customer shall cause the same to be done in accordance therewith, if at that time the Aircraft or such other Collateral is in the possession or control of an Interested Third Party pursuant to a Permitted Third Party Agreement.

#### Use of Aircraft; Maintenance; Modifications; Security.

Customer will operate the Aircraft or shall cause the Aircraft to be operated under and in compliance with Part 91 and any other applicable provision of the FARs, and all other Applicable Standards. Unless otherwise expressly permitted hereunder, (i) Customer shall not operate or permit the Aircraft to be operated for air taxi operations or otherwise under Part 135 of the FARs; and (ii) Customer, an Affiliate or other Interested Third Party shall at all times have, and maintain, "operational control" of the Aircraft (as such term is then interpreted by the FAA or such other applicable Governmental Authority), and no other Person shall operate the Aircraft. The Aircraft at all times will be operated by duly qualified pilots having satisfied all requirements established and specified by the FAA, the TSA, any other applicable Governmental Authority and the Required Coverages.

the Aircraft may be flown temporarily to any country in the world, provided that the Aircraft (i) shall at all times be based in the continental United States; and (ii) shall not be flown, operated, used or located in, to or over any such country or area (temporarily or otherwise) (A) that is excluded from the Required Coverages (or specifically not covered by such

insurance), (B) with which the U.S. does not maintain favorable diplomatic relations (which is any country or jurisdiction not marked with an “\*” on the list maintained by the U.S. Department of State, at <http://www.state.gov/s/inr/rls/4250.htm> or any replacement or equivalent website maintained by the U.S. Department of State), provided that the prohibition in this clause (B) does not prohibit the operation of the Aircraft on an approved and assigned air traffic control route (if and so long as such use is otherwise in compliance with the provisions of the this Agreement and does not violate any insurance policies in effect with respect to the Aircraft), (C) to the extent that payment of any claim under the Required Coverages directly or indirectly arising or resulting from or connected with any such flight, operation, use or location would be prohibited under any trade or other economic sanction or embargo by the United States of America, or (D) in violation of any of the Loan Documents or any Applicable Standards. Customer shall adopt, implement and comply with all security measures required by any Applicable Law, or by any Required Coverages, or that are necessary or appropriate for the proper protection of the Aircraft (whether on the ground or in flight) against theft, vandalism, hijacking, destruction, bombing, terrorism or similar acts.

Customer agrees that, with respect to the Airframe, the Engines, each APU and each Part, Customer will at its own expense, (i) maintain, inspect, service, repair, overhaul and test the same in accordance with Applicable Standards; (ii) make any alterations or modifications that may at any time be required to comply with Applicable Standards, and to cause the Aircraft to remain airworthy; (iii) furnish all required parts, replacements, mechanisms, devices and servicing so that the condition and operating efficiency thereof will at all times be no less than its condition and operating efficiency as and when delivered to Customer, ordinary wear and tear from proper use alone excepted; (iv) promptly replace all Parts (A) which become worn out, lost, stolen, taken, destroyed, damaged beyond repair or permanently rendered or declared unfit for use for any reason whatsoever, or (B) if not previously replaced pursuant to clause (A), as and when required by any Applicable Standards, including any applicable life limits; and (v) maintain (in English) all Records in accordance with Applicable Standards; and (vi) enroll and maintain the Engines in an Engine Maintenance Program and the APU in an APU Maintenance Program or shall cause the foregoing to be done. All maintenance procedures shall be performed by properly trained, licensed, and certified maintenance sources and personnel utilizing replacement parts approved by the FAA and the manufacturer of (as applicable) the Airframe, the Engines, or any APU or Part. Without limiting the foregoing, Customer shall comply with all mandatory service bulletins and airworthiness directives by causing compliance to such bulletins and/or directives to be completed through corrective modification in lieu of operating manual restrictions.

Customer will not make, authorize or permit any improvement, change, addition or alteration to the Aircraft that will impair the originally intended function or use of the Aircraft, diminish the value of the Aircraft as it existed immediately prior thereto, or violate any Applicable Standard. All repairs, parts, replacements, mechanisms and devices added by Customer or on its behalf shall immediately, without further act, become part of the Aircraft and subject to the Lender's Lien granted under this Agreement.

#### Insurance.

Customer agrees to maintain or cause to be maintained at all times, at its sole cost and expense, with insurers of recognized reputation and responsibility satisfactory to Lender (but in no event having an A.M. Best or comparable agency rating of less than “A-”):

(A) comprehensive aircraft liability insurance against bodily injury or property damage claims including, without limitation, contractual liability, premises liability, death and property damage liability, public and passenger legal liability coverage, and sudden accident pollution coverage, in an amount not less than \$200,000,000.00 for 20 or more seats, or if the Aircraft will be chartered, or \$100,000,000.00 for 10 or more seats, or \$50,000,000.00 for fewer than 10 seats for each single occurrence, and (B) personal injury liability in an amount not less than \$25,000,000.00; but, in no event shall the amounts of coverage required by sub-clauses (A) and (B) be less than the coverage amounts as may then be required by Applicable Law;

“all-risk” ground, taxiing, and flight hull insurance on an agreed-value basis, covering the Aircraft, provided that such insurance shall at all times be in an amount not less than the greater of (1) the full replacement value of the Aircraft (as determined by Lender), or (2) the unpaid principal amount of the Note (each such amount re-determined as of each anniversary of the date hereof for the next succeeding year throughout the term of this Agreement); and

war risk and allied perils (including confiscation, appropriation, expropriation, terrorism and hijacking insurance) in the amounts required in paragraphs (i) and (ii), as applicable.

Any policies of insurance carried in accordance with this Section 4.6 and any policies taken out in substitution or replacement of any such policies shall (i) be endorsed to name Lender as an additional insured as its interests may appear (but without responsibility for premiums), (ii) provide, with respect to insurance carried in accordance with Section 4.6(a)(ii) or (a)(iii) above, that any amount payable thereunder shall be paid directly to Lender as sole loss payee and not to Lender and Customer jointly, (iii) provide for thirty (30) days' (seven (7) days' in the case of war, hijacking and allied perils) prior written notice by such insurer of cancellation, material change, or non-renewal, (iv) include a severability of interest clause providing that such policy shall operate in the same manner as if there were a separate policy covering each insured, (v) waive any right of set-off against Lender, and any rights of subrogation against Lender, (vi) provide that in respect of the interests of Lender in such policies, that the insurance shall not be invalidated by any action or inaction of Customer or any other Person operating or in possession of the Aircraft, regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by or binding upon Customer or any other Person operating or in possession of the Aircraft, and (vii) be primary, not subject to any co-insurance clause and shall be without right of contribution from any other insurance.

Customer shall not self-insure (by deductible, premium adjustment, or risk retention arrangement of any kind) with respect to any of the risks required to be insured pursuant to this Section 4.6. Customer agrees that it shall obtain and maintain such other insurance coverages, or cause adjustments to be made to the scope, amount or other aspects of the existing insurance coverages, promptly upon Lender's request, as and when Lender deems such additional insurance coverages or modifications to be appropriate in light of any changes in Applicable Law, prudent industry practices, the insurance market, Customer's anticipated use of the Aircraft or other pertinent circumstances. All of the coverages required herein shall be in full force and effect worldwide throughout any geographical areas to, in or over which the Aircraft is operated. All insurance proceeds payable under the requisite policies shall be payable in U.S. Dollars.

At least ten (10) days prior to the policy expiration date for any insurance coverage required by this Section 4.6, Customer shall furnish to Lender evidence (having the form and substance consistent with Section 1(f) of the Closing Terms Addendum) of the renewal or replacement of such coverage, complying with the terms hereof, for a twelve (12) month or greater period commencing from and after such expiration date.

#### Event of Loss: Loaner Engines.

Upon the occurrence of any Event of Loss with respect to the Aircraft and/or the Airframe, Customer shall notify Lender of any such Event of Loss within five (5) days of the date thereof. Customer shall pay the then Outstanding Balance promptly upon its receipt of insurance proceeds relating to such Event of Loss, but in no event later than ninety (90) days after the occurrence of such Event of Loss (irrespective as to whether any or all of such proceeds have been received). Upon Lender's receipt in good and indefeasible funds of all of the amounts required to be paid pursuant to the preceding sentence (whether by applying Customer's payment of such amounts, or any such insurance proceeds, or both) the Aircraft shall be released from the Lender's Lien, and Lender shall remit to Customer any such insurance proceeds so received by Lender, to the extent then remaining.

Upon an Event of Loss with respect to an Engine or any APU (as applicable, a “ **Lost Item** ”) under circumstances in which there has not occurred an Event of Loss with respect to the Airframe, Customer shall, within one hundred twenty (120) days after the occurrence of such Event of Loss, replace such Lost Item, with a Permitted Replacement. Any engine or auxiliary power unit constituting a “ **Permitted Replacement** ” for a Lost Item shall (i) be of the same make and model number as the Lost Item, (ii) be free and clear of all Liens and (iii) have a value, utility and useful life at least equal to, and be in as good an operating condition as, the Lost Item, assuming such Lost Item was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss. Customer, at its own cost and expense, shall (i) furnish Lender with such documents to evidence such conveyance, (ii) cause the Permitted Replacement to be subject to the Lender’s Lien under this Agreement, and (iii) take such other actions as may be required by Lender to cause the Lender’s Lien therein to be validly created, perfected and have first priority, including as evidenced on the FAA Registry, the International Registry, and any other recording office. Each such Permitted Replacement shall, after such conveyance, be deemed an “Engine” or “APU” (as defined herein), as applicable, and shall be deemed part of the same Aircraft as was the Lost Item replaced thereby.

In the event an Engine is damaged and is being repaired, or is being inspected or overhauled, Customer, at its option, may temporarily substitute another engine during the period of such repair or overhaul, so long as such engine is of the same make and model as the Engine being repaired or overhauled, is free and clear of any Lien that might impair Lender’s rights or interests in the Airframe and is maintained in accordance herewith (any such substitute engine being hereinafter referred to as a “ **Loaner Engine** ”). Customer shall (i) cause such Loaner Engine to be installed and removed, as applicable, by a maintenance facility certified by the FAA and manufacturer with respect to the Aircraft, and (ii) cause the repaired or overhauled original Engine to be reinstalled on the Airframe promptly upon completion of the repair or overhaul, but in no event later than the earlier of one hundred twenty (120) days after removal or the occurrence of an Event of Default.

So long as no Default has occurred and is continuing, and no Event of Default or Event of Loss with respect to the Aircraft has occurred, any loss or damage proceeds of the Required Coverages received by Lender shall be released promptly by Lender to Customer to reimburse Customer for paying the costs actually incurred with respect to repairs made to the Aircraft so as to restore it to the condition required by this Agreement, or for the purchase of a Permitted Replacement pursuant to Section 4.7(b), or shall be disbursed by Lender as otherwise required by this Agreement.

**Aircraft Registration.** On or before the Closing Date, and at all times thereafter, so long as any of the Obligations are outstanding, Customer shall remain solely responsible pursuant to the applicable provisions of this Agreement to cause (i) the Aircraft to be effectively and otherwise validly registered in Customer’s name on the Registry, and (ii) the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft, in each case, accordance with the Registration Requirements; and without limiting the foregoing, or any other provision of this Agreement, Customer shall:

cause the Registration Certificate to be maintained within the Aircraft and cause the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft; including by (A) notifying Lender immediately of any event or circumstance with respect to which the Registration Requirements require further action by Customer, the Registry or any other Governmental Authority or other Person, (B) immediately upon receipt, placing the original, replacement or renewal Registration Certificate on the Aircraft prior to the expiration or other invalidation of any previously issued Registration Certificate (whether the certificate or any other document constituting the Registration Certificate as defined herein) under the Registration Requirements, and (C) complying with any and all of the other Registration Requirements relating to such Registration Certificate, and to the Registration Certificate replaced thereby (including any of the same relating to the destruction or return thereof, as the case may be); and

upon the occurrence, and at all times thereafter, of any Defective Registration (and without waiving Customer’s responsibility to avoid such circumstance), or if the operation of the Aircraft is no longer authorized by the Registration Requirements, Customer shall (A) neither operate nor permit or suffer the operation of the Aircraft without a currently effective and otherwise valid Registration Certificate (and shall cause the pilots to be made aware of the Defective Registration), and otherwise comply with the FARs and other Applicable Laws relating to such Defective Registration, (B) ground and store the Aircraft in a manner reasonably acceptable to Lender, and (C) inform the insurer or insurers thereof, and obtain and maintain adjustments to the insurance coverages required pursuant Section 4.6 of this Agreement which may be necessary or desirable to Lender so as to reflect any changes in the insurable risks relating to any Defective Registration.

#### **Security Interest; Power of Attorney; Inspection .**

**Grant of Security Interest.** As collateral security for the prompt and complete payment and performance as and when due of all of the Obligations and in order to induce Lender to enter into this Agreement and make the Loan to Customer in accordance with the terms hereof, Customer hereby grants, pledges and assigns to Lender a first priority security interest, collateral assignment, international interest, prospective international interest, security assignment and prospective security assignment, in, against, under and with respect to (the “ **Lender’s Lien** ”) all of Customer’s right, title and interest in, to and under all of the following collateral, whether now existing or hereafter acquired (collectively, the “ **Collateral** ”): (i) the Aircraft, including the Airframe, the Engines, each of the APU and Parts, and the Records; (ii) any and all present and future Third Party Agreements; (iii) any and all other associated rights secured by or associated with the Airframe and/or the Engines, together with any related international interests and prospective international interests; (iv) any collateral described in the other Loan Documents (including in any Operating Consent); and (v) all proceeds of the foregoing. By way of clarification and not limitation, the foregoing grant of the Lender’s Lien shall include, as applicable (and in each case, being validly registered and having first priority), an international interest in the Airframe and in each Engine. Notwithstanding the foregoing, (i) Customer shall not enter into any Third Party Agreements unless expressly permitted by Section 4.4 and (ii) Lender is not assuming, nor shall it be responsible for, any obligations, liabilities or duties of any kind whatsoever of Customer (and/or of any other Person) relating to the Collateral. Customer agrees that it shall perform and procure performance in accordance with any Third Party Agreement or other agreement or instrument giving rise to any associated rights that are or may become subjected to the Lender’s Lien.

#### **UCCs, Registrations, Etc.; Lender as Attorney-in-Fact.** Customer hereby irrevocably:

authorizes Lender to prepare and file any UCC financing statements, amendments, continuations, terminations, assignments and other filings, or take such other actions for the purpose of perfecting, affording first and exclusive priority to or otherwise relating to Lender’s Lien under this Agreement or the other Loan Documents;

consents to, and authorizes its professional user entity to consent to, the registration of each Registerable Interest requested by Lender or its Assignee, or otherwise required by the provisions of this Agreement or any of the other Loan Documents, including any subordination, amendment, assignment, discharge or undertaking permitted by the Cape Town Convention with respect thereto; and

constitutes and appoints Lender (including any Person acting on Lender’s behalf), as its true and lawful attorney-in-fact with full power and authority in the place and stead of Customer and in the name of Customer or in its own name, for the purpose of carrying out the terms of this Agreement; which authority shall include the following undertakings that may be exercisable by Lender in its sole discretion at any time, and from time to time, if an Event of Default is then existing or upon the occurrence of an Event of Loss: (i) in Customer’s name, file and/or record, such further instruments, filings and other documents, make, cause to be made and/or consent to all registrations with the International Registry, and take such further action, to establish and protect Lender’s rights, interests and remedies created, or intended to be created, pursuant to the Loan Documents; (ii) endorse Customer’s name on any checks, notes, drafts or any other payments or instruments, or set off, apply, or take such other actions with respect to any funds relating to the Collateral that come into Lender’s possession or control; and (iii) to settle, adjust, receive payment and make claim or proof of loss, and take such other actions relating to the Required Coverages. This appointment is coupled with an interest, is

irrevocable and shall terminate only upon indefeasible payment and performance in full of all of the Obligations. The powers conferred on Lender hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Lender shall be accountable only for amounts that it actually receives in good and indefeasible funds as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to Customer for any act or failure to act. Without limiting the foregoing, Customer agrees that within five (5) Business Days of Lender's request, Customer will enter into an irrevocable power-of-attorney authorizing Aviation Counsel or Lender's other designee as Customer's professional user entity and administrator for the purpose of discharging any Registerable Interests as and when directed to do so by Lender in connection with its exercise of its rights and remedies under the Loan Documents.

**Inspection.** Lender or its authorized representatives shall have the right, but not the duty, to inspect the Aircraft, any part thereof and/or the Records, at its own cost any reasonable time and from time to time, wherever located, upon reasonable prior notice to Customer; except that after the occurrence of a Default or an Event of Default, such inspection may be conducted at any time without prior notice and at Customer's sole expense, and it shall pay Lender promptly upon demand any inspection costs incurred by Lender. So long as no Default or Event of Default exists, any such inspections shall be conducted during normal business hours and without interruption of the use and operation of the Aircraft as permitted hereby. Upon the request of Lender, Customer shall promptly confirm to Lender the location of the Aircraft or any of the other Collateral.

**Events of Default.** The term "**Event of Default**", wherever used herein, shall mean:

Customer shall fail to pay any Obligation within ten (10) days after the same shall become due and payable (whether at the stated maturity, by acceleration, upon demand or otherwise); or

(i) any Customer Party shall default in the payment or performance of any indebtedness, liability or obligation to Lender or any Affiliate of Lender under any note, security agreement, lease, title retention or conditional sales agreement or any other instrument or agreement; or

(ii) any Customer Party shall fail to pay any Indebtedness (other than the Obligations) exceeding \$5,000,000.00, and such failure shall continue beyond any applicable grace period (or, with respect to trade Indebtedness which is not subject to a grace period, within ninety (90) days of the date such trade Indebtedness is incurred); or

(i) any of the Required Coverages are not kept in full force and effect, or a breach or violation shall exist with respect to any provisions thereof; or the Aircraft is operated in a manner, at a time or in or over or located at a place with respect to which such Required Coverages shall not be in effect; (ii) Customer shall fail to cause the Airframe or the Engines to be used, operated, maintained or otherwise kept in a condition so as to be in compliance with all Applicable Laws; or (iii) any Customer Party shall fail to comply with (A) any financial covenants as and to the extent set forth or incorporated in any Guaranty or in any of the other Loan Documents, or (B) any provision of any of the Loan Documents restricting Liens and other dispositions relating to either the Collateral or any rights or obligations under any of the Transaction Documents (including Section 4.4 hereof), or (iv) the occurrence of any Defective Registration; or

(i) any representation or warranty made by any Customer Party in any of the Loan Documents or in any related agreement, document or certificate shall prove to have been incorrect, misleading, or inaccurate in any material respect when made or given (or, if a continuing representation or warranty, at any time); or (ii) any Customer Party shall fail to (A) perform or observe any other agreement (other than those specifically referred to in this Section 6) required to be performed or observed by it under this Agreement or in any of the other Loan Documents, and such failure shall continue uncured for thirty (30) days after the earlier of written notice thereof from Lender to such Customer Party or such Customer Party's actual knowledge thereof (but such notice and cure period will not be applicable unless such breach is curable by practical means within such notice period) or (B) notify Lender of any Default or Event of Default within ten (10) Business Days of its occurrence; or

(i) any Customer Party shall (A) generally fail to pay its, or his or her debts as they become due, admit its, or his or her inability to pay its, or his or her debts or obligations generally as they fall due, or shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws or other insolvency laws, or an answer admitting the material allegations of such a petition filed against such Customer Party in any such proceeding; or (B) by voluntary petition, answer or consent, seek relief under the provisions of any other bankruptcy or other insolvency or similar law providing for the reorganization or liquidation of corporations, or providing for an assignment for the benefit of creditors, or providing for an agreement, composition, extension or adjustment with its, or his or her creditors; or (ii) a petition against any Customer Party in a proceeding under applicable bankruptcy laws or other insolvency laws, as now or hereafter in effect, shall be filed and shall not be withdrawn or dismissed within one hundred twenty (120) days thereafter, or if, under the provisions of any law providing for reorganization or liquidation of business entities that may apply to any Customer Party, any court of competent jurisdiction shall assume jurisdiction, custody or control of such Customer Party or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of one hundred eighty (180) days after the filing date; or

the occurrence of any of the following events with respect to any Customer Party: (A) it enters into any transaction of merger, consolidation or reorganization; (B) it ceases to do business as a going concern, liquidates, or dissolves, or sells, transfers or otherwise disposes of all or substantially all of its assets or properties (in one or more transactions); (C) it becomes the subject of, or engages in, a leveraged buy out; (D) it changes the form of organization of its business; (E) if it is privately owned as of the Closing Date, there is any substantial change in the ownership or control of its capital stock or membership interests such that the holder(s) that own or control one hundred percent (100%) of such equity interests as of the Closing Date no longer do so; or (F) if it is publicly held as of the Closing Date, any change so that it is no longer subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or no longer registered under Section 12 of the Securities Act of 1933, as amended; or

(i) the conviction of or guilty plea by any Customer Party with respect to any criminal act constituting a felony, (ii) any repudiation by any Customer Party of its obligation for the payment or performance of the Obligations, (iii) any allegation by any Customer Party or judicial determination that any of the Loan Documents is unenforceable in any material respect or (iv) a Default (as defined in any Guaranty) shall occur; or any event or condition constituting a breach or other default under any Operating Consent.

## **Remedies .**

**Acceleration; Termination of Commitment.** If any Event of Default shall occur, Lender, in its sole discretion, may (a) declare the Obligations to be immediately due and payable, and upon such declaration the Obligations (including, the unpaid principal amount of the Note, together with all accrued but unpaid interest thereon, any prepayment fees and all other amounts due and payable under or with respect to the Loan Documents), shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the other Loan Documents to the contrary notwithstanding, (b) terminate any then outstanding commitment whether to Customer or any Affiliate to make the Loan or any advance thereof, or any other financial accommodations, whether related to the Loan or otherwise, and/or (c) pursue and enforce any of Lender's rights and remedies under this Section 7; provided, however, if an Event of Default specified in Section 6 (e) above shall occur, the Obligations shall become immediately due and payable, all such commitments shall terminate, and Lender shall have all such other rights and remedies contemplated in the preceding clauses (a), (b) and (c), automatically, and without any notice or other action by Lender.

**Additional Remedies.** If an Event of Default occurs, in addition to all other rights and remedies granted to it in this Agreement and in the other Loan Documents, Lender may exercise all rights and remedies of a secured party under the UCC or as a creditor, chargee or security assignee under the Cape Town Convention (including any and all remedies thereunder requiring agreement by Customer), or otherwise available to

Lender under any other Applicable Law. Without limiting the generality of the foregoing, Customer agrees that upon the occurrence of an Event of Default, Lender, without demand or notice of any kind (except as specified below) to or upon Customer or any other Person, in its sole discretion, may exercise any one or more of the following remedies:

(i) peacefully enter the premises where the Aircraft, the Engines, or any other Collateral is located, take immediate possession of, remove (or disable in place), or otherwise take control or custody of the Airframe, the Engines or any other Collateral (whether or not then attached to the Airframe) by self-help, summary proceedings or otherwise without liability, (ii) preserve the Airframe, the Engines or the other Collateral, and their respective value (but without any obligation to do so), and immobilize or keep idle the Airframe or Engines, and/or (iii) use Customer's premises for storage without liability; and Customer agrees, at Lender's request, to assemble the Collateral, and make it available to Lender at such places as Lender shall reasonably select, whether at Customer's premises or elsewhere;

(i) terminate the right of any Interested Third Party, and any other third party to use, possess or control the Airframe, the Engines or any of the other Collateral, including under any Permitted Third Party Agreement or other Third Party Agreement, without regard as to the existence of any event of default thereunder, (ii) recover from, and/or cause Customer and any such Interested Third Party, and any other third party, to relinquish possession and return the Airframe, the Engines and any other Collateral pursuant to this Section 7, and/or (iii) exercise any and all other remedies under any Operating Consents in Customer's stead, to the extent provided for under, or otherwise available to Customer in connection with any related Permitted Third Party Agreement or such other Third Party Agreement;

(i) manage, sell, lease, assign or otherwise dispose of the Airframe, the Engines or any other Collateral, in whole or in part, whether or not in Lender's possession, in one or more parcels or transactions, at public or private sale or sales, with or without notice to Customer (except as required by Applicable Law, and in furtherance thereof, Lender agrees that it shall give Customer no less than ten (10) working days' prior notice of any proposed sale or lease of the Airframe or Engines, which Customer acknowledges as constituting "reasonable prior notice" for the purposes of the Cape Town Convention) at such prices as Lender may deem best, and/or (ii) purchase the Collateral, in whole or in part, upon any public sale or sales, and to the extent permitted by Applicable Law upon any private sale or sales, free of any right or equity of redemption in Customer, which right or equity of redemption is hereby expressly released;

(i) collect, receive, appropriate and realize upon the Collateral, or any part thereof, including by applying any deposit or other cash collateral, or collecting or receiving, appropriating and realizing upon any income, profits or other proceeds arising from the management or use of the Airframe, the Engines or any of the other Collateral, and applying the same (after deducting all taxes, costs, expenses and other reductions of every kind incurred in connection therewith) to the payment in whole or in part of the Obligations, in such order and manner as Lender may elect; and (ii) after making such application, (A) remitting to Customer or to such other Person any excess then remaining, as and to the extent Lender is required by Applicable Law to make such remittance and (B) demanding, collecting and receiving from Customer any deficiency then remaining (and Customer agrees that it shall remain liable for, and pay upon demand, the full amount of any such deficiency);

(i) demand and obtain from any court speedy relief pending final determination available at law (including, possession, control, custody or immobilization of the Airframe and Engines, or preservation of the Airframe and the Engines and their respective value), (ii) procure the deregistration and/or export and physical transfer of the Airframe from the territory in which it is then situated (including pursuant to an IDERA, if any, executed by Customer), and/or (iii) otherwise proceed at law or in equity, to enforce specifically Customer's performance or to recover damages; and/or

exercise any and all other rights and remedies under or with respect to the Loan Documents or Applicable Law, including the Cape Town Convention and the UCC.

No Waiver: Cumulative Remedies. No right or remedy is exclusive. Customer hereby acknowledges that none of the provisions of this Section 7, including any remedies set forth or referenced herein, is "manifestly unreasonable" for the purposes of the Cape Town Convention. Each may be used successively and cumulatively and in addition to any other right or remedy referred to above or otherwise available to Lender at law or in equity, but in no event shall Lender be entitled to recover any amount in excess of the maximum amount recoverable under Applicable Law with respect to any Event of Default. No express or implied waiver by Lender of any Default or Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default. The failure or delay of Lender in exercising any rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or reoccurrence of any such contingencies or similar contingencies, and any single or partial exercise of any particular right by Lender shall not exhaust the same or constitute a waiver of any other right provided for or otherwise referred to herein. After the occurrence of any Default or Event of Default, the acceptance by Lender of any payment or performance of any of the Obligations, including the payment of any installment of principal and/or interest or of any other sum owing hereunder or under the other Loan Documents shall not constitute a waiver of such Default or Event of Default, regardless of Lender's knowledge or lack of knowledge thereof at the time of acceptance of any such payment or performance and shall not constitute a reinstatement of any of the Loan Documents, unless Lender shall have agreed in writing to reinstate the same and waive the Default or Event of Default. To the extent permitted by Applicable Law, Customer waives any rights now or hereafter conferred thereby, that (a) limit or modify any of Lender's rights or remedies under this Agreement or any of the other Loan Documents, including the provisions of Article 13(2) of the Convention, or (b) would otherwise entitle Customer to (i) receive notices or demands as a condition to Lender's exercise of any rights or remedies, except as expressly required above or (ii) make claims, damages and demands against Lender arising out of the repossession, retention, sale or other disposition of the Collateral.

#### **MISCELLANEOUS**

Notices. All communications and notices provided for herein shall be in writing and shall be deemed to have been duly given or made (i) upon hand delivery, or (ii) upon delivery by an overnight delivery service, or (iii) when sent by telecopy (with customary confirmation of receipt of such telecopy) on the Business Day when sent or upon the next Business Day if sent on other than a Business Day.

#### Expenses and Fees; Indemnity; Performance of Customer's Obligations

Customer shall pay to Lender upon demand all reasonable fees, costs and expenses incurred by or on behalf of Lender at any time in connection with (i) the negotiation, preparation, execution, delivery and enforcement of the Loan Documents and the collection of the Obligations (both before and after the occurrence of a Default or Event of Default), (ii) the creation, preservation and protection of the Collateral and the perfection, first priority and enforcement of Lender's Lien, or (iii) Customer's exercise of any right granted under, or any amendment or other modification to any of, the Loan Documents. Such fees, costs and expenses shall include, without limitation, reasonable appraisal and inspection fees, the reasonable fees and expenses of Aviation Counsel and of Lender's counsel, consultants and brokers, UCC, FAA, International Registry and other applicable title, interest and lien searches, and reasonable costs and expenses relating to recovery, repossession, storage, insurance, transportation, repair, refurbishment, advertising, sale and other dispositions of the Aircraft or any of the other Collateral. Customer shall also pay all reasonable fees (including license, filing and registration fees), Impositions and other charges of whatever kind or nature that may be payable or determined to be payable in connection with (A) the execution, delivery, recording or performance of this Agreement or any of the other Loan Documents, or any modification thereof, and (B) the filings, registrations and other undertakings relating thereto. Notwithstanding the foregoing, as long as there are no more than two (2) revised drafts of any Loan Document provided by Customer or its counsel to Lender or Lender's counsel, Customer shall be responsible for not more than \$35,000.00 in the aggregate for the legal fees of outside counsel to Lender (including, Aviation Counsel) and appraisal, inspection, processing, credit verification, lien searches, FAA and International Registry fees and other fees incurred in connection with the initial negotiation, preparation and execution of this Agreement and the other Loan Documents executed and delivered on or

before the Closing Date (and the consummation of the closing contemplated to occur thereon); provided that in the event that the negotiation exceeds two (2) revised drafts of any Loan Document, then Customer shall pay for the actual amount of such out of pocket fees incurred by Lender relating to the drafting and negotiation in excess of such two (2) revised drafts. Lender shall apply the previously paid deposit amount of \$35,000.00 to such fees and shall refund to Customer the amount by which the deposit exceeds such fees.

Customer hereby further agrees, whether or not the transactions contemplated by this Agreement shall be consummated, to pay, indemnify, and hold Lender and its affiliates and all of the Lender's and such affiliates' respective directors, shareholders, members, officers, employees, agents, predecessors, attorneys-in-fact, lawyers, successors and assigns (Lender, its affiliates and all of such other parties and entities sometimes hereinafter collectively, the "**Indemnified Parties**") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, out of pocket costs, attorney's fees, expenses or disbursements of any kind or nature whatsoever ("**Claims**") arising with respect to or in connection with (i) the Airframe, the Engines, or any APUs or Parts, or any of the other Collateral, including (whether by or through Customer, Vendor, any Interested Third Party, or any other Person), the manufacture, inspection, ownership, lease, sublease, management, pooling, interchange, time sharing, chartering, possession, use, operation, maintenance, security, condition (whether prior to, upon or after delivery or acceptance of any of the same), repossession, storage, sale or other disposition of any of the same, or any accident in connection therewith, including Claims involving or alleging environmental damage, criminal acts, hijacking, acts of terrorism or similar acts, product liability or strict or absolute liability in tort, latent and other defects (whether or not discoverable) and for any other risk or matter, including any of the same that result in injuries, death, destruction, or other harm or loss to persons or property, or (ii) any of the Loan Documents, Third Party Agreements or other Transaction Documents, or the performance, breach (including any Default or Event of Default) or enforcement of any of the terms hereof or thereof, provided, that Customer shall have no obligation to indemnify an Indemnified Party with respect to Claims arising from the gross negligence or willful misconduct of such Indemnified Party (unless if imputed by Applicable Law). If any Claim is made against any Indemnified Party, the party receiving notice or otherwise becoming aware of such Claim shall promptly notify the other, but the failure of the party having knowledge of a Claim to so notify the other party shall not relieve Customer of any obligation hereunder.

If any Customer Party fails to perform or comply with any of its agreements contained herein or in the other Loan Documents, including, without limitation, its obligations to keep the Collateral free of Liens (other than the Permitted Liens), comply with Applicable Standards, or obtain the Required Coverages, Lender shall have the right, but shall not be obligated, to effect such performance or compliance, with such agreement. Any expenses of Lender incurred in connection with effecting such performance or compliance, together with interest thereon at the default rate of interest provided for in the Note from the date incurred until reimbursed, shall be payable by Customer to Lender promptly on demand and until such payment shall constitute part of the Obligations secured hereby. Any such action shall not be a cure or waiver of any Default or Event of Default hereunder.

Entire Agreement; Modifications. This Agreement and the other Loan Documents constitute the entire understanding and agreement of the parties hereto with respect to the matters contained herein and therein, and shall completely and fully supersede all other prior agreements (including any proposal letter, commitment letter, and/or term sheet), both written and oral, between Lender and Customer relating to the Obligations. Neither this Agreement, nor any terms hereof, may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of a change, waiver, discharge or termination is sought.

Construction of this Agreement and Related Matters. All representations and warranties made in this Agreement and in the other Loan Documents shall survive the execution and delivery of this Agreement and the making of the Loan hereunder. Customer's obligations contained in this Section 8 shall survive the payment and performance of the Obligations, the termination of this Agreement, and the release of the Collateral. This Agreement may be executed by the parties hereto on any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. The headings of the Sections hereof are for convenience only, are not part of this Agreement and shall not be deemed to affect the meaning or construction of any of the provisions hereof. Time is of the essence in the payment and performance of all of Customer's obligations under this Agreement. Any provision of this Agreement that may be determined to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective in such jurisdiction to the extent thereof without invalidating the remaining provisions of this Agreement, which shall remain in full force and effect.

Lender's Assignment. Lender, may at any time, with or without notice to Customer, freely grant a security interest in, sell, assign, participate or otherwise transfer (an "**Assignment**") all or any part of its interest in this Agreement and the other Loan Documents (including all associated rights associated with or secured thereby and the related international interests) or any amount due or to become due hereunder or thereunder, and Customer shall perform all of its obligations under the Loan Documents, to the extent so transferred, for the benefit of the beneficiary of such Assignment (such beneficiary, including any successors and assigns, an "**Assignee**"); provided, however, if such Assignee is not an Affiliate of Lender and if no Default or Event of Default exists, Lender will provide prior notice of any such Assignment to a third party. Customer hereby waives any right to assert, and agrees not to assert, against any Assignee any abatement, reduction, defense, setoff, recoupment, claim or counterclaim that Customer may have against Lender, provided that Lender remains fully responsible therefor. Upon the assumption by such Assignee of Lender's obligations hereunder, Lender shall be relieved of any such assumed obligations. Customer hereby consents to any such assignment, grant, sale or transfer, including, without limitation, for purposes of the Cape Town Convention. If so directed in writing, Customer shall pay all amounts due or to become due under the Loan Documents, including any of the same constituting associated rights or proceeds directly to the Assignee or any other party designated in writing by Lender or such Assignee. Customer acknowledges and agrees that Lender's right to enter into an Assignment is essential to Lender and, accordingly, waives any restrictions under Applicable Law with respect to an Assignment and any related remedies. Upon the request of Lender or any Assignee, Customer also agrees (a) to promptly execute and deliver, and cause to be executed and delivered by any Guarantor or any other Transaction Party, to Lender or to such Assignee an acknowledgment of assignment in form and substance satisfactory to the requesting party, an insurance certificate naming Assignee as additional insured and loss payee and otherwise evidencing the Required Coverages, an IDERA in favor of Assignee, and such other documents and assurances reasonably requested by Lender or Assignee, (b) to make, or cause to be made, all registrations (including all assignments and subordinations) and all amendments, extensions and discharges with the International Registry reasonably requested by Lender or Assignee (and give or obtain any necessary consent thereto, as well as renew any authorization required by the International Registry in connection therewith, including renewing its transacting user entity status and re-designating a professional user entity, if necessary in Lender's judgment), and (c) to comply with any and all other reasonable requirements of any such Assignee in connection with any such Assignment.

Jurisdiction. Customer and Lender each hereby irrevocably consents and agrees that any legal action, suit or proceeding arising out of or in any way in connection with this Agreement or any of the other Loan Documents may be instituted or brought in the courts of the State of New York or in the United States Courts for the Southern District of New York, as Customer or Lender may elect or in any other state or Federal court as Lender shall deem appropriate, and by execution and delivery of this Agreement, Customer and Lender each hereby irrevocably accepts and submits to, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of any such court, and to all proceedings in such courts. Customer and Lender each irrevocably consents to service of any summons and/or legal process by first class, certified United States air mail, postage prepaid, to Customer at the address set forth below its signature hereto, such method of service to constitute, in every respect, sufficient and effective service of process in any such legal action or proceeding. Nothing in this Agreement or in any of the other Loan Documents shall affect the right to service of process in any other manner permitted by law or limit the right of Lender to bring actions, suits or proceedings in the courts of any other jurisdiction. Customer and Lender each further agrees that final judgment against it in any such legal action,

suit or proceeding shall 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 shall be conclusive evidence of the fact and the amount of the liability. Notwithstanding anything in the foregoing to the contrary, Lender and Customer may bring a judicial proceeding in the Republic of Ireland, solely with respect to matters relating to the International Registry.

Governing Law; Binding Effect. This Agreement shall be construed and enforced in accordance with, and the rights of both parties shall be governed by, the internal laws of the State of New York (without regard to the conflict of laws principles of such state, except as to the effect of Title 14, Section 5-1401 of the New York General Obligations Law), including all matters of construction, validity, and performance. This Agreement shall be binding upon and inure to the benefit of Customer and Lender and their respective successors and assigns (but without limiting the provisions of Section 8.5); except that Customer may not assign or transfer its rights or obligations hereunder or under any other Loan Agreement, or any interest herein or therein; and any such purported or attempted assignment or transfer by Customer shall be null and void.

Customer's Capacity as Owner Trustee. TVPX Aircraft Solutions Inc. ("TVPX") is executing this Agreement, and the other Loan Documents solely in its capacity as Owner Trustee under the Trust Agreement and not in its individual capacity and in no case shall TVPX be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of the Customer hereunder, or under any Loan Document, all such liability, if any, being expressly waived by the parties hereto and any Person claiming by, through, or under such party. Under no circumstances shall TVPX be personally liable for the payment of any other amount stated to be due from the Customer hereunder, or under any Loan Document, or be personally liable for the breach or failure of any of Customer's representations, warranties, covenants, obligations, undertakings and agreements hereunder, or under any Loan Documents; provided, however, that the Customer (or any such successor owner trustee) shall be personally liable hereunder for its own gross negligence or willful misconduct or for its breach of its covenants, representations and warranties contained herein, or in any Loan Document, to the extent covenanted or made in its individual capacity.

Jury Waiver. CUSTOMER AND LENDER EACH HEREBY KNOWINGLY AND FREELY WAIVES THEIR RESPECTIVE RIGHTS TO A JURY TRIAL IN ANY ACTION, SUIT OR PROCEEDING RELATING TO, ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE NOTE OR ANY OF THE OTHER LOAN DOCUMENTS.

**[Signatures On Next Page]**

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Loan and Aircraft Security Agreement

IN WITNESS WHEREOF, the parties hereto have caused this Loan and Aircraft Security Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

BANC OF AMERICA LEASING & CAPITAL, LLC, Lender

TVPX AIRCRAFT SOLUTIONS INC., a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated July \_\_\_\_, 2017,  
Customer

By:  
Name:  
Title:  
Notice Address:

One Financial Plaza, 2nd Floor  
Providence, Rhode Island 02903  
Attention: Director of Aircraft Operations  
Telephone: 800-238-3737  
Facsimile: 401-278-7941

By:  
Name:  
Title:  
Notice Address:

39 East Eagle Ridge Drive, Ste. 201  
North Salt Lake, UT 84054  
Telephone: (801) 924-367  
Facsimile: (801) 877-0478

or any such insurance proceeds, or both) the Aircraft shall be released from the Lender's Lien, and Lender shall remit to Customer any such insurance proceeds so received by Lender, to the extent then remaining.

(b) Upon an Event of Loss with respect to an Engine or any APU (as applicable, a "Lost Item") under circumstances in which there has not occurred an Event of Loss with respect to the Airframe, Customer shall, within one hundred twenty (120) days after the occurrence of such Event of Loss, replace such Lost Item, with a Permitted Replacement. Any engine or auxiliary power unit constituting a "Permitted Replacement" for a Lost Item shall (i) be of the same make and model number as the Lost Item, (ii) be free and clear of all Liens and (iii) have a value, utility and useful life at least equal to, and be in as good an operating condition as, the Lost Item, assuming such Lost Item was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss. Customer, at its own cost and expense, shall (i) furnish Lender with such documents to evidence such conveyance, (ii) cause the Permitted Replacement to be subject to the Lender's Lien under this Agreement, and (iii) take such other actions as may be required by Lender to cause the Lender's Lien therein to be validly created, perfected and have first priority, including as evidenced on the FAA Registry, the International Registry, and any other recording office. Each such Permitted Replacement shall, after such conveyance, be deemed an "Engine" or "APU" (as defined herein), as applicable, and shall be deemed part of the same Aircraft as was the Lost Item replaced thereby.

(c) In the event an Engine is damaged and is being repaired, or is being inspected or overhauled, Customer, at its option, may temporarily substitute another engine during the period of such repair or overhaul, so long as such engine is of the same make and model as the Engine being repaired or overhauled, is free and clear of any Lien that might impair Lender's rights or interests in the Airframe and is maintained in accordance herewith (any such substitute engine being hereinafter referred to as a "Loaner Engine"). Customer shall (i) cause such Loaner Engine to be installed and removed, as applicable, by a maintenance facility certified by the FAA and manufacturer with respect to the Aircraft, and (ii) cause the repaired or overhauled original Engine to be reinstalled on the Airframe promptly upon completion of the repair or overhaul, but in no event later than the earlier of one hundred twenty (120) days after removal or the occurrence of an Event of Default.

(d) So long as no Default has occurred and is continuing, and no Event of Default or Event of Loss with respect to the Aircraft has occurred, any loss or damage proceeds of the Required Coverages received by Lender shall be released promptly by Lender to Customer to reimburse Customer for paying the costs actually incurred with respect to repairs made to the Aircraft so as to restore it to the condition required by this Agreement, or for the purchase of a Permitted Replacement pursuant to Section 4.7(b), or shall be disbursed by Lender as otherwise required by this Agreement.

8. Aircraft Registration. On or before the Closing Date, and at all times thereafter, so long as any of the Obligations are outstanding, Customer shall remain solely responsible pursuant to the applicable provisions of this Agreement to cause (i) the Aircraft to be effectively and otherwise validly registered in Customer's name on the Registry, and (ii) the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft, in each case, accordance with the Registration Requirements; and without limiting the foregoing, or any other provision of this Agreement, Customer shall:

(a) cause the Registration Certificate to be maintained within the Aircraft and cause the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft; including by (A) notifying Lender immediately of any event or circumstance with respect to which the Registration Requirements require further action by Customer, the Registry or any other Governmental Authority or other Person, (B) immediately upon receipt, placing the original, replacement or renewal Registration Certificate on the Aircraft prior to the expiration or other invalidation of any previously issued Registration Certificate (whether the certificate or any other document constituting the Registration Certificate as defined herein) under the Registration Requirements, and (C) complying with any and all of the other Registration Requirements relating to such Registration Certificate, and to the Registration Certificate replaced thereby (including any of the same relating to the destruction or return thereof, as the case may be); and

(b) upon the occurrence, and at all times thereafter, of any Defective Registration (and without waiving Customer's responsibility to avoid such circumstance), or if the operation of the Aircraft is no longer authorized by the Registration Requirements, Customer shall (A) neither operate nor permit or suffer the operation of the Aircraft without a currently effective and otherwise valid Registration Certificate (and shall cause the pilots to be made aware of the Defective Registration), and otherwise comply with the FARs and other Applicable Laws relating to such Defective Registration, (B) ground and store the Aircraft in a manner reasonably acceptable to Lender, and (C) inform the insurer or insurers thereof, and obtain and maintain adjustments to the insurance coverages required pursuant Section 4.6

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**LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)**

**THIS LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)** (together with all Addenda, Riders and Annexes hereto, this "Agreement") is dated as of July 27, 2017 (the "Closing Date"), by and between **TVPX AIRCRAFT SOLUTIONS INC.**, a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated as of July 27, 2017 ("Customer") and **BANC OF AMERICA LEASING & CAPITAL, LLC**, a Delaware limited liability company ("Lender").

In consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

Capitalized and certain other terms used but not otherwise defined in this Agreement shall have the meanings ascribed to them in Annex A attached hereto and made a part hereof.

#### **Terms of Loan .**

**Loan and Use of Proceeds .** Subject to the terms and conditions of this Agreement, Lender agrees to make a loan to Customer in the principal amount set forth in Annex B attached hereto and made a part hereof (the “ **Loan** ”). Customer shall use the proceeds of the Loan to finance the costs of the acquisition of the Aircraft.

**Repayment and Prepayment .** The Customer’s obligation to repay the Loan shall be evidenced by one or more Promissory Notes dated on and/or after the Closing Date, payable by Customer to the order of Lender in the original principal amount of the Loan (as amended, modified, restated, extended and renewed from time to time, the “ **Note** ”). The Loan shall bear interest and be repaid by Customer at the times and in the manner set forth in the Note. The Loan may be prepaid only in the manner and subject to terms and conditions set forth in the Note and, if applicable, Section 4.7 hereof.

**Conditions of Borrowing .** Lender’s obligation to make the Loan shall be both subject to and conditioned upon the satisfaction of all of the conditions precedent specified in the Closing Terms Addendum attached to and made a part of this Agreement.

**Representations and Warranties .** In order to induce Lender to enter into this Agreement and to make the Loan herein provided for, Customer represents, warrants and covenants to Lender that:

(i) Customer (A) is duly qualified to do business in each jurisdiction in which the conduct of its business or the ownership or operation of its assets requires such qualification, including the jurisdiction of the Primary Hangar Location and wherever any of the Collateral may become located; (B) has the necessary authority and power to own and operate the Aircraft and its other assets and to transact the business in which it is engaged; (C) is a “citizen of the United States” within the meaning of the Transportation Code; and (D) has the form of business organization set forth in Annex B hereto and is and will remain duly organized, validly existing and in good standing under the laws of the state of its organization set forth in Annex B hereto, its federal tax identification number is as set forth in Annex B hereto, and its state-issued organizational identification number (if any), chief executive office and principal place of business address are all as set forth on Annex B hereto; and (ii) its name as shown in the preamble of this Agreement is its exact legal name as shown on its charter, by-laws, articles of organization or operating agreement, as applicable, each as amended as of the Closing Date;

(i) Customer’s execution and delivery of, and performance of its obligations under and with respect to, each of the Loan Documents (including its borrowing the amounts constituting the Loan, granting the Lender’s Lien against the Aircraft and other Collateral and participating in the other transactions contemplated herein and therein), (A) have been duly authorized by all necessary action on the part of Customer consistent with its form of organization, (B) do not contravene or constitute a default under any Applicable Law, any of Customer’s Organizational Documents, or any agreement, indenture, or other instrument to which Customer is a party or by which it may be bound, (C) do not require the approval of or notice to (1) any Governmental Authority, except for the filings and registrations specified in the Closing Terms Addendum, all of which shall have been duly effected prior to or concurrently with Lender making the Loan, or (2) any other party (including any trustees or holders of indebtedness), and (D) will not result in the creation or imposition of any Lien on any of the assets of Customer other than the Lender’s Lien created hereby and by the other Loan Documents with respect to the Collateral; (ii) each of the Transaction Documents referenced in the Closing Terms Addendum to which Customer is a party has been duly executed and delivered by an authorized representative of the Customer, and constitutes the legal, valid and binding obligation of the Customer, enforceable against it in accordance with the respective terms of such Transaction Documents (including, without limitation, the grant of the Lender’s Lien); and (iii) without limiting the foregoing, upon Lender’s advancing the Loan on the Closing Date, (A) Customer will have satisfied or complied with all conditions precedent and requirements as set forth in the Loan Documents required to have been satisfied or complied with concurrently with or prior to such advance and (B) no Default or Event of Default shall be then existing;

there are no proceedings pending or, so far as the officers, managers, or members of Customer know, threatened against or affecting Customer or any of its property before any Governmental Authority that could impair Customer’s title to the Aircraft or any of the other Collateral, or that, if decided adversely, could materially affect the financial condition or operations of Customer or its ability to perform its obligations under any of the Loan Documents;

(i) Customer has, and shall continue to have, good and marketable title to the Collateral, free and clear of Liens, except Permitted Liens; (ii) the Lender’s Lien in the Airframe, the Engines and the other Collateral is and shall remain validly created and perfected, and has and shall continue to have first priority over any other Liens pursuant to all Applicable Laws; and (iii) all filings, recordings, registrations or other actions necessary or desirable in order to vest such title in Customer, and establish, perfect and give first priority to Lender’s Lien and other rights and interests in, against or with respect to the Collateral, have been duly effected, and all Impositions in connection therewith have been duly paid;

without limiting any of the other representations and warranties in this Agreement, for the purposes of the Cape Town Convention and any other Applicable Law, (i) upon the conclusion of the sale of the Aircraft to Customer, and Customer’s grants and assignments, and (if constituting a lease) any Permitted Third Party Agreement, contemplated in the Loan Documents or other Transaction Documents, Customer and (if a lessee) any Interested Third Party shall be situated in, and Customer will cause the Aircraft to be duly registered in, the United States of America (which is a contracting state), (ii) with respect to any of the Transaction Documents relating to the Airframe or Engine, each of the respective parties thereto has power to dispose of the Airframe and Engine, as contemplated therein by way of the relevant Transaction Document, and (iii) the Purchase Documents qualify as a “contract of sale”, and (if constituting a lease) any Permitted Third Party Agreement and the Loan Documents are effective to constitute international interests in the Airframe and Engine and security assignments of the related associated rights and transfer of the related international interests, as contemplated therein, and each such Registerable Interest will be effective against third parties upon registration at the International Registry, without any further filings or registrations (except as contemplated in the Loan Documents);

(i) the Aircraft (A) has been delivered to Customer, is in Customer’s possession and is, as of the Closing Date, unconditionally, irrevocably and fully accepted by Customer, (B) has been inspected by Customer to its complete satisfaction and, without limiting the foregoing, (1) has been found to be in good working order, repair and condition and fully equipped to operate for its intended purpose, and (2) is in conformity with the requirements of the Purchase Agreement and the Applicable Standards, (C) is, or will be at the time of the funding of the Loan, currently certified under existing FAA rules and regulations and any other Applicable Laws and is airworthy in all respects, and (D) is and will remain primarily hangared at the Primary Hangar Location; and (ii) without limiting the foregoing, (A) solely as between Lender and Customer (and without prejudicing Customer’s rights against Vendor or any other third party, which rights are not being disclaimed hereby), Customer has no pending claims and has no knowledge of any facts upon which a future claim may be based, against any prior owner, the seller, manufacturer or supplier of the Aircraft or any of the other Collateral, for breach of warranty or otherwise, and (B) all of the information contained in Annex C, including the registration number of the Aircraft, and the serial numbers, manufacturer and model numbers of the Airframe, Engines, and APU, are true and accurate in all respects; and

(h) the Aircraft (i) is currently capable of being certified under existing FAA rules and regulations and completely airworthy in all respects, (ii) will undergo an inspection by a Designated Airworthiness Representative of the FAA (“ **DAR** ”) on the Closing Date and (iii) an FAA Standard Airworthiness Certificate (AC Form 8100-2) shall be issued for the Aircraft no later than two (2) Business Days after the Closing Date.

**Covenants .** Customer covenants and agrees that from and after the Closing Date and so long as any of the Obligations are outstanding:

Notices; Financial Information; and Further Assurances. Customer will, at its sole expense:

promptly give written notice to Lender of (i) the occurrence of any Default or Event of Default; (ii) the occurrence of any Event of Loss or event of which Customer may be aware that could become an Event of Loss; (iii) the commencement or written threat of any material litigation or proceedings affecting Customer or any material litigation or proceedings affecting the Aircraft or any of the other Collateral, or the ability of Customer to comply with its obligations under the Loan Documents; and (iv) any material dispute between Customer or any Interested Third Party and any Governmental Authority or other party that involves the Aircraft or any of the other Collateral or that might materially interfere with the normal business operations of Customer;

cause Guarantor to comply with the financial reporting requirements set forth in the Guaranty and promptly furnish to Lender any such financial and other information regarding the Customer or Guarantor or any of its Affiliates as Lender may from time to time reasonably request; and

promptly execute and deliver to Lender such further instruments, UCC and FAA filings (including an IDERA) and other documents, make, cause to be made and/or consent to all registrations (including any discharges and subordinations, or as to the prospective or actual sale of, and any international interest in, the Engines) with the International Registry, and take such further action, as Lender may from time to time reasonably request in order to further carry out the intent and purpose of the Loan Documents and to establish, protect and enforce the rights, interests, remedies and Liens (including the first priority thereof) created, or intended to be created, in favor of Lender thereby.

General Obligations. (a) Customer agrees that it shall (i) duly observe and conform to all requirements of Applicable Law relating to the conduct of its business and/or the Aircraft, (ii) remain a "citizen of the United States" within the meaning of the Transportation Code, (iii) obtain and keep in full force and effect (A) all rights, franchises, licenses and permits that are necessary to the proper conduct of its business, and (B) all approvals by any Governmental Authority required with respect to the performance of its obligations under the Loan Documents and the operation of the Aircraft and its business, (iv) cause the Aircraft to remain primarily hangared at the Primary Hangar Location, and duly registered in Customer's name under the Transportation Code (including, by making all necessary reports, re-registering its ownership of the Aircraft, and taking all other actions required by Applicable Law), and (v) pay and perform all of its obligations and liabilities when due. (b) Customer agrees that (i) it shall not change its presently existing legal name or its form or state of organization on or after the date of this Agreement, without Lender's prior written consent, (ii) if its presently existing state organizational identification number changes, or if Customer currently has no such state organizational number but is subsequently issued such a number, on or at any time after the date of this Agreement, Customer shall immediately notify Lender thereof, and (iii) it shall not change the presently existing mailing, chief executive office and/or principal place of business address on or after the date of this Agreement without giving Lender thirty (30) days written notice of the same.

Taxes. (a) Customer will file or cause to be filed with all appropriate taxing authorities all Federal, state and local income tax returns that are required to be filed and all registrations, declarations, returns and other documentation with respect to any personal property taxes (or any other taxes in the nature of or imposed in lieu of property taxes) due or to become due with respect to the Aircraft or any of the other Collateral. (b) Customer will pay (or cause to be paid) (i) on or before the date when due all taxes as shown on said returns and all taxes assessed, billed or otherwise payable with respect to the Aircraft or the other Collateral directly to the appropriate taxing authorities; and (ii) when due all license and/or registration or filing fees, assessments, governmental charges and sales, use, property, excise, privilege, value added and other taxes (including any related interest or penalties) or other charges or fees now or hereafter imposed by any governmental body or agency upon Customer or the Aircraft or any of the other Collateral, with respect to the landing, airport use, manufacturing, ordering, shipment, purchase, ownership, delivery, installation, leasing, chartering, operation, possession, use or disposition of the Aircraft or any of the other Collateral, or any interest therein (the items referred to in (i) and (ii) above being referred to herein collectively, as "**Impositions**").

No Disposition of Collateral or Liens; Title and Security Interest.

Customer shall not sell, assign, enter into any Third Party Agreement, convey, mortgage, exchange or otherwise transfer or relinquish possession of (including by any seizure or other taking by any foreign or domestic governmental authority) or dispose of the Airframe or Engines, any Part, any related associated rights, international interests or prospective international interests, any proceeds or any of the other Collateral, or attempt or offer to do, or suffer or permit any of the foregoing. Customer shall be permitted, however, to deliver possession of the Airframe, the Engines, or any APU or Part to another Person for testing, service, repair, maintenance, overhaul, alteration or modification, and to enter into Permitted Third Party Agreements, in each case, if and to the extent consistent with the provisions of the Loan Documents. Customer will warrant and defend its good and marketable title to the Airframe, the Engines and the other Collateral, and the validity, perfection and first priority of Lender's Lien in the Collateral, against all other Liens, claims and demands whatsoever, except Permitted Liens; and without limiting the foregoing, Customer will (i) not create, assume or suffer to exist any Liens on or with respect to the Airframe, the Engines, or any of the other Collateral, or Customer's interest therein (other than Permitted Liens); and (ii) promptly take such action as directed by Lender to duly discharge any such unpermitted Liens.

So long as no Default or Event of Default is then existing, Customer may enter into and remain a party to Third Party Agreements, in each such case, subject to the satisfaction of, and compliance by Customer and each Interested Third Party with, all of the following throughout the term of such arrangement: (i) Each such Interested Third Party shall (A) be and remain solvent, and (unless an individual) organized under the laws of a state within the United States; and (B) if engaged by Customer with the prior written consent of Lender as a manager and/or charter operator (including the Manager pursuant to the Management Agreement), while so engaged, (1) have a recognized favorable reputation as a manager and/or charter operator, as the case may be, of aircraft similar to the Aircraft, (2) be providing management and/or charter operation services for other aircraft owners similar to the services contemplated therein, and (3) if and at all times while conducting any charter operations (x) have and maintain a valid Part 135 Certificate evidencing its authority to conduct such operations, (y) list the Aircraft on its operations specifications, and (z) comply with all Applicable Standards pertaining to such charter operations. (ii) Any operation of the Aircraft pursuant to any such Third Party Agreement shall be limited to (A) if by Customer, Parent Guarantor or any Affiliate of Parent Guarantor, any time sharing agreements (as defined in Section 91.501(c)(1)) complying with Part 91 of the FARs and all other Applicable Standards, (B) if by a manager and/or a charter operator with Lender's prior written consent, pursuant to and in full compliance with the requirements of Part 135 of the FARs and all other Applicable Standards, or (C) if such Third Party Agreement is a "dry lease" by Customer, as lessor, to Parent Guarantor or an Affiliate of Parent Guarantor or other Interested Third Party permitted pursuant hereto, as lessee, operation by such lessee complying with (1) Part 91 and any other applicable provision of the FARs, and all other Applicable Standards, and (2) the provisions hereof and of the other Loan Documents pertinent to the operation of the Aircraft (whether by Customer or any permitted Interested Third Party). (iii) The related Third Party Agreement shall (A) be and remain, subject and subordinate to Lender's Lien in and with respect to the Collateral, and Lender's rights and remedies under the Loan Documents (and such subordination shall be expressly acknowledged therein), (B) not convey any Lien on, or other property interest in or against the Airframe, the Engines or any of the other Collateral, except for a Permitted Lien (but, without giving effect to clause (a) of the definition of such term), (C) not permit any further sublease or disposition of or unpermitted Lien against the Aircraft or any of the other Collateral by any of the Interested Parties thereto or any other Person, or any change in registration or unpermitted change in hangaring of the Aircraft, (D) not contain provisions that are inconsistent with the provisions of any of the Loan Documents or cause Customer to breach any of its representations, warranties or agreements under any of the Loan Documents, (E) be in conformity with all requirements of the FARs and other Applicable Laws, and (F) otherwise conform to any Operating Consent required by Lender with respect thereto. (iv) (A) Customer shall have specified such Third Party Agreement on Annex B if existing on the Closing Date, or if not then existing shall require Lender's prior written consent and at least thirty (30) Business Days' prior written

notice of its intention to enter into a Third Party Agreement and (B) no later than the effective date thereof Customer shall comply with, and at all times thereafter remain in compliance with, any related requirements by Lender, including (1) entering into, and causing any related Interested Third Parties to enter into, an Operating Consent, (2) causing Lender to be covered by the Required Coverages (which, for the purposes hereof, may include insurance coverages obtained and maintained by an Interested Third Party, conforming to the insurance requirements herein and in any of the other Loan Documents), and (3) entering into or delivering, or causing to be entered into and delivered, all such other documents, filings and assurances, making or causing to be made such filings and registrations, and taking or causing to be taken all such other actions, in each case as may be required by Lender and (4) paying or reimbursing Lender for any related costs or expenses. (v) Lender shall have the right, but not the obligation, to (A) require reasonable evidence that any Interested Third Party satisfies the requirements provided herein, and (B) review any such Third Party Agreement, as from time to time supplemented and amended, to determine its conformity with the provisions hereof, but without assuming any responsibility with respect thereto. (vi) Customer shall neither make, nor permit to be made, any filing or registration with respect to any Permitted Third Party Agreement, unless so directed by Lender pursuant to Section 5.2 or otherwise. Notwithstanding the foregoing limitations Parent Guarantor or any Affiliate shall be permitted to conduct the carriage of Parent Guarantor or any Affiliate and/or their respective guests pursuant to 14 CFR Section 91.501(b)(4), affiliated group operations pursuant to 14 CFR Section 91.501(b)(5) and/or (6), demonstration flights pursuant to 14 CFR Section 91.501(b)(3), time sharing or interchange operations pursuant to 14 CFR Section 91.501(b)(6), the carriage of customers pursuant to 14 CFR Section 91.501(b)(9) and/or the carriage of candidates in Federal elections conducted pursuant to 14 CFR Section 91.321.

With respect to any Third Party Agreements complying with all of the provisions of Section 4.4(b) (each a “ **Permitted Third Party Agreement** ”), although certain of the duties and obligations of Customer under the Loan Documents may be performed by one or more of the Interested Third Parties, (i) no such Permitted Third Party Agreement shall reduce any of Customer’s obligations, or Lender’s rights, under any of the Loan Documents, (ii) all of Customer’s obligations under the Loan Documents shall be and remain primary and continue in full force and effect as the obligations of a principal and not of a guarantor or surety, and (iii) Lender is not waiving the right to require full and timely performance of any such obligations in strict accordance with the provisions hereof and of the other Loan Documents. By way of clarification and not limitation, with respect to any provisions of this Agreement or any of the other Loan Documents requiring Customer to take or refrain from taking an action relating to the Aircraft or any of the other Collateral, such provision may also be read to mean that Customer shall cause the same to be done in accordance therewith, if at that time the Aircraft or such other Collateral is in the possession or control of an Interested Third Party pursuant to a Permitted Third Party Agreement.

#### Use of Aircraft; Maintenance; Modifications; Security.

Customer will operate the Aircraft or shall cause the Aircraft to be operated under and in compliance with Part 91 and any other applicable provision of the FARs, and all other Applicable Standards. Unless otherwise expressly permitted hereunder, (i) Customer shall not operate or permit the Aircraft to be operated for air taxi operations or otherwise under Part 135 of the FARs; and (ii) Customer, an Affiliate or other Interested Third Party shall at all times have, and maintain, “operational control” of the Aircraft (as such term is then interpreted by the FAA or such other applicable Governmental Authority), and no other Person shall operate the Aircraft. The Aircraft at all times will be operated by duly qualified pilots having satisfied all requirements established and specified by the FAA, the TSA, any other applicable Governmental Authority and the Required Coverages.

the Aircraft may be flown temporarily to any country in the world, provided that the Aircraft (i) shall at all times be based in the continental United States; and (ii) shall not be flown, operated, used or located in, to or over any such country or area (temporarily or otherwise) (A) that is excluded from the Required Coverages (or specifically not covered by such insurance), (B) with which the U.S. does not maintain favorable diplomatic relations (which is any country or jurisdiction not marked with an “\*” on the list maintained by the U.S. Department of State, at <http://www.state.gov/s/inr/rls/4250.htm> or any replacement or equivalent website maintained by the U.S. Department of State), provided that the prohibition in this clause (B) does not prohibit the operation of the Aircraft on an approved and assigned air traffic control route (if and so long as such use is otherwise in compliance with the provisions of the this Agreement and does not violate any insurance policies in effect with respect to the Aircraft) , (C) to the extent that payment of any claim under the Required Coverages directly or indirectly arising or resulting from or connected with any such flight, operation, use or location would be prohibited under any trade or other economic sanction or embargo by the United States of America, or (D) in violation of any of the Loan Documents or any Applicable Standards. Customer shall adopt, implement and comply with all security measures required by any Applicable Law, or by any Required Coverages, or that are necessary or appropriate for the proper protection of the Aircraft (whether on the ground or in flight) against theft, vandalism, hijacking, destruction, bombing, terrorism or similar acts.

Customer agrees that, with respect to the Airframe, the Engines, each APU and each Part, Customer will at its own expense, (i) maintain, inspect, service, repair, overhaul and test the same in accordance with Applicable Standards; (ii) make any alterations or modifications that may at any time be required to comply with Applicable Standards, and to cause the Aircraft to remain airworthy; (iii) furnish all required parts, replacements, mechanisms, devices and servicing so that the condition and operating efficiency thereof will at all times be no less than its condition and operating efficiency as and when delivered to Customer, ordinary wear and tear from proper use alone excepted; (iv) promptly replace all Parts (A) which become worn out, lost, stolen, taken, destroyed, damaged beyond repair or permanently rendered or declared unfit for use for any reason whatsoever, or (B) if not previously replaced pursuant to clause (A), as and when required by any Applicable Standards, including any applicable life limits; and (v) maintain (in English) all Records in accordance with Applicable Standards; and (vi) enroll and maintain the Engines in an Engine Maintenance Program and the APU in an APU Maintenance Program or shall cause the foregoing to be done. All maintenance procedures shall be performed by properly trained, licensed, and certified maintenance sources and personnel utilizing replacement parts approved by the FAA and the manufacturer of (as applicable) the Airframe, the Engines, or any APU or Part. Without limiting the foregoing, Customer shall comply with all mandatory service bulletins and airworthiness directives by causing compliance to such bulletins and/or directives to be completed through corrective modification in lieu of operating manual restrictions.

Customer will not make, authorize or permit any improvement, change, addition or alteration to the Aircraft that will impair the originally intended function or use of the Aircraft, diminish the value of the Aircraft as it existed immediately prior thereto, or violate any Applicable Standard. All repairs, parts, replacements, mechanisms and devices added by Customer or on its behalf shall immediately, without further act, become part of the Aircraft and subject to the Lender’s Lien granted under this Agreement.

#### Insurance.

Customer agrees to maintain or cause to be maintained at all times, at its sole cost and expense, with insurers of recognized reputation and responsibility satisfactory to Lender (but in no event having an A.M. Best or comparable agency rating of less than “A-”):

(A) comprehensive aircraft liability insurance against bodily injury or property damage claims including, without limitation, contractual liability, premises liability, death and property damage liability, public and passenger legal liability coverage, and sudden accident pollution coverage, in an amount not less than \$200,000,000.00 for 20 or more seats, or if the Aircraft will be chartered, or \$100,000,000.00 for 10 or more seats, or \$50,000,000.00 for fewer than 10 seats for each single occurrence, and (B) personal injury liability in an amount not less than

\$25,000,000.00; but, in no event shall the amounts of coverage required by sub-clauses (A) and (B) be less than the coverage amounts as may then be required by Applicable Law;

“all-risk” ground, taxiing, and flight hull insurance on an agreed-value basis, covering the Aircraft, provided that such insurance shall at all times be in an amount not less than the greater of (1) the full replacement value of the Aircraft (as determined by Lender), or (2) the unpaid principal amount of the Note (each such amount re-determined as of each anniversary of the date hereof for the next succeeding year throughout the term of this Agreement); and

war risk and allied perils (including confiscation, appropriation, expropriation, terrorism and hijacking insurance) in the amounts required in paragraphs (i) and (ii), as applicable.

Any policies of insurance carried in accordance with this Section 4.6 and any policies taken out in substitution or replacement of any such policies shall (i) be endorsed to name Lender as an additional insured as its interests may appear (but without responsibility for premiums), (ii) provide, with respect to insurance carried in accordance with Section 4.6(a)(ii) or (a)(iii) above, that any amount payable thereunder shall be paid directly to Lender as sole loss payee and not to Lender and Customer jointly, (iii) provide for thirty (30) days’ (seven (7) days’ in the case of war, hijacking and allied perils) prior written notice by such insurer of cancellation, material change, or non-renewal, (iv) include a severability of interest clause providing that such policy shall operate in the same manner as if there were a separate policy covering each insured, (v) waive any right of set-off against Lender, and any rights of subrogation against Lender, (vi) provide that in respect of the interests of Lender in such policies, that the insurance shall not be invalidated by any action or inaction of Customer or any other Person operating or in possession of the Aircraft, regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by or binding upon Customer or any other Person operating or in possession of the Aircraft, and (vii) be primary, not subject to any co-insurance clause and shall be without right of contribution from any other insurance.

Customer shall not self-insure (by deductible, premium adjustment, or risk retention arrangement of any kind) with respect to any of the risks required to be insured pursuant to this Section 4.6. Customer agrees that it shall obtain and maintain such other insurance coverages, or cause adjustments to be made to the scope, amount or other aspects of the existing insurance coverages, promptly upon Lender’s request, as and when Lender deems such additional insurance coverages or modifications to be appropriate in light of any changes in Applicable Law, prudent industry practices, the insurance market, Customer’s anticipated use of the Aircraft or other pertinent circumstances. All of the coverages required herein shall be in full force and effect worldwide throughout any geographical areas to, in or over which the Aircraft is operated. All insurance proceeds payable under the requisite policies shall be payable in U.S. Dollars.

At least ten (10) days prior to the policy expiration date for any insurance coverage required by this Section 4.6, Customer shall furnish to Lender evidence (having the form and substance consistent with Section 1(f) of the Closing Terms Addendum) of the renewal or replacement of such coverage, complying with the terms hereof, for a twelve (12) month or greater period commencing from and after such expiration date.

#### Event of Loss; Loaner Engines.

Upon the occurrence of any Event of Loss with respect to the Aircraft and/or the Airframe, Customer shall notify Lender of any such Event of Loss within five (5) days of the date thereof. Customer shall pay the then Outstanding Balance promptly upon its receipt of insurance proceeds relating to such Event of Loss, but in no event later than ninety (90) days after the occurrence of such Event of Loss (irrespective as to whether any or all of such proceeds have been received). Upon Lender’s receipt in good and indefeasible funds of all of the amounts required to be paid pursuant to the preceding sentence (whether by applying Customer’s payment of such amounts, or any such insurance proceeds, or both) the Aircraft shall be released from the Lender’s Lien, and Lender shall remit to Customer any such insurance proceeds so received by Lender, to the extent then remaining.

Upon an Event of Loss with respect to an Engine or any APU (as applicable, a “ **Lost Item** ”) under circumstances in which there has not occurred an Event of Loss with respect to the Airframe, Customer shall, within one hundred twenty (120) days after the occurrence of such Event of Loss, replace such Lost Item, with a Permitted Replacement. Any engine or auxiliary power unit constituting a “ **Permitted Replacement** ” for a Lost Item shall (i) be of the same make and model number as the Lost Item, (ii) be free and clear of all Liens and (iii) have a value, utility and useful life at least equal to, and be in as good an operating condition as, the Lost Item, assuming such Lost Item was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss. Customer, at its own cost and expense, shall (i) furnish Lender with such documents to evidence such conveyance, (ii) cause the Permitted Replacement to be subject to the Lender’s Lien under this Agreement, and (iii) take such other actions as may be required by Lender to cause the Lender’s Lien therein to be validly created, perfected and have first priority, including as evidenced on the FAA Registry, the International Registry, and any other recording office. Each such Permitted Replacement shall, after such conveyance, be deemed an “Engine” or “APU” (as defined herein), as applicable, and shall be deemed part of the same Aircraft as was the Lost Item replaced thereby.

In the event an Engine is damaged and is being repaired, or is being inspected or overhauled, Customer, at its option, may temporarily substitute another engine during the period of such repair or overhaul, so long as such engine is of the same make and model as the Engine being repaired or overhauled, is free and clear of any Lien that might impair Lender’s rights or interests in the Airframe and is maintained in accordance herewith (any such substitute engine being hereinafter referred to as a “ **Loaner Engine** ”). Customer shall (i) cause such Loaner Engine to be installed and removed, as applicable, by a maintenance facility certified by the FAA and manufacturer with respect to the Aircraft, and (ii) cause the repaired or overhauled original Engine to be reinstalled on the Airframe promptly upon completion of the repair or overhaul, but in no event later than the earlier of one hundred twenty (120) days after removal or the occurrence of an Event of Default.

So long as no Default has occurred and is continuing, and no Event of Default or Event of Loss with respect to the Aircraft has occurred, any loss or damage proceeds of the Required Coverages received by Lender shall be released promptly by Lender to Customer to reimburse Customer for paying the costs actually incurred with respect to repairs made to the Aircraft so as to restore it to the condition required by this Agreement, or for the purchase of a Permitted Replacement pursuant to Section 4.7(b), or shall be disbursed by Lender as otherwise required by this Agreement.

Aircraft Registration. On or before the Closing Date, and at all times thereafter, so long as any of the Obligations are outstanding, Customer shall remain solely responsible pursuant to the applicable provisions of this Agreement to cause (i) the Aircraft to be effectively and otherwise validly registered in Customer’s name on the Registry, and (ii) the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft, in each case, accordance with the Registration Requirements; and without limiting the foregoing, or any other provision of this Agreement, Customer shall:

cause the Registration Certificate to be maintained within the Aircraft and cause the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft; including by (A) notifying Lender immediately of any event or circumstance with respect to which the Registration Requirements require further action by Customer, the Registry or any other Governmental Authority or other Person, (B) immediately upon receipt, placing the original, replacement or renewal Registration Certificate on the Aircraft prior to the expiration or other invalidation of any previously issued Registration Certificate (whether the certificate or any other document constituting the Registration Certificate as defined herein) under the Registration Requirements, and (C) complying with any and all of the other Registration Requirements relating to such Registration Certificate, and to the Registration Certificate replaced thereby (including any of the same relating to the destruction or return thereof, as the case may be); and



within such notice period) or (B) notify Lender of any Default or Event of Default within ten (10) Business Days of its occurrence; or

(i) any Customer Party shall (A) generally fail to pay its, or his or her debts as they become due, admit its, or his or her inability to pay its, or his or her debts or obligations generally as they fall due, or shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws or other insolvency laws, or an answer admitting the material allegations of such a petition filed against such Customer Party in any such proceeding; or (B) by voluntary petition, answer or consent, seek relief under the provisions of any other bankruptcy or other insolvency or similar law providing for the reorganization or liquidation of corporations, or providing for an assignment for the benefit of creditors, or providing for an agreement, composition, extension or adjustment with its, or his or her creditors; or (ii) a petition against any Customer Party in a proceeding under applicable bankruptcy laws or other insolvency laws, as now or hereafter in effect, shall be filed and shall not be withdrawn or dismissed within one hundred twenty (120) days thereafter, or if, under the provisions of any law providing for reorganization or liquidation of business entities that may apply to any Customer Party, any court of competent jurisdiction shall assume jurisdiction, custody or control of such Customer Party or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of one hundred eighty (180) days after the filing date; or

the occurrence of any of the following events with respect to any Customer Party: (A) it enters into any transaction of merger, consolidation or reorganization; (B) it ceases to do business as a going concern, liquidates, or dissolves, or sells, transfers or otherwise disposes of all or substantially all of its assets or properties (in one or more transactions); (C) it becomes the subject of, or engages in, a leveraged buy out; (D) it changes the form of organization of its business; (E) if it is privately owned as of the Closing Date, there is any substantial change in the ownership or control of its capital stock or membership interests such that the holder(s) that own or control one hundred percent (100%) of such equity interests as of the Closing Date no longer do so; or (F) if it is publicly held as of the Closing Date, any change so that it is no longer subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or no longer registered under Section 12 of the Securities Act of 1933, as amended; or

(i) the conviction of or guilty plea by any Customer Party with respect to any criminal act constituting a felony, (ii) any repudiation by any Customer Party of its obligation for the payment or performance of the Obligations, (iii) any allegation by any Customer Party or judicial determination that any of the Loan Documents is unenforceable in any material respect or (iv) a Default (as defined in any Guaranty) shall occur; or any event or condition constituting a breach or other default under any Operating Consent.

## **Remedies .**

Acceleration; Termination of Commitment . If any Event of Default shall occur, Lender, in its sole discretion, may (a) declare the Obligations to be immediately due and payable, and upon such declaration the Obligations (including, the unpaid principal amount of the Note, together with all accrued but unpaid interest thereon, any prepayment fees and all other amounts due and payable under or with respect to the Loan Documents), shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the other Loan Documents to the contrary notwithstanding, (b) terminate any then outstanding commitment whether to Customer or any Affiliate to make the Loan or any advance thereof, or any other financial accommodations, whether related to the Loan or otherwise, and/or (c) pursue and enforce any of Lender's rights and remedies under this Section 7; provided, however, if an Event of Default specified in Section 6 (e) above shall occur, the Obligations shall become immediately due and payable, all such commitments shall terminate, and Lender shall have all such other rights and remedies contemplated in the preceding clauses (a), (b) and (c), automatically, and without any notice or other action by Lender.

Additional Remedies . If an Event of Default occurs, in addition to all other rights and remedies granted to it in this Agreement and in the other Loan Documents, Lender may exercise all rights and remedies of a secured party under the UCC or as a creditor, chargee or security assignee under the Cape Town Convention (including any and all remedies thereunder requiring agreement by Customer), or otherwise available to Lender under any other Applicable Law. Without limiting the generality of the foregoing, Customer agrees that upon the occurrence of an Event of Default, Lender, without demand or notice of any kind (except as specified below) to or upon Customer or any other Person, in its sole discretion, may exercise any one or more of the following remedies:

(i) peacefully enter the premises where the Aircraft, the Engines, or any other Collateral is located, take immediate possession of, remove (or disable in place), or otherwise take control or custody of the Airframe, the Engines or any other Collateral (whether or not then attached to the Airframe) by self-help, summary proceedings or otherwise without liability, (ii) preserve the Airframe, the Engines or the other Collateral, and their respective value (but without any obligation to do so), and immobilize or keep idle the Airframe or Engines, and/or (iii) use Customer's premises for storage without liability; and Customer agrees, at Lender's request, to assemble the Collateral, and make it available to Lender at such places as Lender shall reasonably select, whether at Customer's premises or elsewhere;

(i) terminate the right of any Interested Third Party, and any other third party to use, possess or control the Airframe, the Engines or any of the other Collateral, including under any Permitted Third Party Agreement or other Third Party Agreement, without regard as to the existence of any event of default thereunder, (ii) recover from, and/or cause Customer and any such Interested Third Party, and any other third party, to relinquish possession and return the Airframe, the Engines and any other Collateral pursuant to this Section 7, and/or (iii) exercise any and all other remedies under any Operating Consents in Customer's stead, to the extent provided for under, or otherwise available to Customer in connection with any related Permitted Third Party Agreement or such other Third Party Agreement;

(i) manage, sell, lease, assign or otherwise dispose of the Airframe, the Engines or any other Collateral, in whole or in part, whether or not in Lender's possession, in one or more parcels or transactions, at public or private sale or sales, with or without notice to Customer (except as required by Applicable Law, and in furtherance thereof, Lender agrees that it shall give Customer no less than ten (10) working days' prior notice of any proposed sale or lease of the Airframe or Engines, which Customer acknowledges as constituting "reasonable prior notice" for the purposes of the Cape Town Convention) at such prices as Lender may deem best, and/or (ii) purchase the Collateral, in whole or in part, upon any public sale or sales, and to the extent permitted by Applicable Law upon any private sale or sales, free of any right or equity of redemption in Customer, which right or equity of redemption is hereby expressly released;

(i) collect, receive, appropriate and realize upon the Collateral, or any part thereof, including by applying any deposit or other cash collateral, or collecting or receiving, appropriating and realizing upon any income, profits or other proceeds arising from the management or use of the Airframe, the Engines or any of the other Collateral, and applying the same (after deducting all taxes, costs, expenses and other reductions of every kind incurred in connection therewith) to the payment in whole or in part of the Obligations, in such order and manner as Lender may elect; and (ii) after making such application, (A) remitting to Customer or to such other Person any excess then remaining, as and to the extent Lender is required by Applicable Law to make such remittance and (B) demanding, collecting and receiving from Customer any deficiency then remaining (and Customer agrees that it shall remain liable for, and pay upon demand, the full amount of any such deficiency);

(i) demand and obtain from any court speedy relief pending final determination available at law (including, possession, control, custody or immobilization of the Airframe and Engines, or preservation of the Airframe and the Engines and their respective value), (ii) procure the deregistration and/or export and physical transfer of the Airframe from the territory in which it is then situated (including pursuant to an IDERA, if any, executed by Customer), and/or (iii) otherwise proceed at law or in equity, to enforce specifically Customer's performance or to recover damages; and/or

exercise any and all other rights and remedies under or with respect to the Loan Documents or Applicable Law, including the Cape Town Convention and the UCC.

No Waiver: Cumulative Remedies . No right or remedy is exclusive. Customer hereby acknowledges that none of the provisions of this Section 7, including any remedies set forth or referenced herein, is "manifestly unreasonable" for the purposes of the Cape Town Convention. Each may be used successively and cumulatively and in addition to any other right or remedy referred to above or otherwise available to Lender at law or in equity, but in no event shall Lender be entitled to recover any amount in excess of the maximum amount recoverable under Applicable Law with respect to any Event of Default. No express or implied waiver by Lender of any Default or Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default. The failure or delay of Lender in exercising any rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or reoccurrence of any such contingencies or similar contingencies, and any single or partial exercise of any particular right by Lender shall not exhaust the same or constitute a waiver of any other right provided for or otherwise referred to herein. After the occurrence of any Default or Event of Default, the acceptance by Lender of any payment or performance of any of the Obligations, including the payment of any installment of principal and/or interest or of any other sum owing hereunder or under the other Loan Documents shall not constitute a waiver of such Default or Event of Default, regardless of Lender's knowledge or lack of knowledge thereof at the time of acceptance of any such payment or performance and shall not constitute a reinstatement of any of the Loan Documents, unless Lender shall have agreed in writing to reinstate the same and waive the Default or Event of Default. To the extent permitted by Applicable Law, Customer waives any rights now or hereafter conferred thereby, that (a) limit or modify any of Lender's rights or remedies under this Agreement or any of the other Loan Documents, including the provisions of Article 13(2) of the Convention, or (b) would otherwise entitle Customer to (i) receive notices or demands as a condition to Lender's exercise of any rights or remedies, except as expressly required above or (ii) make claims, damages and demands against Lender arising out of the repossession, retention, sale or other disposition of the Collateral.

#### **MISCELLANEOUS**

Notices . All communications and notices provided for herein shall be in writing and shall be deemed to have been duly given or made (i) upon hand delivery, or (ii) upon delivery by an overnight delivery service, or (iii) when sent by telecopy (with customary confirmation of receipt of such telecopy) on the Business Day when sent or upon the next Business Day if sent on other than a Business Day.

#### Expenses and Fees; Indemnity; Performance of Customer's Obligations .

Customer shall pay to Lender upon demand all reasonable fees, costs and expenses incurred by or on behalf of Lender at any time in connection with (i) the negotiation, preparation, execution, delivery and enforcement of the Loan Documents and the collection of the Obligations (both before and after the occurrence of a Default or Event of Default), (ii) the creation, preservation and protection of the Collateral and the perfection, first priority and enforcement of Lender's Lien, or (iii) Customer's exercise of any right granted under, or any amendment or other modification to any of, the Loan Documents. Such fees, costs and expenses shall include, without limitation, reasonable appraisal and inspection fees, the reasonable fees and expenses of Aviation Counsel and of Lender's counsel, consultants and brokers, UCC, FAA, International Registry and other applicable title, interest and lien searches, and reasonable costs and expenses relating to recovery, repossession, storage, insurance, transportation, repair, refurbishment, advertising, sale and other dispositions of the Aircraft or any of the other Collateral. Customer shall also pay all reasonable fees (including license, filing and registration fees), Impositions and other charges of whatever kind or nature that may be payable or determined to be payable in connection with (A) the execution, delivery, recording or performance of this Agreement or any of the other Loan Documents, or any modification thereof, and (B) the filings, registrations and other undertakings relating thereto. Notwithstanding the foregoing, as long as there are no more than two (2) revised drafts of any Loan Document provided by Customer or its counsel to Lender or Lender's counsel, Customer shall be responsible for not more than \$35,000.00 in the aggregate for the legal fees of outside counsel to Lender (including, Aviation Counsel) and appraisal, inspection, processing, credit verification, lien searches, FAA and International Registry fees and other fees incurred in connection with the initial negotiation, preparation and execution of this Agreement and the other Loan Documents executed and delivered on or before the Closing Date (and the consummation of the closing contemplated to occur thereon); provided that in the event that the negotiation exceeds two (2) revised drafts of any Loan Document, then Customer shall pay for the actual amount of such out of pocket fees incurred by Lender relating to the drafting and negotiation in excess of such two (2) revised drafts. Lender shall apply the previously paid deposit amount of \$35,000.00 to such fees and shall refund to Customer the amount by which the deposit exceeds such fees.

Customer hereby further agrees, whether or not the transactions contemplated by this Agreement shall be consummated, to pay, indemnify, and hold Lender and its affiliates and all of the Lender's and such affiliates' respective directors, shareholders, members, officers, employees, agents, predecessors, attorneys-in-fact, lawyers, successors and assigns (Lender, its affiliates and all of such other parties and entities sometimes hereinafter collectively, the "**Indemnified Parties** ") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, out of pocket costs, attorney's fees, expenses or disbursements of any kind or nature whatsoever ("**Claims** ") arising with respect to or in connection with (i) the Airframe, the Engines, or any APUs or Parts, or any of the other Collateral, including (whether by or through Customer, Vendor, any Interested Third Party, or any other Person), the manufacture, inspection, ownership, lease, sublease, management, pooling, interchange, time sharing, chartering, possession, use, operation, maintenance, security, condition (whether prior to, upon or after delivery or acceptance of any of the same), repossession, storage, sale or other disposition of any of the same, or any accident in connection therewith, including Claims involving or alleging environmental damage, criminal acts, hijacking, acts of terrorism or similar acts, product liability or strict or absolute liability in tort, latent and other defects (whether or not discoverable) and for any other risk or matter, including any of the same that result in injuries, death, destruction, or other harm or loss to persons or property, or (ii) any of the Loan Documents, Third Party Agreements or other Transaction Documents, or the performance, breach (including any Default or Event of Default) or enforcement of any of the terms hereof or thereof, provided, that Customer shall have no obligation to indemnify an Indemnified Party with respect to Claims arising from the gross negligence or willful misconduct of such Indemnified Party (unless if imputed by Applicable Law). If any Claim is made against any Indemnified Party, the party receiving notice or otherwise becoming aware of such Claim shall promptly notify the other, but the failure of the party having knowledge of a Claim to so notify the other party shall not relieve Customer of any obligation hereunder.

If any Customer Party fails to perform or comply with any of its agreements contained herein or in the other Loan Documents, including, without limitation, its obligations to keep the Collateral free of Liens (other than the Permitted Liens), comply with Applicable Standards, or obtain the Required Coverages, Lender shall have the right, but shall not be obligated, to effect such performance or compliance, with such agreement. Any expenses of Lender incurred in connection with effecting such performance or compliance, together with interest thereon at the default rate of interest provided for in the Note from the date incurred until reimbursed, shall be payable by Customer to Lender promptly on demand and until such payment shall constitute part of the Obligations secured hereby. Any such action shall not be a cure or waiver of any Default or Event of Default hereunder.

Entire Agreement; Modifications . This Agreement and the other Loan Documents constitute the entire understanding and agreement of the parties hereto with respect to the matters contained herein and therein, and shall completely and fully supersede all other prior agreements (including any proposal letter, commitment letter, and/or term sheet), both written and oral, between Lender and Customer relating to the Obligations. Neither this Agreement, nor any terms hereof, may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of a change, waiver, discharge or termination is sought.

Construction of this Agreement and Related Matters . All representations and warranties made in this Agreement and in the other Loan Documents shall survive the execution and delivery of this Agreement and the making of the Loan hereunder. Customer's obligations contained in this Section 8 shall survive the payment and performance of the Obligations, the termination of this Agreement, and the release of the Collateral.

This Agreement may be executed by the parties hereto on any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. The headings of the Sections hereof are for convenience only, are not part of this Agreement and shall not be deemed to affect the meaning or construction of any of the provisions hereof. Time is of the essence in the payment and performance of all of Customer's obligations under this Agreement. Any provision of this Agreement that may be determined to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective in such jurisdiction to the extent thereof without invalidating the remaining provisions of this Agreement, which shall remain in full force and effect.

**Lender's Assignment.** Lender, may at any time, with or without notice to Customer, freely grant a security interest in, sell, assign, participate or otherwise transfer (an "Assignment") all or any part of its interest in this Agreement and the other Loan Documents (including all associated rights associated with or secured thereby and the related international interests) or any amount due or to become due hereunder or thereunder, and Customer shall perform all of its obligations under the Loan Documents, to the extent so transferred, for the benefit of the beneficiary of such Assignment (such beneficiary, including any successors and assigns, an "Assignee"); provided, however, if such Assignee is not an Affiliate of Lender and if no Default or Event of Default exists, Lender will provide prior notice of any such Assignment to a third party. Customer hereby waives any right to assert, and agrees not to assert, against any Assignee any abatement, reduction, defense, setoff, recoupment, claim or counterclaim that Customer may have against Lender, provided that Lender remains fully responsible therefor. Upon the assumption by such Assignee of Lender's obligations hereunder, Lender shall be relieved of any such assumed obligations. Customer hereby consents to any such assignment, grant, sale or transfer, including, without limitation, for purposes of the Cape Town Convention. If so directed in writing, Customer shall pay all amounts due or to become due under the Loan Documents, including any of the same constituting associated rights or proceeds directly to the Assignee or any other party designated in writing by Lender or such Assignee. Customer acknowledges and agrees that Lender's right to enter into an Assignment is essential to Lender and, accordingly, waives any restrictions under Applicable Law with respect to an Assignment and any related remedies. Upon the request of Lender or any Assignee, Customer also agrees (a) to promptly execute and deliver, and cause to be executed and delivered by any Guarantor or any other Transaction Party, to Lender or to such Assignee an acknowledgment of assignment in form and substance satisfactory to the requesting party, an insurance certificate naming Assignee as additional insured and loss payee and otherwise evidencing the Required Coverages, an IDERA in favor of Assignee, and such other documents and assurances reasonably requested by Lender or Assignee, (b) to make, or cause to be made, all registrations (including all assignments and subordinations) and all amendments, extensions and discharges with the International Registry reasonably requested by Lender or Assignee (and give or obtain any necessary consent thereto, as well as renew any authorization required by the International Registry in connection therewith, including renewing its transacting user entity status and re-designating a professional user entity, if necessary in Lender's judgment), and (c) to comply with any and all other reasonable requirements of any such Assignee in connection with any such Assignment.

**Jurisdiction.** Customer and Lender each hereby irrevocably consents and agrees that any legal action, suit or proceeding arising out of or in any way in connection with this Agreement or any of the other Loan Documents may be instituted or brought in the courts of the State of New York or in the United States Courts for the Southern District of New York, as Customer or Lender may elect or in any other state or Federal court as Lender shall deem appropriate, and by execution and delivery of this Agreement, Customer and Lender each hereby irrevocably accepts and submits to, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of any such court, and to all proceedings in such courts. Customer and Lender each irrevocably consents to service of any summons and/or legal process by first class, certified United States air mail, postage prepaid, to Customer at the address set forth below its signature hereto, such method of service to constitute, in every respect, sufficient and effective service of process in any such legal action or proceeding. Nothing in this Agreement or in any of the other Loan Documents shall affect the right to service of process in any other manner permitted by law or limit the right of Lender to bring actions, suits or proceedings in the courts of any other jurisdiction. Customer and Lender each further agrees that final judgment against it in any such legal action, suit or proceeding shall 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 shall be conclusive evidence of the fact and the amount of the liability. Notwithstanding anything in the foregoing to the contrary, Lender and Customer may bring a judicial proceeding in the Republic of Ireland, solely with respect to matters relating to the International Registry.

**Governing Law; Binding Effect.** This Agreement shall be construed and enforced in accordance with, and the rights of both parties shall be governed by, the internal laws of the State of New York (without regard to the conflict of laws principles of such state, except as to the effect of Title 14, Section 5-1401 of the New York General Obligations Law), including all matters of construction, validity, and performance. This Agreement shall be binding upon and inure to the benefit of Customer and Lender and their respective successors and assigns (but without limiting the provisions of Section 8.5); except that Customer may not assign or transfer its rights or obligations hereunder or under any other Loan Agreement, or any interest herein or therein; and any such purported or attempted assignment or transfer by Customer shall be null and void.

**Customer's Capacity as Owner Trustee.** TVPX Aircraft Solutions Inc. ("TVPX") is executing this Agreement, and the other Loan Documents solely in its capacity as Owner Trustee under the Trust Agreement and not in its individual capacity and in no case shall TVPX be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of the Customer hereunder, or under any Loan Document, all such liability, if any, being expressly waived by the parties hereto and any Person claiming by, through, or under such party. Under no circumstances shall TVPX be personally liable for the payment of any other amount stated to be due from the Customer hereunder, or under any Loan Document, or be personally liable for the breach or failure of any of Customer's representations, warranties, covenants, obligations, undertakings and agreements hereunder, or under any Loan Documents; provided, however, that the Customer (or any such successor owner trustee) shall be personally liable hereunder for its own gross negligence or willful misconduct or for its breach of its covenants, representations and warranties contained herein, or in any Loan Document, to the extent covenanted or made in its individual capacity.

**Jury Waiver.** CUSTOMER AND LENDER EACH HEREBY KNOWINGLY AND FREELY WAIVES THEIR RESPECTIVE RIGHTS TO A JURY TRIAL IN ANY ACTION, SUIT OR PROCEEDING RELATING TO, ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE NOTE OR ANY OF THE OTHER LOAN DOCUMENTS.

**[Signatures On Next Page]**

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Loan and Aircraft Security Agreement

IN WITNESS WHEREOF, the parties hereto have caused this Loan and Aircraft Security Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

BANC OF AMERICA LEASING & CAPITAL, LLC, Lender

TVPX AIRCRAFT SOLUTIONS INC., a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated July \_\_\_\_, 2017,

Customer

By:  
Name:  
Title:  
Notice Address:

One Financial Plaza, 2nd Floor  
Providence, Rhode Island 02903  
Attention: Director of Aircraft Operations  
Telephone: 800-238-3737  
Facsimile: 401-278-7941

By:  
Name:  
Title:

Notice Address:

39 East Eagle Ridge Drive, Ste. 201  
North Salt Lake, UT 84054  
Telephone: (801) 924-367  
Facsimile: (801) 877-0478

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### LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)

**THIS LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)** (together with all Addenda, Riders and Annexes hereto, this “**Agreement**”) is dated as of July 27, 2017 (the “**Closing Date**”), by and between **TVPX AIRCRAFT SOLUTIONS INC.**, a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated as of July 27, 2017 (“**Customer**”) and **BANC OF AMERICA LEASING & CAPITAL, LLC**, a Delaware limited liability company (“**Lender**”).

In consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

Capitalized and certain other terms used but not otherwise defined in this Agreement shall have the meanings ascribed to them in Annex A attached hereto and made a part hereof.

#### Terms of Loan .

Loan and Use of Proceeds . Subject to the terms and conditions of this Agreement, Lender agrees to make a loan to Customer in the principal amount set forth in Annex B attached hereto and made a part hereof (the “**Loan**”). Customer shall use the proceeds of the Loan to finance the costs of the acquisition of the Aircraft.

Repayment and Prepayment . The Customer’s obligation to repay the Loan shall be evidenced by one or more Promissory Notes dated on and/or after the Closing Date, payable by Customer to the order of Lender in the original principal amount of the Loan (as amended, modified, restated, extended and renewed from time to time, the “**Note**”). The Loan shall bear interest and be repaid by Customer at the times and in the manner set forth in the Note. The Loan may be prepaid only in the manner and subject to terms and conditions set forth in the Note and, if applicable, Section 4.7 hereof.

Conditions of Borrowing . Lender’s obligation to make the Loan shall be both subject to and conditioned upon the satisfaction of all of the conditions precedent specified in the Closing Terms Addendum attached to and made a part of this Agreement.

Representations and Warranties . In order to induce Lender to enter into this Agreement and to make the Loan herein provided for, Customer represents, warrants and covenants to Lender that:

(i) Customer (A) is duly qualified to do business in each jurisdiction in which the conduct of its business or the ownership or operation of its assets requires such qualification, including the jurisdiction of the Primary Hangar Location and wherever any of the Collateral may become located; (B) has the necessary authority and power to own and operate the Aircraft and its other assets and to transact the business in which it is engaged; (C) is a “citizen of the United States” within the meaning of the Transportation Code; and (D) has the form of business organization set forth in Annex B hereto and is and will remain duly organized, validly existing and in good standing under the laws of the state of its organization set forth in Annex B hereto, its federal tax identification number is as set forth in Annex B hereto, and its state-issued organizational identification number (if any), chief executive office and principal place of business address are all as set forth on Annex B hereto; and (ii) its name as shown in the preamble of this Agreement is its exact legal name as shown on its charter, by-laws, articles of organization or operating agreement, as applicable, each as amended as of the Closing Date;

(i) Customer’s execution and delivery of, and performance of its obligations under and with respect to, each of the Loan Documents (including its borrowing the amounts constituting the Loan, granting the Lender’s Lien against the Aircraft and other Collateral and participating in the other transactions contemplated herein and therein), (A) have been duly authorized by all necessary action on the part of Customer consistent with its form of organization, (B) do not contravene or constitute a default under any Applicable Law, any of Customer’s Organizational Documents, or any agreement, indenture, or other instrument to which Customer is a party or by which it may be bound, (C) do not require the approval of or notice to (1) any Governmental Authority, except for the filings and registrations specified in the Closing Terms Addendum, all of which shall have been duly effected prior to or concurrently with Lender making the Loan, or (2) any other party (including any trustees or holders of indebtedness), and (D) will not result in the creation or imposition of any Lien on any of the assets of Customer other than the Lender’s Lien created hereby and by the other Loan Documents with respect to the Collateral; (ii) each of the Transaction Documents referenced in the Closing Terms Addendum to which Customer is a party has been duly executed and delivered by an authorized representative of the Customer, and constitutes the legal, valid and binding obligation of the Customer, enforceable against it in accordance with the respective terms of such Transaction Documents (including, without limitation, the grant of the Lender’s Lien); and (iii) without limiting the foregoing, upon Lender’s advancing the Loan on the Closing Date, (A) Customer will have satisfied or complied with all conditions precedent and requirements as set forth in the Loan Documents required to have been

satisfied or complied with concurrently with or prior to such advance and (B) no Default or Event of Default shall be then existing;

there are no proceedings pending or, so far as the officers, managers, or members of Customer know, threatened against or affecting Customer or any of its property before any Governmental Authority that could impair Customer's title to the Aircraft or any of the other Collateral, or that, if decided adversely, could materially affect the financial condition or operations of Customer or its ability to perform its obligations under any of the Loan Documents;

(i) Customer has, and shall continue to have, good and marketable title to the Collateral, free and clear of Liens, except Permitted Liens; (ii) the Lender's Lien in the Airframe, the Engines and the other Collateral is and shall remain validly created and perfected, and has and shall continue to have first priority over any other Liens pursuant to all Applicable Laws; and (iii) all filings, recordings, registrations or other actions necessary or desirable in order to vest such title in Customer, and establish, perfect and give first priority to Lender's Lien and other rights and interests in, against or with respect to the Collateral, have been duly effected, and all Impositions in connection therewith have been duly paid;

without limiting any of the other representations and warranties in this Agreement, for the purposes of the Cape Town Convention and any other Applicable Law, (i) upon the conclusion of the sale of the Aircraft to Customer, and Customer's grants and assignments, and (if constituting a lease) any Permitted Third Party Agreement, contemplated in the Loan Documents or other Transaction Documents, Customer and (if a lessee) any Interested Third Party shall be situated in, and Customer will cause the Aircraft to be duly registered in, the United States of America (which is a contracting state), (ii) with respect to any of the Transaction Documents relating to the Airframe or Engine, each of the respective parties thereto has power to dispose of the Airframe and Engine, as contemplated therein by way of the relevant Transaction Document, and (iii) the Purchase Documents qualify as a "contract of sale", and (if constituting a lease) any Permitted Third Party Agreement and the Loan Documents are effective to constitute international interests in the Airframe and Engine and security assignments of the related associated rights and transfer of the related international interests, as contemplated therein, and each such Registerable Interest will be effective against third parties upon registration at the International Registry, without any further filings or registrations (except as contemplated in the Loan Documents);

(i) the Aircraft (A) has been delivered to Customer, is in Customer's possession and is, as of the Closing Date, unconditionally, irrevocably and fully accepted by Customer, (B) has been inspected by Customer to its complete satisfaction and, without limiting the foregoing, (1) has been found to be in good working order, repair and condition and fully equipped to operate for its intended purpose, and (2) is in conformity with the requirements of the Purchase Agreement and the Applicable Standards, (C) is, or will be at the time of the funding of the Loan, currently certified under existing FAA rules and regulations and any other Applicable Laws and is airworthy in all respects, and (D) is and will remain primarily hangared at the Primary Hangar Location; and (ii) without limiting the foregoing, (A) solely as between Lender and Customer (and without prejudicing Customer's rights against Vendor or any other third party, which rights are not being disclaimed hereby), Customer has no pending claims and has no knowledge of any facts upon which a future claim may be based, against any prior owner, the seller, manufacturer or supplier of the Aircraft or any of the other Collateral, for breach of warranty or otherwise, and (B) all of the information contained in Annex C, including the registration number of the Aircraft, and the serial numbers, manufacturer and model numbers of the Airframe, Engines, and APU, are true and accurate in all respects; and

(h) the Aircraft (i) is currently capable of being certified under existing FAA rules and regulations and completely airworthy in all respects, (ii) will undergo an inspection by a Designated Airworthiness Representative of the FAA ("DAR") on the Closing Date and (iii) an FAA Standard Airworthiness Certificate (AC Form 8100-2) shall be issued for the Aircraft no later than two (2) Business Days after the Closing Date.

**Covenants** . Customer covenants and agrees that from and after the Closing Date and so long as any of the Obligations are outstanding:

Notices; Financial Information; and Further Assurances . Customer will, at its sole expense:

promptly give written notice to Lender of (i) the occurrence of any Default or Event of Default; (ii) the occurrence of any Event of Loss or event of which Customer may be aware that could become an Event of Loss; (iii) the commencement or written threat of any material litigation or proceedings affecting Customer or any material litigation or proceedings affecting the Aircraft or any of the other Collateral, or the ability of Customer to comply with its obligations under the Loan Documents; and (iv) any material dispute between Customer or any Interested Third Party and any Governmental Authority or other party that involves the Aircraft or any of the other Collateral or that might materially interfere with the normal business operations of Customer;

cause Guarantor to comply with the financial reporting requirements set forth in the Guaranty and promptly furnish to Lender any such financial and other information regarding the Customer or Guarantor or any of its Affiliates as Lender may from time to time reasonably request; and

promptly execute and deliver to Lender such further instruments, UCC and FAA filings (including an IDERA) and other documents, make, cause to be made and/or consent to all registrations (including any discharges and subordinations, or as to the prospective or actual sale of, and any international interest in, the Engines) with the International Registry, and take such further action, as Lender may from time to time reasonably request in order to further carry out the intent and purpose of the Loan Documents and to establish, protect and enforce the rights, interests, remedies and Liens (including the first priority thereof) created, or intended to be created, in favor of Lender thereby.

General Obligations . (a) Customer agrees that it shall (i) duly observe and conform to all requirements of Applicable Law relating to the conduct of its business and/or the Aircraft, (ii) remain a "citizen of the United States" within the meaning of the Transportation Code, (iii) obtain and keep in full force and effect (A) all rights, franchises, licenses and permits that are necessary to the proper conduct of its business, and (B) all approvals by any Governmental Authority required with respect to the performance of its obligations under the Loan Documents and the operation of the Aircraft and its business, (iv) cause the Aircraft to remain primarily hangared at the Primary Hangar Location, and duly registered in Customer's name under the Transportation Code (including, by making all necessary reports, re-registering its ownership of the Aircraft, and taking all other actions required by Applicable Law), and (v) pay and perform all of its obligations and liabilities when due. (b) Customer agrees that (i) it shall not change its presently existing legal name or its form or state of organization on or after the date of this Agreement, without Lender's prior written consent, (ii) if its presently existing state organizational identification number changes, or if Customer currently has no such state organizational number but is subsequently issued such a number, on or at any time after the date of this Agreement, Customer shall immediately notify Lender thereof, and (iii) it shall not change the presently existing mailing, chief executive office and/or principal place of business address on or after the date of this Agreement without giving Lender thirty (30) days written notice of the same.

Taxes . (a) Customer will file or cause to be filed with all appropriate taxing authorities all Federal, state and local income tax returns that are required to be filed and all registrations, declarations, returns and other documentation with respect to any personal property taxes (or any other taxes in the nature of or imposed in lieu of property taxes) due or to become due with respect to the Aircraft or any of the other Collateral. (b) Customer will pay (or cause to be paid) (i) on or before the date when due all taxes as shown on said returns and all taxes assessed, billed or otherwise payable with respect to the Aircraft or the other Collateral directly to the appropriate taxing authorities; and (ii) when due all license and/or registration or filing fees, assessments, governmental charges and sales, use, property, excise, privilege, value added and other taxes (including any related interest or penalties) or other charges or fees now or hereafter imposed by any governmental body or agency upon Customer or the Aircraft or any of the other Collateral, with respect to the landing, airport use, manufacturing, ordering, shipment, purchase, ownership, delivery, installation, leasing, chartering, operation, possession, use or disposition of the Aircraft or any of the other Collateral, or any interest therein (the items referred to in (i) and (ii) above being referred to herein collectively, as "Impositions").

No Disposition of Collateral or Liens; Title and Security Interest .

Customer shall not sell, assign, enter into any Third Party Agreement, convey, mortgage, exchange or otherwise transfer or relinquish possession of (including by any seizure or other taking by any foreign or domestic governmental authority) or dispose of the Airframe or Engines, any Part, any related associated rights, international interests or prospective international interests, any proceeds or any of the other Collateral, or attempt or offer to do, or suffer or permit any of the foregoing. Customer shall be permitted, however, to deliver possession of the Airframe, the Engines, or any APU or Part to another Person for testing, service, repair, maintenance, overhaul, alteration or modification, and to enter into Permitted Third Party Agreements, in each case, if and to the extent consistent with the provisions of the Loan Documents. Customer will warrant and defend its good and marketable title to the Airframe, the Engines and the other Collateral, and the validity, perfection and first priority of Lender's Lien in the Collateral, against all other Liens, claims and demands whatsoever, except Permitted Liens; and without limiting the foregoing, Customer will (i) not create, assume or suffer to exist any Liens on or with respect to the Airframe, the Engines, or any of the other Collateral, or Customer's interest therein (other than Permitted Liens); and (ii) promptly take such action as directed by Lender to duly discharge any such unpermitted Liens.

So long as no Default or Event of Default is then existing, Customer may enter into and remain a party to Third Party Agreements, in each such case, subject to the satisfaction of, and compliance by Customer and each Interested Third Party with, all of the following throughout the term of such arrangement: (i) Each such Interested Third Party shall (A) be and remain solvent, and (unless an individual) organized under the laws of a state within the United States; and (B) if engaged by Customer with the prior written consent of Lender as a manager and/or charter operator (including the Manager pursuant to the Management Agreement), while so engaged, (1) have a recognized favorable reputation as a manager and/or charter operator, as the case may be, of aircraft similar to the Aircraft, (2) be providing management and/or charter operation services for other aircraft owners similar to the services contemplated therein, and (3) if and at all times while conducting any charter operations (x) have and maintain a valid Part 135 Certificate evidencing its authority to conduct such operations, (y) list the Aircraft on its operations specifications, and (z) comply with all Applicable Standards pertaining to such charter operations. (ii) Any operation of the Aircraft pursuant to any such Third Party Agreement shall be limited to (A) if by Customer, Parent Guarantor or any Affiliate of Parent Guarantor, any time sharing agreements (as defined in Section 91.501(c)(1)) complying with Part 91 of the FARs and all other Applicable Standards, (B) if by a manager and/or a charter operator with Lender's prior written consent, pursuant to and in full compliance with the requirements of Part 135 of the FARs and all other Applicable Standards, or (C) if such Third Party Agreement is a "dry lease" by Customer, as lessor, to Parent Guarantor or an Affiliate of Parent Guarantor or other Interested Third Party permitted pursuant hereto, as lessee, operation by such lessee complying with (1) Part 91 and any other applicable provision of the FARs, and all other Applicable Standards, and (2) the provisions hereof and of the other Loan Documents pertinent to the operation of the Aircraft (whether by Customer or any permitted Interested Third Party). (iii) The related Third Party Agreement shall (A) be and remain, subject and subordinate to Lender's Lien in and with respect to the Collateral, and Lender's rights and remedies under the Loan Documents (and such subordination shall be expressly acknowledged therein), (B) not convey any Lien on, or other property interest in or against the Airframe, the Engines or any of the other Collateral, except for a Permitted Lien (but, without giving effect to clause (a) of the definition of such term), (C) not permit any further sublease or disposition of or unpermitted Lien against the Aircraft or any of the other Collateral by any of the Interested Parties thereto or any other Person, or any change in registration or unpermitted change in hanging of the Aircraft, (D) not contain provisions that are inconsistent with the provisions of any of the Loan Documents or cause Customer to breach any of its representations, warranties or agreements under any of the Loan Documents, (E) be in conformity with all requirements of the FARs and other Applicable Laws, and (F) otherwise conform to any Operating Consent required by Lender with respect thereto. (iv) (A) Customer shall have specified such Third Party Agreement on Annex B if existing on the Closing Date, or if not then existing shall require Lender's prior written consent and at least thirty (30) Business Days' prior written notice of its intention to enter into a Third Party Agreement and (B) no later than the effective date thereof Customer shall comply with, and at all times thereafter remain in compliance with, any related requirements by Lender, including (1) entering into, and causing any related Interested Third Parties to enter into, an Operating Consent, (2) causing Lender to be covered by the Required Coverages (which, for the purposes hereof, may include insurance coverages obtained and maintained by an Interested Third Party, conforming to the insurance requirements herein and in any of the other Loan Documents), and (3) entering into or delivering, or causing to be entered into and delivered, all such other documents, filings and assurances, making or causing to be made such filings and registrations, and taking or causing to be taken all such other actions, in each case as may be required by Lender and (4) paying or reimbursing Lender for any related costs or expenses. (v) Lender shall have the right, but not the obligation, to (A) require reasonable evidence that any Interested Third Party satisfies the requirements provided herein, and (B) review any such Third Party Agreement, as from time to time supplemented and amended, to determine its conformity with the provisions hereof, but without assuming any responsibility with respect thereto. (vi) Customer shall neither make, nor permit to be made, any filing or registration with respect to any Permitted Third Party Agreement, unless so directed by Lender pursuant to Section 5.2 or otherwise. Notwithstanding the foregoing limitations Parent Guarantor or any Affiliate shall be permitted to conduct the carriage of Parent Guarantor or any Affiliate and/or their respective guests pursuant to 14 CFR Section 91.501(b)(4), affiliated group operations pursuant to 14 CFR Section 91.501(b)(5) and/or (6), demonstration flights pursuant to 14 CFR Section 91.501(b)(3), time sharing or interchange operations pursuant to 14 CFR Section 91.501(b)(6), the carriage of customers pursuant to 14 CFR Section 91.501(b)(9) and/or the carriage of candidates in Federal elections conducted pursuant to 14 CFR Section 91.321.

With respect to any Third Party Agreements complying with all of the provisions of Section 4.4(b) (each a "**Permitted Third Party Agreement**"), although certain of the duties and obligations of Customer under the Loan Documents may be performed by one or more of the Interested Third Parties, (i) no such Permitted Third Party Agreement shall reduce any of Customer's obligations, or Lender's rights, under any of the Loan Documents, (ii) all of Customer's obligations under the Loan Documents shall be and remain primary and continue in full force and effect as the obligations of a principal and not of a guarantor or surety, and (iii) Lender is not waiving the right to require full and timely performance of any such obligations in strict accordance with the provisions hereof and of the other Loan Documents. By way of clarification and not limitation, with respect to any provisions of this Agreement or any of the other Loan Documents requiring Customer to take or refrain from taking an action relating to the Aircraft or any of the other Collateral, such provision may also be read to mean that Customer shall cause the same to be done in accordance therewith, if at that time the Aircraft or such other Collateral is in the possession or control of an Interested Third Party pursuant to a Permitted Third Party Agreement.

#### Use of Aircraft; Maintenance; Modifications; Security .

Customer will operate the Aircraft or shall cause the Aircraft to be operated under and in compliance with Part 91 and any other applicable provision of the FARs, and all other Applicable Standards. Unless otherwise expressly permitted hereunder, (i) Customer shall not operate or permit the Aircraft to be operated for air taxi operations or otherwise under Part 135 of the FARs; and (ii) Customer, an Affiliate or other Interested Third Party shall at all times have, and maintain, "operational control" of the Aircraft (as such term is then interpreted by the FAA or such other applicable Governmental Authority), and no other Person shall operate the Aircraft. The Aircraft at all times will be operated by duly qualified pilots having satisfied all requirements established and specified by the FAA, the TSA, any other applicable Governmental Authority and the Required Coverages.

the Aircraft may be flown temporarily to any country in the world, provided that the Aircraft (i) shall at all times be based in the continental United States; and (ii) shall not be flown, operated, used or located in, to or over any such country or area (temporarily or otherwise) (A) that is excluded from the Required Coverages (or specifically not covered by such

insurance), (B) with which the U.S. does not maintain favorable diplomatic relations (which is any country or jurisdiction not marked with an “\*” on the list maintained by the U.S. Department of State, at <http://www.state.gov/s/inr/rls/4250.htm> or any replacement or equivalent website maintained by the U.S. Department of State), provided that the prohibition in this clause (B) does not prohibit the operation of the Aircraft on an approved and assigned air traffic control route (if and so long as such use is otherwise in compliance with the provisions of the this Agreement and does not violate any insurance policies in effect with respect to the Aircraft), (C) to the extent that payment of any claim under the Required Coverages directly or indirectly arising or resulting from or connected with any such flight, operation, use or location would be prohibited under any trade or other economic sanction or embargo by the United States of America, or (D) in violation of any of the Loan Documents or any Applicable Standards. Customer shall adopt, implement and comply with all security measures required by any Applicable Law, or by any Required Coverages, or that are necessary or appropriate for the proper protection of the Aircraft (whether on the ground or in flight) against theft, vandalism, hijacking, destruction, bombing, terrorism or similar acts.

Customer agrees that, with respect to the Airframe, the Engines, each APU and each Part, Customer will at its own expense, (i) maintain, inspect, service, repair, overhaul and test the same in accordance with Applicable Standards; (ii) make any alterations or modifications that may at any time be required to comply with Applicable Standards, and to cause the Aircraft to remain airworthy; (iii) furnish all required parts, replacements, mechanisms, devices and servicing so that the condition and operating efficiency thereof will at all times be no less than its condition and operating efficiency as and when delivered to Customer, ordinary wear and tear from proper use alone excepted; (iv) promptly replace all Parts (A) which become worn out, lost, stolen, taken, destroyed, damaged beyond repair or permanently rendered or declared unfit for use for any reason whatsoever, or (B) if not previously replaced pursuant to clause (A), as and when required by any Applicable Standards, including any applicable life limits; and (v) maintain (in English) all Records in accordance with Applicable Standards; and (vi) enroll and maintain the Engines in an Engine Maintenance Program and the APU in an APU Maintenance Program or shall cause the foregoing to be done. All maintenance procedures shall be performed by properly trained, licensed, and certified maintenance sources and personnel utilizing replacement parts approved by the FAA and the manufacturer of (as applicable) the Airframe, the Engines, or any APU or Part. Without limiting the foregoing, Customer shall comply with all mandatory service bulletins and airworthiness directives by causing compliance to such bulletins and/or directives to be completed through corrective modification in lieu of operating manual restrictions.

Customer will not make, authorize or permit any improvement, change, addition or alteration to the Aircraft that will impair the originally intended function or use of the Aircraft, diminish the value of the Aircraft as it existed immediately prior thereto, or violate any Applicable Standard. All repairs, parts, replacements, mechanisms and devices added by Customer or on its behalf shall immediately, without further act, become part of the Aircraft and subject to the Lender's Lien granted under this Agreement.

#### Insurance.

Customer agrees to maintain or cause to be maintained at all times, at its sole cost and expense, with insurers of recognized reputation and responsibility satisfactory to Lender (but in no event having an A.M. Best or comparable agency rating of less than “A-”):

(A) comprehensive aircraft liability insurance against bodily injury or property damage claims including, without limitation, contractual liability, premises liability, death and property damage liability, public and passenger legal liability coverage, and sudden accident pollution coverage, in an amount not less than \$200,000,000.00 for 20 or more seats, or if the Aircraft will be chartered, or \$100,000,000.00 for 10 or more seats, or \$50,000,000.00 for fewer than 10 seats for each single occurrence, and (B) personal injury liability in an amount not less than \$25,000,000.00; but, in no event shall the amounts of coverage required by sub-clauses (A) and (B) be less than the coverage amounts as may then be required by Applicable Law;

“all-risk” ground, taxiing, and flight hull insurance on an agreed-value basis, covering the Aircraft, provided that such insurance shall at all times be in an amount not less than the greater of (1) the full replacement value of the Aircraft (as determined by Lender), or (2) the unpaid principal amount of the Note (each such amount re-determined as of each anniversary of the date hereof for the next succeeding year throughout the term of this Agreement); and

war risk and allied perils (including confiscation, appropriation, expropriation, terrorism and hijacking insurance) in the amounts required in paragraphs (i) and (ii), as applicable.

Any policies of insurance carried in accordance with this Section 4.6 and any policies taken out in substitution or replacement of any such policies shall (i) be endorsed to name Lender as an additional insured as its interests may appear (but without responsibility for premiums), (ii) provide, with respect to insurance carried in accordance with Section 4.6(a)(ii) or (a)(iii) above, that any amount payable thereunder shall be paid directly to Lender as sole loss payee and not to Lender and Customer jointly, (iii) provide for thirty (30) days' (seven (7) days' in the case of war, hijacking and allied perils) prior written notice by such insurer of cancellation, material change, or non-renewal, (iv) include a severability of interest clause providing that such policy shall operate in the same manner as if there were a separate policy covering each insured, (v) waive any right of set-off against Lender, and any rights of subrogation against Lender, (vi) provide that in respect of the interests of Lender in such policies, that the insurance shall not be invalidated by any action or inaction of Customer or any other Person operating or in possession of the Aircraft, regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by or binding upon Customer or any other Person operating or in possession of the Aircraft, and (vii) be primary, not subject to any co-insurance clause and shall be without right of contribution from any other insurance.

Customer shall not self-insure (by deductible, premium adjustment, or risk retention arrangement of any kind) with respect to any of the risks required to be insured pursuant to this Section 4.6. Customer agrees that it shall obtain and maintain such other insurance coverages, or cause adjustments to be made to the scope, amount or other aspects of the existing insurance coverages, promptly upon Lender's request, as and when Lender deems such additional insurance coverages or modifications to be appropriate in light of any changes in Applicable Law, prudent industry practices, the insurance market, Customer's anticipated use of the Aircraft or other pertinent circumstances. All of the coverages required herein shall be in full force and effect worldwide throughout any geographical areas to, in or over which the Aircraft is operated. All insurance proceeds payable under the requisite policies shall be payable in U.S. Dollars.

At least ten (10) days prior to the policy expiration date for any insurance coverage required by this Section 4.6, Customer shall furnish to Lender evidence (having the form and substance consistent with Section 1(f) of the Closing Terms Addendum) of the renewal or replacement of such coverage, complying with the terms hereof, for a twelve (12) month or greater period commencing from and after such expiration date.

#### Event of Loss: Loaner Engines.

Upon the occurrence of any Event of Loss with respect to the Aircraft and/or the Airframe, Customer shall notify Lender of any such Event of Loss within five (5) days of the date thereof. Customer shall pay the then Outstanding Balance promptly upon its receipt of insurance proceeds relating to such Event of Loss, but in no event later than ninety (90) days after the occurrence of such Event of Loss (irrespective as to whether any or all of such proceeds have been received). Upon Lender's receipt in good and indefeasible funds of all of the amounts required to be paid pursuant to the preceding sentence (whether by applying Customer's payment of such amounts, or any such insurance proceeds, or both) the Aircraft shall be released from the Lender's Lien, and Lender shall remit to Customer any such insurance proceeds so received by Lender, to the extent then remaining.

Upon an Event of Loss with respect to an Engine or any APU (as applicable, a “ **Lost Item** ”) under circumstances in which there has not occurred an Event of Loss with respect to the Airframe, Customer shall, within one hundred twenty (120) days after the occurrence of such Event of Loss, replace such Lost Item, with a Permitted Replacement. Any engine or auxiliary power unit constituting a “ **Permitted Replacement** ” for a Lost Item shall (i) be of the same make and model number as the Lost Item, (ii) be free and clear of all Liens and (iii) have a value, utility and useful life at least equal to, and be in as good an operating condition as, the Lost Item, assuming such Lost Item was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss. Customer, at its own cost and expense, shall (i) furnish Lender with such documents to evidence such conveyance, (ii) cause the Permitted Replacement to be subject to the Lender’s Lien under this Agreement, and (iii) take such other actions as may be required by Lender to cause the Lender’s Lien therein to be validly created, perfected and have first priority, including as evidenced on the FAA Registry, the International Registry, and any other recording office. Each such Permitted Replacement shall, after such conveyance, be deemed an “Engine” or “APU” (as defined herein), as applicable, and shall be deemed part of the same Aircraft as was the Lost Item replaced thereby.

In the event an Engine is damaged and is being repaired, or is being inspected or overhauled, Customer, at its option, may temporarily substitute another engine during the period of such repair or overhaul, so long as such engine is of the same make and model as the Engine being repaired or overhauled, is free and clear of any Lien that might impair Lender’s rights or interests in the Airframe and is maintained in accordance herewith (any such substitute engine being hereinafter referred to as a “ **Loaner Engine** ”). Customer shall (i) cause such Loaner Engine to be installed and removed, as applicable, by a maintenance facility certified by the FAA and manufacturer with respect to the Aircraft, and (ii) cause the repaired or overhauled original Engine to be reinstalled on the Airframe promptly upon completion of the repair or overhaul, but in no event later than the earlier of one hundred twenty (120) days after removal or the occurrence of an Event of Default.

So long as no Default has occurred and is continuing, and no Event of Default or Event of Loss with respect to the Aircraft has occurred, any loss or damage proceeds of the Required Coverages received by Lender shall be released promptly by Lender to Customer to reimburse Customer for paying the costs actually incurred with respect to repairs made to the Aircraft so as to restore it to the condition required by this Agreement, or for the purchase of a Permitted Replacement pursuant to Section 4.7(b), or shall be disbursed by Lender as otherwise required by this Agreement.

**Aircraft Registration.** On or before the Closing Date, and at all times thereafter, so long as any of the Obligations are outstanding, Customer shall remain solely responsible pursuant to the applicable provisions of this Agreement to cause (i) the Aircraft to be effectively and otherwise validly registered in Customer’s name on the Registry, and (ii) the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft, in each case, accordance with the Registration Requirements; and without limiting the foregoing, or any other provision of this Agreement, Customer shall:

cause the Registration Certificate to be maintained within the Aircraft and cause the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft; including by (A) notifying Lender immediately of any event or circumstance with respect to which the Registration Requirements require further action by Customer, the Registry or any other Governmental Authority or other Person, (B) immediately upon receipt, placing the original, replacement or renewal Registration Certificate on the Aircraft prior to the expiration or other invalidation of any previously issued Registration Certificate (whether the certificate or any other document constituting the Registration Certificate as defined herein) under the Registration Requirements, and (C) complying with any and all of the other Registration Requirements relating to such Registration Certificate, and to the Registration Certificate replaced thereby (including any of the same relating to the destruction or return thereof, as the case may be); and

upon the occurrence, and at all times thereafter, of any Defective Registration (and without waiving Customer’s responsibility to avoid such circumstance), or if the operation of the Aircraft is no longer authorized by the Registration Requirements, Customer shall (A) neither operate nor permit or suffer the operation of the Aircraft without a currently effective and otherwise valid Registration Certificate (and shall cause the pilots to be made aware of the Defective Registration), and otherwise comply with the FARs and other Applicable Laws relating to such Defective Registration, (B) ground and store the Aircraft in a manner reasonably acceptable to Lender, and (C) inform the insurer or insurers thereof, and obtain and maintain adjustments to the insurance coverages required pursuant Section 4.6 of this Agreement which may be necessary or desirable to Lender so as to reflect any changes in the insurable risks relating to any Defective Registration.

#### **Security Interest; Power of Attorney; Inspection .**

**Grant of Security Interest.** As collateral security for the prompt and complete payment and performance as and when due of all of the Obligations and in order to induce Lender to enter into this Agreement and make the Loan to Customer in accordance with the terms hereof, Customer hereby grants, pledges and assigns to Lender a first priority security interest, collateral assignment, international interest, prospective international interest, security assignment and prospective security assignment, in, against, under and with respect to (the “ **Lender’s Lien** ”) all of Customer’s right, title and interest in, to and under all of the following collateral, whether now existing or hereafter acquired (collectively, the “ **Collateral** ”): (i) the Aircraft, including the Airframe, the Engines, each of the APU and Parts, and the Records; (ii) any and all present and future Third Party Agreements; (iii) any and all other associated rights secured by or associated with the Airframe and/or the Engines, together with any related international interests and prospective international interests; (iv) any collateral described in the other Loan Documents (including in any Operating Consent); and (v) all proceeds of the foregoing. By way of clarification and not limitation, the foregoing grant of the Lender’s Lien shall include, as applicable (and in each case, being validly registered and having first priority), an international interest in the Airframe and in each Engine. Notwithstanding the foregoing, (i) Customer shall not enter into any Third Party Agreements unless expressly permitted by Section 4.4 and (ii) Lender is not assuming, nor shall it be responsible for, any obligations, liabilities or duties of any kind whatsoever of Customer (and/or of any other Person) relating to the Collateral. Customer agrees that it shall perform and procure performance in accordance with any Third Party Agreement or other agreement or instrument giving rise to any associated rights that are or may become subjected to the Lender’s Lien.

#### **UCCs, Registrations, Etc.; Lender as Attorney-in-Fact.** Customer hereby irrevocably:

authorizes Lender to prepare and file any UCC financing statements, amendments, continuations, terminations, assignments and other filings, or take such other actions for the purpose of perfecting, affording first and exclusive priority to or otherwise relating to Lender’s Lien under this Agreement or the other Loan Documents;

consents to, and authorizes its professional user entity to consent to, the registration of each Registerable Interest requested by Lender or its Assignee, or otherwise required by the provisions of this Agreement or any of the other Loan Documents, including any subordination, amendment, assignment, discharge or undertaking permitted by the Cape Town Convention with respect thereto; and

constitutes and appoints Lender (including any Person acting on Lender’s behalf), as its true and lawful attorney-in-fact with full power and authority in the place and stead of Customer and in the name of Customer or in its own name, for the purpose of carrying out the terms of this Agreement; which authority shall include the following undertakings that may be exercisable by Lender in its sole discretion at any time, and from time to time, if an Event of Default is then existing or upon the occurrence of an Event of Loss: (i) in Customer’s name, file and/or record, such further instruments, filings and other documents, make, cause to be made and/or consent to all registrations with the International Registry, and take such further action, to establish and protect Lender’s rights, interests and remedies created, or intended to be created, pursuant to the Loan Documents; (ii) endorse Customer’s name on any checks, notes, drafts or any other payments or instruments, or set off, apply, or take such other actions with respect to any funds relating to the Collateral that come into Lender’s possession or control; and (iii) to settle, adjust, receive payment and make claim or proof of loss, and take such other actions relating to the Required Coverages. This appointment is coupled with an interest, is

irrevocable and shall terminate only upon indefeasible payment and performance in full of all of the Obligations. The powers conferred on Lender hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Lender shall be accountable only for amounts that it actually receives in good and indefeasible funds as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to Customer for any act or failure to act. Without limiting the foregoing, Customer agrees that within five (5) Business Days of Lender's request, Customer will enter into an irrevocable power-of-attorney authorizing Aviation Counsel or Lender's other designee as Customer's professional user entity and administrator for the purpose of discharging any Registerable Interests as and when directed to do so by Lender in connection with its exercise of its rights and remedies under the Loan Documents.

**Inspection.** Lender or its authorized representatives shall have the right, but not the duty, to inspect the Aircraft, any part thereof and/or the Records, at its own cost any reasonable time and from time to time, wherever located, upon reasonable prior notice to Customer; except that after the occurrence of a Default or an Event of Default, such inspection may be conducted at any time without prior notice and at Customer's sole expense, and it shall pay Lender promptly upon demand any inspection costs incurred by Lender. So long as no Default or Event of Default exists, any such inspections shall be conducted during normal business hours and without interruption of the use and operation of the Aircraft as permitted hereby. Upon the request of Lender, Customer shall promptly confirm to Lender the location of the Aircraft or any of the other Collateral.

**Events of Default.** The term "**Event of Default**", wherever used herein, shall mean:

Customer shall fail to pay any Obligation within ten (10) days after the same shall become due and payable (whether at the stated maturity, by acceleration, upon demand or otherwise); or

(i) any Customer Party shall default in the payment or performance of any indebtedness, liability or obligation to Lender or any Affiliate of Lender under any note, security agreement, lease, title retention or conditional sales agreement or any other instrument or agreement; or

(ii) any Customer Party shall fail to pay any Indebtedness (other than the Obligations) exceeding \$5,000,000.00, and such failure shall continue beyond any applicable grace period (or, with respect to trade Indebtedness which is not subject to a grace period, within ninety (90) days of the date such trade Indebtedness is incurred); or

(i) any of the Required Coverages are not kept in full force and effect, or a breach or violation shall exist with respect to any provisions thereof; or the Aircraft is operated in a manner, at a time or in or over or located at a place with respect to which such Required Coverages shall not be in effect; (ii) Customer shall fail to cause the Airframe or the Engines to be used, operated, maintained or otherwise kept in a condition so as to be in compliance with all Applicable Laws; or (iii) any Customer Party shall fail to comply with (A) any financial covenants as and to the extent set forth or incorporated in any Guaranty or in any of the other Loan Documents, or (B) any provision of any of the Loan Documents restricting Liens and other dispositions relating to either the Collateral or any rights or obligations under any of the Transaction Documents (including Section 4.4 hereof), or (iv) the occurrence of any Defective Registration; or

(i) any representation or warranty made by any Customer Party in any of the Loan Documents or in any related agreement, document or certificate shall prove to have been incorrect, misleading, or inaccurate in any material respect when made or given (or, if a continuing representation or warranty, at any time); or (ii) any Customer Party shall fail to (A) perform or observe any other agreement (other than those specifically referred to in this Section 6) required to be performed or observed by it under this Agreement or in any of the other Loan Documents, and such failure shall continue uncured for thirty (30) days after the earlier of written notice thereof from Lender to such Customer Party or such Customer Party's actual knowledge thereof (but such notice and cure period will not be applicable unless such breach is curable by practical means within such notice period) or (B) notify Lender of any Default or Event of Default within ten (10) Business Days of its occurrence; or

(i) any Customer Party shall (A) generally fail to pay its, or his or her debts as they become due, admit its, or his or her inability to pay its, or his or her debts or obligations generally as they fall due, or shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws or other insolvency laws, or an answer admitting the material allegations of such a petition filed against such Customer Party in any such proceeding; or (B) by voluntary petition, answer or consent, seek relief under the provisions of any other bankruptcy or other insolvency or similar law providing for the reorganization or liquidation of corporations, or providing for an assignment for the benefit of creditors, or providing for an agreement, composition, extension or adjustment with its, or his or her creditors; or (ii) a petition against any Customer Party in a proceeding under applicable bankruptcy laws or other insolvency laws, as now or hereafter in effect, shall be filed and shall not be withdrawn or dismissed within one hundred twenty (120) days thereafter, or if, under the provisions of any law providing for reorganization or liquidation of business entities that may apply to any Customer Party, any court of competent jurisdiction shall assume jurisdiction, custody or control of such Customer Party or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of one hundred eighty (180) days after the filing date; or

the occurrence of any of the following events with respect to any Customer Party: (A) it enters into any transaction of merger, consolidation or reorganization; (B) it ceases to do business as a going concern, liquidates, or dissolves, or sells, transfers or otherwise disposes of all or substantially all of its assets or properties (in one or more transactions); (C) it becomes the subject of, or engages in, a leveraged buy out; (D) it changes the form of organization of its business; (E) if it is privately owned as of the Closing Date, there is any substantial change in the ownership or control of its capital stock or membership interests such that the holder(s) that own or control one hundred percent (100%) of such equity interests as of the Closing Date no longer do so; or (F) if it is publicly held as of the Closing Date, any change so that it is no longer subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or no longer registered under Section 12 of the Securities Act of 1933, as amended; or

(i) the conviction of or guilty plea by any Customer Party with respect to any criminal act constituting a felony, (ii) any repudiation by any Customer Party of its obligation for the payment or performance of the Obligations, (iii) any allegation by any Customer Party or judicial determination that any of the Loan Documents is unenforceable in any material respect or (iv) a Default (as defined in any Guaranty) shall occur; or any event or condition constituting a breach or other default under any Operating Consent.

## **Remedies .**

**Acceleration; Termination of Commitment.** If any Event of Default shall occur, Lender, in its sole discretion, may (a) declare the Obligations to be immediately due and payable, and upon such declaration the Obligations (including, the unpaid principal amount of the Note, together with all accrued but unpaid interest thereon, any prepayment fees and all other amounts due and payable under or with respect to the Loan Documents), shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the other Loan Documents to the contrary notwithstanding, (b) terminate any then outstanding commitment whether to Customer or any Affiliate to make the Loan or any advance thereof, or any other financial accommodations, whether related to the Loan or otherwise, and/or (c) pursue and enforce any of Lender's rights and remedies under this Section 7; provided, however, if an Event of Default specified in Section 6 (e) above shall occur, the Obligations shall become immediately due and payable, all such commitments shall terminate, and Lender shall have all such other rights and remedies contemplated in the preceding clauses (a), (b) and (c), automatically, and without any notice or other action by Lender.

**Additional Remedies.** If an Event of Default occurs, in addition to all other rights and remedies granted to it in this Agreement and in the other Loan Documents, Lender may exercise all rights and remedies of a secured party under the UCC or as a creditor, chargee or security assignee under the Cape Town Convention (including any and all remedies thereunder requiring agreement by Customer), or otherwise available to

Lender under any other Applicable Law. Without limiting the generality of the foregoing, Customer agrees that upon the occurrence of an Event of Default, Lender, without demand or notice of any kind (except as specified below) to or upon Customer or any other Person, in its sole discretion, may exercise any one or more of the following remedies:

(i) peacefully enter the premises where the Aircraft, the Engines, or any other Collateral is located, take immediate possession of, remove (or disable in place), or otherwise take control or custody of the Airframe, the Engines or any other Collateral (whether or not then attached to the Airframe) by self-help, summary proceedings or otherwise without liability, (ii) preserve the Airframe, the Engines or the other Collateral, and their respective value (but without any obligation to do so), and immobilize or keep idle the Airframe or Engines, and/or (iii) use Customer's premises for storage without liability; and Customer agrees, at Lender's request, to assemble the Collateral, and make it available to Lender at such places as Lender shall reasonably select, whether at Customer's premises or elsewhere;

(i) terminate the right of any Interested Third Party, and any other third party to use, possess or control the Airframe, the Engines or any of the other Collateral, including under any Permitted Third Party Agreement or other Third Party Agreement, without regard as to the existence of any event of default thereunder, (ii) recover from, and/or cause Customer and any such Interested Third Party, and any other third party, to relinquish possession and return the Airframe, the Engines and any other Collateral pursuant to this Section 7, and/or (iii) exercise any and all other remedies under any Operating Consents in Customer's stead, to the extent provided for under, or otherwise available to Customer in connection with any related Permitted Third Party Agreement or such other Third Party Agreement;

(i) manage, sell, lease, assign or otherwise dispose of the Airframe, the Engines or any other Collateral, in whole or in part, whether or not in Lender's possession, in one or more parcels or transactions, at public or private sale or sales, with or without notice to Customer (except as required by Applicable Law, and in furtherance thereof, Lender agrees that it shall give Customer no less than ten (10) working days' prior notice of any proposed sale or lease of the Airframe or Engines, which Customer acknowledges as constituting "reasonable prior notice" for the purposes of the Cape Town Convention) at such prices as Lender may deem best, and/or (ii) purchase the Collateral, in whole or in part, upon any public sale or sales, and to the extent permitted by Applicable Law upon any private sale or sales, free of any right or equity of redemption in Customer, which right or equity of redemption is hereby expressly released;

(i) collect, receive, appropriate and realize upon the Collateral, or any part thereof, including by applying any deposit or other cash collateral, or collecting or receiving, appropriating and realizing upon any income, profits or other proceeds arising from the management or use of the Airframe, the Engines or any of the other Collateral, and applying the same (after deducting all taxes, costs, expenses and other reductions of every kind incurred in connection therewith) to the payment in whole or in part of the Obligations, in such order and manner as Lender may elect; and (ii) after making such application, (A) remitting to Customer or to such other Person any excess then remaining, as and to the extent Lender is required by Applicable Law to make such remittance and (B) demanding, collecting and receiving from Customer any deficiency then remaining (and Customer agrees that it shall remain liable for, and pay upon demand, the full amount of any such deficiency);

(i) demand and obtain from any court speedy relief pending final determination available at law (including, possession, control, custody or immobilization of the Airframe and Engines, or preservation of the Airframe and the Engines and their respective value), (ii) procure the deregistration and/or export and physical transfer of the Airframe from the territory in which it is then situated (including pursuant to an IDERA, if any, executed by Customer), and/or (iii) otherwise proceed at law or in equity, to enforce specifically Customer's performance or to recover damages; and/or

exercise any and all other rights and remedies under or with respect to the Loan Documents or Applicable Law, including the Cape Town Convention and the UCC.

No Waiver: Cumulative Remedies. No right or remedy is exclusive. Customer hereby acknowledges that none of the provisions of this Section 7, including any remedies set forth or referenced herein, is "manifestly unreasonable" for the purposes of the Cape Town Convention. Each may be used successively and cumulatively and in addition to any other right or remedy referred to above or otherwise available to Lender at law or in equity, but in no event shall Lender be entitled to recover any amount in excess of the maximum amount recoverable under Applicable Law with respect to any Event of Default. No express or implied waiver by Lender of any Default or Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default. The failure or delay of Lender in exercising any rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or reoccurrence of any such contingencies or similar contingencies, and any single or partial exercise of any particular right by Lender shall not exhaust the same or constitute a waiver of any other right provided for or otherwise referred to herein. After the occurrence of any Default or Event of Default, the acceptance by Lender of any payment or performance of any of the Obligations, including the payment of any installment of principal and/or interest or of any other sum owing hereunder or under the other Loan Documents shall not constitute a waiver of such Default or Event of Default, regardless of Lender's knowledge or lack of knowledge thereof at the time of acceptance of any such payment or performance and shall not constitute a reinstatement of any of the Loan Documents, unless Lender shall have agreed in writing to reinstate the same and waive the Default or Event of Default. To the extent permitted by Applicable Law, Customer waives any rights now or hereafter conferred thereby, that (a) limit or modify any of Lender's rights or remedies under this Agreement or any of the other Loan Documents, including the provisions of Article 13(2) of the Convention, or (b) would otherwise entitle Customer to (i) receive notices or demands as a condition to Lender's exercise of any rights or remedies, except as expressly required above or (ii) make claims, damages and demands against Lender arising out of the repossession, retention, sale or other disposition of the Collateral.

#### **MISCELLANEOUS**

Notices. All communications and notices provided for herein shall be in writing and shall be deemed to have been duly given or made (i) upon hand delivery, or (ii) upon delivery by an overnight delivery service, or (iii) when sent by telecopy (with customary confirmation of receipt of such telecopy) on the Business Day when sent or upon the next Business Day if sent on other than a Business Day.

#### Expenses and Fees; Indemnity; Performance of Customer's Obligations

Customer shall pay to Lender upon demand all reasonable fees, costs and expenses incurred by or on behalf of Lender at any time in connection with (i) the negotiation, preparation, execution, delivery and enforcement of the Loan Documents and the collection of the Obligations (both before and after the occurrence of a Default or Event of Default), (ii) the creation, preservation and protection of the Collateral and the perfection, first priority and enforcement of Lender's Lien, or (iii) Customer's exercise of any right granted under, or any amendment or other modification to any of, the Loan Documents. Such fees, costs and expenses shall include, without limitation, reasonable appraisal and inspection fees, the reasonable fees and expenses of Aviation Counsel and of Lender's counsel, consultants and brokers, UCC, FAA, International Registry and other applicable title, interest and lien searches, and reasonable costs and expenses relating to recovery, repossession, storage, insurance, transportation, repair, refurbishment, advertising, sale and other dispositions of the Aircraft or any of the other Collateral. Customer shall also pay all reasonable fees (including license, filing and registration fees), Impositions and other charges of whatever kind or nature that may be payable or determined to be payable in connection with (A) the execution, delivery, recording or performance of this Agreement or any of the other Loan Documents, or any modification thereof, and (B) the filings, registrations and other undertakings relating thereto. Notwithstanding the foregoing, as long as there are no more than two (2) revised drafts of any Loan Document provided by Customer or its counsel to Lender or Lender's counsel, Customer shall be responsible for not more than \$35,000.00 in the aggregate for the legal fees of outside counsel to Lender (including, Aviation Counsel) and appraisal, inspection, processing, credit verification, lien searches, FAA and International Registry fees and other fees incurred in connection with the initial negotiation, preparation and execution of this Agreement and the other Loan Documents executed and delivered on or

before the Closing Date (and the consummation of the closing contemplated to occur thereon); provided that in the event that the negotiation exceeds two (2) revised drafts of any Loan Document, then Customer shall pay for the actual amount of such out of pocket fees incurred by Lender relating to the drafting and negotiation in excess of such two (2) revised drafts. Lender shall apply the previously paid deposit amount of \$35,000.00 to such fees and shall refund to Customer the amount by which the deposit exceeds such fees.

Customer hereby further agrees, whether or not the transactions contemplated by this Agreement shall be consummated, to pay, indemnify, and hold Lender and its affiliates and all of the Lender's and such affiliates' respective directors, shareholders, members, officers, employees, agents, predecessors, attorneys-in-fact, lawyers, successors and assigns (Lender, its affiliates and all of such other parties and entities sometimes hereinafter collectively, the "**Indemnified Parties**") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, out of pocket costs, attorney's fees, expenses or disbursements of any kind or nature whatsoever ("**Claims**") arising with respect to or in connection with (i) the Airframe, the Engines, or any APUs or Parts, or any of the other Collateral, including (whether by or through Customer, Vendor, any Interested Third Party, or any other Person), the manufacture, inspection, ownership, lease, sublease, management, pooling, interchange, time sharing, chartering, possession, use, operation, maintenance, security, condition (whether prior to, upon or after delivery or acceptance of any of the same), repossession, storage, sale or other disposition of any of the same, or any accident in connection therewith, including Claims involving or alleging environmental damage, criminal acts, hijacking, acts of terrorism or similar acts, product liability or strict or absolute liability in tort, latent and other defects (whether or not discoverable) and for any other risk or matter, including any of the same that result in injuries, death, destruction, or other harm or loss to persons or property, or (ii) any of the Loan Documents, Third Party Agreements or other Transaction Documents, or the performance, breach (including any Default or Event of Default) or enforcement of any of the terms hereof or thereof, provided, that Customer shall have no obligation to indemnify an Indemnified Party with respect to Claims arising from the gross negligence or willful misconduct of such Indemnified Party (unless if imputed by Applicable Law). If any Claim is made against any Indemnified Party, the party receiving notice or otherwise becoming aware of such Claim shall promptly notify the other, but the failure of the party having knowledge of a Claim to so notify the other party shall not relieve Customer of any obligation hereunder.

If any Customer Party fails to perform or comply with any of its agreements contained herein or in the other Loan Documents, including, without limitation, its obligations to keep the Collateral free of Liens (other than the Permitted Liens), comply with Applicable Standards, or obtain the Required Coverages, Lender shall have the right, but shall not be obligated, to effect such performance or compliance, with such agreement. Any expenses of Lender incurred in connection with effecting such performance or compliance, together with interest thereon at the default rate of interest provided for in the Note from the date incurred until reimbursed, shall be payable by Customer to Lender promptly on demand and until such payment shall constitute part of the Obligations secured hereby. Any such action shall not be a cure or waiver of any Default or Event of Default hereunder.

Entire Agreement; Modifications. This Agreement and the other Loan Documents constitute the entire understanding and agreement of the parties hereto with respect to the matters contained herein and therein, and shall completely and fully supersede all other prior agreements (including any proposal letter, commitment letter, and/or term sheet), both written and oral, between Lender and Customer relating to the Obligations. Neither this Agreement, nor any terms hereof, may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of a change, waiver, discharge or termination is sought.

Construction of this Agreement and Related Matters. All representations and warranties made in this Agreement and in the other Loan Documents shall survive the execution and delivery of this Agreement and the making of the Loan hereunder. Customer's obligations contained in this Section 8 shall survive the payment and performance of the Obligations, the termination of this Agreement, and the release of the Collateral. This Agreement may be executed by the parties hereto on any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. The headings of the Sections hereof are for convenience only, are not part of this Agreement and shall not be deemed to affect the meaning or construction of any of the provisions hereof. Time is of the essence in the payment and performance of all of Customer's obligations under this Agreement. Any provision of this Agreement that may be determined to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective in such jurisdiction to the extent thereof without invalidating the remaining provisions of this Agreement, which shall remain in full force and effect.

Lender's Assignment. Lender, may at any time, with or without notice to Customer, freely grant a security interest in, sell, assign, participate or otherwise transfer (an "**Assignment**") all or any part of its interest in this Agreement and the other Loan Documents (including all associated rights associated with or secured thereby and the related international interests) or any amount due or to become due hereunder or thereunder, and Customer shall perform all of its obligations under the Loan Documents, to the extent so transferred, for the benefit of the beneficiary of such Assignment (such beneficiary, including any successors and assigns, an "**Assignee**"); provided, however, if such Assignee is not an Affiliate of Lender and if no Default or Event of Default exists, Lender will provide prior notice of any such Assignment to a third party. Customer hereby waives any right to assert, and agrees not to assert, against any Assignee any abatement, reduction, defense, setoff, recoupment, claim or counterclaim that Customer may have against Lender, provided that Lender remains fully responsible therefor. Upon the assumption by such Assignee of Lender's obligations hereunder, Lender shall be relieved of any such assumed obligations. Customer hereby consents to any such assignment, grant, sale or transfer, including, without limitation, for purposes of the Cape Town Convention. If so directed in writing, Customer shall pay all amounts due or to become due under the Loan Documents, including any of the same constituting associated rights or proceeds directly to the Assignee or any other party designated in writing by Lender or such Assignee. Customer acknowledges and agrees that Lender's right to enter into an Assignment is essential to Lender and, accordingly, waives any restrictions under Applicable Law with respect to an Assignment and any related remedies. Upon the request of Lender or any Assignee, Customer also agrees (a) to promptly execute and deliver, and cause to be executed and delivered by any Guarantor or any other Transaction Party, to Lender or to such Assignee an acknowledgment of assignment in form and substance satisfactory to the requesting party, an insurance certificate naming Assignee as additional insured and loss payee and otherwise evidencing the Required Coverages, an IDERA in favor of Assignee, and such other documents and assurances reasonably requested by Lender or Assignee, (b) to make, or cause to be made, all registrations (including all assignments and subordinations) and all amendments, extensions and discharges with the International Registry reasonably requested by Lender or Assignee (and give or obtain any necessary consent thereto, as well as renew any authorization required by the International Registry in connection therewith, including renewing its transacting user entity status and re-designating a professional user entity, if necessary in Lender's judgment), and (c) to comply with any and all other reasonable requirements of any such Assignee in connection with any such Assignment.

Jurisdiction. Customer and Lender each hereby irrevocably consents and agrees that any legal action, suit or proceeding arising out of or in any way in connection with this Agreement or any of the other Loan Documents may be instituted or brought in the courts of the State of New York or in the United States Courts for the Southern District of New York, as Customer or Lender may elect or in any other state or Federal court as Lender shall deem appropriate, and by execution and delivery of this Agreement, Customer and Lender each hereby irrevocably accepts and submits to, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of any such court, and to all proceedings in such courts. Customer and Lender each irrevocably consents to service of any summons and/or legal process by first class, certified United States air mail, postage prepaid, to Customer at the address set forth below its signature hereto, such method of service to constitute, in every respect, sufficient and effective service of process in any such legal action or proceeding. Nothing in this Agreement or in any of the other Loan Documents shall affect the right to service of process in any other manner permitted by law or limit the right of Lender to bring actions, suits or proceedings in the courts of any other jurisdiction. Customer and Lender each further agrees that final judgment against it in any such legal action,

suit or proceeding shall 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 shall be conclusive evidence of the fact and the amount of the liability. Notwithstanding anything in the foregoing to the contrary, Lender and Customer may bring a judicial proceeding in the Republic of Ireland, solely with respect to matters relating to the International Registry.

Governing Law; Binding Effect. This Agreement shall be construed and enforced in accordance with, and the rights of both parties shall be governed by, the internal laws of the State of New York (without regard to the conflict of laws principles of such state, except as to the effect of Title 14, Section 5-1401 of the New York General Obligations Law), including all matters of construction, validity, and performance. This Agreement shall be binding upon and inure to the benefit of Customer and Lender and their respective successors and assigns (but without limiting the provisions of Section 8.5); except that Customer may not assign or transfer its rights or obligations hereunder or under any other Loan Agreement, or any interest herein or therein; and any such purported or attempted assignment or transfer by Customer shall be null and void.

Customer's Capacity as Owner Trustee. TVPX Aircraft Solutions Inc. ("TVPX") is executing this Agreement, and the other Loan Documents solely in its capacity as Owner Trustee under the Trust Agreement and not in its individual capacity and in no case shall TVPX be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of the Customer hereunder, or under any Loan Document, all such liability, if any, being expressly waived by the parties hereto and any Person claiming by, through, or under such party. Under no circumstances shall TVPX be personally liable for the payment of any other amount stated to be due from the Customer hereunder, or under any Loan Document, or be personally liable for the breach or failure of any of Customer's representations, warranties, covenants, obligations, undertakings and agreements hereunder, or under any Loan Documents; provided, however, that the Customer (or any such successor owner trustee) shall be personally liable hereunder for its own gross negligence or willful misconduct or for its breach of its covenants, representations and warranties contained herein, or in any Loan Document, to the extent covenanted or made in its individual capacity.

Jury Waiver. CUSTOMER AND LENDER EACH HEREBY KNOWINGLY AND FREELY WAIVES THEIR RESPECTIVE RIGHTS TO A JURY TRIAL IN ANY ACTION, SUIT OR PROCEEDING RELATING TO, ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE NOTE OR ANY OF THE OTHER LOAN DOCUMENTS.

**[Signatures On Next Page]**

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Loan and Aircraft Security Agreement

IN WITNESS WHEREOF, the parties hereto have caused this Loan and Aircraft Security Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

BANC OF AMERICA LEASING & CAPITAL, LLC, Lender

TVPX AIRCRAFT SOLUTIONS INC., a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated July \_\_\_\_, 2017,  
Customer

By:  
Name:  
Title:  
Notice Address:

One Financial Plaza, 2nd Floor  
Providence, Rhode Island 02903  
Attention: Director of Aircraft Operations  
Telephone: 800-238-3737  
Facsimile: 401-278-7941

By:  
Name:  
Title:  
Notice Address:

39 East Eagle Ridge Drive, Ste. 201  
North Salt Lake, UT 84054  
Telephone: (801) 924-367  
Facsimile: (801) 877-0478

of this Agreement which may be necessary or desirable to Lender so as to reflect any changes in the insurable risks relating to any Defective Registration.

**SECTION 5. Security Interest; Power of Attorney; Inspection .**

1. Grant of Security Interest . As collateral security for the prompt and complete payment and performance as and when due of all of the Obligations and in order to induce Lender to enter into this Agreement and make the Loan to Customer in accordance with the terms hereof, Customer hereby grants, pledges and assigns to Lender a first priority security interest, collateral assignment, international interest, prospective international interest, security assignment and prospective security assignment, in, against, under and with respect to (the “ **Lender’s Lien** ”) all of Customer’s right, title and interest in, to and under all of the following collateral, whether now existing or hereafter acquired (collectively, the “ **Collateral** ”): (i) the Aircraft, including the Airframe, the Engines, each of the APU and Parts, and the Records; (ii) any and all present and future Third Party Agreements; (iii) any and all other associated rights secured by or associated with the Airframe and/or the Engines, together with any related international interests and prospective international interests; (iv) any collateral described in the other Loan Documents (including in any Operating Consent); and (v) all proceeds of the foregoing. By way of clarification and not limitation, the foregoing grant of the Lender’s Lien shall include, as applicable (and in each case, being validly registered and having first priority), an international interest in the Airframe and in each Engine. Notwithstanding the foregoing, (i) Customer shall not enter into any Third Party Agreements unless expressly permitted by Section 4.4 and (ii) Lender is not assuming, nor shall it be responsible for, any obligations, liabilities or duties of any kind whatsoever of Customer (and/or of any other Person) relating to the Collateral. Customer agrees that it shall perform and procure performance in accordance with any Third Party Agreement or other agreement or instrument giving rise to any associated rights that are or may become subjected to the Lender’s Lien.

2. UCCs, Registrations, Etc.: Lender as Attorney-in-Fact . Customer hereby irrevocably:

(a) authorizes Lender to prepare and file any UCC financing statements, amendments, continuations, terminations, assignments and other filings, or take such other actions for the purpose of perfecting, affording first and exclusive priority to or otherwise relating to Lender’s Lien under this Agreement or the other Loan Documents;

(b) consents to, and authorizes its professional user entity to consent to, the registration of each Registerable Interest requested by Lender or its Assignee, or otherwise required by the provisions of this Agreement or any of the other Loan Documents, including any subordination, amendment, assignment, discharge or undertaking permitted by the Cape Town Convention with respect thereto; and

(c) constitutes and appoints Lender (including any Person acting on Lender’s behalf), as its true and lawful attorney-in-fact with full power and authority in the place and stead of Customer and in the name of Customer or in its own name, for the purpose of carrying out the terms of this Agreement; which authority shall include the following undertakings that may be exercisable by Lender in its sole discretion at any time, and from time to time, if an Event of Default is then existing or upon the occurrence of an Event of Loss: (i) in Customer’s name, file and/or record, such further instruments, filings and other documents, make, cause to be made and/or consent to all registrations with the International Registry, and take such further action, to establish and protect Lender’s rights, interests and remedies created, or intended to be created, pursuant to the Loan Documents; (ii) endorse Customer’s name on any checks, notes, drafts or any other payments or instruments, or set off, apply, or take such other actions with respect to any funds relating to the Collateral that come into Lender’s possession or control; and (iii) to settle, adjust, receive payment and make claim or proof of loss, and take such other actions relating to the Required Coverages. This appointment is coupled with an interest, is irrevocable and shall terminate only upon indefeasible payment and performance in full of all of the Obligations. The powers conferred on Lender hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Lender shall be accountable only for amounts that it actually receives in good and indefeasible funds as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to Customer for any act or failure to act. Without limiting the foregoing, Customer agrees that within five (5) Business Days of Lender’s request, Customer will enter into an irrevocable power-of-attorney authorizing Aviation Counsel or Lender’s other designee as Customer’s professional user entity and administrator for the purpose of discharging any Registerable Interests as and when directed to do so by Lender in connection with its exercise of its rights and remedies under the Loan Documents.

3. Inspection . Lender or its authorized representatives shall have the right, but not the duty, to inspect the Aircraft, any part thereof and/or the Records, at its own cost any reasonable time and from time to time, wherever located, upon reasonable prior notice to Customer; except that after the occurrence of a Default or an Event of Default,

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**LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)**

**THIS LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)** (together with all Addenda, Riders and Annexes hereto, this “ **Agreement** ”) is dated as of July 27, 2017 (the “ **Closing Date** ”), by and between **TVPX AIRCRAFT SOLUTIONS INC.** , a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated as of July 27, 2017 (“ **Customer** ”) and **BANC OF AMERICA LEASING & CAPITAL, LLC**, a Delaware limited liability company (“ **Lender** ”).

In consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which

are hereby acknowledged, the parties hereto agree as follows:

Capitalized and certain other terms used but not otherwise defined in this Agreement shall have the meanings ascribed to them in Annex A attached hereto and made a part hereof.

#### **Terms of Loan .**

Loan and Use of Proceeds . Subject to the terms and conditions of this Agreement, Lender agrees to make a loan to Customer in the principal amount set forth in Annex B attached hereto and made a part hereof (the “**Loan**”). Customer shall use the proceeds of the Loan to finance the costs of the acquisition of the Aircraft.

Repayment and Prepayment . The Customer's obligation to repay the Loan shall be evidenced by one or more Promissory Notes dated on and/or after the Closing Date, payable by Customer to the order of Lender in the original principal amount of the Loan (as amended, modified, restated, extended and renewed from time to time, the “**Note**”). The Loan shall bear interest and be repaid by Customer at the times and in the manner set forth in the Note. The Loan may be prepaid only in the manner and subject to terms and conditions set forth in the Note and, if applicable, Section 4.7 hereof.

Conditions of Borrowing . Lender's obligation to make the Loan shall be both subject to and conditioned upon the satisfaction of all of the conditions precedent specified in the Closing Terms Addendum attached to and made a part of this Agreement.

Representations and Warranties . In order to induce Lender to enter into this Agreement and to make the Loan herein provided for, Customer represents, warrants and covenants to Lender that:

(i) Customer (A) is duly qualified to do business in each jurisdiction in which the conduct of its business or the ownership or operation of its assets requires such qualification, including the jurisdiction of the Primary Hangar Location and wherever any of the Collateral may become located; (B) has the necessary authority and power to own and operate the Aircraft and its other assets and to transact the business in which it is engaged; (C) is a “citizen of the United States” within the meaning of the Transportation Code; and (D) has the form of business organization set forth in Annex B hereto and is and will remain duly organized, validly existing and in good standing under the laws of the state of its organization set forth in Annex B hereto, its federal tax identification number is as set forth in Annex B hereto, and its state-issued organizational identification number (if any), chief executive office and principal place of business address are all as set forth on Annex B hereto; and (ii) its name as shown in the preamble of this Agreement is its exact legal name as shown on its charter, by-laws, articles of organization or operating agreement, as applicable, each as amended as of the Closing Date;

(i) Customer's execution and delivery of, and performance of its obligations under and with respect to, each of the Loan Documents (including its borrowing the amounts constituting the Loan, granting the Lender's Lien against the Aircraft and other Collateral and participating in the other transactions contemplated herein and therein), (A) have been duly authorized by all necessary action on the part of Customer consistent with its form of organization, (B) do not contravene or constitute a default under any Applicable Law, any of Customer's Organizational Documents, or any agreement, indenture, or other instrument to which Customer is a party or by which it may be bound, (C) do not require the approval of or notice to (1) any Governmental Authority, except for the filings and registrations specified in the Closing Terms Addendum, all of which shall have been duly effected prior to or concurrently with Lender making the Loan, or (2) any other party (including any trustees or holders of indebtedness), and (D) will not result in the creation or imposition of any Lien on any of the assets of Customer other than the Lender's Lien created hereby and by the other Loan Documents with respect to the Collateral; (ii) each of the Transaction Documents referenced in the Closing Terms Addendum to which Customer is a party has been duly executed and delivered by an authorized representative of the Customer, and constitutes the legal, valid and binding obligation of the Customer, enforceable against it in accordance with the respective terms of such Transaction Documents (including, without limitation, the grant of the Lender's Lien); and (iii) without limiting the foregoing, upon Lender's advancing the Loan on the Closing Date, (A) Customer will have satisfied or complied with all conditions precedent and requirements as set forth in the Loan Documents required to have been satisfied or complied with concurrently with or prior to such advance and (B) no Default or Event of Default shall be then existing;

there are no proceedings pending or, so far as the officers, managers, or members of Customer know, threatened against or affecting Customer or any of its property before any Governmental Authority that could impair Customer's title to the Aircraft or any of the other Collateral, or that, if decided adversely, could materially affect the financial condition or operations of Customer or its ability to perform its obligations under any of the Loan Documents;

(i) Customer has, and shall continue to have, good and marketable title to the Collateral, free and clear of Liens, except Permitted Liens; (ii) the Lender's Lien in the Airframe, the Engines and the other Collateral is and shall remain validly created and perfected, and has and shall continue to have first priority over any other Liens pursuant to all Applicable Laws; and (iii) all filings, recordings, registrations or other actions necessary or desirable in order to vest such title in Customer, and establish, perfect and give first priority to Lender's Lien and other rights and interests in, against or with respect to the Collateral, have been duly effected, and all Impositions in connection therewith have been duly paid;

without limiting any of the other representations and warranties in this Agreement, for the purposes of the Cape Town Convention and any other Applicable Law, (i) upon the conclusion of the sale of the Aircraft to Customer, and Customer's grants and assignments, and (if constituting a lease) any Permitted Third Party Agreement, contemplated in the Loan Documents or other Transaction Documents, Customer and (if a lessee) any Interested Third Party shall be situated in, and Customer will cause the Aircraft to be duly registered in, the United States of America (which is a contracting state), (ii) with respect to any of the Transaction Documents relating to the Airframe or Engine, each of the respective parties thereto has power to dispose of the Airframe and Engine, as contemplated therein by way of the relevant Transaction Document, and (iii) the Purchase Documents qualify as a “contract of sale”, and (if constituting a lease) any Permitted Third Party Agreement and the Loan Documents are effective to constitute international interests in the Airframe and Engine and security assignments of the related associated rights and transfer of the related international interests, as contemplated therein, and each such Registerable Interest will be effective against third parties upon registration at the International Registry, without any further filings or registrations (except as contemplated in the Loan Documents);

(i) the Aircraft (A) has been delivered to Customer, is in Customer's possession and is, as of the Closing Date, unconditionally, irrevocably and fully accepted by Customer, (B) has been inspected by Customer to its complete satisfaction and, without limiting the foregoing, (1) has been found to be in good working order, repair and condition and fully equipped to operate for its intended purpose, and (2) is in conformity with the requirements of the Purchase Agreement and the Applicable Standards, (C) is, or will be at the time of the funding of the Loan, currently certified under existing FAA rules and regulations and any other Applicable Laws and is airworthy in all respects, and (D) is and will remain primarily hangered at the Primary Hangar Location; and (ii) without limiting the foregoing, (A) solely as between Lender and Customer (and without prejudicing Customer's rights against Vendor or any other third party, which rights are not being disclaimed hereby), Customer has no pending claims and has no knowledge of any facts upon which a future claim may be based, against any prior owner, the seller, manufacturer or supplier of the Aircraft or any of the other Collateral, for breach of warranty or otherwise, and (B) all of the information contained in Annex C, including the registration number of the Aircraft, and the serial numbers, manufacturer and model numbers of the Airframe, Engines, and APU, are true and accurate in all respects; and

(h) the Aircraft (i) is currently capable of being certified under existing FAA rules and regulations and completely airworthy in all respects, (ii) will undergo an inspection by a Designated Airworthiness Representative of the FAA (“**DAR**”) on the Closing Date and (iii) an FAA Standard Airworthiness Certificate (AC Form 8100-2) shall be issued for the Aircraft no later than two (2) Business Days after the Closing Date.

**Covenants** . Customer covenants and agrees that from and after the Closing Date and so long as any of the Obligations are outstanding:

Notices; Financial Information; and Further Assurances . Customer will, at its sole expense:

promptly give written notice to Lender of (i) the occurrence of any Default or Event of Default; (ii) the occurrence of any Event of Loss or event of which Customer may be aware that could become an Event of Loss; (iii) the commencement or written threat of any material litigation or proceedings affecting Customer or any material litigation or proceedings affecting the Aircraft or any of the other Collateral, or the ability of Customer to comply with its obligations under the Loan Documents; and (iv) any material dispute between Customer or any Interested Third Party and any Governmental Authority or other party that involves the Aircraft or any of the other Collateral or that might materially interfere with the normal business operations of Customer;

cause Guarantor to comply with the financial reporting requirements set forth in the Guaranty and promptly furnish to Lender any such financial and other information regarding the Customer or Guarantor or any of its Affiliates as Lender may from time to time reasonably request; and

promptly execute and deliver to Lender such further instruments, UCC and FAA filings (including an IDERA) and other documents, make, cause to be made and/or consent to all registrations (including any discharges and subordinations, or as to the prospective or actual sale of, and any international interest in, the Engines) with the International Registry, and take such further action, as Lender may from time to time reasonably request in order to further carry out the intent and purpose of the Loan Documents and to establish, protect and enforce the rights, interests, remedies and Liens (including the first priority thereof) created, or intended to be created, in favor of Lender thereby.

General Obligations . (a) Customer agrees that it shall (i) duly observe and conform to all requirements of Applicable Law relating to the conduct of its business and/or the Aircraft, (ii) remain a "citizen of the United States" within the meaning of the Transportation Code, (iii) obtain and keep in full force and effect (A) all rights, franchises, licenses and permits that are necessary to the proper conduct of its business, and (B) all approvals by any Governmental Authority required with respect to the performance of its obligations under the Loan Documents and the operation of the Aircraft and its business, (iv) cause the Aircraft to remain primarily hangared at the Primary Hangar Location, and duly registered in Customer's name under the Transportation Code (including, by making all necessary reports, re-registering its ownership of the Aircraft, and taking all other actions required by Applicable Law), and (v) pay and perform all of its obligations and liabilities when due. (b) Customer agrees that (i) it shall not change its presently existing legal name or its form or state of organization on or after the date of this Agreement, without Lender's prior written consent, (ii) if its presently existing state organizational identification number changes, or if Customer currently has no such state organizational number but is subsequently issued such a number, on or at any time after the date of this Agreement, Customer shall immediately notify Lender thereof, and (iii) it shall not change the presently existing mailing, chief executive office and/or principal place of business address on or after the date of this Agreement without giving Lender thirty (30) days written notice of the same.

Taxes . (a) Customer will file or cause to be filed with all appropriate taxing authorities all Federal, state and local income tax returns that are required to be filed and all registrations, declarations, returns and other documentation with respect to any personal property taxes (or any other taxes in the nature of or imposed in lieu of property taxes) due or to become due with respect to the Aircraft or any of the other Collateral. (b) Customer will pay (or cause to be paid) (i) on or before the date when due all taxes as shown on said returns and all taxes assessed, billed or otherwise payable with respect to the Aircraft or the other Collateral directly to the appropriate taxing authorities; and (ii) when due all license and/or registration or filing fees, assessments, governmental charges and sales, use, property, excise, privilege, value added and other taxes (including any related interest or penalties) or other charges or fees now or hereafter imposed by any governmental body or agency upon Customer or the Aircraft or any of the other Collateral, with respect to the landing, airport use, manufacturing, ordering, shipment, purchase, ownership, delivery, installation, leasing, chartering, operation, possession, use or disposition of the Aircraft or any of the other Collateral, or any interest therein (the items referred to in (i) and (ii) above being referred to herein collectively, as "**Impositions** ").

No Disposition of Collateral or Liens; Title and Security Interest .

Customer shall not sell, assign, enter into any Third Party Agreement, convey, mortgage, exchange or otherwise transfer or relinquish possession of (including by any seizure or other taking by any foreign or domestic governmental authority) or dispose of the Airframe or Engines, any Part, any related associated rights, international interests or prospective international interests, any proceeds or any of the other Collateral, or attempt or offer to do, or suffer or permit any of the foregoing. Customer shall be permitted, however, to deliver possession of the Airframe, the Engines, or any APU or Part to another Person for testing, service, repair, maintenance, overhaul, alteration or modification, and to enter into Permitted Third Party Agreements, in each case, if and to the extent consistent with the provisions of the Loan Documents. Customer will warrant and defend its good and marketable title to the Airframe, the Engines and the other Collateral, and the validity, perfection and first priority of Lender's Lien in the Collateral, against all other Liens, claims and demands whatsoever, except Permitted Liens; and without limiting the foregoing, Customer will (i) not create, assume or suffer to exist any Liens on or with respect to the Airframe, the Engines, or any of the other Collateral, or Customer's interest therein (other than Permitted Liens); and (ii) promptly take such action as directed by Lender to duly discharge any such unpermitted Liens.

So long as no Default or Event of Default is then existing, Customer may enter into and remain a party to Third Party Agreements, in each such case, subject to the satisfaction of, and compliance by Customer and each Interested Third Party with, all of the following throughout the term of such arrangement: (i) Each such Interested Third Party shall (A) be and remain solvent, and (unless an individual) organized under the laws of a state within the United States; and (B) if engaged by Customer with the prior written consent of Lender as a manager and/or charter operator (including the Manager pursuant to the Management Agreement), while so engaged, (1) have a recognized favorable reputation as a manager and/or charter operator, as the case may be, of aircraft similar to the Aircraft, (2) be providing management and/or charter operation services for other aircraft owners similar to the services contemplated therein, and (3) if and at all times while conducting any charter operations (x) have and maintain a valid Part 135 Certificate evidencing its authority to conduct such operations, (y) list the Aircraft on its operations specifications, and (z) comply with all Applicable Standards pertaining to such charter operations. (ii) Any operation of the Aircraft pursuant to any such Third Party Agreement shall be limited to (A) if by Customer, Parent Guarantor or any Affiliate of Parent Guarantor, any time sharing agreements (as defined in Section 91.501(c)(1)) complying with Part 91 of the FARs and all other Applicable Standards, (B) if by a manager and/or a charter operator with Lender's prior written consent, pursuant to and in full compliance with the requirements of Part 135 of the FARs and all other Applicable Standards, or (C) if such Third Party Agreement is a "dry lease" by Customer, as lessor, to Parent Guarantor or an Affiliate of Parent Guarantor or other Interested Third Party permitted pursuant hereto, as lessee, operation by such lessee complying with (1) Part 91 and any other applicable provision of the FARs, and all other Applicable Standards, and (2) the provisions hereof and of the other Loan Documents pertinent to the operation of the Aircraft (whether by Customer or any permitted Interested Third Party). (iii) The related Third Party Agreement shall (A) be and remain, subject and subordinate to Lender's Lien in and with respect to the Collateral, and Lender's rights and remedies under the Loan Documents (and such subordination shall be expressly acknowledged therein), (B) not convey any Lien on, or other property interest in or against the Airframe, the Engines or any of the other Collateral, except for a Permitted Lien (but, without giving effect to clause (a) of the definition of such term), (C) not permit any further sublease or disposition of or unpermitted Lien against the Aircraft or any of the other Collateral by any of the Interested Parties thereto or any other Person, or any change in registration or unpermitted change in hangaring of the Aircraft, (D) not contain provisions that are inconsistent with the provisions of any of the Loan Documents or cause Customer to breach any of its representations, warranties or agreements under any of the Loan Documents, (E) be in conformity with all requirements of the FARs and other Applicable Laws, and (F) otherwise conform to any Operating Consent required by Lender with respect thereto. (iv) (A) Customer shall have specified such Third Party Agreement on Annex B if

existing on the Closing Date, or if not then existing shall require Lender's prior written consent and at least thirty (30) Business Days' prior written notice of its intention to enter into a Third Party Agreement and (B) no later than the effective date thereof Customer shall comply with, and at all times thereafter remain in compliance with, any related requirements by Lender, including (1) entering into, and causing any related Interested Third Parties to enter into, an Operating Consent, (2) causing Lender to be covered by the Required Coverages (which, for the purposes hereof, may include insurance coverages obtained and maintained by an Interested Third Party, conforming to the insurance requirements herein and in any of the other Loan Documents), and (3) entering into or delivering, or causing to be entered into and delivered, all such other documents, filings and assurances, making or causing to be made such filings and registrations, and taking or causing to be taken all such other actions, in each case as may be required by Lender and (4) paying or reimbursing Lender for any related costs or expenses. (v) Lender shall have the right, but not the obligation, to (A) require reasonable evidence that any Interested Third Party satisfies the requirements provided herein, and (B) review any such Third Party Agreement, as from time to time supplemented and amended, to determine its conformity with the provisions hereof, but without assuming any responsibility with respect thereto. (vi) Customer shall neither make, nor permit to be made, any filing or registration with respect to any Permitted Third Party Agreement, unless so directed by Lender pursuant to Section 5.2 or otherwise. Notwithstanding the foregoing limitations Parent Guarantor or any Affiliate shall be permitted to conduct the carriage of Parent Guarantor or any Affiliate and/or their respective guests pursuant to 14 CFR Section 91.501(b)(4), affiliated group operations pursuant to 14 CFR Section 91.501(b)(5) and/or (6), demonstration flights pursuant to 14 CFR Section 91.501(b)(3), time sharing or interchange operations pursuant to 14 CFR Section 91.501(b)(6), the carriage of customers pursuant to 14 CFR Section 91.501(b)(9) and/or the carriage of candidates in Federal elections conducted pursuant to 14 CFR Section 91.321.

With respect to any Third Party Agreements complying with all of the provisions of Section 4.4(b) (each a "**Permitted Third Party Agreement**"), although certain of the duties and obligations of Customer under the Loan Documents may be performed by one or more of the Interested Third Parties, (i) no such Permitted Third Party Agreement shall reduce any of Customer's obligations, or Lender's rights, under any of the Loan Documents, (ii) all of Customer's obligations under the Loan Documents shall be and remain primary and continue in full force and effect as the obligations of a principal and not of a guarantor or surety, and (iii) Lender is not waiving the right to require full and timely performance of any such obligations in strict accordance with the provisions hereof and of the other Loan Documents. By way of clarification and not limitation, with respect to any provisions of this Agreement or any of the other Loan Documents requiring Customer to take or refrain from taking an action relating to the Aircraft or any of the other Collateral, such provision may also be read to mean that Customer shall cause the same to be done in accordance therewith, if at that time the Aircraft or such other Collateral is in the possession or control of an Interested Third Party pursuant to a Permitted Third Party Agreement.

#### Use of Aircraft; Maintenance; Modifications; Security.

Customer will operate the Aircraft or shall cause the Aircraft to be operated under and in compliance with Part 91 and any other applicable provision of the FARs, and all other Applicable Standards. Unless otherwise expressly permitted hereunder, (i) Customer shall not operate or permit the Aircraft to be operated for air taxi operations or otherwise under Part 135 of the FARs; and (ii) Customer, an Affiliate or other Interested Third Party shall at all times have, and maintain, "operational control" of the Aircraft (as such term is then interpreted by the FAA or such other applicable Governmental Authority), and no other Person shall operate the Aircraft. The Aircraft at all times will be operated by duly qualified pilots having satisfied all requirements established and specified by the FAA, the TSA, any other applicable Governmental Authority and the Required Coverages.

the Aircraft may be flown temporarily to any country in the world, provided that the Aircraft (i) shall at all times be based in the continental United States; and (ii) shall not be flown, operated, used or located in, to or over any such country or area (temporarily or otherwise) (A) that is excluded from the Required Coverages (or specifically not covered by such insurance), (B) with which the U.S. does not maintain favorable diplomatic relations (which is any country or jurisdiction not marked with an "\*" on the list maintained by the U.S. Department of State, at <http://www.state.gov/s/inr/rls/4250.htm> or any replacement or equivalent website maintained by the U.S. Department of State), provided that the prohibition in this clause (B) does not prohibit the operation of the Aircraft on an approved and assigned air traffic control route (if and so long as such use is otherwise in compliance with the provisions of the this Agreement and does not violate any insurance policies in effect with respect to the Aircraft), (C) to the extent that payment of any claim under the Required Coverages directly or indirectly arising or resulting from or connected with any such flight, operation, use or location would be prohibited under any trade or other economic sanction or embargo by the United States of America, or (D) in violation of any of the Loan Documents or any Applicable Standards. Customer shall adopt, implement and comply with all security measures required by any Applicable Law, or by any Required Coverages, or that are necessary or appropriate for the proper protection of the Aircraft (whether on the ground or in flight) against theft, vandalism, hijacking, destruction, bombing, terrorism or similar acts.

Customer agrees that, with respect to the Airframe, the Engines, each APU and each Part, Customer will at its own expense, (i) maintain, inspect, service, repair, overhaul and test the same in accordance with Applicable Standards; (ii) make any alterations or modifications that may at any time be required to comply with Applicable Standards, and to cause the Aircraft to remain airworthy; (iii) furnish all required parts, replacements, mechanisms, devices and servicing so that the condition and operating efficiency thereof will at all times be no less than its condition and operating efficiency as and when delivered to Customer, ordinary wear and tear from proper use alone excepted; (iv) promptly replace all Parts (A) which become worn out, lost, stolen, taken, destroyed, damaged beyond repair or permanently rendered or declared unfit for use for any reason whatsoever, or (B) if not previously replaced pursuant to clause (A), as and when required by any Applicable Standards, including any applicable life limits; and (v) maintain (in English) all Records in accordance with Applicable Standards; and (vi) enroll and maintain the Engines in an Engine Maintenance Program and the APU in an APU Maintenance Program or shall cause the foregoing to be done. All maintenance procedures shall be performed by properly trained, licensed, and certified maintenance sources and personnel utilizing replacement parts approved by the FAA and the manufacturer of (as applicable) the Airframe, the Engines, or any APU or Part. Without limiting the foregoing, Customer shall comply with all mandatory service bulletins and airworthiness directives by causing compliance to such bulletins and/or directives to be completed through corrective modification in lieu of operating manual restrictions.

Customer will not make, authorize or permit any improvement, change, addition or alteration to the Aircraft that will impair the originally intended function or use of the Aircraft, diminish the value of the Aircraft as it existed immediately prior thereto, or violate any Applicable Standard. All repairs, parts, replacements, mechanisms and devices added by Customer or on its behalf shall immediately, without further act, become part of the Aircraft and subject to the Lender's Lien granted under this Agreement.

#### Insurance.

Customer agrees to maintain or cause to be maintained at all times, at its sole cost and expense, with insurers of recognized reputation and responsibility satisfactory to Lender (but in no event having an A.M. Best or comparable agency rating of less than "A-");

(A) comprehensive aircraft liability insurance against bodily injury or property damage claims including, without limitation, contractual liability, premises liability, death and property damage liability, public and passenger legal liability coverage, and sudden accident pollution coverage, in an amount not less than \$200,000,000.00 for 20 or more seats, or if the Aircraft will be chartered, or \$100,000,000.00 for 10 or

more seats, or \$50,000,000.00 for fewer than 10 seats for each single occurrence, and (B) personal injury liability in an amount not less than \$25,000,000.00; but, in no event shall the amounts of coverage required by sub-clauses (A) and (B) be less than the coverage amounts as may then be required by Applicable Law;

"all-risk" ground, taxiing, and flight hull insurance on an agreed-value basis, covering the Aircraft, provided that such insurance shall at all times be in an amount not less than the greater of (1) the full replacement value of the Aircraft (as determined by Lender), or (2) the unpaid principal amount of the Note (each such amount re-determined as of each anniversary of the date hereof for the next succeeding year throughout the term of this Agreement); and

war risk and allied perils (including confiscation, appropriation, expropriation, terrorism and hijacking insurance) in the amounts required in paragraphs (i) and (ii), as applicable.

Any policies of insurance carried in accordance with this Section 4.6 and any policies taken out in substitution or replacement of any such policies shall (i) be endorsed to name Lender as an additional insured as its interests may appear (but without responsibility for premiums), (ii) provide, with respect to insurance carried in accordance with Section 4.6(a)(ii) or (a)(iii) above, that any amount payable thereunder shall be paid directly to Lender as sole loss payee and not to Lender and Customer jointly, (iii) provide for thirty (30) days' (seven (7) days' in the case of war, hijacking and allied perils) prior written notice by such insurer of cancellation, material change, or non-renewal, (iv) include a severability of interest clause providing that such policy shall operate in the same manner as if there were a separate policy covering each insured, (v) waive any right of set-off against Lender, and any rights of subrogation against Lender, (vi) provide that in respect of the interests of Lender in such policies, that the insurance shall not be invalidated by any action or inaction of Customer or any other Person operating or in possession of the Aircraft, regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by or binding upon Customer or any other Person operating or in possession of the Aircraft, and (vii) be primary, not subject to any co-insurance clause and shall be without right of contribution from any other insurance.

Customer shall not self-insure (by deductible, premium adjustment, or risk retention arrangement of any kind) with respect to any of the risks required to be insured pursuant to this Section 4.6. Customer agrees that it shall obtain and maintain such other insurance coverages, or cause adjustments to be made to the scope, amount or other aspects of the existing insurance coverages, promptly upon Lender's request, as and when Lender deems such additional insurance coverages or modifications to be appropriate in light of any changes in Applicable Law, prudent industry practices, the insurance market, Customer's anticipated use of the Aircraft or other pertinent circumstances. All of the coverages required herein shall be in full force and effect worldwide throughout any geographical areas to, in or over which the Aircraft is operated. All insurance proceeds payable under the requisite policies shall be payable in U.S. Dollars.

At least ten (10) days prior to the policy expiration date for any insurance coverage required by this Section 4.6, Customer shall furnish to Lender evidence (having the form and substance consistent with Section 1(f) of the Closing Terms Addendum) of the renewal or replacement of such coverage, complying with the terms hereof, for a twelve (12) month or greater period commencing from and after such expiration date.

#### Event of Loss: Loaner Engines.

Upon the occurrence of any Event of Loss with respect to the Aircraft and/or the Airframe, Customer shall notify Lender of any such Event of Loss within five (5) days of the date thereof. Customer shall pay the then Outstanding Balance promptly upon its receipt of insurance proceeds relating to such Event of Loss, but in no event later than ninety (90) days after the occurrence of such Event of Loss (irrespective as to whether any or all of such proceeds have been received). Upon Lender's receipt in good and indefeasible funds of all of the amounts required to be paid pursuant to the preceding sentence (whether by applying Customer's payment of such amounts, or any such insurance proceeds, or both) the Aircraft shall be released from the Lender's Lien, and Lender shall remit to Customer any such insurance proceeds so received by Lender, to the extent then remaining.

Upon an Event of Loss with respect to an Engine or any APU (as applicable, a " **Lost Item** ") under circumstances in which there has not occurred an Event of Loss with respect to the Airframe, Customer shall, within one hundred twenty (120) days after the occurrence of such Event of Loss, replace such Lost Item, with a Permitted Replacement. Any engine or auxiliary power unit constituting a " **Permitted Replacement** " for a Lost Item shall (i) be of the same make and model number as the Lost Item, (ii) be free and clear of all Liens and (iii) have a value, utility and useful life at least equal to, and be in as good an operating condition as, the Lost Item, assuming such Lost Item was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss. Customer, at its own cost and expense, shall (i) furnish Lender with such documents to evidence such conveyance, (ii) cause the Permitted Replacement to be subject to the Lender's Lien under this Agreement, and (iii) take such other actions as may be required by Lender to cause the Lender's Lien therein to be validly created, perfected and have first priority, including as evidenced on the FAA Registry, the International Registry, and any other recording office. Each such Permitted Replacement shall, after such conveyance, be deemed an "Engine" or "APU" (as defined herein), as applicable, and shall be deemed part of the same Aircraft as was the Lost Item replaced thereby.

In the event an Engine is damaged and is being repaired, or is being inspected or overhauled, Customer, at its option, may temporarily substitute another engine during the period of such repair or overhaul, so long as such engine is of the same make and model as the Engine being repaired or overhauled, is free and clear of any Lien that might impair Lender's rights or interests in the Airframe and is maintained in accordance herewith (any such substitute engine being hereinafter referred to as a " **Loaner Engine** "). Customer shall (i) cause such Loaner Engine to be installed and removed, as applicable, by a maintenance facility certified by the FAA and manufacturer with respect to the Aircraft, and (ii) cause the repaired or overhauled original Engine to be reinstalled on the Airframe promptly upon completion of the repair or overhaul, but in no event later than the earlier of one hundred twenty (120) days after removal or the occurrence of an Event of Default.

So long as no Default has occurred and is continuing, and no Event of Default or Event of Loss with respect to the Aircraft has occurred, any loss or damage proceeds of the Required Coverages received by Lender shall be released promptly by Lender to Customer to reimburse Customer for paying the costs actually incurred with respect to repairs made to the Aircraft so as to restore it to the condition required by this Agreement, or for the purchase of a Permitted Replacement pursuant to Section 4.7(b), or shall be disbursed by Lender as otherwise required by this Agreement.

Aircraft Registration. On or before the Closing Date, and at all times thereafter, so long as any of the Obligations are outstanding, Customer shall remain solely responsible pursuant to the applicable provisions of this Agreement to cause (i) the Aircraft to be effectively and otherwise validly registered in Customer's name on the Registry, and (ii) the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft, in each case, accordance with the Registration Requirements; and without limiting the foregoing, or any other provision of this Agreement, Customer shall:

cause the Registration Certificate to be maintained within the Aircraft and cause the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft; including by (A) notifying Lender immediately of any event or circumstance with respect to which the Registration Requirements require further action by Customer, the Registry or any other Governmental Authority or other Person, (B) immediately upon receipt, placing the original, replacement or renewal Registration Certificate on the Aircraft prior to the expiration or other invalidation of any previously issued Registration Certificate (whether the certificate or any other document constituting the Registration Certificate as defined herein) under the Registration Requirements, and (C) complying with any and all of the other Registration Requirements relating to such Registration Certificate, and to the Registration Certificate replaced thereby (including any of the same relating to the

destruction or return thereof, as the case may be); and

upon the occurrence, and at all times thereafter, of any Defective Registration (and without waiving Customer's responsibility to avoid such circumstance), or if the operation of the Aircraft is no longer authorized by the Registration Requirements, Customer shall (A) neither operate nor permit or suffer the operation of the Aircraft without a currently effective and otherwise valid Registration Certificate (and shall cause the pilots to be made aware of the Defective Registration), and otherwise comply with the FARs and other Applicable Laws relating to such Defective Registration, (B) ground and store the Aircraft in a manner reasonably acceptable to Lender, and (C) inform the insurer or insurers thereof, and obtain and maintain adjustments to the insurance coverages required pursuant Section 4.6 of this Agreement which may be necessary or desirable to Lender so as to reflect any changes in the insurable risks relating to any Defective Registration.

**Security Interest; Power of Attorney; Inspection .**

Grant of Security Interest . As collateral security for the prompt and complete payment and performance as and when due of all of the Obligations and in order to induce Lender to enter into this Agreement and make the Loan to Customer in accordance with the terms hereof, Customer hereby grants, pledges and assigns to Lender a first priority security interest, collateral assignment, international interest, prospective international interest, security assignment and prospective security assignment, in, against, under and with respect to (the " **Lender's Lien** ") all of Customer's right, title and interest in, to and under all of the following collateral, whether now existing or hereafter acquired (collectively, the " **Collateral** "): (i) the Aircraft, including the Airframe, the Engines, each of the APU and Parts, and the Records; (ii) any and all present and future Third Party Agreements; (iii) any and all other associated rights secured by or associated with the Airframe and/or the Engines, together with any related international interests and prospective international interests; (iv) any collateral described in the other Loan Documents (including in any Operating Consent); and (v) all proceeds of the foregoing. By way of clarification and not limitation, the foregoing grant of the Lender's Lien shall include, as applicable (and in each case, being validly registered and having first priority), an international interest in the Airframe and in each Engine. Notwithstanding the foregoing, (i) Customer shall not enter into any Third Party Agreements unless expressly permitted by Section 4.4 and (ii) Lender is not assuming, nor shall it be responsible for, any obligations, liabilities or duties of any kind whatsoever of Customer (and/or of any other Person) relating to the Collateral. Customer agrees that it shall perform and procure performance in accordance with any Third Party Agreement or other agreement or instrument giving rise to any associated rights that are or may become subjected to the Lender's Lien.

UCCs, Registrations, Etc.; Lender as Attorney-in-Fact . Customer hereby irrevocably:

authorizes Lender to prepare and file any UCC financing statements, amendments, continuations, terminations, assignments and other filings, or take such other actions for the purpose of perfecting, affording first and exclusive priority to or otherwise relating to Lender's Lien under this Agreement or the other Loan Documents;

consents to, and authorizes its professional user entity to consent to, the registration of each Registerable Interest requested by Lender or its Assignee, or otherwise required by the provisions of this Agreement or any of the other Loan Documents, including any subordination, amendment, assignment, discharge or undertaking permitted by the Cape Town Convention with respect thereto; and

constitutes and appoints Lender (including any Person acting on Lender's behalf), as its true and lawful attorney-in-fact with full power and authority in the place and stead of Customer and in the name of Customer or in its own name, for the purpose of carrying out the terms of this Agreement; which authority shall include the following undertakings that may be exercisable by Lender in its sole discretion at any time, and from time to time, if an Event of Default is then existing or upon the occurrence of an Event of Loss: (i) in Customer's name, file and/or record, such further instruments, filings and other documents, make, cause to be made and/or consent to all registrations with the International Registry, and take such further action, to establish and protect Lender's rights, interests and remedies created, or intended to be created, pursuant to the Loan Documents; (ii) endorse Customer's name on any checks, notes, drafts or any other payments or instruments, or set off, apply, or take such other actions with respect to any funds relating to the Collateral that come into Lender's possession or control; and (iii) to settle, adjust, receive payment and make claim or proof of loss, and take such other actions relating to the Required Coverages. This appointment is coupled with an interest, is irrevocable and shall terminate only upon indefeasible payment and performance in full of all of the Obligations. The powers conferred on Lender hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Lender shall be accountable only for amounts that it actually receives in good and indefeasible funds as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to Customer for any act or failure to act. Without limiting the foregoing, Customer agrees that within five (5) Business Days of Lender's request, Customer will enter into an irrevocable power-of-attorney authorizing Aviation Counsel or Lender's other designee as Customer's professional user entity and administrator for the purpose of discharging any Registerable Interests as and when directed to do so by Lender in connection with its exercise of its rights and remedies under the Loan Documents.

Inspection . Lender or its authorized representatives shall have the right, but not the duty, to inspect the Aircraft, any part thereof and/or the Records, at its own cost any reasonable time and from time to time, wherever located, upon reasonable prior notice to Customer; except that after the occurrence of a Default or an Event of Default, such inspection may be conducted at any time without prior notice and at Customer's sole expense, and it shall pay Lender promptly upon demand any inspection costs incurred by Lender. So long as no Default or Event of Default exists, any such inspections shall be conducted during normal business hours and without interruption of the use and operation of the Aircraft as permitted hereby. Upon the request of Lender, Customer shall promptly confirm to Lender the location of the Aircraft or any of the other Collateral.

**Events of Default** . The term " **Event of Default** ", wherever used herein, shall mean:

Customer shall fail to pay any Obligation within ten (10) days after the same shall become due and payable (whether at the stated maturity, by acceleration, upon demand or otherwise); or

(i) any Customer Party shall default in the payment or performance of any indebtedness, liability or obligation to Lender or any Affiliate of Lender under any note, security agreement, lease, title retention or conditional sales agreement or any other instrument or agreement; or (ii) any Customer Party shall fail to pay any Indebtedness (other than the Obligations) exceeding \$5,000,000.00, and such failure shall continue beyond any applicable grace period (or, with respect to trade Indebtedness which is not subject to a grace period, within ninety (90) days of the date such trade Indebtedness is incurred); or

(i) any of the Required Coverages are not kept in full force and effect, or a breach or violation shall exist with respect to any provisions thereof; or the Aircraft is operated in a manner, at a time or in or over or located at a place with respect to which such Required Coverages shall not be in effect; (ii) Customer shall fail to cause the Airframe or the Engines to be used, operated, maintained or otherwise kept in a condition so as to be in compliance with all Applicable Laws; or (iii) any Customer Party shall fail to comply with (A) any financial covenants as and to the extent set forth or incorporated in any Guaranty or in any of the other Loan Documents, or (B) any provision of any of the Loan Documents restricting Liens and other dispositions relating to either the Collateral or any rights or obligations under any of the Transaction Documents (including Section 4.4 hereof), or (iv) the occurrence of any Defective Registration; or

(i) any representation or warranty made by any Customer Party in any of the Loan Documents or in any related agreement, document or certificate shall prove to have been incorrect, misleading, or inaccurate in any material respect when made or given (or, if a continuing representation or warranty, at any time); or (ii) any Customer Party shall fail to (A) perform or observe any other agreement (other than those specifically referred to in this Section 6) required to be performed or observed by it under this Agreement or in any of the other Loan Documents, and such failure shall continue uncured for thirty (30) days after the earlier of written notice thereof from Lender to such Customer Party or such

Customer Party's actual knowledge thereof (but such notice and cure period will not be applicable unless such breach is curable by practical means within such notice period) or (B) notify Lender of any Default or Event of Default within ten (10) Business Days of its occurrence; or

(i) any Customer Party shall (A) generally fail to pay its, or his or her debts as they become due, admit its, or his or her inability to pay its, or his or her debts or obligations generally as they fall due, or shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws or other insolvency laws, or an answer admitting the material allegations of such a petition filed against such Customer Party in any such proceeding; or (B) by voluntary petition, answer or consent, seek relief under the provisions of any other bankruptcy or other insolvency or similar law providing for the reorganization or liquidation of corporations, or providing for an assignment for the benefit of creditors, or providing for an agreement, composition, extension or adjustment with its, or his or her creditors; or (ii) a petition against any Customer Party in a proceeding under applicable bankruptcy laws or other insolvency laws, as now or hereafter in effect, shall be filed and shall not be withdrawn or dismissed within one hundred twenty (120) days thereafter, or if, under the provisions of any law providing for reorganization or liquidation of business entities that may apply to any Customer Party, any court of competent jurisdiction shall assume jurisdiction, custody or control of such Customer Party or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of one hundred eighty (180) days after the filing date; or

the occurrence of any of the following events with respect to any Customer Party: (A) it enters into any transaction of merger, consolidation or reorganization; (B) it ceases to do business as a going concern, liquidates, or dissolves, or sells, transfers or otherwise disposes of all or substantially all of its assets or properties (in one or more transactions); (C) it becomes the subject of, or engages in, a leveraged buy out; (D) it changes the form of organization of its business; (E) if it is privately owned as of the Closing Date, there is any substantial change in the ownership or control of its capital stock or membership interests such that the holder(s) that own or control one hundred percent (100%) of such equity interests as of the Closing Date no longer do so; or (F) if it is publicly held as of the Closing Date, any change so that it is no longer subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or no longer registered under Section 12 of the Securities Act of 1933, as amended; or

(i) the conviction of or guilty plea by any Customer Party with respect to any criminal act constituting a felony, (ii) any repudiation by any Customer Party of its obligation for the payment or performance of the Obligations, (iii) any allegation by any Customer Party or judicial determination that any of the Loan Documents is unenforceable in any material respect or (iv) a Default (as defined in any Guaranty) shall occur; or any event or condition constituting a breach or other default under any Operating Consent.

#### **Remedies .**

Acceleration; Termination of Commitment . If any Event of Default shall occur, Lender, in its sole discretion, may (a) declare the Obligations to be immediately due and payable, and upon such declaration the Obligations (including, the unpaid principal amount of the Note, together with all accrued but unpaid interest thereon, any prepayment fees and all other amounts due and payable under or with respect to the Loan Documents), shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the other Loan Documents to the contrary notwithstanding, (b) terminate any then outstanding commitment whether to Customer or any Affiliate to make the Loan or any advance thereof, or any other financial accommodations, whether related to the Loan or otherwise, and/or (c) pursue and enforce any of Lender's rights and remedies under this Section 7; provided, however, if an Event of Default specified in Section 6 (e) above shall occur, the Obligations shall become immediately due and payable, all such commitments shall terminate, and Lender shall have all such other rights and remedies contemplated in the preceding clauses (a), (b) and (c), automatically, and without any notice or other action by Lender.

Additional Remedies . If an Event of Default occurs, in addition to all other rights and remedies granted to it in this Agreement and in the other Loan Documents, Lender may exercise all rights and remedies of a secured party under the UCC or as a creditor, chargee or security assignee under the Cape Town Convention (including any and all remedies thereunder requiring agreement by Customer), or otherwise available to Lender under any other Applicable Law. Without limiting the generality of the foregoing, Customer agrees that upon the occurrence of an Event of Default, Lender, without demand or notice of any kind (except as specified below) to or upon Customer or any other Person, in its sole discretion, may exercise any one or more of the following remedies:

(i) peacefully enter the premises where the Aircraft, the Engines, or any other Collateral is located, take immediate possession of, remove (or disable in place), or otherwise take control or custody of the Airframe, the Engines or any other Collateral (whether or not then attached to the Airframe) by self-help, summary proceedings or otherwise without liability, (ii) preserve the Airframe, the Engines or the other Collateral, and their respective value (but without any obligation to do so), and immobilize or keep idle the Airframe or Engines, and/or (iii) use Customer's premises for storage without liability; and Customer agrees, at Lender's request, to assemble the Collateral, and make it available to Lender at such places as Lender shall reasonably select, whether at Customer's premises or elsewhere;

(i) terminate the right of any Interested Third Party, and any other third party to use, possess or control the Airframe, the Engines or any of the other Collateral, including under any Permitted Third Party Agreement or other Third Party Agreement, without regard as to the existence of any event of default thereunder, (ii) recover from, and/or cause Customer and any such Interested Third Party, and any other third party, to relinquish possession and return the Airframe, the Engines and any other Collateral pursuant to this Section 7, and/or (iii) exercise any and all other remedies under any Operating Consents in Customer's stead, to the extent provided for under, or otherwise available to Customer in connection with any related Permitted Third Party Agreement or such other Third Party Agreement;

(i) manage, sell, lease, assign or otherwise dispose of the Airframe, the Engines or any other Collateral, in whole or in part, whether or not in Lender's possession, in one or more parcels or transactions, at public or private sale or sales, with or without notice to Customer (except as required by Applicable Law, and in furtherance thereof, Lender agrees that it shall give Customer no less than ten (10) working days' prior notice of any proposed sale or lease of the Airframe or Engines, which Customer acknowledges as constituting "reasonable prior notice" for the purposes of the Cape Town Convention) at such prices as Lender may deem best, and/or (ii) purchase the Collateral, in whole or in part, upon any public sale or sales, and to the extent permitted by Applicable Law upon any private sale or sales, free of any right or equity of redemption in Customer, which right or equity of redemption is hereby expressly released;

(i) collect, receive, appropriate and realize upon the Collateral, or any part thereof, including by applying any deposit or other cash collateral, or collecting or receiving, appropriating and realizing upon any income, profits or other proceeds arising from the management or use of the Airframe, the Engines or any of the other Collateral, and applying the same (after deducting all taxes, costs, expenses and other reductions of every kind incurred in connection therewith) to the payment in whole or in part of the Obligations, in such order and manner as Lender may elect; and (ii) after making such application, (A) remitting to Customer or to such other Person any excess then remaining, as and to the extent Lender is required by Applicable Law to make such remittance and (B) demanding, collecting and receiving from Customer any deficiency then remaining (and Customer agrees that it shall remain liable for, and pay upon demand, the full amount of any such deficiency);

(i) demand and obtain from any court speedy relief pending final determination available at law (including, possession, control, custody or immobilization of the Airframe and Engines, or preservation of the Airframe and the Engines and their respective value), (ii) procure the deregistration and/or export and physical transfer of the Airframe from the territory in which it is then situated (including pursuant to an IDERA, if any, executed by Customer), and/or (iii) otherwise proceed at law or in equity, to enforce specifically Customer's performance or to recover damages; and/or

exercise any and all other rights and remedies under or with respect to the Loan Documents or Applicable Law, including the Cape

Town Convention and the UCC.

No Waiver: Cumulative Remedies. No right or remedy is exclusive. Customer hereby acknowledges that none of the provisions of this Section 7, including any remedies set forth or referenced herein, is "manifestly unreasonable" for the purposes of the Cape Town Convention. Each may be used successively and cumulatively and in addition to any other right or remedy referred to above or otherwise available to Lender at law or in equity, but in no event shall Lender be entitled to recover any amount in excess of the maximum amount recoverable under Applicable Law with respect to any Event of Default. No express or implied waiver by Lender of any Default or Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default. The failure or delay of Lender in exercising any rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or reoccurrence of any such contingencies or similar contingencies, and any single or partial exercise of any particular right by Lender shall not exhaust the same or constitute a waiver of any other right provided for or otherwise referred to herein. After the occurrence of any Default or Event of Default, the acceptance by Lender of any payment or performance of any of the Obligations, including the payment of any installment of principal and/or interest or of any other sum owing hereunder or under the other Loan Documents shall not constitute a waiver of such Default or Event of Default, regardless of Lender's knowledge or lack of knowledge thereof at the time of acceptance of any such payment or performance and shall not constitute a reinstatement of any of the Loan Documents, unless Lender shall have agreed in writing to reinstate the same and waive the Default or Event of Default. To the extent permitted by Applicable Law, Customer waives any rights now or hereafter conferred thereby, that (a) limit or modify any of Lender's rights or remedies under this Agreement or any of the other Loan Documents, including the provisions of Article 13(2) of the Convention, or (b) would otherwise entitle Customer to (i) receive notices or demands as a condition to Lender's exercise of any rights or remedies, except as expressly required above or (ii) make claims, damages and demands against Lender arising out of the repossession, retention, sale or other disposition of the Collateral.

#### **MISCELLANEOUS**

Notices. All communications and notices provided for herein shall be in writing and shall be deemed to have been duly given or made (i) upon hand delivery, or (ii) upon delivery by an overnight delivery service, or (iii) when sent by telecopy (with customary confirmation of receipt of such telecopy) on the Business Day when sent or upon the next Business Day if sent on other than a Business Day.

#### Expenses and Fees; Indemnity; Performance of Customer's Obligations

Customer shall pay to Lender upon demand all reasonable fees, costs and expenses incurred by or on behalf of Lender at any time in connection with (i) the negotiation, preparation, execution, delivery and enforcement of the Loan Documents and the collection of the Obligations (both before and after the occurrence of a Default or Event of Default), (ii) the creation, preservation and protection of the Collateral and the perfection, first priority and enforcement of Lender's Lien, or (iii) Customer's exercise of any right granted under, or any amendment or other modification to any of, the Loan Documents. Such fees, costs and expenses shall include, without limitation, reasonable appraisal and inspection fees, the reasonable fees and expenses of Aviation Counsel and of Lender's counsel, consultants and brokers, UCC, FAA, International Registry and other applicable title, interest and lien searches, and reasonable costs and expenses relating to recovery, repossession, storage, insurance, transportation, repair, refurbishment, advertising, sale and other dispositions of the Aircraft or any of the other Collateral. Customer shall also pay all reasonable fees (including license, filing and registration fees), Impositions and other charges of whatever kind or nature that may be payable or determined to be payable in connection with (A) the execution, delivery, recording or performance of this Agreement or any of the other Loan Documents, or any modification thereof, and (B) the filings, registrations and other undertakings relating thereto. Notwithstanding the foregoing, as long as there are no more than two (2) revised drafts of any Loan Document provided by Customer or its counsel to Lender or Lender's counsel, Customer shall be responsible for not more than \$35,000.00 in the aggregate for the legal fees of outside counsel to Lender (including, Aviation Counsel) and appraisal, inspection, processing, credit verification, lien searches, FAA and International Registry fees and other fees incurred in connection with the initial negotiation, preparation and execution of this Agreement and the other Loan Documents executed and delivered on or before the Closing Date (and the consummation of the closing contemplated to occur thereon); provided that in the event that the negotiation exceeds two (2) revised drafts of any Loan Document, then Customer shall pay for the actual amount of such out of pocket fees incurred by Lender relating to the drafting and negotiation in excess of such two (2) revised drafts. Lender shall apply the previously paid deposit amount of \$35,000.00 to such fees and shall refund to Customer the amount by which the deposit exceeds such fees.

Customer hereby further agrees, whether or not the transactions contemplated by this Agreement shall be consummated, to pay, indemnify, and hold Lender and its affiliates and all of the Lender's and such affiliates' respective directors, shareholders, members, officers, employees, agents, predecessors, attorneys-in-fact, lawyers, successors and assigns (Lender, its affiliates and all of such other parties and entities sometimes hereinafter collectively, the "**Indemnified Parties**") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, out of pocket costs, attorney's fees, expenses or disbursements of any kind or nature whatsoever ("**Claims**") arising with respect to or in connection with (i) the Airframe, the Engines, or any APUs or Parts, or any of the other Collateral, including (whether by or through Customer, Vendor, any Interested Third Party, or any other Person), the manufacture, inspection, ownership, lease, sublease, management, pooling, interchange, time sharing, chartering, possession, use, operation, maintenance, security, condition (whether prior to, upon or after delivery or acceptance of any of the same), repossession, storage, sale or other disposition of any of the same, or any accident in connection therewith, including Claims involving or alleging environmental damage, criminal acts, hijacking, acts of terrorism or similar acts, product liability or strict or absolute liability in tort, latent and other defects (whether or not discoverable) and for any other risk or matter, including any of the same that result in injuries, death, destruction, or other harm or loss to persons or property, or (ii) any of the Loan Documents, Third Party Agreements or other Transaction Documents, or the performance, breach (including any Default or Event of Default) or enforcement of any of the terms hereof or thereof, provided, that Customer shall have no obligation to indemnify an Indemnified Party with respect to Claims arising from the gross negligence or willful misconduct of such Indemnified Party (unless if imputed by Applicable Law). If any Claim is made against any Indemnified Party, the party receiving notice or otherwise becoming aware of such Claim shall promptly notify the other, but the failure of the party having knowledge of a Claim to so notify the other party shall not relieve Customer of any obligation hereunder.

If any Customer Party fails to perform or comply with any of its agreements contained herein or in the other Loan Documents, including, without limitation, its obligations to keep the Collateral free of Liens (other than the Permitted Liens), comply with Applicable Standards, or obtain the Required Coverages, Lender shall have the right, but shall not be obligated, to effect such performance or compliance, with such agreement. Any expenses of Lender incurred in connection with effecting such performance or compliance, together with interest thereon at the default rate of interest provided for in the Note from the date incurred until reimbursed, shall be payable by Customer to Lender promptly on demand and until such payment shall constitute part of the Obligations secured hereby. Any such action shall not be a cure or waiver of any Default or Event of Default hereunder.

Entire Agreement; Modifications. This Agreement and the other Loan Documents constitute the entire understanding and agreement of the parties hereto with respect to the matters contained herein and therein, and shall completely and fully supersede all other prior agreements (including any proposal letter, commitment letter, and/or term sheet), both written and oral, between Lender and Customer relating to the Obligations. Neither this Agreement, nor any terms hereof, may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of a change, waiver, discharge or termination is sought.

Construction of this Agreement and Related Matters. All representations and warranties made in this Agreement and in the other Loan Documents shall survive the execution and delivery of this Agreement and the making of the Loan hereunder. Customer's obligations contained in

this Section 8 shall survive the payment and performance of the Obligations, the termination of this Agreement, and the release of the Collateral. This Agreement may be executed by the parties hereto on any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. The headings of the Sections hereof are for convenience only, are not part of this Agreement and shall not be deemed to affect the meaning or construction of any of the provisions hereof. Time is of the essence in the payment and performance of all of Customer's obligations under this Agreement. Any provision of this Agreement that may be determined to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective in such jurisdiction to the extent thereof without invalidating the remaining provisions of this Agreement, which shall remain in full force and effect.

Lender's Assignment. Lender, may at any time, with or without notice to Customer, freely grant a security interest in, sell, assign, participate or otherwise transfer (an "**Assignment**") all or any part of its interest in this Agreement and the other Loan Documents (including all associated rights associated with or secured thereby and the related international interests) or any amount due or to become due hereunder or thereunder, and Customer shall perform all of its obligations under the Loan Documents, to the extent so transferred, for the benefit of the beneficiary of such Assignment (such beneficiary, including any successors and assigns, an "**Assignee**"); provided, however, if such Assignee is not an Affiliate of Lender and if no Default or Event of Default exists, Lender will provide prior notice of any such Assignment to a third party. Customer hereby waives any right to assert, and agrees not to assert, against any Assignee any abatement, reduction, defense, setoff, recoupment, claim or counterclaim that Customer may have against Lender, provided that Lender remains fully responsible therefor. Upon the assumption by such Assignee of Lender's obligations hereunder, Lender shall be relieved of any such assumed obligations. Customer hereby consents to any such assignment, grant, sale or transfer, including, without limitation, for purposes of the Cape Town Convention. If so directed in writing, Customer shall pay all amounts due or to become due under the Loan Documents, including any of the same constituting associated rights or proceeds directly to the Assignee or any other party designated in writing by Lender or such Assignee. Customer acknowledges and agrees that Lender's right to enter into an Assignment is essential to Lender and, accordingly, waives any restrictions under Applicable Law with respect to an Assignment and any related remedies. Upon the request of Lender or any Assignee, Customer also agrees (a) to promptly execute and deliver, and cause to be executed and delivered by any Guarantor or any other Transaction Party, to Lender or to such Assignee an acknowledgment of assignment in form and substance satisfactory to the requesting party, an insurance certificate naming Assignee as additional insured and loss payee and otherwise evidencing the Required Coverages, an IDERA in favor of Assignee, and such other documents and assurances reasonably requested by Lender or Assignee, (b) to make, or cause to be made, all registrations (including all assignments and subordinations) and all amendments, extensions and discharges with the International Registry reasonably requested by Lender or Assignee (and give or obtain any necessary consent thereto, as well as renew any authorization required by the International Registry in connection therewith, including renewing its transacting user entity status and re-designating a professional user entity, if necessary in Lender's judgment), and (c) to comply with any and all other reasonable requirements of any such Assignee in connection with any such Assignment.

Jurisdiction. Customer and Lender each hereby irrevocably consents and agrees that any legal action, suit or proceeding arising out of or in any way in connection with this Agreement or any of the other Loan Documents may be instituted or brought in the courts of the State of New York or in the United States Courts for the Southern District of New York, as Customer or Lender may elect or in any other state or Federal court as Lender shall deem appropriate, and by execution and delivery of this Agreement, Customer and Lender each hereby irrevocably accepts and submits to, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of any such court, and to all proceedings in such courts. Customer and Lender each irrevocably consents to service of any summons and/or legal process by first class, certified United States air mail, postage prepaid, to Customer at the address set forth below its signature hereto, such method of service to constitute, in every respect, sufficient and effective service of process in any such legal action or proceeding. Nothing in this Agreement or in any of the other Loan Documents shall affect the right to service of process in any other manner permitted by law or limit the right of Lender to bring actions, suits or proceedings in the courts of any other jurisdiction. Customer and Lender each further agrees that final judgment against it in any such legal action, suit or proceeding shall 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 shall be conclusive evidence of the fact and the amount of the liability. Notwithstanding anything in the foregoing to the contrary, Lender and Customer may bring a judicial proceeding in the Republic of Ireland, solely with respect to matters relating to the International Registry.

Governing Law; Binding Effect. This Agreement shall be construed and enforced in accordance with, and the rights of both parties shall be governed by, the internal laws of the State of New York (without regard to the conflict of laws principles of such state, except as to the effect of Title 14, Section 5-1401 of the New York General Obligations Law), including all matters of construction, validity, and performance. This Agreement shall be binding upon and inure to the benefit of Customer and Lender and their respective successors and assigns (but without limiting the provisions of Section 8.5); except that Customer may not assign or transfer its rights or obligations hereunder or under any other Loan Agreement, or any interest herein or therein; and any such purported or attempted assignment or transfer by Customer shall be null and void.

Customer's Capacity as Owner Trustee. TVPX Aircraft Solutions Inc. ("TVPX") is executing this Agreement, and the other Loan Documents solely in its capacity as Owner Trustee under the Trust Agreement and not in its individual capacity and in no case shall TVPX be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of the Customer hereunder, or under any Loan Document, all such liability, if any, being expressly waived by the parties hereto and any Person claiming by, through, or under such party. Under no circumstances shall TVPX be personally liable for the payment of any other amount stated to be due from the Customer hereunder, or under any Loan Document, or be personally liable for the breach or failure of any of Customer's representations, warranties, covenants, obligations, undertakings and agreements hereunder, or under any Loan Documents; provided, however, that the Customer (or any such successor owner trustee) shall be personally liable hereunder for its own gross negligence or willful misconduct or for its breach of its covenants, representations and warranties contained herein, or in any Loan Document, to the extent covenanted or made in its individual capacity.

Jury Waiver. CUSTOMER AND LENDER EACH HEREBY KNOWINGLY AND FREELY WAIVES THEIR RESPECTIVE RIGHTS TO A JURY TRIAL IN ANY ACTION, SUIT OR PROCEEDING RELATING TO, ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE NOTE OR ANY OF THE OTHER LOAN DOCUMENTS.

**[Signatures On Next Page]**

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Loan and Aircraft Security Agreement

IN WITNESS WHEREOF, the parties hereto have caused this Loan and Aircraft Security Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

BANC OF AMERICA LEASING & CAPITAL, LLC, Lender

TVPX AIRCRAFT SOLUTIONS INC., a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust

Agreement dated July \_\_\_\_, 2017,  
Customer

By:  
Name:  
Title:  
Notice Address:

One Financial Plaza, 2nd Floor  
Providence, Rhode Island 02903  
Attention: Director of Aircraft Operations  
Telephone: 800-238-3737  
Facsimile: 401-278-7941

By:  
Name:  
Title:

Notice Address:

39 East Eagle Ridge Drive, Ste. 201  
North Salt Lake, UT 84054  
Telephone: (801) 924-367  
Facsimile: (801) 877-0478

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### LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)

**THIS LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)** (together with all Addenda, Riders and Annexes hereto, this "**Agreement**") is dated as of July 27, 2017 (the "**Closing Date**"), by and between **TVPX AIRCRAFT SOLUTIONS INC.**, a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated as of July 27, 2017 ("**Customer**") and **BANC OF AMERICA LEASING & CAPITAL, LLC**, a Delaware limited liability company ("**Lender**").

In consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

Capitalized and certain other terms used but not otherwise defined in this Agreement shall have the meanings ascribed to them in Annex A attached hereto and made a part hereof.

#### Terms of Loan .

Loan and Use of Proceeds . Subject to the terms and conditions of this Agreement, Lender agrees to make a loan to Customer in the principal amount set forth in Annex B attached hereto and made a part hereof (the "**Loan**"). Customer shall use the proceeds of the Loan to finance the costs of the acquisition of the Aircraft.

Repayment and Prepayment . The Customer's obligation to repay the Loan shall be evidenced by one or more Promissory Notes dated on and/or after the Closing Date, payable by Customer to the order of Lender in the original principal amount of the Loan (as amended, modified, restated, extended and renewed from time to time, the "**Note**"). The Loan shall bear interest and be repaid by Customer at the times and in the manner set forth in the Note. The Loan may be prepaid only in the manner and subject to terms and conditions set forth in the Note and, if applicable, Section 4.7 hereof.

Conditions of Borrowing . Lender's obligation to make the Loan shall be both subject to and conditioned upon the satisfaction of all of the conditions precedent specified in the Closing Terms Addendum attached to and made a part of this Agreement.

Representations and Warranties . In order to induce Lender to enter into this Agreement and to make the Loan herein provided for, Customer represents, warrants and covenants to Lender that:

(i) Customer (A) is duly qualified to do business in each jurisdiction in which the conduct of its business or the ownership or operation of its assets requires such qualification, including the jurisdiction of the Primary Hangar Location and wherever any of the Collateral may become located; (B) has the necessary authority and power to own and operate the Aircraft and its other assets and to transact the business in which it is engaged; (C) is a "citizen of the United States" within the meaning of the Transportation Code; and (D) has the form of business organization set forth in Annex B hereto and is and will remain duly organized, validly existing and in good standing under the laws of the state of its organization set forth in Annex B hereto, its federal tax identification number is as set forth in Annex B hereto, and its state-issued organizational identification number (if any), chief executive office and principal place of business address are all as set forth on Annex B hereto; and (ii) its name as shown in the preamble of this Agreement is its exact legal name as shown on its charter, by-laws, articles of organization or operating agreement, as applicable, each as amended as of the Closing Date;

(i) Customer's execution and delivery of, and performance of its obligations under and with respect to, each of the Loan Documents (including its borrowing the amounts constituting the Loan, granting the Lender's Lien against the Aircraft and other Collateral and participating in the other transactions contemplated herein and therein), (A) have been duly authorized by all necessary action on the part of Customer consistent with its form of organization, (B) do not contravene or constitute a default under any Applicable Law, any of Customer's Organizational Documents, or any agreement, indenture, or other instrument to which Customer is a party or by which it may be bound, (C) do not require the approval of or notice to (1) any Governmental Authority, except for the filings and registrations specified in the Closing Terms Addendum, all of which shall have been duly effected prior to or concurrently with Lender making the Loan, or (2) any other party (including any trustees or holders of indebtedness), and (D) will not result in the creation or imposition of any Lien on any of the assets of Customer other than the Lender's Lien created hereby and by the other Loan Documents with respect to the Collateral; (ii) each of the Transaction Documents referenced in the Closing Terms Addendum to which Customer is a party has been duly executed and delivered by an authorized representative of the Customer, and constitutes the legal, valid and binding obligation of the Customer, enforceable against it in accordance with the respective terms of such Transaction Documents (including, without limitation, the grant of the Lender's Lien); and (iii) without limiting the foregoing, upon Lender's advancing the Loan on the Closing Date, (A)

Customer will have satisfied or complied with all conditions precedent and requirements as set forth in the Loan Documents required to have been satisfied or complied with concurrently with or prior to such advance and (B) no Default or Event of Default shall be then existing;

there are no proceedings pending or, so far as the officers, managers, or members of Customer know, threatened against or affecting Customer or any of its property before any Governmental Authority that could impair Customer's title to the Aircraft or any of the other Collateral, or that, if decided adversely, could materially affect the financial condition or operations of Customer or its ability to perform its obligations under any of the Loan Documents;

(i) Customer has, and shall continue to have, good and marketable title to the Collateral, free and clear of Liens, except Permitted Liens; (ii) the Lender's Lien in the Airframe, the Engines and the other Collateral is and shall remain validly created and perfected, and has and shall continue to have first priority over any other Liens pursuant to all Applicable Laws; and (iii) all filings, recordings, registrations or other actions necessary or desirable in order to vest such title in Customer, and establish, perfect and give first priority to Lender's Lien and other rights and interests in, against or with respect to the Collateral, have been duly effected, and all Impositions in connection therewith have been duly paid;

without limiting any of the other representations and warranties in this Agreement, for the purposes of the Cape Town Convention and any other Applicable Law, (i) upon the conclusion of the sale of the Aircraft to Customer, and Customer's grants and assignments, and (if constituting a lease) any Permitted Third Party Agreement, contemplated in the Loan Documents or other Transaction Documents, Customer and (if a lessee) any Interested Third Party shall be situated in, and Customer will cause the Aircraft to be duly registered in, the United States of America (which is a contracting state), (ii) with respect to any of the Transaction Documents relating to the Airframe or Engine, each of the respective parties thereto has power to dispose of the Airframe and Engine, as contemplated therein by way of the relevant Transaction Document, and (iii) the Purchase Documents qualify as a "contract of sale", and (if constituting a lease) any Permitted Third Party Agreement and the Loan Documents are effective to constitute international interests in the Airframe and Engine and security assignments of the related associated rights and transfer of the related international interests, as contemplated therein, and each such Registerable Interest will be effective against third parties upon registration at the International Registry, without any further filings or registrations (except as contemplated in the Loan Documents);

(i) the Aircraft (A) has been delivered to Customer, is in Customer's possession and is, as of the Closing Date, unconditionally, irrevocably and fully accepted by Customer, (B) has been inspected by Customer to its complete satisfaction and, without limiting the foregoing, (1) has been found to be in good working order, repair and condition and fully equipped to operate for its intended purpose, and (2) is in conformity with the requirements of the Purchase Agreement and the Applicable Standards, (C) is, or will be at the time of the funding of the Loan, currently certified under existing FAA rules and regulations and any other Applicable Laws and is airworthy in all respects, and (D) is and will remain primarily hangared at the Primary Hangar Location; and (ii) without limiting the foregoing, (A) solely as between Lender and Customer (and without prejudicing Customer's rights against Vendor or any other third party, which rights are not being disclaimed hereby), Customer has no pending claims and has no knowledge of any facts upon which a future claim may be based, against any prior owner, the seller, manufacturer or supplier of the Aircraft or any of the other Collateral, for breach of warranty or otherwise, and (B) all of the information contained in Annex C, including the registration number of the Aircraft, and the serial numbers, manufacturer and model numbers of the Airframe, Engines, and APU, are true and accurate in all respects; and

(h) the Aircraft (i) is currently capable of being certified under existing FAA rules and regulations and completely airworthy in all respects, (ii) will undergo an inspection by a Designated Airworthiness Representative of the FAA ("DAR") on the Closing Date and (iii) an FAA Standard Airworthiness Certificate (AC Form 8100-2) shall be issued for the Aircraft no later than two (2) Business Days after the Closing Date.

**Covenants** . Customer covenants and agrees that from and after the Closing Date and so long as any of the Obligations are outstanding:

Notices; Financial Information; and Further Assurances . Customer will, at its sole expense:

promptly give written notice to Lender of (i) the occurrence of any Default or Event of Default; (ii) the occurrence of any Event of Loss or event of which Customer may be aware that could become an Event of Loss; (iii) the commencement or written threat of any material litigation or proceedings affecting Customer or any material litigation or proceedings affecting the Aircraft or any of the other Collateral, or the ability of Customer to comply with its obligations under the Loan Documents; and (iv) any material dispute between Customer or any Interested Third Party and any Governmental Authority or other party that involves the Aircraft or any of the other Collateral or that might materially interfere with the normal business operations of Customer;

cause Guarantor to comply with the financial reporting requirements set forth in the Guaranty and promptly furnish to Lender any such financial and other information regarding the Customer or Guarantor or any of its Affiliates as Lender may from time to time reasonably request; and

promptly execute and deliver to Lender such further instruments, UCC and FAA filings (including an IDERA) and other documents, make, cause to be made and/or consent to all registrations (including any discharges and subordinations, or as to the prospective or actual sale of, and any international interest in, the Engines) with the International Registry, and take such further action, as Lender may from time to time reasonably request in order to further carry out the intent and purpose of the Loan Documents and to establish, protect and enforce the rights, interests, remedies and Liens (including the first priority thereof) created, or intended to be created, in favor of Lender thereby.

General Obligations . (a) Customer agrees that it shall (i) duly observe and conform to all requirements of Applicable Law relating to the conduct of its business and/or the Aircraft, (ii) remain a "citizen of the United States" within the meaning of the Transportation Code, (iii) obtain and keep in full force and effect (A) all rights, franchises, licenses and permits that are necessary to the proper conduct of its business, and (B) all approvals by any Governmental Authority required with respect to the performance of its obligations under the Loan Documents and the operation of the Aircraft and its business, (iv) cause the Aircraft to remain primarily hangared at the Primary Hangar Location, and duly registered in Customer's name under the Transportation Code (including, by making all necessary reports, re-registering its ownership of the Aircraft, and taking all other actions required by Applicable Law), and (v) pay and perform all of its obligations and liabilities when due. (b) Customer agrees that (i) it shall not change its presently existing legal name or its form or state of organization on or after the date of this Agreement, without Lender's prior written consent, (ii) if its presently existing state organizational identification number changes, or if Customer currently has no such state organizational number but is subsequently issued such a number, on or at any time after the date of this Agreement, Customer shall immediately notify Lender thereof, and (iii) it shall not change the presently existing mailing, chief executive office and/or principal place of business address on or after the date of this Agreement without giving Lender thirty (30) days written notice of the same.

Taxes . (a) Customer will file or cause to be filed with all appropriate taxing authorities all Federal, state and local income tax returns that are required to be filed and all registrations, declarations, returns and other documentation with respect to any personal property taxes (or any other taxes in the nature of or imposed in lieu of property taxes) due or to become due with respect to the Aircraft or any of the other Collateral. (b) Customer will pay (or cause to be paid) (i) on or before the date when due all taxes as shown on said returns and all taxes assessed, billed or otherwise payable with respect to the Aircraft or the other Collateral directly to the appropriate taxing authorities; and (ii) when due all license and/or registration or filing fees, assessments, governmental charges and sales, use, property, excise, privilege, value added and other taxes (including any related interest or penalties) or other charges or fees now or hereafter imposed by any governmental body or agency upon Customer or the Aircraft or any of the other Collateral, with respect to the landing, airport use, manufacturing, ordering, shipment, purchase, ownership, delivery, installation, leasing, chartering, operation, possession, use or disposition of the Aircraft or any of the other Collateral, or any interest therein (the items referred to in (i) and (ii) above being referred to herein collectively, as "**Impositions**").

#### No Disposition of Collateral or Liens: Title and Security Interest.

Customer shall not sell, assign, enter into any Third Party Agreement, convey, mortgage, exchange or otherwise transfer or relinquish possession of (including by any seizure or other taking by any foreign or domestic governmental authority) or dispose of the Airframe or Engines, any Part, any related associated rights, international interests or prospective international interests, any proceeds or any of the other Collateral, or attempt or offer to do, or suffer or permit any of the foregoing. Customer shall be permitted, however, to deliver possession of the Airframe, the Engines, or any APU or Part to another Person for testing, service, repair, maintenance, overhaul, alteration or modification, and to enter into Permitted Third Party Agreements, in each case, if and to the extent consistent with the provisions of the Loan Documents. Customer will warrant and defend its good and marketable title to the Airframe, the Engines and the other Collateral, and the validity, perfection and first priority of Lender's Lien in the Collateral, against all other Liens, claims and demands whatsoever, except Permitted Liens; and without limiting the foregoing, Customer will (i) not create, assume or suffer to exist any Liens on or with respect to the Airframe, the Engines, or any of the other Collateral, or Customer's interest therein (other than Permitted Liens); and (ii) promptly take such action as directed by Lender to duly discharge any such unpermitted Liens.

So long as no Default or Event of Default is then existing, Customer may enter into and remain a party to Third Party Agreements, in each such case, subject to the satisfaction of, and compliance by Customer and each Interested Third Party with, all of the following throughout the term of such arrangement: (i) Each such Interested Third Party shall (A) be and remain solvent, and (unless an individual) organized under the laws of a state within the United States; and (B) if engaged by Customer with the prior written consent of Lender as a manager and/or charter operator (including the Manager pursuant to the Management Agreement), while so engaged, (1) have a recognized favorable reputation as a manager and/or charter operator, as the case may be, of aircraft similar to the Aircraft, (2) be providing management and/or charter operation services for other aircraft owners similar to the services contemplated therein, and (3) if and at all times while conducting any charter operations (x) have and maintain a valid Part 135 Certificate evidencing its authority to conduct such operations, (y) list the Aircraft on its operations specifications, and (z) comply with all Applicable Standards pertaining to such charter operations. (ii) Any operation of the Aircraft pursuant to any such Third Party Agreement shall be limited to (A) if by Customer, Parent Guarantor or any Affiliate of Parent Guarantor, any time sharing agreements (as defined in Section 91.501(c)(1)) complying with Part 91 of the FARs and all other Applicable Standards, (B) if by a manager and/or a charter operator with Lender's prior written consent, pursuant to and in full compliance with the requirements of Part 135 of the FARs and all other Applicable Standards, or (C) if such Third Party Agreement is a "dry lease" by Customer, as lessor, to Parent Guarantor or an Affiliate of Parent Guarantor or other Interested Third Party permitted pursuant hereto, as lessee, operation by such lessee complying with (1) Part 91 and any other applicable provision of the FARs, and all other Applicable Standards, and (2) the provisions hereof and of the other Loan Documents pertinent to the operation of the Aircraft (whether by Customer or any permitted Interested Third Party). (iii) The related Third Party Agreement shall (A) be and remain, subject and subordinate to Lender's Lien in and with respect to the Collateral, and Lender's rights and remedies under the Loan Documents (and such subordination shall be expressly acknowledged therein), (B) not convey any Lien on, or other property interest in or against the Airframe, the Engines or any of the other Collateral, except for a Permitted Lien (but, without giving effect to clause (a) of the definition of such term), (C) not permit any further sublease or disposition of or unpermitted Lien against the Aircraft or any of the other Collateral by any of the Interested Parties thereto or any other Person, or any change in registration or unpermitted change in hanging of the Aircraft, (D) not contain provisions that are inconsistent with the provisions of any of the Loan Documents or cause Customer to breach any of its representations, warranties or agreements under any of the Loan Documents, (E) be in conformity with all requirements of the FARs and other Applicable Laws, and (F) otherwise conform to any Operating Consent required by Lender with respect thereto. (iv) (A) Customer shall have specified such Third Party Agreement on Annex B if existing on the Closing Date, or if not then existing shall require Lender's prior written consent and at least thirty (30) Business Days' prior written notice of its intention to enter into a Third Party Agreement and (B) no later than the effective date thereof Customer shall comply with, and at all times thereafter remain in compliance with, any related requirements by Lender, including (1) entering into, and causing any related Interested Third Parties to enter into, an Operating Consent, (2) causing Lender to be covered by the Required Coverages (which, for the purposes hereof, may include insurance coverages obtained and maintained by an Interested Third Party, conforming to the insurance requirements herein and in any of the other Loan Documents), and (3) entering into or delivering, or causing to be entered into and delivered, all such other documents, filings and assurances, making or causing to be made such filings and registrations, and taking or causing to be taken all such other actions, in each case as may be required by Lender and (4) paying or reimbursing Lender for any related costs or expenses. (v) Lender shall have the right, but not the obligation, to (A) require reasonable evidence that any Interested Third Party satisfies the requirements provided herein, and (B) review any such Third Party Agreement, as from time to time supplemented and amended, to determine its conformity with the provisions hereof, but without assuming any responsibility with respect thereto. (vi) Customer shall neither make, nor permit to be made, any filing or registration with respect to any Permitted Third Party Agreement, unless so directed by Lender pursuant to Section 5.2 or otherwise. Notwithstanding the foregoing limitations Parent Guarantor or any Affiliate shall be permitted to conduct the carriage of Parent Guarantor or any Affiliate and/or their respective guests pursuant to 14 CFR Section 91.501(b)(4), affiliated group operations pursuant to 14 CFR Section 91.501(b)(5) and/or (6), demonstration flights pursuant to 14 CFR Section 91.501(b)(3), time sharing or interchange operations pursuant to 14 CFR Section 91.501(b)(6), the carriage of customers pursuant to 14 CFR Section 91.501(b)(9) and/or the carriage of candidates in Federal elections conducted pursuant to 14 CFR Section 91.321.

With respect to any Third Party Agreements complying with all of the provisions of Section 4.4(b) (each a "**Permitted Third Party Agreement**"), although certain of the duties and obligations of Customer under the Loan Documents may be performed by one or more of the Interested Third Parties, (i) no such Permitted Third Party Agreement shall reduce any of Customer's obligations, or Lender's rights, under any of the Loan Documents, (ii) all of Customer's obligations under the Loan Documents shall be and remain primary and continue in full force and effect as the obligations of a principal and not of a guarantor or surety, and (iii) Lender is not waiving the right to require full and timely performance of any such obligations in strict accordance with the provisions hereof and of the other Loan Documents. By way of clarification and not limitation, with respect to any provisions of this Agreement or any of the other Loan Documents requiring Customer to take or refrain from taking an action relating to the Aircraft or any of the other Collateral, such provision may also be read to mean that Customer shall cause the same to be done in accordance therewith, if at that time the Aircraft or such other Collateral is in the possession or control of an Interested Third Party pursuant to a Permitted Third Party Agreement.

#### Use of Aircraft; Maintenance; Modifications; Security.

Customer will operate the Aircraft or shall cause the Aircraft to be operated under and in compliance with Part 91 and any other applicable provision of the FARs, and all other Applicable Standards. Unless otherwise expressly permitted hereunder, (i) Customer shall not operate or permit the Aircraft to be operated for air taxi operations or otherwise under Part 135 of the FARs; and (ii) Customer, an Affiliate or other Interested Third Party shall at all times have, and maintain, "operational control" of the Aircraft (as such term is then interpreted by the FAA or such other applicable Governmental Authority), and no other Person shall operate the Aircraft. The Aircraft at all times will be operated by duly qualified pilots having satisfied all requirements established and specified by the FAA, the TSA, any other applicable Governmental Authority and the Required Coverages.

the Aircraft may be flown temporarily to any country in the world, provided that the Aircraft (i) shall at all times be based in the continental United States; and (ii) shall not be flown, operated, used or located in, to or over any such country or area (temporarily or otherwise) (A) that is excluded from the Required Coverages (or specifically not covered by such

insurance), (B) with which the U.S. does not maintain favorable diplomatic relations (which is any country or jurisdiction not marked with an “\*” on the list maintained by the U.S. Department of State, at <http://www.state.gov/s/inr/rls/4250.htm> or any replacement or equivalent website maintained by the U.S. Department of State), provided that the prohibition in this clause (B) does not prohibit the operation of the Aircraft on an approved and assigned air traffic control route (if and so long as such use is otherwise in compliance with the provisions of the this Agreement and does not violate any insurance policies in effect with respect to the Aircraft), (C) to the extent that payment of any claim under the Required Coverages directly or indirectly arising or resulting from or connected with any such flight, operation, use or location would be prohibited under any trade or other economic sanction or embargo by the United States of America, or (D) in violation of any of the Loan Documents or any Applicable Standards. Customer shall adopt, implement and comply with all security measures required by any Applicable Law, or by any Required Coverages, or that are necessary or appropriate for the proper protection of the Aircraft (whether on the ground or in flight) against theft, vandalism, hijacking, destruction, bombing, terrorism or similar acts.

Customer agrees that, with respect to the Airframe, the Engines, each APU and each Part, Customer will at its own expense, (i) maintain, inspect, service, repair, overhaul and test the same in accordance with Applicable Standards; (ii) make any alterations or modifications that may at any time be required to comply with Applicable Standards, and to cause the Aircraft to remain airworthy; (iii) furnish all required parts, replacements, mechanisms, devices and servicing so that the condition and operating efficiency thereof will at all times be no less than its condition and operating efficiency as and when delivered to Customer, ordinary wear and tear from proper use alone excepted; (iv) promptly replace all Parts (A) which become worn out, lost, stolen, taken, destroyed, damaged beyond repair or permanently rendered or declared unfit for use for any reason whatsoever, or (B) if not previously replaced pursuant to clause (A), as and when required by any Applicable Standards, including any applicable life limits; and (v) maintain (in English) all Records in accordance with Applicable Standards; and (vi) enroll and maintain the Engines in an Engine Maintenance Program and the APU in an APU Maintenance Program or shall cause the foregoing to be done. All maintenance procedures shall be performed by properly trained, licensed, and certified maintenance sources and personnel utilizing replacement parts approved by the FAA and the manufacturer of (as applicable) the Airframe, the Engines, or any APU or Part. Without limiting the foregoing, Customer shall comply with all mandatory service bulletins and airworthiness directives by causing compliance to such bulletins and/or directives to be completed through corrective modification in lieu of operating manual restrictions.

Customer will not make, authorize or permit any improvement, change, addition or alteration to the Aircraft that will impair the originally intended function or use of the Aircraft, diminish the value of the Aircraft as it existed immediately prior thereto, or violate any Applicable Standard. All repairs, parts, replacements, mechanisms and devices added by Customer or on its behalf shall immediately, without further act, become part of the Aircraft and subject to the Lender's Lien granted under this Agreement.

#### Insurance.

Customer agrees to maintain or cause to be maintained at all times, at its sole cost and expense, with insurers of recognized reputation and responsibility satisfactory to Lender (but in no event having an A.M. Best or comparable agency rating of less than “A-”):

(A) comprehensive aircraft liability insurance against bodily injury or property damage claims including, without limitation, contractual liability, premises liability, death and property damage liability, public and passenger legal liability coverage, and sudden accident pollution coverage, in an amount not less than \$200,000,000.00 for 20 or more seats, or if the Aircraft will be chartered, or \$100,000,000.00 for 10 or more seats, or \$50,000,000.00 for fewer than 10 seats for each single occurrence, and (B) personal injury liability in an amount not less than \$25,000,000.00; but, in no event shall the amounts of coverage required by sub-clauses (A) and (B) be less than the coverage amounts as may then be required by Applicable Law;

“all-risk” ground, taxiing, and flight hull insurance on an agreed-value basis, covering the Aircraft, provided that such insurance shall at all times be in an amount not less than the greater of (1) the full replacement value of the Aircraft (as determined by Lender), or (2) the unpaid principal amount of the Note (each such amount re-determined as of each anniversary of the date hereof for the next succeeding year throughout the term of this Agreement); and

war risk and allied perils (including confiscation, appropriation, expropriation, terrorism and hijacking insurance) in the amounts required in paragraphs (i) and (ii), as applicable.

Any policies of insurance carried in accordance with this Section 4.6 and any policies taken out in substitution or replacement of any such policies shall (i) be endorsed to name Lender as an additional insured as its interests may appear (but without responsibility for premiums), (ii) provide, with respect to insurance carried in accordance with Section 4.6(a)(ii) or (a)(iii) above, that any amount payable thereunder shall be paid directly to Lender as sole loss payee and not to Lender and Customer jointly, (iii) provide for thirty (30) days' (seven (7) days' in the case of war, hijacking and allied perils) prior written notice by such insurer of cancellation, material change, or non-renewal, (iv) include a severability of interest clause providing that such policy shall operate in the same manner as if there were a separate policy covering each insured, (v) waive any right of set-off against Lender, and any rights of subrogation against Lender, (vi) provide that in respect of the interests of Lender in such policies, that the insurance shall not be invalidated by any action or inaction of Customer or any other Person operating or in possession of the Aircraft, regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by or binding upon Customer or any other Person operating or in possession of the Aircraft, and (vii) be primary, not subject to any co-insurance clause and shall be without right of contribution from any other insurance.

Customer shall not self-insure (by deductible, premium adjustment, or risk retention arrangement of any kind) with respect to any of the risks required to be insured pursuant to this Section 4.6. Customer agrees that it shall obtain and maintain such other insurance coverages, or cause adjustments to be made to the scope, amount or other aspects of the existing insurance coverages, promptly upon Lender's request, as and when Lender deems such additional insurance coverages or modifications to be appropriate in light of any changes in Applicable Law, prudent industry practices, the insurance market, Customer's anticipated use of the Aircraft or other pertinent circumstances. All of the coverages required herein shall be in full force and effect worldwide throughout any geographical areas to, in or over which the Aircraft is operated. All insurance proceeds payable under the requisite policies shall be payable in U.S. Dollars.

At least ten (10) days prior to the policy expiration date for any insurance coverage required by this Section 4.6, Customer shall furnish to Lender evidence (having the form and substance consistent with Section 1(f) of the Closing Terms Addendum) of the renewal or replacement of such coverage, complying with the terms hereof, for a twelve (12) month or greater period commencing from and after such expiration date.

#### Event of Loss: Loaner Engines.

Upon the occurrence of any Event of Loss with respect to the Aircraft and/or the Airframe, Customer shall notify Lender of any such Event of Loss within five (5) days of the date thereof. Customer shall pay the then Outstanding Balance promptly upon its receipt of insurance proceeds relating to such Event of Loss, but in no event later than ninety (90) days after the occurrence of such Event of Loss (irrespective as to whether any or all of such proceeds have been received). Upon Lender's receipt in good and indefeasible funds of all of the amounts required to be paid pursuant to the preceding sentence (whether by applying Customer's payment of such amounts, or any such insurance proceeds, or both) the Aircraft shall be released from the Lender's Lien, and Lender shall remit to Customer any such insurance proceeds so received by Lender, to the extent then remaining.

Upon an Event of Loss with respect to an Engine or any APU (as applicable, a “ **Lost Item** ”) under circumstances in which there has not occurred an Event of Loss with respect to the Airframe, Customer shall, within one hundred twenty (120) days after the occurrence of such Event of Loss, replace such Lost Item, with a Permitted Replacement. Any engine or auxiliary power unit constituting a “ **Permitted Replacement** ” for a Lost Item shall (i) be of the same make and model number as the Lost Item, (ii) be free and clear of all Liens and (iii) have a value, utility and useful life at least equal to, and be in as good an operating condition as, the Lost Item, assuming such Lost Item was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss. Customer, at its own cost and expense, shall (i) furnish Lender with such documents to evidence such conveyance, (ii) cause the Permitted Replacement to be subject to the Lender’s Lien under this Agreement, and (iii) take such other actions as may be required by Lender to cause the Lender’s Lien therein to be validly created, perfected and have first priority, including as evidenced on the FAA Registry, the International Registry, and any other recording office. Each such Permitted Replacement shall, after such conveyance, be deemed an “Engine” or “APU” (as defined herein), as applicable, and shall be deemed part of the same Aircraft as was the Lost Item replaced thereby.

In the event an Engine is damaged and is being repaired, or is being inspected or overhauled, Customer, at its option, may temporarily substitute another engine during the period of such repair or overhaul, so long as such engine is of the same make and model as the Engine being repaired or overhauled, is free and clear of any Lien that might impair Lender’s rights or interests in the Airframe and is maintained in accordance herewith (any such substitute engine being hereinafter referred to as a “ **Loaner Engine** ”). Customer shall (i) cause such Loaner Engine to be installed and removed, as applicable, by a maintenance facility certified by the FAA and manufacturer with respect to the Aircraft, and (ii) cause the repaired or overhauled original Engine to be reinstalled on the Airframe promptly upon completion of the repair or overhaul, but in no event later than the earlier of one hundred twenty (120) days after removal or the occurrence of an Event of Default.

So long as no Default has occurred and is continuing, and no Event of Default or Event of Loss with respect to the Aircraft has occurred, any loss or damage proceeds of the Required Coverages received by Lender shall be released promptly by Lender to Customer to reimburse Customer for paying the costs actually incurred with respect to repairs made to the Aircraft so as to restore it to the condition required by this Agreement, or for the purchase of a Permitted Replacement pursuant to Section 4.7(b), or shall be disbursed by Lender as otherwise required by this Agreement.

**Aircraft Registration.** On or before the Closing Date, and at all times thereafter, so long as any of the Obligations are outstanding, Customer shall remain solely responsible pursuant to the applicable provisions of this Agreement to cause (i) the Aircraft to be effectively and otherwise validly registered in Customer’s name on the Registry, and (ii) the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft, in each case, accordance with the Registration Requirements; and without limiting the foregoing, or any other provision of this Agreement, Customer shall:

cause the Registration Certificate to be maintained within the Aircraft and cause the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft; including by (A) notifying Lender immediately of any event or circumstance with respect to which the Registration Requirements require further action by Customer, the Registry or any other Governmental Authority or other Person, (B) immediately upon receipt, placing the original, replacement or renewal Registration Certificate on the Aircraft prior to the expiration or other invalidation of any previously issued Registration Certificate (whether the certificate or any other document constituting the Registration Certificate as defined herein) under the Registration Requirements, and (C) complying with any and all of the other Registration Requirements relating to such Registration Certificate, and to the Registration Certificate replaced thereby (including any of the same relating to the destruction or return thereof, as the case may be); and

upon the occurrence, and at all times thereafter, of any Defective Registration (and without waiving Customer’s responsibility to avoid such circumstance), or if the operation of the Aircraft is no longer authorized by the Registration Requirements, Customer shall (A) neither operate nor permit or suffer the operation of the Aircraft without a currently effective and otherwise valid Registration Certificate (and shall cause the pilots to be made aware of the Defective Registration), and otherwise comply with the FARs and other Applicable Laws relating to such Defective Registration, (B) ground and store the Aircraft in a manner reasonably acceptable to Lender, and (C) inform the insurer or insurers thereof, and obtain and maintain adjustments to the insurance coverages required pursuant Section 4.6 of this Agreement which may be necessary or desirable to Lender so as to reflect any changes in the insurable risks relating to any Defective Registration.

#### **Security Interest; Power of Attorney; Inspection .**

**Grant of Security Interest.** As collateral security for the prompt and complete payment and performance as and when due of all of the Obligations and in order to induce Lender to enter into this Agreement and make the Loan to Customer in accordance with the terms hereof, Customer hereby grants, pledges and assigns to Lender a first priority security interest, collateral assignment, international interest, prospective international interest, security assignment and prospective security assignment, in, against, under and with respect to (the “ **Lender’s Lien** ”) all of Customer’s right, title and interest in, to and under all of the following collateral, whether now existing or hereafter acquired (collectively, the “ **Collateral** ”): (i) the Aircraft, including the Airframe, the Engines, each of the APU and Parts, and the Records; (ii) any and all present and future Third Party Agreements; (iii) any and all other associated rights secured by or associated with the Airframe and/or the Engines, together with any related international interests and prospective international interests; (iv) any collateral described in the other Loan Documents (including in any Operating Consent); and (v) all proceeds of the foregoing. By way of clarification and not limitation, the foregoing grant of the Lender’s Lien shall include, as applicable (and in each case, being validly registered and having first priority), an international interest in the Airframe and in each Engine. Notwithstanding the foregoing, (i) Customer shall not enter into any Third Party Agreements unless expressly permitted by Section 4.4 and (ii) Lender is not assuming, nor shall it be responsible for, any obligations, liabilities or duties of any kind whatsoever of Customer (and/or of any other Person) relating to the Collateral. Customer agrees that it shall perform and procure performance in accordance with any Third Party Agreement or other agreement or instrument giving rise to any associated rights that are or may become subjected to the Lender’s Lien.

#### **UCCs, Registrations, Etc.; Lender as Attorney-in-Fact.** Customer hereby irrevocably:

authorizes Lender to prepare and file any UCC financing statements, amendments, continuations, terminations, assignments and other filings, or take such other actions for the purpose of perfecting, affording first and exclusive priority to or otherwise relating to Lender’s Lien under this Agreement or the other Loan Documents;

consents to, and authorizes its professional user entity to consent to, the registration of each Registerable Interest requested by Lender or its Assignee, or otherwise required by the provisions of this Agreement or any of the other Loan Documents, including any subordination, amendment, assignment, discharge or undertaking permitted by the Cape Town Convention with respect thereto; and

constitutes and appoints Lender (including any Person acting on Lender’s behalf), as its true and lawful attorney-in-fact with full power and authority in the place and stead of Customer and in the name of Customer or in its own name, for the purpose of carrying out the terms of this Agreement; which authority shall include the following undertakings that may be exercisable by Lender in its sole discretion at any time, and from time to time, if an Event of Default is then existing or upon the occurrence of an Event of Loss: (i) in Customer’s name, file and/or record, such further instruments, filings and other documents, make, cause to be made and/or consent to all registrations with the International Registry, and take such further action, to establish and protect Lender’s rights, interests and remedies created, or intended to be created, pursuant to the Loan Documents; (ii) endorse Customer’s name on any checks, notes, drafts or any other payments or instruments, or set off, apply, or take such other actions with respect to any funds relating to the Collateral that come into Lender’s possession or control; and (iii) to settle, adjust, receive payment and make claim or proof of loss, and take such other actions relating to the Required Coverages. This appointment is coupled with an interest, is

irrevocable and shall terminate only upon indefeasible payment and performance in full of all of the Obligations. The powers conferred on Lender hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Lender shall be accountable only for amounts that it actually receives in good and indefeasible funds as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to Customer for any act or failure to act. Without limiting the foregoing, Customer agrees that within five (5) Business Days of Lender's request, Customer will enter into an irrevocable power-of-attorney authorizing Aviation Counsel or Lender's other designee as Customer's professional user entity and administrator for the purpose of discharging any Registerable Interests as and when directed to do so by Lender in connection with its exercise of its rights and remedies under the Loan Documents.

**Inspection.** Lender or its authorized representatives shall have the right, but not the duty, to inspect the Aircraft, any part thereof and/or the Records, at its own cost any reasonable time and from time to time, wherever located, upon reasonable prior notice to Customer; except that after the occurrence of a Default or an Event of Default, such inspection may be conducted at any time without prior notice and at Customer's sole expense, and it shall pay Lender promptly upon demand any inspection costs incurred by Lender. So long as no Default or Event of Default exists, any such inspections shall be conducted during normal business hours and without interruption of the use and operation of the Aircraft as permitted hereby. Upon the request of Lender, Customer shall promptly confirm to Lender the location of the Aircraft or any of the other Collateral.

**Events of Default.** The term "**Event of Default**", wherever used herein, shall mean:

Customer shall fail to pay any Obligation within ten (10) days after the same shall become due and payable (whether at the stated maturity, by acceleration, upon demand or otherwise); or

(i) any Customer Party shall default in the payment or performance of any indebtedness, liability or obligation to Lender or any Affiliate of Lender under any note, security agreement, lease, title retention or conditional sales agreement or any other instrument or agreement; or

(ii) any Customer Party shall fail to pay any Indebtedness (other than the Obligations) exceeding \$5,000,000.00, and such failure shall continue beyond any applicable grace period (or, with respect to trade Indebtedness which is not subject to a grace period, within ninety (90) days of the date such trade Indebtedness is incurred); or

(i) any of the Required Coverages are not kept in full force and effect, or a breach or violation shall exist with respect to any provisions thereof; or the Aircraft is operated in a manner, at a time or in or over or located at a place with respect to which such Required Coverages shall not be in effect; (ii) Customer shall fail to cause the Airframe or the Engines to be used, operated, maintained or otherwise kept in a condition so as to be in compliance with all Applicable Laws; or (iii) any Customer Party shall fail to comply with (A) any financial covenants as and to the extent set forth or incorporated in any Guaranty or in any of the other Loan Documents, or (B) any provision of any of the Loan Documents restricting Liens and other dispositions relating to either the Collateral or any rights or obligations under any of the Transaction Documents (including Section 4.4 hereof), or (iv) the occurrence of any Defective Registration; or

(i) any representation or warranty made by any Customer Party in any of the Loan Documents or in any related agreement, document or certificate shall prove to have been incorrect, misleading, or inaccurate in any material respect when made or given (or, if a continuing representation or warranty, at any time); or (ii) any Customer Party shall fail to (A) perform or observe any other agreement (other than those specifically referred to in this Section 6) required to be performed or observed by it under this Agreement or in any of the other Loan Documents, and such failure shall continue uncured for thirty (30) days after the earlier of written notice thereof from Lender to such Customer Party or such Customer Party's actual knowledge thereof (but such notice and cure period will not be applicable unless such breach is curable by practical means within such notice period) or (B) notify Lender of any Default or Event of Default within ten (10) Business Days of its occurrence; or

(i) any Customer Party shall (A) generally fail to pay its, or his or her debts as they become due, admit its, or his or her inability to pay its, or his or her debts or obligations generally as they fall due, or shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws or other insolvency laws, or an answer admitting the material allegations of such a petition filed against such Customer Party in any such proceeding; or (B) by voluntary petition, answer or consent, seek relief under the provisions of any other bankruptcy or other insolvency or similar law providing for the reorganization or liquidation of corporations, or providing for an assignment for the benefit of creditors, or providing for an agreement, composition, extension or adjustment with its, or his or her creditors; or (ii) a petition against any Customer Party in a proceeding under applicable bankruptcy laws or other insolvency laws, as now or hereafter in effect, shall be filed and shall not be withdrawn or dismissed within one hundred twenty (120) days thereafter, or if, under the provisions of any law providing for reorganization or liquidation of business entities that may apply to any Customer Party, any court of competent jurisdiction shall assume jurisdiction, custody or control of such Customer Party or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of one hundred eighty (180) days after the filing date; or

the occurrence of any of the following events with respect to any Customer Party: (A) it enters into any transaction of merger, consolidation or reorganization; (B) it ceases to do business as a going concern, liquidates, or dissolves, or sells, transfers or otherwise disposes of all or substantially all of its assets or properties (in one or more transactions); (C) it becomes the subject of, or engages in, a leveraged buy out; (D) it changes the form of organization of its business; (E) if it is privately owned as of the Closing Date, there is any substantial change in the ownership or control of its capital stock or membership interests such that the holder(s) that own or control one hundred percent (100%) of such equity interests as of the Closing Date no longer do so; or (F) if it is publicly held as of the Closing Date, any change so that it is no longer subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or no longer registered under Section 12 of the Securities Act of 1933, as amended; or

(i) the conviction of or guilty plea by any Customer Party with respect to any criminal act constituting a felony, (ii) any repudiation by any Customer Party of its obligation for the payment or performance of the Obligations, (iii) any allegation by any Customer Party or judicial determination that any of the Loan Documents is unenforceable in any material respect or (iv) a Default (as defined in any Guaranty) shall occur; or any event or condition constituting a breach or other default under any Operating Consent.

## **Remedies .**

**Acceleration; Termination of Commitment.** If any Event of Default shall occur, Lender, in its sole discretion, may (a) declare the Obligations to be immediately due and payable, and upon such declaration the Obligations (including, the unpaid principal amount of the Note, together with all accrued but unpaid interest thereon, any prepayment fees and all other amounts due and payable under or with respect to the Loan Documents), shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the other Loan Documents to the contrary notwithstanding, (b) terminate any then outstanding commitment whether to Customer or any Affiliate to make the Loan or any advance thereof, or any other financial accommodations, whether related to the Loan or otherwise, and/or (c) pursue and enforce any of Lender's rights and remedies under this Section 7; provided, however, if an Event of Default specified in Section 6 (e) above shall occur, the Obligations shall become immediately due and payable, all such commitments shall terminate, and Lender shall have all such other rights and remedies contemplated in the preceding clauses (a), (b) and (c), automatically, and without any notice or other action by Lender.

**Additional Remedies.** If an Event of Default occurs, in addition to all other rights and remedies granted to it in this Agreement and in the other Loan Documents, Lender may exercise all rights and remedies of a secured party under the UCC or as a creditor, chargee or security assignee under the Cape Town Convention (including any and all remedies thereunder requiring agreement by Customer), or otherwise available to

Lender under any other Applicable Law. Without limiting the generality of the foregoing, Customer agrees that upon the occurrence of an Event of Default, Lender, without demand or notice of any kind (except as specified below) to or upon Customer or any other Person, in its sole discretion, may exercise any one or more of the following remedies:

(i) peacefully enter the premises where the Aircraft, the Engines, or any other Collateral is located, take immediate possession of, remove (or disable in place), or otherwise take control or custody of the Airframe, the Engines or any other Collateral (whether or not then attached to the Airframe) by self-help, summary proceedings or otherwise without liability, (ii) preserve the Airframe, the Engines or the other Collateral, and their respective value (but without any obligation to do so), and immobilize or keep idle the Airframe or Engines, and/or (iii) use Customer's premises for storage without liability; and Customer agrees, at Lender's request, to assemble the Collateral, and make it available to Lender at such places as Lender shall reasonably select, whether at Customer's premises or elsewhere;

(i) terminate the right of any Interested Third Party, and any other third party to use, possess or control the Airframe, the Engines or any of the other Collateral, including under any Permitted Third Party Agreement or other Third Party Agreement, without regard as to the existence of any event of default thereunder, (ii) recover from, and/or cause Customer and any such Interested Third Party, and any other third party, to relinquish possession and return the Airframe, the Engines and any other Collateral pursuant to this Section 7, and/or (iii) exercise any and all other remedies under any Operating Consents in Customer's stead, to the extent provided for under, or otherwise available to Customer in connection with any related Permitted Third Party Agreement or such other Third Party Agreement;

(i) manage, sell, lease, assign or otherwise dispose of the Airframe, the Engines or any other Collateral, in whole or in part, whether or not in Lender's possession, in one or more parcels or transactions, at public or private sale or sales, with or without notice to Customer (except as required by Applicable Law, and in furtherance thereof, Lender agrees that it shall give Customer no less than ten (10) working days' prior notice of any proposed sale or lease of the Airframe or Engines, which Customer acknowledges as constituting "reasonable prior notice" for the purposes of the Cape Town Convention) at such prices as Lender may deem best, and/or (ii) purchase the Collateral, in whole or in part, upon any public sale or sales, and to the extent permitted by Applicable Law upon any private sale or sales, free of any right or equity of redemption in Customer, which right or equity of redemption is hereby expressly released;

(i) collect, receive, appropriate and realize upon the Collateral, or any part thereof, including by applying any deposit or other cash collateral, or collecting or receiving, appropriating and realizing upon any income, profits or other proceeds arising from the management or use of the Airframe, the Engines or any of the other Collateral, and applying the same (after deducting all taxes, costs, expenses and other reductions of every kind incurred in connection therewith) to the payment in whole or in part of the Obligations, in such order and manner as Lender may elect; and (ii) after making such application, (A) remitting to Customer or to such other Person any excess then remaining, as and to the extent Lender is required by Applicable Law to make such remittance and (B) demanding, collecting and receiving from Customer any deficiency then remaining (and Customer agrees that it shall remain liable for, and pay upon demand, the full amount of any such deficiency);

(i) demand and obtain from any court speedy relief pending final determination available at law (including, possession, control, custody or immobilization of the Airframe and Engines, or preservation of the Airframe and the Engines and their respective value), (ii) procure the deregistration and/or export and physical transfer of the Airframe from the territory in which it is then situated (including pursuant to an IDERA, if any, executed by Customer), and/or (iii) otherwise proceed at law or in equity, to enforce specifically Customer's performance or to recover damages; and/or

exercise any and all other rights and remedies under or with respect to the Loan Documents or Applicable Law, including the Cape Town Convention and the UCC.

No Waiver: Cumulative Remedies. No right or remedy is exclusive. Customer hereby acknowledges that none of the provisions of this Section 7, including any remedies set forth or referenced herein, is "manifestly unreasonable" for the purposes of the Cape Town Convention. Each may be used successively and cumulatively and in addition to any other right or remedy referred to above or otherwise available to Lender at law or in equity, but in no event shall Lender be entitled to recover any amount in excess of the maximum amount recoverable under Applicable Law with respect to any Event of Default. No express or implied waiver by Lender of any Default or Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default. The failure or delay of Lender in exercising any rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or reoccurrence of any such contingencies or similar contingencies, and any single or partial exercise of any particular right by Lender shall not exhaust the same or constitute a waiver of any other right provided for or otherwise referred to herein. After the occurrence of any Default or Event of Default, the acceptance by Lender of any payment or performance of any of the Obligations, including the payment of any installment of principal and/or interest or of any other sum owing hereunder or under the other Loan Documents shall not constitute a waiver of such Default or Event of Default, regardless of Lender's knowledge or lack of knowledge thereof at the time of acceptance of any such payment or performance and shall not constitute a reinstatement of any of the Loan Documents, unless Lender shall have agreed in writing to reinstate the same and waive the Default or Event of Default. To the extent permitted by Applicable Law, Customer waives any rights now or hereafter conferred thereby, that (a) limit or modify any of Lender's rights or remedies under this Agreement or any of the other Loan Documents, including the provisions of Article 13(2) of the Convention, or (b) would otherwise entitle Customer to (i) receive notices or demands as a condition to Lender's exercise of any rights or remedies, except as expressly required above or (ii) make claims, damages and demands against Lender arising out of the repossession, retention, sale or other disposition of the Collateral.

#### **MISCELLANEOUS**

Notices. All communications and notices provided for herein shall be in writing and shall be deemed to have been duly given or made (i) upon hand delivery, or (ii) upon delivery by an overnight delivery service, or (iii) when sent by telecopy (with customary confirmation of receipt of such telecopy) on the Business Day when sent or upon the next Business Day if sent on other than a Business Day.

#### Expenses and Fees; Indemnity; Performance of Customer's Obligations

Customer shall pay to Lender upon demand all reasonable fees, costs and expenses incurred by or on behalf of Lender at any time in connection with (i) the negotiation, preparation, execution, delivery and enforcement of the Loan Documents and the collection of the Obligations (both before and after the occurrence of a Default or Event of Default), (ii) the creation, preservation and protection of the Collateral and the perfection, first priority and enforcement of Lender's Lien, or (iii) Customer's exercise of any right granted under, or any amendment or other modification to any of, the Loan Documents. Such fees, costs and expenses shall include, without limitation, reasonable appraisal and inspection fees, the reasonable fees and expenses of Aviation Counsel and of Lender's counsel, consultants and brokers, UCC, FAA, International Registry and other applicable title, interest and lien searches, and reasonable costs and expenses relating to recovery, repossession, storage, insurance, transportation, repair, refurbishment, advertising, sale and other dispositions of the Aircraft or any of the other Collateral. Customer shall also pay all reasonable fees (including license, filing and registration fees), Impositions and other charges of whatever kind or nature that may be payable or determined to be payable in connection with (A) the execution, delivery, recording or performance of this Agreement or any of the other Loan Documents, or any modification thereof, and (B) the filings, registrations and other undertakings relating thereto. Notwithstanding the foregoing, as long as there are no more than two (2) revised drafts of any Loan Document provided by Customer or its counsel to Lender or Lender's counsel, Customer shall be responsible for not more than \$35,000.00 in the aggregate for the legal fees of outside counsel to Lender (including, Aviation Counsel) and appraisal, inspection, processing, credit verification, lien searches, FAA and International Registry fees and other fees incurred in connection with the initial negotiation, preparation and execution of this Agreement and the other Loan Documents executed and delivered on or

before the Closing Date (and the consummation of the closing contemplated to occur thereon); provided that in the event that the negotiation exceeds two (2) revised drafts of any Loan Document, then Customer shall pay for the actual amount of such out of pocket fees incurred by Lender relating to the drafting and negotiation in excess of such two (2) revised drafts. Lender shall apply the previously paid deposit amount of \$35,000.00 to such fees and shall refund to Customer the amount by which the deposit exceeds such fees.

Customer hereby further agrees, whether or not the transactions contemplated by this Agreement shall be consummated, to pay, indemnify, and hold Lender and its affiliates and all of the Lender's and such affiliates' respective directors, shareholders, members, officers, employees, agents, predecessors, attorneys-in-fact, lawyers, successors and assigns (Lender, its affiliates and all of such other parties and entities sometimes hereinafter collectively, the "**Indemnified Parties**") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, out of pocket costs, attorney's fees, expenses or disbursements of any kind or nature whatsoever ("**Claims**") arising with respect to or in connection with (i) the Airframe, the Engines, or any APUs or Parts, or any of the other Collateral, including (whether by or through Customer, Vendor, any Interested Third Party, or any other Person), the manufacture, inspection, ownership, lease, sublease, management, pooling, interchange, time sharing, chartering, possession, use, operation, maintenance, security, condition (whether prior to, upon or after delivery or acceptance of any of the same), repossession, storage, sale or other disposition of any of the same, or any accident in connection therewith, including Claims involving or alleging environmental damage, criminal acts, hijacking, acts of terrorism or similar acts, product liability or strict or absolute liability in tort, latent and other defects (whether or not discoverable) and for any other risk or matter, including any of the same that result in injuries, death, destruction, or other harm or loss to persons or property, or (ii) any of the Loan Documents, Third Party Agreements or other Transaction Documents, or the performance, breach (including any Default or Event of Default) or enforcement of any of the terms hereof or thereof, provided, that Customer shall have no obligation to indemnify an Indemnified Party with respect to Claims arising from the gross negligence or willful misconduct of such Indemnified Party (unless if imputed by Applicable Law). If any Claim is made against any Indemnified Party, the party receiving notice or otherwise becoming aware of such Claim shall promptly notify the other, but the failure of the party having knowledge of a Claim to so notify the other party shall not relieve Customer of any obligation hereunder.

If any Customer Party fails to perform or comply with any of its agreements contained herein or in the other Loan Documents, including, without limitation, its obligations to keep the Collateral free of Liens (other than the Permitted Liens), comply with Applicable Standards, or obtain the Required Coverages, Lender shall have the right, but shall not be obligated, to effect such performance or compliance, with such agreement. Any expenses of Lender incurred in connection with effecting such performance or compliance, together with interest thereon at the default rate of interest provided for in the Note from the date incurred until reimbursed, shall be payable by Customer to Lender promptly on demand and until such payment shall constitute part of the Obligations secured hereby. Any such action shall not be a cure or waiver of any Default or Event of Default hereunder.

Entire Agreement; Modifications. This Agreement and the other Loan Documents constitute the entire understanding and agreement of the parties hereto with respect to the matters contained herein and therein, and shall completely and fully supersede all other prior agreements (including any proposal letter, commitment letter, and/or term sheet), both written and oral, between Lender and Customer relating to the Obligations. Neither this Agreement, nor any terms hereof, may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of a change, waiver, discharge or termination is sought.

Construction of this Agreement and Related Matters. All representations and warranties made in this Agreement and in the other Loan Documents shall survive the execution and delivery of this Agreement and the making of the Loan hereunder. Customer's obligations contained in this Section 8 shall survive the payment and performance of the Obligations, the termination of this Agreement, and the release of the Collateral. This Agreement may be executed by the parties hereto on any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. The headings of the Sections hereof are for convenience only, are not part of this Agreement and shall not be deemed to affect the meaning or construction of any of the provisions hereof. Time is of the essence in the payment and performance of all of Customer's obligations under this Agreement. Any provision of this Agreement that may be determined to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective in such jurisdiction to the extent thereof without invalidating the remaining provisions of this Agreement, which shall remain in full force and effect.

Lender's Assignment. Lender, may at any time, with or without notice to Customer, freely grant a security interest in, sell, assign, participate or otherwise transfer (an "**Assignment**") all or any part of its interest in this Agreement and the other Loan Documents (including all associated rights associated with or secured thereby and the related international interests) or any amount due or to become due hereunder or thereunder, and Customer shall perform all of its obligations under the Loan Documents, to the extent so transferred, for the benefit of the beneficiary of such Assignment (such beneficiary, including any successors and assigns, an "**Assignee**"); provided, however, if such Assignee is not an Affiliate of Lender and if no Default or Event of Default exists, Lender will provide prior notice of any such Assignment to a third party. Customer hereby waives any right to assert, and agrees not to assert, against any Assignee any abatement, reduction, defense, setoff, recoupment, claim or counterclaim that Customer may have against Lender, provided that Lender remains fully responsible therefor. Upon the assumption by such Assignee of Lender's obligations hereunder, Lender shall be relieved of any such assumed obligations. Customer hereby consents to any such assignment, grant, sale or transfer, including, without limitation, for purposes of the Cape Town Convention. If so directed in writing, Customer shall pay all amounts due or to become due under the Loan Documents, including any of the same constituting associated rights or proceeds directly to the Assignee or any other party designated in writing by Lender or such Assignee. Customer acknowledges and agrees that Lender's right to enter into an Assignment is essential to Lender and, accordingly, waives any restrictions under Applicable Law with respect to an Assignment and any related remedies. Upon the request of Lender or any Assignee, Customer also agrees (a) to promptly execute and deliver, and cause to be executed and delivered by any Guarantor or any other Transaction Party, to Lender or to such Assignee an acknowledgment of assignment in form and substance satisfactory to the requesting party, an insurance certificate naming Assignee as additional insured and loss payee and otherwise evidencing the Required Coverages, an IDERA in favor of Assignee, and such other documents and assurances reasonably requested by Lender or Assignee, (b) to make, or cause to be made, all registrations (including all assignments and subordinations) and all amendments, extensions and discharges with the International Registry reasonably requested by Lender or Assignee (and give or obtain any necessary consent thereto, as well as renew any authorization required by the International Registry in connection therewith, including renewing its transacting user entity status and re-designating a professional user entity, if necessary in Lender's judgment), and (c) to comply with any and all other reasonable requirements of any such Assignee in connection with any such Assignment.

Jurisdiction. Customer and Lender each hereby irrevocably consents and agrees that any legal action, suit or proceeding arising out of or in any way in connection with this Agreement or any of the other Loan Documents may be instituted or brought in the courts of the State of New York or in the United States Courts for the Southern District of New York, as Customer or Lender may elect or in any other state or Federal court as Lender shall deem appropriate, and by execution and delivery of this Agreement, Customer and Lender each hereby irrevocably accepts and submits to, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of any such court, and to all proceedings in such courts. Customer and Lender each irrevocably consents to service of any summons and/or legal process by first class, certified United States air mail, postage prepaid, to Customer at the address set forth below its signature hereto, such method of service to constitute, in every respect, sufficient and effective service of process in any such legal action or proceeding. Nothing in this Agreement or in any of the other Loan Documents shall affect the right to service of process in any other manner permitted by law or limit the right of Lender to bring actions, suits or proceedings in the courts of any other jurisdiction. Customer and Lender each further agrees that final judgment against it in any such legal action,

suit or proceeding shall 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 shall be conclusive evidence of the fact and the amount of the liability. Notwithstanding anything in the foregoing to the contrary, Lender and Customer may bring a judicial proceeding in the Republic of Ireland, solely with respect to matters relating to the International Registry.

Governing Law; Binding Effect. This Agreement shall be construed and enforced in accordance with, and the rights of both parties shall be governed by, the internal laws of the State of New York (without regard to the conflict of laws principles of such state, except as to the effect of Title 14, Section 5-1401 of the New York General Obligations Law), including all matters of construction, validity, and performance. This Agreement shall be binding upon and inure to the benefit of Customer and Lender and their respective successors and assigns (but without limiting the provisions of Section 8.5); except that Customer may not assign or transfer its rights or obligations hereunder or under any other Loan Agreement, or any interest herein or therein; and any such purported or attempted assignment or transfer by Customer shall be null and void.

Customer's Capacity as Owner Trustee. TVPX Aircraft Solutions Inc. ("TVPX") is executing this Agreement, and the other Loan Documents solely in its capacity as Owner Trustee under the Trust Agreement and not in its individual capacity and in no case shall TVPX be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of the Customer hereunder, or under any Loan Document, all such liability, if any, being expressly waived by the parties hereto and any Person claiming by, through, or under such party. Under no circumstances shall TVPX be personally liable for the payment of any other amount stated to be due from the Customer hereunder, or under any Loan Document, or be personally liable for the breach or failure of any of Customer's representations, warranties, covenants, obligations, undertakings and agreements hereunder, or under any Loan Documents; provided, however, that the Customer (or any such successor owner trustee) shall be personally liable hereunder for its own gross negligence or willful misconduct or for its breach of its covenants, representations and warranties contained herein, or in any Loan Document, to the extent covenanted or made in its individual capacity.

Jury Waiver. CUSTOMER AND LENDER EACH HEREBY KNOWINGLY AND FREELY WAIVES THEIR RESPECTIVE RIGHTS TO A JURY TRIAL IN ANY ACTION, SUIT OR PROCEEDING RELATING TO, ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE NOTE OR ANY OF THE OTHER LOAN DOCUMENTS.

**[Signatures On Next Page]**

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Loan and Aircraft Security Agreement

IN WITNESS WHEREOF, the parties hereto have caused this Loan and Aircraft Security Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

BANC OF AMERICA LEASING & CAPITAL, LLC, Lender

TVPX AIRCRAFT SOLUTIONS INC., a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated July \_\_\_\_, 2017,  
Customer

By:  
Name:  
Title:  
Notice Address:

One Financial Plaza, 2nd Floor  
Providence, Rhode Island 02903  
Attention: Director of Aircraft Operations  
Telephone: 800-238-3737  
Facsimile: 401-278-7941

By:  
Name:  
Title:  
Notice Address:

39 East Eagle Ridge Drive, Ste. 201  
North Salt Lake, UT 84054  
Telephone: (801) 924-367  
Facsimile: (801) 877-0478

such inspection may be conducted at any time without prior notice and at Customer's sole expense, and it shall pay Lender promptly upon demand any inspection costs incurred by Lender. So long as no Default or Event of Default exists, any such inspections shall be conducted during normal business hours and without interruption of the use and operation of the Aircraft as permitted hereby. Upon the request of Lender, Customer shall promptly confirm to Lender the location of the Aircraft or any of the other Collateral.

**SECTION 6. EVENTS OF DEFAULT** . The term “ **Event of Default** ”, wherever used herein, shall mean:

(a) Customer shall fail to pay any Obligation within ten (10) days after the same shall become due and payable (whether at the stated maturity, by acceleration, upon demand or otherwise); or

(b) (i) any Customer Party shall default in the payment or performance of any indebtedness, liability or obligation to Lender or any Affiliate of Lender under any note, security agreement, lease, title retention or conditional sales agreement or any other instrument or agreement; or (ii) any Customer Party shall fail to pay any Indebtedness (other than the Obligations) exceeding \$5,000,000.00, and such failure shall continue beyond any applicable grace period (or, with respect to trade Indebtedness which is not subject to a grace period, within ninety (90) days of the date such trade Indebtedness is incurred); or

(c) (i) any of the Required Coverages are not kept in full force and effect, or a breach or violation shall exist with respect to any provisions thereof; or the Aircraft is operated in a manner, at a time or in or over or located at a place with respect to which such Required Coverages shall not be in effect; (ii) Customer shall fail to cause the Airframe or the Engines to be used, operated, maintained or otherwise kept in a condition so as to be in compliance with all Applicable Laws; or (iii) any Customer Party shall fail to comply with (A) any financial covenants as and to the extent set forth or incorporated in any Guaranty or in any of the other Loan Documents, or (B) any provision of any of the Loan Documents restricting Liens and other dispositions relating to either the Collateral or any rights or obligations under any of the Transaction Documents (including Section 4.4 hereof), or (iv) the occurrence of any Defective Registration; or

(d) (i) any representation or warranty made by any Customer Party in any of the Loan Documents or in any related agreement, document or certificate shall prove to have been incorrect, misleading, or inaccurate in any material respect when made or given (or, if a continuing representation or warranty, at any time); or (ii) any Customer Party shall fail to (A) perform or observe any other agreement (other than those specifically referred to in this Section 6) required to be performed or observed by it under this Agreement or in any of the other Loan Documents, and such failure shall continue uncured for thirty (30) days after the earlier of written notice thereof from Lender to such Customer Party or such Customer Party's actual knowledge thereof (but such notice and cure period will not be applicable unless such breach is curable by practical means within such notice period) or (B) notify Lender of any Default or Event of Default within ten (10) Business Days of its occurrence; or

(e) (i) any Customer Party shall (A) generally fail to pay its, or his or her debts as they become due, admit its, or his or her inability to pay its, or his or her debts or obligations generally as they fall due, or shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws or other insolvency laws, or an answer admitting the material allegations of such a petition filed against such Customer Party in any such proceeding; or (B) by voluntary petition, answer or consent, seek relief under the provisions of any other bankruptcy or other insolvency or similar law providing for the reorganization or liquidation of corporations, or providing for an assignment for the benefit of creditors, or providing for an agreement, composition, extension or adjustment with its, or his or her creditors; or (ii) a petition against any Customer Party in a proceeding under applicable bankruptcy laws or other insolvency laws, as now or hereafter in effect, shall be filed and shall not be withdrawn or dismissed within one hundred twenty (120) days thereafter, or if, under the provisions of any law providing for reorganization or liquidation of business entities that may apply to any Customer Party, any court of competent jurisdiction shall assume jurisdiction, custody or control of such Customer Party or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of one hundred eighty (180) days after the filing date; or

(f) the occurrence of any of the following events with respect to any Customer Party: (A) it enters into any transaction of merger, consolidation or reorganization; (B) it ceases to do business as a going concern, liquidates, or dissolves, or sells, transfers or otherwise disposes of all or substantially all of its assets or properties (in one or more transactions); (C) it becomes the subject of, or engages in, a leveraged buy out; (D) it changes the form of organization of its business; (E) if it is privately owned as of the Closing Date, there is any substantial change in the ownership or control of its capital stock or membership interests such that the holder(s) that own or control one hundred percent (100%) of such equity interests as of the Closing Date no longer do so; or (F) if it is publicly held as of the

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**LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)**

**THIS LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)** (together with all Addenda, Riders and Annexes hereto, this “ **Agreement** ”) is dated as of July 27, 2017 (the “ **Closing Date** ”), by and between **TVPX AIRCRAFT SOLUTIONS INC.**, a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated as of July 27, 2017 (“ **Customer** ”) and **BANC OF AMERICA LEASING & CAPITAL, LLC**, a Delaware limited liability company (“ **Lender** ”).

In consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

Capitalized and certain other terms used but not otherwise defined in this Agreement shall have the meanings ascribed to them in Annex A attached hereto and made a part hereof.

#### **Terms of Loan .**

**Loan and Use of Proceeds .** Subject to the terms and conditions of this Agreement, Lender agrees to make a loan to Customer in the principal amount set forth in Annex B attached hereto and made a part hereof (the “ **Loan** ”). Customer shall use the proceeds of the Loan to finance the costs of the acquisition of the Aircraft.

**Repayment and Prepayment .** The Customer's obligation to repay the Loan shall be evidenced by one or more Promissory Notes dated on and/or after the Closing Date, payable by Customer to the order of Lender in the original principal amount of the Loan (as amended, modified, restated, extended and renewed from time to time, the “ **Note** ”). The Loan shall bear interest and be repaid by Customer at the times and in the manner set forth in the Note. The Loan may be prepaid only in the manner and subject to terms and conditions set forth in the Note and, if applicable, Section 4.7 hereof.

**Conditions of Borrowing .** Lender's obligation to make the Loan shall be both subject to and conditioned upon the satisfaction of all of the conditions precedent specified in the Closing Terms Addendum attached to and made a part of this Agreement.

**Representations and Warranties .** In order to induce Lender to enter into this Agreement and to make the Loan herein provided for, Customer represents, warrants and covenants to Lender that:

(i) Customer (A) is duly qualified to do business in each jurisdiction in which the conduct of its business or the ownership or operation of its assets requires such qualification, including the jurisdiction of the Primary Hangar Location and wherever any of the Collateral may become located; (B) has the necessary authority and power to own and operate the Aircraft and its other assets and to transact the business in which it is engaged; (C) is a “citizen of the United States” within the meaning of the Transportation Code; and (D) has the form of business organization set forth in Annex B hereto and is and will remain duly organized, validly existing and in good standing under the laws of the state of its organization set forth in Annex B hereto, its federal tax identification number is as set forth in Annex B hereto, and its state-issued organizational identification number (if any), chief executive office and principal place of business address are all as set forth on Annex B hereto; and (ii) its name as shown in the preamble of this Agreement is its exact legal name as shown on its charter, by-laws, articles of organization or operating agreement, as applicable, each as amended as of the Closing Date;

(i) Customer's execution and delivery of, and performance of its obligations under and with respect to, each of the Loan Documents (including its borrowing the amounts constituting the Loan, granting the Lender's Lien against the Aircraft and other Collateral and participating in the other transactions contemplated herein and therein), (A) have been duly authorized by all necessary action on the part of Customer consistent with its form of organization, (B) do not contravene or constitute a default under any Applicable Law, any of Customer's Organizational Documents, or any agreement, indenture, or other instrument to which Customer is a party or by which it may be bound, (C) do not require the approval of or notice to (1) any Governmental Authority, except for the filings and registrations specified in the Closing Terms Addendum, all of which shall have been duly effected prior to or concurrently with Lender making the Loan, or (2) any other party (including any trustees or holders of indebtedness), and (D) will not result in the creation or imposition of any Lien on any of the assets of Customer other than the Lender's Lien created hereby and by the other Loan Documents with respect to the Collateral; (ii) each of the Transaction Documents referenced in the Closing Terms Addendum to which Customer is a party has been duly executed and delivered by an authorized representative of the Customer, and constitutes the legal, valid and binding obligation of the Customer, enforceable against it in accordance with the respective terms of such Transaction Documents (including, without limitation, the grant of the Lender's Lien); and (iii) without limiting the foregoing, upon Lender's advancing the Loan on the Closing Date, (A) Customer will have satisfied or complied with all conditions precedent and requirements as set forth in the Loan Documents required to have been satisfied or complied with concurrently with or prior to such advance and (B) no Default or Event of Default shall be then existing;

there are no proceedings pending or, so far as the officers, managers, or members of Customer know, threatened against or affecting Customer or any of its property before any Governmental Authority that could impair Customer's title to the Aircraft or any of the other Collateral, or that, if decided adversely, could materially affect the financial condition or operations of Customer or its ability to perform its obligations under any of the Loan Documents;

(i) Customer has, and shall continue to have, good and marketable title to the Collateral, free and clear of Liens, except Permitted Liens; (ii) the Lender's Lien in the Airframe, the Engines and the other Collateral is and shall remain validly created and perfected, and has and shall continue to have first priority over any other Liens pursuant to all Applicable Laws; and (iii) all filings, recordings, registrations or other actions necessary or desirable in order to vest such title in Customer, and establish, perfect and give first priority to Lender's Lien and other rights and interests in, against or with respect to the Collateral, have been duly effected, and all Impositions in connection therewith have been duly paid;

without limiting any of the other representations and warranties in this Agreement, for the purposes of the Cape Town Convention and any other Applicable Law, (i) upon the conclusion of the sale of the Aircraft to Customer, and Customer's grants and assignments, and (if constituting a lease) any Permitted Third Party Agreement, contemplated in the Loan Documents or other Transaction Documents, Customer and (if a lessee) any Interested Third Party shall be situated in, and Customer will cause the Aircraft to be duly registered in, the United States of America (which is a contracting state), (ii) with respect to any of the Transaction Documents relating to the Airframe or Engine, each of the respective parties thereto has power to dispose of the Airframe and Engine, as contemplated therein by way of the relevant Transaction Document, and (iii) the Purchase Documents qualify as a “contract of sale”, and (if constituting a lease) any Permitted Third Party Agreement and the Loan Documents are effective to constitute international interests in the Airframe and Engine and security assignments of the related associated rights and transfer of the related international interests, as contemplated therein, and each such Registerable Interest will be effective against third parties upon registration at the International Registry, without any further filings or registrations (except as contemplated in the Loan Documents);

(i) the Aircraft (A) has been delivered to Customer, is in Customer's possession and is, as of the Closing Date, unconditionally, irrevocably and fully accepted by Customer, (B) has been inspected by Customer to its complete satisfaction and, without limiting the foregoing, (1) has been found to be in good working order, repair and condition and fully equipped to operate for its intended purpose, and (2) is in conformity with the requirements of the Purchase Agreement and the Applicable Standards, (C) is, or will be at the time of the funding of the Loan, currently certified under existing FAA rules and regulations and any other Applicable Laws and is airworthy in all respects, and (D) is and will remain primarily hangared at the Primary Hangar Location; and (ii) without limiting the foregoing, (A) solely as between Lender and Customer (and without prejudicing Customer's rights against Vendor or any other third party, which rights are not being disclaimed hereby), Customer has no pending claims and has no knowledge of any facts upon which a future claim may be based, against any prior owner, the seller, manufacturer or supplier of the Aircraft or any of the other Collateral, for breach of warranty or otherwise, and (B) all of the information contained in Annex C, including the registration number of the Aircraft, and the serial numbers, manufacturer and model numbers of the Airframe, Engines, and APU, are true and accurate in all respects; and

(h) the Aircraft (i) is currently capable of being certified under existing FAA rules and regulations and completely airworthy in all respects, (ii) will undergo an inspection by a Designated Airworthiness Representative of the FAA (“ **DAR** ”) on the Closing Date and (iii) an FAA Standard Airworthiness Certificate (AC Form 8100-2) shall be issued for the Aircraft no later than two (2) Business Days after the Closing Date.

**Covenants .** Customer covenants and agrees that from and after the Closing Date and so long as any of the Obligations are outstanding:

Notices; Financial Information; and Further Assurances. Customer will, at its sole expense:

promptly give written notice to Lender of (i) the occurrence of any Default or Event of Default; (ii) the occurrence of any Event of Loss or event of which Customer may be aware that could become an Event of Loss; (iii) the commencement or written threat of any material litigation or proceedings affecting Customer or any material litigation or proceedings affecting the Aircraft or any of the other Collateral, or the ability of Customer to comply with its obligations under the Loan Documents; and (iv) any material dispute between Customer or any Interested Third Party and any Governmental Authority or other party that involves the Aircraft or any of the other Collateral or that might materially interfere with the normal business operations of Customer;

cause Guarantor to comply with the financial reporting requirements set forth in the Guaranty and promptly furnish to Lender any such financial and other information regarding the Customer or Guarantor or any of its Affiliates as Lender may from time to time reasonably request; and

promptly execute and deliver to Lender such further instruments, UCC and FAA filings (including an IDERA) and other documents, make, cause to be made and/or consent to all registrations (including any discharges and subordinations, or as to the prospective or actual sale of, and any international interest in, the Engines) with the International Registry, and take such further action, as Lender may from time to time reasonably request in order to further carry out the intent and purpose of the Loan Documents and to establish, protect and enforce the rights, interests, remedies and Liens (including the first priority thereof) created, or intended to be created, in favor of Lender thereby.

General Obligations. (a) Customer agrees that it shall (i) duly observe and conform to all requirements of Applicable Law relating to the conduct of its business and/or the Aircraft, (ii) remain a "citizen of the United States" within the meaning of the Transportation Code, (iii) obtain and keep in full force and effect (A) all rights, franchises, licenses and permits that are necessary to the proper conduct of its business, and (B) all approvals by any Governmental Authority required with respect to the performance of its obligations under the Loan Documents and the operation of the Aircraft and its business, (iv) cause the Aircraft to remain primarily hangared at the Primary Hangar Location, and duly registered in Customer's name under the Transportation Code (including, by making all necessary reports, re-registering its ownership of the Aircraft, and taking all other actions required by Applicable Law), and (v) pay and perform all of its obligations and liabilities when due. (b) Customer agrees that (i) it shall not change its presently existing legal name or its form or state of organization on or after the date of this Agreement, without Lender's prior written consent, (ii) if its presently existing state organizational identification number changes, or if Customer currently has no such state organizational number but is subsequently issued such a number, on or at any time after the date of this Agreement, Customer shall immediately notify Lender thereof, and (iii) it shall not change the presently existing mailing, chief executive office and/or principal place of business address on or after the date of this Agreement without giving Lender thirty (30) days written notice of the same.

Taxes. (a) Customer will file or cause to be filed with all appropriate taxing authorities all Federal, state and local income tax returns that are required to be filed and all registrations, declarations, returns and other documentation with respect to any personal property taxes (or any other taxes in the nature of or imposed in lieu of property taxes) due or to become due with respect to the Aircraft or any of the other Collateral. (b) Customer will pay (or cause to be paid) (i) on or before the date when due all taxes as shown on said returns and all taxes assessed, billed or otherwise payable with respect to the Aircraft or the other Collateral directly to the appropriate taxing authorities; and (ii) when due all license and/or registration or filing fees, assessments, governmental charges and sales, use, property, excise, privilege, value added and other taxes (including any related interest or penalties) or other charges or fees now or hereafter imposed by any governmental body or agency upon Customer or the Aircraft or any of the other Collateral, with respect to the landing, airport use, manufacturing, ordering, shipment, purchase, ownership, delivery, installation, leasing, chartering, operation, possession, use or disposition of the Aircraft or any of the other Collateral, or any interest therein (the items referred to in (i) and (ii) above being referred to herein collectively, as "**Impositions**").

No Disposition of Collateral or Liens; Title and Security Interest.

Customer shall not sell, assign, enter into any Third Party Agreement, convey, mortgage, exchange or otherwise transfer or relinquish possession of (including by any seizure or other taking by any foreign or domestic governmental authority) or dispose of the Airframe or Engines, any Part, any related associated rights, international interests or prospective international interests, any proceeds or any of the other Collateral, or attempt or offer to do, or suffer or permit any of the foregoing. Customer shall be permitted, however, to deliver possession of the Airframe, the Engines, or any APU or Part to another Person for testing, service, repair, maintenance, overhaul, alteration or modification, and to enter into Permitted Third Party Agreements, in each case, if and to the extent consistent with the provisions of the Loan Documents. Customer will warrant and defend its good and marketable title to the Airframe, the Engines and the other Collateral, and the validity, perfection and first priority of Lender's Lien in the Collateral, against all other Liens, claims and demands whatsoever, except Permitted Liens; and without limiting the foregoing, Customer will (i) not create, assume or suffer to exist any Liens on or with respect to the Airframe, the Engines, or any of the other Collateral, or Customer's interest therein (other than Permitted Liens); and (ii) promptly take such action as directed by Lender to duly discharge any such unpermitted Liens.

So long as no Default or Event of Default is then existing, Customer may enter into and remain a party to Third Party Agreements, in each such case, subject to the satisfaction of, and compliance by Customer and each Interested Third Party with, all of the following throughout the term of such arrangement: (i) Each such Interested Third Party shall (A) be and remain solvent, and (unless an individual) organized under the laws of a state within the United States; and (B) if engaged by Customer with the prior written consent of Lender as a manager and/or charter operator (including the Manager pursuant to the Management Agreement), while so engaged, (1) have a recognized favorable reputation as a manager and/or charter operator, as the case may be, of aircraft similar to the Aircraft, (2) be providing management and/or charter operation services for other aircraft owners similar to the services contemplated therein, and (3) if and at all times while conducting any charter operations (x) have and maintain a valid Part 135 Certificate evidencing its authority to conduct such operations, (y) list the Aircraft on its operations specifications, and (z) comply with all Applicable Standards pertaining to such charter operations. (ii) Any operation of the Aircraft pursuant to any such Third Party Agreement shall be limited to (A) if by Customer, Parent Guarantor or any Affiliate of Parent Guarantor, any time sharing agreements (as defined in Section 91.501(c)(1)) complying with Part 91 of the FARs and all other Applicable Standards, (B) if by a manager and/or a charter operator with Lender's prior written consent, pursuant to and in full compliance with the requirements of Part 135 of the FARs and all other Applicable Standards, or (C) if such Third Party Agreement is a "dry lease" by Customer, as lessor, to Parent Guarantor or an Affiliate of Parent Guarantor or other Interested Third Party permitted pursuant hereto, as lessee, operation by such lessee complying with (1) Part 91 and any other applicable provision of the FARs, and all other Applicable Standards, and (2) the provisions hereof and of the other Loan Documents pertinent to the operation of the Aircraft (whether by Customer or any permitted Interested Third Party). (iii) The related Third Party Agreement shall (A) be and remain, subject and subordinate to Lender's Lien in and with respect to the Collateral, and Lender's rights and remedies under the Loan Documents (and such subordination shall be expressly acknowledged therein), (B) not convey any Lien on, or other property interest in or against the Airframe, the Engines or any of the other Collateral, except for a Permitted Lien (but, without giving effect to clause (a) of the definition of such term), (C) not permit any further sublease or disposition of or unpermitted Lien against the Aircraft or any of the other Collateral by any of the Interested Parties thereto or any other Person, or any change in registration or unpermitted change in hangaring of the Aircraft, (D) not contain provisions that are inconsistent with the provisions of any of the Loan Documents or cause Customer to breach any of its representations, warranties or agreements under any of the Loan Documents, (E) be in conformity with all requirements of the FARs and other Applicable Laws, and (F) otherwise conform to any Operating Consent required by Lender with respect thereto. (iv) (A) Customer shall have specified such Third Party Agreement on Annex B if existing on the Closing Date, or if not then existing shall require Lender's prior written consent and at least thirty (30) Business Days' prior written

notice of its intention to enter into a Third Party Agreement and (B) no later than the effective date thereof Customer shall comply with, and at all times thereafter remain in compliance with, any related requirements by Lender, including (1) entering into, and causing any related Interested Third Parties to enter into, an Operating Consent, (2) causing Lender to be covered by the Required Coverages (which, for the purposes hereof, may include insurance coverages obtained and maintained by an Interested Third Party, conforming to the insurance requirements herein and in any of the other Loan Documents), and (3) entering into or delivering, or causing to be entered into and delivered, all such other documents, filings and assurances, making or causing to be made such filings and registrations, and taking or causing to be taken all such other actions, in each case as may be required by Lender and (4) paying or reimbursing Lender for any related costs or expenses. (v) Lender shall have the right, but not the obligation, to (A) require reasonable evidence that any Interested Third Party satisfies the requirements provided herein, and (B) review any such Third Party Agreement, as from time to time supplemented and amended, to determine its conformity with the provisions hereof, but without assuming any responsibility with respect thereto. (vi) Customer shall neither make, nor permit to be made, any filing or registration with respect to any Permitted Third Party Agreement, unless so directed by Lender pursuant to Section 5.2 or otherwise. Notwithstanding the foregoing limitations Parent Guarantor or any Affiliate shall be permitted to conduct the carriage of Parent Guarantor or any Affiliate and/or their respective guests pursuant to 14 CFR Section 91.501(b)(4), affiliated group operations pursuant to 14 CFR Section 91.501(b)(5) and/or (6), demonstration flights pursuant to 14 CFR Section 91.501(b)(3), time sharing or interchange operations pursuant to 14 CFR Section 91.501(b)(6), the carriage of customers pursuant to 14 CFR Section 91.501(b)(9) and/or the carriage of candidates in Federal elections conducted pursuant to 14 CFR Section 91.321.

With respect to any Third Party Agreements complying with all of the provisions of Section 4.4(b) (each a “ **Permitted Third Party Agreement** ”), although certain of the duties and obligations of Customer under the Loan Documents may be performed by one or more of the Interested Third Parties, (i) no such Permitted Third Party Agreement shall reduce any of Customer’s obligations, or Lender’s rights, under any of the Loan Documents, (ii) all of Customer’s obligations under the Loan Documents shall be and remain primary and continue in full force and effect as the obligations of a principal and not of a guarantor or surety, and (iii) Lender is not waiving the right to require full and timely performance of any such obligations in strict accordance with the provisions hereof and of the other Loan Documents. By way of clarification and not limitation, with respect to any provisions of this Agreement or any of the other Loan Documents requiring Customer to take or refrain from taking an action relating to the Aircraft or any of the other Collateral, such provision may also be read to mean that Customer shall cause the same to be done in accordance therewith, if at that time the Aircraft or such other Collateral is in the possession or control of an Interested Third Party pursuant to a Permitted Third Party Agreement.

#### Use of Aircraft; Maintenance; Modifications; Security.

Customer will operate the Aircraft or shall cause the Aircraft to be operated under and in compliance with Part 91 and any other applicable provision of the FARs, and all other Applicable Standards. Unless otherwise expressly permitted hereunder, (i) Customer shall not operate or permit the Aircraft to be operated for air taxi operations or otherwise under Part 135 of the FARs; and (ii) Customer, an Affiliate or other Interested Third Party shall at all times have, and maintain, “operational control” of the Aircraft (as such term is then interpreted by the FAA or such other applicable Governmental Authority), and no other Person shall operate the Aircraft. The Aircraft at all times will be operated by duly qualified pilots having satisfied all requirements established and specified by the FAA, the TSA, any other applicable Governmental Authority and the Required Coverages.

the Aircraft may be flown temporarily to any country in the world, provided that the Aircraft (i) shall at all times be based in the continental United States; and (ii) shall not be flown, operated, used or located in, to or over any such country or area (temporarily or otherwise) (A) that is excluded from the Required Coverages (or specifically not covered by such insurance), (B) with which the U.S. does not maintain favorable diplomatic relations (which is any country or jurisdiction not marked with an “\*” on the list maintained by the U.S. Department of State, at <http://www.state.gov/s/inr/rls/4250.htm> or any replacement or equivalent website maintained by the U.S. Department of State), provided that the prohibition in this clause (B) does not prohibit the operation of the Aircraft on an approved and assigned air traffic control route (if and so long as such use is otherwise in compliance with the provisions of the this Agreement and does not violate any insurance policies in effect with respect to the Aircraft) , (C) to the extent that payment of any claim under the Required Coverages directly or indirectly arising or resulting from or connected with any such flight, operation, use or location would be prohibited under any trade or other economic sanction or embargo by the United States of America, or (D) in violation of any of the Loan Documents or any Applicable Standards. Customer shall adopt, implement and comply with all security measures required by any Applicable Law, or by any Required Coverages, or that are necessary or appropriate for the proper protection of the Aircraft (whether on the ground or in flight) against theft, vandalism, hijacking, destruction, bombing, terrorism or similar acts.

Customer agrees that, with respect to the Airframe, the Engines, each APU and each Part, Customer will at its own expense, (i) maintain, inspect, service, repair, overhaul and test the same in accordance with Applicable Standards; (ii) make any alterations or modifications that may at any time be required to comply with Applicable Standards, and to cause the Aircraft to remain airworthy; (iii) furnish all required parts, replacements, mechanisms, devices and servicing so that the condition and operating efficiency thereof will at all times be no less than its condition and operating efficiency as and when delivered to Customer, ordinary wear and tear from proper use alone excepted; (iv) promptly replace all Parts (A) which become worn out, lost, stolen, taken, destroyed, damaged beyond repair or permanently rendered or declared unfit for use for any reason whatsoever, or (B) if not previously replaced pursuant to clause (A), as and when required by any Applicable Standards, including any applicable life limits; and (v) maintain (in English) all Records in accordance with Applicable Standards; and (vi) enroll and maintain the Engines in an Engine Maintenance Program and the APU in an APU Maintenance Program or shall cause the foregoing to be done. All maintenance procedures shall be performed by properly trained, licensed, and certified maintenance sources and personnel utilizing replacement parts approved by the FAA and the manufacturer of (as applicable) the Airframe, the Engines, or any APU or Part. Without limiting the foregoing, Customer shall comply with all mandatory service bulletins and airworthiness directives by causing compliance to such bulletins and/or directives to be completed through corrective modification in lieu of operating manual restrictions.

Customer will not make, authorize or permit any improvement, change, addition or alteration to the Aircraft that will impair the originally intended function or use of the Aircraft, diminish the value of the Aircraft as it existed immediately prior thereto, or violate any Applicable Standard. All repairs, parts, replacements, mechanisms and devices added by Customer or on its behalf shall immediately, without further act, become part of the Aircraft and subject to the Lender’s Lien granted under this Agreement.

#### Insurance.

Customer agrees to maintain or cause to be maintained at all times, at its sole cost and expense, with insurers of recognized reputation and responsibility satisfactory to Lender (but in no event having an A.M. Best or comparable agency rating of less than “A-”):

(A) comprehensive aircraft liability insurance against bodily injury or property damage claims including, without limitation, contractual liability, premises liability, death and property damage liability, public and passenger legal liability coverage, and sudden accident pollution coverage, in an amount not less than \$200,000,000.00 for 20 or more seats, or if the Aircraft will be chartered, or \$100,000,000.00 for 10 or more seats, or \$50,000,000.00 for fewer than 10 seats for each single occurrence, and (B) personal injury liability in an amount not less than

\$25,000,000.00; but, in no event shall the amounts of coverage required by sub-clauses (A) and (B) be less than the coverage amounts as may then be required by Applicable Law;

“all-risk” ground, taxiing, and flight hull insurance on an agreed-value basis, covering the Aircraft, provided that such insurance shall at all times be in an amount not less than the greater of (1) the full replacement value of the Aircraft (as determined by Lender), or (2) the unpaid principal amount of the Note (each such amount re-determined as of each anniversary of the date hereof for the next succeeding year throughout the term of this Agreement); and

war risk and allied perils (including confiscation, appropriation, expropriation, terrorism and hijacking insurance) in the amounts required in paragraphs (i) and (ii), as applicable.

Any policies of insurance carried in accordance with this Section 4.6 and any policies taken out in substitution or replacement of any such policies shall (i) be endorsed to name Lender as an additional insured as its interests may appear (but without responsibility for premiums), (ii) provide, with respect to insurance carried in accordance with Section 4.6(a)(ii) or (a)(iii) above, that any amount payable thereunder shall be paid directly to Lender as sole loss payee and not to Lender and Customer jointly, (iii) provide for thirty (30) days’ (seven (7) days’ in the case of war, hijacking and allied perils) prior written notice by such insurer of cancellation, material change, or non-renewal, (iv) include a severability of interest clause providing that such policy shall operate in the same manner as if there were a separate policy covering each insured, (v) waive any right of set-off against Lender, and any rights of subrogation against Lender, (vi) provide that in respect of the interests of Lender in such policies, that the insurance shall not be invalidated by any action or inaction of Customer or any other Person operating or in possession of the Aircraft, regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by or binding upon Customer or any other Person operating or in possession of the Aircraft, and (vii) be primary, not subject to any co-insurance clause and shall be without right of contribution from any other insurance.

Customer shall not self-insure (by deductible, premium adjustment, or risk retention arrangement of any kind) with respect to any of the risks required to be insured pursuant to this Section 4.6. Customer agrees that it shall obtain and maintain such other insurance coverages, or cause adjustments to be made to the scope, amount or other aspects of the existing insurance coverages, promptly upon Lender’s request, as and when Lender deems such additional insurance coverages or modifications to be appropriate in light of any changes in Applicable Law, prudent industry practices, the insurance market, Customer’s anticipated use of the Aircraft or other pertinent circumstances. All of the coverages required herein shall be in full force and effect worldwide throughout any geographical areas to, in or over which the Aircraft is operated. All insurance proceeds payable under the requisite policies shall be payable in U.S. Dollars.

At least ten (10) days prior to the policy expiration date for any insurance coverage required by this Section 4.6, Customer shall furnish to Lender evidence (having the form and substance consistent with Section 1(f) of the Closing Terms Addendum) of the renewal or replacement of such coverage, complying with the terms hereof, for a twelve (12) month or greater period commencing from and after such expiration date.

#### Event of Loss; Loaner Engines.

Upon the occurrence of any Event of Loss with respect to the Aircraft and/or the Airframe, Customer shall notify Lender of any such Event of Loss within five (5) days of the date thereof. Customer shall pay the then Outstanding Balance promptly upon its receipt of insurance proceeds relating to such Event of Loss, but in no event later than ninety (90) days after the occurrence of such Event of Loss (irrespective as to whether any or all of such proceeds have been received). Upon Lender’s receipt in good and indefeasible funds of all of the amounts required to be paid pursuant to the preceding sentence (whether by applying Customer’s payment of such amounts, or any such insurance proceeds, or both) the Aircraft shall be released from the Lender’s Lien, and Lender shall remit to Customer any such insurance proceeds so received by Lender, to the extent then remaining.

Upon an Event of Loss with respect to an Engine or any APU (as applicable, a “ **Lost Item** ”) under circumstances in which there has not occurred an Event of Loss with respect to the Airframe, Customer shall, within one hundred twenty (120) days after the occurrence of such Event of Loss, replace such Lost Item, with a Permitted Replacement. Any engine or auxiliary power unit constituting a “ **Permitted Replacement** ” for a Lost Item shall (i) be of the same make and model number as the Lost Item, (ii) be free and clear of all Liens and (iii) have a value, utility and useful life at least equal to, and be in as good an operating condition as, the Lost Item, assuming such Lost Item was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss. Customer, at its own cost and expense, shall (i) furnish Lender with such documents to evidence such conveyance, (ii) cause the Permitted Replacement to be subject to the Lender’s Lien under this Agreement, and (iii) take such other actions as may be required by Lender to cause the Lender’s Lien therein to be validly created, perfected and have first priority, including as evidenced on the FAA Registry, the International Registry, and any other recording office. Each such Permitted Replacement shall, after such conveyance, be deemed an “Engine” or “APU” (as defined herein), as applicable, and shall be deemed part of the same Aircraft as was the Lost Item replaced thereby.

In the event an Engine is damaged and is being repaired, or is being inspected or overhauled, Customer, at its option, may temporarily substitute another engine during the period of such repair or overhaul, so long as such engine is of the same make and model as the Engine being repaired or overhauled, is free and clear of any Lien that might impair Lender’s rights or interests in the Airframe and is maintained in accordance herewith (any such substitute engine being hereinafter referred to as a “ **Loaner Engine** ”). Customer shall (i) cause such Loaner Engine to be installed and removed, as applicable, by a maintenance facility certified by the FAA and manufacturer with respect to the Aircraft, and (ii) cause the repaired or overhauled original Engine to be reinstalled on the Airframe promptly upon completion of the repair or overhaul, but in no event later than the earlier of one hundred twenty (120) days after removal or the occurrence of an Event of Default.

So long as no Default has occurred and is continuing, and no Event of Default or Event of Loss with respect to the Aircraft has occurred, any loss or damage proceeds of the Required Coverages received by Lender shall be released promptly by Lender to Customer to reimburse Customer for paying the costs actually incurred with respect to repairs made to the Aircraft so as to restore it to the condition required by this Agreement, or for the purchase of a Permitted Replacement pursuant to Section 4.7(b), or shall be disbursed by Lender as otherwise required by this Agreement.

Aircraft Registration. On or before the Closing Date, and at all times thereafter, so long as any of the Obligations are outstanding, Customer shall remain solely responsible pursuant to the applicable provisions of this Agreement to cause (i) the Aircraft to be effectively and otherwise validly registered in Customer’s name on the Registry, and (ii) the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft, in each case, accordance with the Registration Requirements; and without limiting the foregoing, or any other provision of this Agreement, Customer shall:

cause the Registration Certificate to be maintained within the Aircraft and cause the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft; including by (A) notifying Lender immediately of any event or circumstance with respect to which the Registration Requirements require further action by Customer, the Registry or any other Governmental Authority or other Person, (B) immediately upon receipt, placing the original, replacement or renewal Registration Certificate on the Aircraft prior to the expiration or other invalidation of any previously issued Registration Certificate (whether the certificate or any other document constituting the Registration Certificate as defined herein) under the Registration Requirements, and (C) complying with any and all of the other Registration Requirements relating to such Registration Certificate, and to the Registration Certificate replaced thereby (including any of the same relating to the destruction or return thereof, as the case may be); and



within such notice period) or (B) notify Lender of any Default or Event of Default within ten (10) Business Days of its occurrence; or

(i) any Customer Party shall (A) generally fail to pay its, or his or her debts as they become due, admit its, or his or her inability to pay its, or his or her debts or obligations generally as they fall due, or shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws or other insolvency laws, or an answer admitting the material allegations of such a petition filed against such Customer Party in any such proceeding; or (B) by voluntary petition, answer or consent, seek relief under the provisions of any other bankruptcy or other insolvency or similar law providing for the reorganization or liquidation of corporations, or providing for an assignment for the benefit of creditors, or providing for an agreement, composition, extension or adjustment with its, or his or her creditors; or (ii) a petition against any Customer Party in a proceeding under applicable bankruptcy laws or other insolvency laws, as now or hereafter in effect, shall be filed and shall not be withdrawn or dismissed within one hundred twenty (120) days thereafter, or if, under the provisions of any law providing for reorganization or liquidation of business entities that may apply to any Customer Party, any court of competent jurisdiction shall assume jurisdiction, custody or control of such Customer Party or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of one hundred eighty (180) days after the filing date; or

the occurrence of any of the following events with respect to any Customer Party: (A) it enters into any transaction of merger, consolidation or reorganization; (B) it ceases to do business as a going concern, liquidates, or dissolves, or sells, transfers or otherwise disposes of all or substantially all of its assets or properties (in one or more transactions); (C) it becomes the subject of, or engages in, a leveraged buy out; (D) it changes the form of organization of its business; (E) if it is privately owned as of the Closing Date, there is any substantial change in the ownership or control of its capital stock or membership interests such that the holder(s) that own or control one hundred percent (100%) of such equity interests as of the Closing Date no longer do so; or (F) if it is publicly held as of the Closing Date, any change so that it is no longer subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or no longer registered under Section 12 of the Securities Act of 1933, as amended; or

(i) the conviction of or guilty plea by any Customer Party with respect to any criminal act constituting a felony, (ii) any repudiation by any Customer Party of its obligation for the payment or performance of the Obligations, (iii) any allegation by any Customer Party or judicial determination that any of the Loan Documents is unenforceable in any material respect or (iv) a Default (as defined in any Guaranty) shall occur; or any event or condition constituting a breach or other default under any Operating Consent.

## **Remedies .**

Acceleration; Termination of Commitment . If any Event of Default shall occur, Lender, in its sole discretion, may (a) declare the Obligations to be immediately due and payable, and upon such declaration the Obligations (including, the unpaid principal amount of the Note, together with all accrued but unpaid interest thereon, any prepayment fees and all other amounts due and payable under or with respect to the Loan Documents), shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the other Loan Documents to the contrary notwithstanding, (b) terminate any then outstanding commitment whether to Customer or any Affiliate to make the Loan or any advance thereof, or any other financial accommodations, whether related to the Loan or otherwise, and/or (c) pursue and enforce any of Lender's rights and remedies under this Section 7; provided, however, if an Event of Default specified in Section 6 (e) above shall occur, the Obligations shall become immediately due and payable, all such commitments shall terminate, and Lender shall have all such other rights and remedies contemplated in the preceding clauses (a), (b) and (c), automatically, and without any notice or other action by Lender.

Additional Remedies . If an Event of Default occurs, in addition to all other rights and remedies granted to it in this Agreement and in the other Loan Documents, Lender may exercise all rights and remedies of a secured party under the UCC or as a creditor, chargee or security assignee under the Cape Town Convention (including any and all remedies thereunder requiring agreement by Customer), or otherwise available to Lender under any other Applicable Law. Without limiting the generality of the foregoing, Customer agrees that upon the occurrence of an Event of Default, Lender, without demand or notice of any kind (except as specified below) to or upon Customer or any other Person, in its sole discretion, may exercise any one or more of the following remedies:

(i) peacefully enter the premises where the Aircraft, the Engines, or any other Collateral is located, take immediate possession of, remove (or disable in place), or otherwise take control or custody of the Airframe, the Engines or any other Collateral (whether or not then attached to the Airframe) by self-help, summary proceedings or otherwise without liability, (ii) preserve the Airframe, the Engines or the other Collateral, and their respective value (but without any obligation to do so), and immobilize or keep idle the Airframe or Engines, and/or (iii) use Customer's premises for storage without liability; and Customer agrees, at Lender's request, to assemble the Collateral, and make it available to Lender at such places as Lender shall reasonably select, whether at Customer's premises or elsewhere;

(i) terminate the right of any Interested Third Party, and any other third party to use, possess or control the Airframe, the Engines or any of the other Collateral, including under any Permitted Third Party Agreement or other Third Party Agreement, without regard as to the existence of any event of default thereunder, (ii) recover from, and/or cause Customer and any such Interested Third Party, and any other third party, to relinquish possession and return the Airframe, the Engines and any other Collateral pursuant to this Section 7, and/or (iii) exercise any and all other remedies under any Operating Consents in Customer's stead, to the extent provided for under, or otherwise available to Customer in connection with any related Permitted Third Party Agreement or such other Third Party Agreement;

(i) manage, sell, lease, assign or otherwise dispose of the Airframe, the Engines or any other Collateral, in whole or in part, whether or not in Lender's possession, in one or more parcels or transactions, at public or private sale or sales, with or without notice to Customer (except as required by Applicable Law, and in furtherance thereof, Lender agrees that it shall give Customer no less than ten (10) working days' prior notice of any proposed sale or lease of the Airframe or Engines, which Customer acknowledges as constituting "reasonable prior notice" for the purposes of the Cape Town Convention) at such prices as Lender may deem best, and/or (ii) purchase the Collateral, in whole or in part, upon any public sale or sales, and to the extent permitted by Applicable Law upon any private sale or sales, free of any right or equity of redemption in Customer, which right or equity of redemption is hereby expressly released;

(i) collect, receive, appropriate and realize upon the Collateral, or any part thereof, including by applying any deposit or other cash collateral, or collecting or receiving, appropriating and realizing upon any income, profits or other proceeds arising from the management or use of the Airframe, the Engines or any of the other Collateral, and applying the same (after deducting all taxes, costs, expenses and other reductions of every kind incurred in connection therewith) to the payment in whole or in part of the Obligations, in such order and manner as Lender may elect; and (ii) after making such application, (A) remitting to Customer or to such other Person any excess then remaining, as and to the extent Lender is required by Applicable Law to make such remittance and (B) demanding, collecting and receiving from Customer any deficiency then remaining (and Customer agrees that it shall remain liable for, and pay upon demand, the full amount of any such deficiency);

(i) demand and obtain from any court speedy relief pending final determination available at law (including, possession, control, custody or immobilization of the Airframe and Engines, or preservation of the Airframe and the Engines and their respective value), (ii) procure the deregistration and/or export and physical transfer of the Airframe from the territory in which it is then situated (including pursuant to an IDERA, if any, executed by Customer), and/or (iii) otherwise proceed at law or in equity, to enforce specifically Customer's performance or to recover damages; and/or

exercise any and all other rights and remedies under or with respect to the Loan Documents or Applicable Law, including the Cape Town Convention and the UCC.

No Waiver: Cumulative Remedies . No right or remedy is exclusive. Customer hereby acknowledges that none of the provisions of this Section 7, including any remedies set forth or referenced herein, is "manifestly unreasonable" for the purposes of the Cape Town Convention. Each may be used successively and cumulatively and in addition to any other right or remedy referred to above or otherwise available to Lender at law or in equity, but in no event shall Lender be entitled to recover any amount in excess of the maximum amount recoverable under Applicable Law with respect to any Event of Default. No express or implied waiver by Lender of any Default or Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default. The failure or delay of Lender in exercising any rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or reoccurrence of any such contingencies or similar contingencies, and any single or partial exercise of any particular right by Lender shall not exhaust the same or constitute a waiver of any other right provided for or otherwise referred to herein. After the occurrence of any Default or Event of Default, the acceptance by Lender of any payment or performance of any of the Obligations, including the payment of any installment of principal and/or interest or of any other sum owing hereunder or under the other Loan Documents shall not constitute a waiver of such Default or Event of Default, regardless of Lender's knowledge or lack of knowledge thereof at the time of acceptance of any such payment or performance and shall not constitute a reinstatement of any of the Loan Documents, unless Lender shall have agreed in writing to reinstate the same and waive the Default or Event of Default. To the extent permitted by Applicable Law, Customer waives any rights now or hereafter conferred thereby, that (a) limit or modify any of Lender's rights or remedies under this Agreement or any of the other Loan Documents, including the provisions of Article 13(2) of the Convention, or (b) would otherwise entitle Customer to (i) receive notices or demands as a condition to Lender's exercise of any rights or remedies, except as expressly required above or (ii) make claims, damages and demands against Lender arising out of the repossession, retention, sale or other disposition of the Collateral.

#### **MISCELLANEOUS**

Notices . All communications and notices provided for herein shall be in writing and shall be deemed to have been duly given or made (i) upon hand delivery, or (ii) upon delivery by an overnight delivery service, or (iii) when sent by telecopy (with customary confirmation of receipt of such telecopy) on the Business Day when sent or upon the next Business Day if sent on other than a Business Day.

#### Expenses and Fees; Indemnity; Performance of Customer's Obligations .

Customer shall pay to Lender upon demand all reasonable fees, costs and expenses incurred by or on behalf of Lender at any time in connection with (i) the negotiation, preparation, execution, delivery and enforcement of the Loan Documents and the collection of the Obligations (both before and after the occurrence of a Default or Event of Default), (ii) the creation, preservation and protection of the Collateral and the perfection, first priority and enforcement of Lender's Lien, or (iii) Customer's exercise of any right granted under, or any amendment or other modification to any of, the Loan Documents. Such fees, costs and expenses shall include, without limitation, reasonable appraisal and inspection fees, the reasonable fees and expenses of Aviation Counsel and of Lender's counsel, consultants and brokers, UCC, FAA, International Registry and other applicable title, interest and lien searches, and reasonable costs and expenses relating to recovery, repossession, storage, insurance, transportation, repair, refurbishment, advertising, sale and other dispositions of the Aircraft or any of the other Collateral. Customer shall also pay all reasonable fees (including license, filing and registration fees), Impositions and other charges of whatever kind or nature that may be payable or determined to be payable in connection with (A) the execution, delivery, recording or performance of this Agreement or any of the other Loan Documents, or any modification thereof, and (B) the filings, registrations and other undertakings relating thereto. Notwithstanding the foregoing, as long as there are no more than two (2) revised drafts of any Loan Document provided by Customer or its counsel to Lender or Lender's counsel, Customer shall be responsible for not more than \$35,000.00 in the aggregate for the legal fees of outside counsel to Lender (including, Aviation Counsel) and appraisal, inspection, processing, credit verification, lien searches, FAA and International Registry fees and other fees incurred in connection with the initial negotiation, preparation and execution of this Agreement and the other Loan Documents executed and delivered on or before the Closing Date (and the consummation of the closing contemplated to occur thereon); provided that in the event that the negotiation exceeds two (2) revised drafts of any Loan Document, then Customer shall pay for the actual amount of such out of pocket fees incurred by Lender relating to the drafting and negotiation in excess of such two (2) revised drafts. Lender shall apply the previously paid deposit amount of \$35,000.00 to such fees and shall refund to Customer the amount by which the deposit exceeds such fees.

Customer hereby further agrees, whether or not the transactions contemplated by this Agreement shall be consummated, to pay, indemnify, and hold Lender and its affiliates and all of the Lender's and such affiliates' respective directors, shareholders, members, officers, employees, agents, predecessors, attorneys-in-fact, lawyers, successors and assigns (Lender, its affiliates and all of such other parties and entities sometimes hereinafter collectively, the "**Indemnified Parties** ") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, out of pocket costs, attorney's fees, expenses or disbursements of any kind or nature whatsoever ("**Claims** ") arising with respect to or in connection with (i) the Airframe, the Engines, or any APUs or Parts, or any of the other Collateral, including (whether by or through Customer, Vendor, any Interested Third Party, or any other Person), the manufacture, inspection, ownership, lease, sublease, management, pooling, interchange, time sharing, chartering, possession, use, operation, maintenance, security, condition (whether prior to, upon or after delivery or acceptance of any of the same), repossession, storage, sale or other disposition of any of the same, or any accident in connection therewith, including Claims involving or alleging environmental damage, criminal acts, hijacking, acts of terrorism or similar acts, product liability or strict or absolute liability in tort, latent and other defects (whether or not discoverable) and for any other risk or matter, including any of the same that result in injuries, death, destruction, or other harm or loss to persons or property, or (ii) any of the Loan Documents, Third Party Agreements or other Transaction Documents, or the performance, breach (including any Default or Event of Default) or enforcement of any of the terms hereof or thereof, provided, that Customer shall have no obligation to indemnify an Indemnified Party with respect to Claims arising from the gross negligence or willful misconduct of such Indemnified Party (unless if imputed by Applicable Law). If any Claim is made against any Indemnified Party, the party receiving notice or otherwise becoming aware of such Claim shall promptly notify the other, but the failure of the party having knowledge of a Claim to so notify the other party shall not relieve Customer of any obligation hereunder.

If any Customer Party fails to perform or comply with any of its agreements contained herein or in the other Loan Documents, including, without limitation, its obligations to keep the Collateral free of Liens (other than the Permitted Liens), comply with Applicable Standards, or obtain the Required Coverages, Lender shall have the right, but shall not be obligated, to effect such performance or compliance, with such agreement. Any expenses of Lender incurred in connection with effecting such performance or compliance, together with interest thereon at the default rate of interest provided for in the Note from the date incurred until reimbursed, shall be payable by Customer to Lender promptly on demand and until such payment shall constitute part of the Obligations secured hereby. Any such action shall not be a cure or waiver of any Default or Event of Default hereunder.

Entire Agreement; Modifications . This Agreement and the other Loan Documents constitute the entire understanding and agreement of the parties hereto with respect to the matters contained herein and therein, and shall completely and fully supersede all other prior agreements (including any proposal letter, commitment letter, and/or term sheet), both written and oral, between Lender and Customer relating to the Obligations. Neither this Agreement, nor any terms hereof, may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of a change, waiver, discharge or termination is sought.

Construction of this Agreement and Related Matters . All representations and warranties made in this Agreement and in the other Loan Documents shall survive the execution and delivery of this Agreement and the making of the Loan hereunder. Customer's obligations contained in this Section 8 shall survive the payment and performance of the Obligations, the termination of this Agreement, and the release of the Collateral.

This Agreement may be executed by the parties hereto on any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. The headings of the Sections hereof are for convenience only, are not part of this Agreement and shall not be deemed to affect the meaning or construction of any of the provisions hereof. Time is of the essence in the payment and performance of all of Customer's obligations under this Agreement. Any provision of this Agreement that may be determined to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective in such jurisdiction to the extent thereof without invalidating the remaining provisions of this Agreement, which shall remain in full force and effect.

**Lender's Assignment.** Lender, may at any time, with or without notice to Customer, freely grant a security interest in, sell, assign, participate or otherwise transfer (an "Assignment") all or any part of its interest in this Agreement and the other Loan Documents (including all associated rights associated with or secured thereby and the related international interests) or any amount due or to become due hereunder or thereunder, and Customer shall perform all of its obligations under the Loan Documents, to the extent so transferred, for the benefit of the beneficiary of such Assignment (such beneficiary, including any successors and assigns, an "Assignee"); provided, however, if such Assignee is not an Affiliate of Lender and if no Default or Event of Default exists, Lender will provide prior notice of any such Assignment to a third party. Customer hereby waives any right to assert, and agrees not to assert, against any Assignee any abatement, reduction, defense, setoff, recoupment, claim or counterclaim that Customer may have against Lender, provided that Lender remains fully responsible therefor. Upon the assumption by such Assignee of Lender's obligations hereunder, Lender shall be relieved of any such assumed obligations. Customer hereby consents to any such assignment, grant, sale or transfer, including, without limitation, for purposes of the Cape Town Convention. If so directed in writing, Customer shall pay all amounts due or to become due under the Loan Documents, including any of the same constituting associated rights or proceeds directly to the Assignee or any other party designated in writing by Lender or such Assignee. Customer acknowledges and agrees that Lender's right to enter into an Assignment is essential to Lender and, accordingly, waives any restrictions under Applicable Law with respect to an Assignment and any related remedies. Upon the request of Lender or any Assignee, Customer also agrees (a) to promptly execute and deliver, and cause to be executed and delivered by any Guarantor or any other Transaction Party, to Lender or to such Assignee an acknowledgment of assignment in form and substance satisfactory to the requesting party, an insurance certificate naming Assignee as additional insured and loss payee and otherwise evidencing the Required Coverages, an IDERA in favor of Assignee, and such other documents and assurances reasonably requested by Lender or Assignee, (b) to make, or cause to be made, all registrations (including all assignments and subordinations) and all amendments, extensions and discharges with the International Registry reasonably requested by Lender or Assignee (and give or obtain any necessary consent thereto, as well as renew any authorization required by the International Registry in connection therewith, including renewing its transacting user entity status and re-designating a professional user entity, if necessary in Lender's judgment), and (c) to comply with any and all other reasonable requirements of any such Assignee in connection with any such Assignment.

**Jurisdiction.** Customer and Lender each hereby irrevocably consents and agrees that any legal action, suit or proceeding arising out of or in any way in connection with this Agreement or any of the other Loan Documents may be instituted or brought in the courts of the State of New York or in the United States Courts for the Southern District of New York, as Customer or Lender may elect or in any other state or Federal court as Lender shall deem appropriate, and by execution and delivery of this Agreement, Customer and Lender each hereby irrevocably accepts and submits to, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of any such court, and to all proceedings in such courts. Customer and Lender each irrevocably consents to service of any summons and/or legal process by first class, certified United States air mail, postage prepaid, to Customer at the address set forth below its signature hereto, such method of service to constitute, in every respect, sufficient and effective service of process in any such legal action or proceeding. Nothing in this Agreement or in any of the other Loan Documents shall affect the right to service of process in any other manner permitted by law or limit the right of Lender to bring actions, suits or proceedings in the courts of any other jurisdiction. Customer and Lender each further agrees that final judgment against it in any such legal action, suit or proceeding shall 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 shall be conclusive evidence of the fact and the amount of the liability. Notwithstanding anything in the foregoing to the contrary, Lender and Customer may bring a judicial proceeding in the Republic of Ireland, solely with respect to matters relating to the International Registry.

**Governing Law; Binding Effect.** This Agreement shall be construed and enforced in accordance with, and the rights of both parties shall be governed by, the internal laws of the State of New York (without regard to the conflict of laws principles of such state, except as to the effect of Title 14, Section 5-1401 of the New York General Obligations Law), including all matters of construction, validity, and performance. This Agreement shall be binding upon and inure to the benefit of Customer and Lender and their respective successors and assigns (but without limiting the provisions of Section 8.5); except that Customer may not assign or transfer its rights or obligations hereunder or under any other Loan Agreement, or any interest herein or therein; and any such purported or attempted assignment or transfer by Customer shall be null and void.

**Customer's Capacity as Owner Trustee.** TVPX Aircraft Solutions Inc. ("TVPX") is executing this Agreement, and the other Loan Documents solely in its capacity as Owner Trustee under the Trust Agreement and not in its individual capacity and in no case shall TVPX be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of the Customer hereunder, or under any Loan Document, all such liability, if any, being expressly waived by the parties hereto and any Person claiming by, through, or under such party. Under no circumstances shall TVPX be personally liable for the payment of any other amount stated to be due from the Customer hereunder, or under any Loan Document, or be personally liable for the breach or failure of any of Customer's representations, warranties, covenants, obligations, undertakings and agreements hereunder, or under any Loan Documents; provided, however, that the Customer (or any such successor owner trustee) shall be personally liable hereunder for its own gross negligence or willful misconduct or for its breach of its covenants, representations and warranties contained herein, or in any Loan Document, to the extent covenanted or made in its individual capacity.

**Jury Waiver.** CUSTOMER AND LENDER EACH HEREBY KNOWINGLY AND FREELY WAIVES THEIR RESPECTIVE RIGHTS TO A JURY TRIAL IN ANY ACTION, SUIT OR PROCEEDING RELATING TO, ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE NOTE OR ANY OF THE OTHER LOAN DOCUMENTS.

**[Signatures On Next Page]**

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Loan and Aircraft Security Agreement

IN WITNESS WHEREOF, the parties hereto have caused this Loan and Aircraft Security Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

BANC OF AMERICA LEASING & CAPITAL, LLC, Lender

TVPX AIRCRAFT SOLUTIONS INC., a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated July \_\_\_\_, 2017,

Customer

By:  
Name:  
Title:  
Notice Address:

One Financial Plaza, 2nd Floor  
Providence, Rhode Island 02903  
Attention: Director of Aircraft Operations  
Telephone: 800-238-3737  
Facsimile: 401-278-7941

By:  
Name:  
Title:

Notice Address:

39 East Eagle Ridge Drive, Ste. 201  
North Salt Lake, UT 84054  
Telephone: (801) 924-367  
Facsimile: (801) 877-0478

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### LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)

**THIS LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)** (together with all Addenda, Riders and Annexes hereto, this “**Agreement**”) is dated as of July 27, 2017 (the “**Closing Date**”), by and between **TVPX AIRCRAFT SOLUTIONS INC.**, a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated as of July 27, 2017 (“**Customer**”) and **BANC OF AMERICA LEASING & CAPITAL, LLC**, a Delaware limited liability company (“**Lender**”).

In consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

Capitalized and certain other terms used but not otherwise defined in this Agreement shall have the meanings ascribed to them in Annex A attached hereto and made a part hereof.

#### Terms of Loan .

**Loan and Use of Proceeds** . Subject to the terms and conditions of this Agreement, Lender agrees to make a loan to Customer in the principal amount set forth in Annex B attached hereto and made a part hereof (the “**Loan**”). Customer shall use the proceeds of the Loan to finance the costs of the acquisition of the Aircraft.

**Repayment and Prepayment** . The Customer’s obligation to repay the Loan shall be evidenced by one or more Promissory Notes dated on and/or after the Closing Date, payable by Customer to the order of Lender in the original principal amount of the Loan (as amended, modified, restated, extended and renewed from time to time, the “**Note**”). The Loan shall bear interest and be repaid by Customer at the times and in the manner set forth in the Note. The Loan may be prepaid only in the manner and subject to terms and conditions set forth in the Note and, if applicable, Section 4.7 hereof.

**Conditions of Borrowing** . Lender’s obligation to make the Loan shall be both subject to and conditioned upon the satisfaction of all of the conditions precedent specified in the Closing Terms Addendum attached to and made a part of this Agreement.

**Representations and Warranties** . In order to induce Lender to enter into this Agreement and to make the Loan herein provided for, Customer represents, warrants and covenants to Lender that:

(i) Customer (A) is duly qualified to do business in each jurisdiction in which the conduct of its business or the ownership or operation of its assets requires such qualification, including the jurisdiction of the Primary Hangar Location and wherever any of the Collateral may become located; (B) has the necessary authority and power to own and operate the Aircraft and its other assets and to transact the business in which it is engaged; (C) is a “citizen of the United States” within the meaning of the Transportation Code; and (D) has the form of business organization set forth in Annex B hereto and is and will remain duly organized, validly existing and in good standing under the laws of the state of its organization set forth in Annex B hereto, its federal tax identification number is as set forth in Annex B hereto, and its state-issued organizational identification number (if any), chief executive office and principal place of business address are all as set forth on Annex B hereto; and (ii) its name as shown in the preamble of this Agreement is its exact legal name as shown on its charter, by-laws, articles of organization or operating agreement, as applicable, each as amended as of the Closing Date;

(i) Customer’s execution and delivery of, and performance of its obligations under and with respect to, each of the Loan Documents (including its borrowing the amounts constituting the Loan, granting the Lender’s Lien against the Aircraft and other Collateral and participating in the other transactions contemplated herein and therein), (A) have been duly authorized by all necessary action on the part of Customer consistent with its form of organization, (B) do not contravene or constitute a default under any Applicable Law, any of Customer’s Organizational Documents, or any agreement, indenture, or other instrument to which Customer is a party or by which it may be bound, (C) do not require the approval of or notice to (1) any Governmental Authority, except for the filings and registrations specified in the Closing Terms Addendum, all of which shall have been duly effected prior to or concurrently with Lender making the Loan, or (2) any other party (including any trustees or holders of indebtedness), and (D) will not result in the creation or imposition of any Lien on any of the assets of Customer other than the Lender’s Lien created hereby and by the other Loan Documents with respect to the Collateral; (ii) each of the Transaction Documents referenced in the Closing Terms Addendum to which Customer is a party has been duly executed and delivered by an authorized representative of the Customer, and constitutes the legal, valid and binding obligation of the Customer, enforceable against it in accordance with the respective terms of such Transaction Documents (including, without limitation, the grant of the Lender’s Lien); and (iii) without limiting the foregoing, upon Lender’s advancing the Loan on the Closing Date, (A) Customer will have satisfied or complied with all conditions precedent and requirements as set forth in the Loan Documents required to have been

satisfied or complied with concurrently with or prior to such advance and (B) no Default or Event of Default shall be then existing;

there are no proceedings pending or, so far as the officers, managers, or members of Customer know, threatened against or affecting Customer or any of its property before any Governmental Authority that could impair Customer's title to the Aircraft or any of the other Collateral, or that, if decided adversely, could materially affect the financial condition or operations of Customer or its ability to perform its obligations under any of the Loan Documents;

(i) Customer has, and shall continue to have, good and marketable title to the Collateral, free and clear of Liens, except Permitted Liens; (ii) the Lender's Lien in the Airframe, the Engines and the other Collateral is and shall remain validly created and perfected, and has and shall continue to have first priority over any other Liens pursuant to all Applicable Laws; and (iii) all filings, recordings, registrations or other actions necessary or desirable in order to vest such title in Customer, and establish, perfect and give first priority to Lender's Lien and other rights and interests in, against or with respect to the Collateral, have been duly effected, and all Impositions in connection therewith have been duly paid;

without limiting any of the other representations and warranties in this Agreement, for the purposes of the Cape Town Convention and any other Applicable Law, (i) upon the conclusion of the sale of the Aircraft to Customer, and Customer's grants and assignments, and (if constituting a lease) any Permitted Third Party Agreement, contemplated in the Loan Documents or other Transaction Documents, Customer and (if a lessee) any Interested Third Party shall be situated in, and Customer will cause the Aircraft to be duly registered in, the United States of America (which is a contracting state), (ii) with respect to any of the Transaction Documents relating to the Airframe or Engine, each of the respective parties thereto has power to dispose of the Airframe and Engine, as contemplated therein by way of the relevant Transaction Document, and (iii) the Purchase Documents qualify as a "contract of sale", and (if constituting a lease) any Permitted Third Party Agreement and the Loan Documents are effective to constitute international interests in the Airframe and Engine and security assignments of the related associated rights and transfer of the related international interests, as contemplated therein, and each such Registerable Interest will be effective against third parties upon registration at the International Registry, without any further filings or registrations (except as contemplated in the Loan Documents);

(i) the Aircraft (A) has been delivered to Customer, is in Customer's possession and is, as of the Closing Date, unconditionally, irrevocably and fully accepted by Customer, (B) has been inspected by Customer to its complete satisfaction and, without limiting the foregoing, (1) has been found to be in good working order, repair and condition and fully equipped to operate for its intended purpose, and (2) is in conformity with the requirements of the Purchase Agreement and the Applicable Standards, (C) is, or will be at the time of the funding of the Loan, currently certified under existing FAA rules and regulations and any other Applicable Laws and is airworthy in all respects, and (D) is and will remain primarily hangared at the Primary Hangar Location; and (ii) without limiting the foregoing, (A) solely as between Lender and Customer (and without prejudicing Customer's rights against Vendor or any other third party, which rights are not being disclaimed hereby), Customer has no pending claims and has no knowledge of any facts upon which a future claim may be based, against any prior owner, the seller, manufacturer or supplier of the Aircraft or any of the other Collateral, for breach of warranty or otherwise, and (B) all of the information contained in Annex C, including the registration number of the Aircraft, and the serial numbers, manufacturer and model numbers of the Airframe, Engines, and APU, are true and accurate in all respects; and

(h) the Aircraft (i) is currently capable of being certified under existing FAA rules and regulations and completely airworthy in all respects, (ii) will undergo an inspection by a Designated Airworthiness Representative of the FAA ("DAR") on the Closing Date and (iii) an FAA Standard Airworthiness Certificate (AC Form 8100-2) shall be issued for the Aircraft no later than two (2) Business Days after the Closing Date.

**Covenants** . Customer covenants and agrees that from and after the Closing Date and so long as any of the Obligations are outstanding:

Notices; Financial Information; and Further Assurances . Customer will, at its sole expense:

promptly give written notice to Lender of (i) the occurrence of any Default or Event of Default; (ii) the occurrence of any Event of Loss or event of which Customer may be aware that could become an Event of Loss; (iii) the commencement or written threat of any material litigation or proceedings affecting Customer or any material litigation or proceedings affecting the Aircraft or any of the other Collateral, or the ability of Customer to comply with its obligations under the Loan Documents; and (iv) any material dispute between Customer or any Interested Third Party and any Governmental Authority or other party that involves the Aircraft or any of the other Collateral or that might materially interfere with the normal business operations of Customer;

cause Guarantor to comply with the financial reporting requirements set forth in the Guaranty and promptly furnish to Lender any such financial and other information regarding the Customer or Guarantor or any of its Affiliates as Lender may from time to time reasonably request; and

promptly execute and deliver to Lender such further instruments, UCC and FAA filings (including an IDERA) and other documents, make, cause to be made and/or consent to all registrations (including any discharges and subordinations, or as to the prospective or actual sale of, and any international interest in, the Engines) with the International Registry, and take such further action, as Lender may from time to time reasonably request in order to further carry out the intent and purpose of the Loan Documents and to establish, protect and enforce the rights, interests, remedies and Liens (including the first priority thereof) created, or intended to be created, in favor of Lender thereby.

General Obligations . (a) Customer agrees that it shall (i) duly observe and conform to all requirements of Applicable Law relating to the conduct of its business and/or the Aircraft, (ii) remain a "citizen of the United States" within the meaning of the Transportation Code, (iii) obtain and keep in full force and effect (A) all rights, franchises, licenses and permits that are necessary to the proper conduct of its business, and (B) all approvals by any Governmental Authority required with respect to the performance of its obligations under the Loan Documents and the operation of the Aircraft and its business, (iv) cause the Aircraft to remain primarily hangared at the Primary Hangar Location, and duly registered in Customer's name under the Transportation Code (including, by making all necessary reports, re-registering its ownership of the Aircraft, and taking all other actions required by Applicable Law), and (v) pay and perform all of its obligations and liabilities when due. (b) Customer agrees that (i) it shall not change its presently existing legal name or its form or state of organization on or after the date of this Agreement, without Lender's prior written consent, (ii) if its presently existing state organizational identification number changes, or if Customer currently has no such state organizational number but is subsequently issued such a number, on or at any time after the date of this Agreement, Customer shall immediately notify Lender thereof, and (iii) it shall not change the presently existing mailing, chief executive office and/or principal place of business address on or after the date of this Agreement without giving Lender thirty (30) days written notice of the same.

Taxes . (a) Customer will file or cause to be filed with all appropriate taxing authorities all Federal, state and local income tax returns that are required to be filed and all registrations, declarations, returns and other documentation with respect to any personal property taxes (or any other taxes in the nature of or imposed in lieu of property taxes) due or to become due with respect to the Aircraft or any of the other Collateral. (b) Customer will pay (or cause to be paid) (i) on or before the date when due all taxes as shown on said returns and all taxes assessed, billed or otherwise payable with respect to the Aircraft or the other Collateral directly to the appropriate taxing authorities; and (ii) when due all license and/or registration or filing fees, assessments, governmental charges and sales, use, property, excise, privilege, value added and other taxes (including any related interest or penalties) or other charges or fees now or hereafter imposed by any governmental body or agency upon Customer or the Aircraft or any of the other Collateral, with respect to the landing, airport use, manufacturing, ordering, shipment, purchase, ownership, delivery, installation, leasing, chartering, operation, possession, use or disposition of the Aircraft or any of the other Collateral, or any interest therein (the items referred to in (i) and (ii) above being referred to herein collectively, as "Impositions").

No Disposition of Collateral or Liens; Title and Security Interest .

Customer shall not sell, assign, enter into any Third Party Agreement, convey, mortgage, exchange or otherwise transfer or relinquish possession of (including by any seizure or other taking by any foreign or domestic governmental authority) or dispose of the Airframe or Engines, any Part, any related associated rights, international interests or prospective international interests, any proceeds or any of the other Collateral, or attempt or offer to do, or suffer or permit any of the foregoing. Customer shall be permitted, however, to deliver possession of the Airframe, the Engines, or any APU or Part to another Person for testing, service, repair, maintenance, overhaul, alteration or modification, and to enter into Permitted Third Party Agreements, in each case, if and to the extent consistent with the provisions of the Loan Documents. Customer will warrant and defend its good and marketable title to the Airframe, the Engines and the other Collateral, and the validity, perfection and first priority of Lender's Lien in the Collateral, against all other Liens, claims and demands whatsoever, except Permitted Liens; and without limiting the foregoing, Customer will (i) not create, assume or suffer to exist any Liens on or with respect to the Airframe, the Engines, or any of the other Collateral, or Customer's interest therein (other than Permitted Liens); and (ii) promptly take such action as directed by Lender to duly discharge any such unpermitted Liens.

So long as no Default or Event of Default is then existing, Customer may enter into and remain a party to Third Party Agreements, in each such case, subject to the satisfaction of, and compliance by Customer and each Interested Third Party with, all of the following throughout the term of such arrangement: (i) Each such Interested Third Party shall (A) be and remain solvent, and (unless an individual) organized under the laws of a state within the United States; and (B) if engaged by Customer with the prior written consent of Lender as a manager and/or charter operator (including the Manager pursuant to the Management Agreement), while so engaged, (1) have a recognized favorable reputation as a manager and/or charter operator, as the case may be, of aircraft similar to the Aircraft, (2) be providing management and/or charter operation services for other aircraft owners similar to the services contemplated therein, and (3) if and at all times while conducting any charter operations (x) have and maintain a valid Part 135 Certificate evidencing its authority to conduct such operations, (y) list the Aircraft on its operations specifications, and (z) comply with all Applicable Standards pertaining to such charter operations. (ii) Any operation of the Aircraft pursuant to any such Third Party Agreement shall be limited to (A) if by Customer, Parent Guarantor or any Affiliate of Parent Guarantor, any time sharing agreements (as defined in Section 91.501(c)(1)) complying with Part 91 of the FARs and all other Applicable Standards, (B) if by a manager and/or a charter operator with Lender's prior written consent, pursuant to and in full compliance with the requirements of Part 135 of the FARs and all other Applicable Standards, or (C) if such Third Party Agreement is a "dry lease" by Customer, as lessor, to Parent Guarantor or an Affiliate of Parent Guarantor or other Interested Third Party permitted pursuant hereto, as lessee, operation by such lessee complying with (1) Part 91 and any other applicable provision of the FARs, and all other Applicable Standards, and (2) the provisions hereof and of the other Loan Documents pertinent to the operation of the Aircraft (whether by Customer or any permitted Interested Third Party). (iii) The related Third Party Agreement shall (A) be and remain, subject and subordinate to Lender's Lien in and with respect to the Collateral, and Lender's rights and remedies under the Loan Documents (and such subordination shall be expressly acknowledged therein), (B) not convey any Lien on, or other property interest in or against the Airframe, the Engines or any of the other Collateral, except for a Permitted Lien (but, without giving effect to clause (a) of the definition of such term), (C) not permit any further sublease or disposition of or unpermitted Lien against the Aircraft or any of the other Collateral by any of the Interested Parties thereto or any other Person, or any change in registration or unpermitted change in hanging of the Aircraft, (D) not contain provisions that are inconsistent with the provisions of any of the Loan Documents or cause Customer to breach any of its representations, warranties or agreements under any of the Loan Documents, (E) be in conformity with all requirements of the FARs and other Applicable Laws, and (F) otherwise conform to any Operating Consent required by Lender with respect thereto. (iv) (A) Customer shall have specified such Third Party Agreement on Annex B if existing on the Closing Date, or if not then existing shall require Lender's prior written consent and at least thirty (30) Business Days' prior written notice of its intention to enter into a Third Party Agreement and (B) no later than the effective date thereof Customer shall comply with, and at all times thereafter remain in compliance with, any related requirements by Lender, including (1) entering into, and causing any related Interested Third Parties to enter into, an Operating Consent, (2) causing Lender to be covered by the Required Coverages (which, for the purposes hereof, may include insurance coverages obtained and maintained by an Interested Third Party, conforming to the insurance requirements herein and in any of the other Loan Documents), and (3) entering into or delivering, or causing to be entered into and delivered, all such other documents, filings and assurances, making or causing to be made such filings and registrations, and taking or causing to be taken all such other actions, in each case as may be required by Lender and (4) paying or reimbursing Lender for any related costs or expenses. (v) Lender shall have the right, but not the obligation, to (A) require reasonable evidence that any Interested Third Party satisfies the requirements provided herein, and (B) review any such Third Party Agreement, as from time to time supplemented and amended, to determine its conformity with the provisions hereof, but without assuming any responsibility with respect thereto. (vi) Customer shall neither make, nor permit to be made, any filing or registration with respect to any Permitted Third Party Agreement, unless so directed by Lender pursuant to Section 5.2 or otherwise. Notwithstanding the foregoing limitations Parent Guarantor or any Affiliate shall be permitted to conduct the carriage of Parent Guarantor or any Affiliate and/or their respective guests pursuant to 14 CFR Section 91.501(b)(4), affiliated group operations pursuant to 14 CFR Section 91.501(b)(5) and/or (6), demonstration flights pursuant to 14 CFR Section 91.501(b)(3), time sharing or interchange operations pursuant to 14 CFR Section 91.501(b)(6), the carriage of customers pursuant to 14 CFR Section 91.501(b)(9) and/or the carriage of candidates in Federal elections conducted pursuant to 14 CFR Section 91.321.

With respect to any Third Party Agreements complying with all of the provisions of Section 4.4(b) (each a "**Permitted Third Party Agreement**"), although certain of the duties and obligations of Customer under the Loan Documents may be performed by one or more of the Interested Third Parties, (i) no such Permitted Third Party Agreement shall reduce any of Customer's obligations, or Lender's rights, under any of the Loan Documents, (ii) all of Customer's obligations under the Loan Documents shall be and remain primary and continue in full force and effect as the obligations of a principal and not of a guarantor or surety, and (iii) Lender is not waiving the right to require full and timely performance of any such obligations in strict accordance with the provisions hereof and of the other Loan Documents. By way of clarification and not limitation, with respect to any provisions of this Agreement or any of the other Loan Documents requiring Customer to take or refrain from taking an action relating to the Aircraft or any of the other Collateral, such provision may also be read to mean that Customer shall cause the same to be done in accordance therewith, if at that time the Aircraft or such other Collateral is in the possession or control of an Interested Third Party pursuant to a Permitted Third Party Agreement.

#### Use of Aircraft; Maintenance; Modifications; Security .

Customer will operate the Aircraft or shall cause the Aircraft to be operated under and in compliance with Part 91 and any other applicable provision of the FARs, and all other Applicable Standards. Unless otherwise expressly permitted hereunder, (i) Customer shall not operate or permit the Aircraft to be operated for air taxi operations or otherwise under Part 135 of the FARs; and (ii) Customer, an Affiliate or other Interested Third Party shall at all times have, and maintain, "operational control" of the Aircraft (as such term is then interpreted by the FAA or such other applicable Governmental Authority), and no other Person shall operate the Aircraft. The Aircraft at all times will be operated by duly qualified pilots having satisfied all requirements established and specified by the FAA, the TSA, any other applicable Governmental Authority and the Required Coverages.

the Aircraft may be flown temporarily to any country in the world, provided that the Aircraft (i) shall at all times be based in the continental United States; and (ii) shall not be flown, operated, used or located in, to or over any such country or area (temporarily or otherwise) (A) that is excluded from the Required Coverages (or specifically not covered by such

insurance), (B) with which the U.S. does not maintain favorable diplomatic relations (which is any country or jurisdiction not marked with an “\*” on the list maintained by the U.S. Department of State, at <http://www.state.gov/s/inr/rls/4250.htm> or any replacement or equivalent website maintained by the U.S. Department of State), provided that the prohibition in this clause (B) does not prohibit the operation of the Aircraft on an approved and assigned air traffic control route (if and so long as such use is otherwise in compliance with the provisions of the this Agreement and does not violate any insurance policies in effect with respect to the Aircraft), (C) to the extent that payment of any claim under the Required Coverages directly or indirectly arising or resulting from or connected with any such flight, operation, use or location would be prohibited under any trade or other economic sanction or embargo by the United States of America, or (D) in violation of any of the Loan Documents or any Applicable Standards. Customer shall adopt, implement and comply with all security measures required by any Applicable Law, or by any Required Coverages, or that are necessary or appropriate for the proper protection of the Aircraft (whether on the ground or in flight) against theft, vandalism, hijacking, destruction, bombing, terrorism or similar acts.

Customer agrees that, with respect to the Airframe, the Engines, each APU and each Part, Customer will at its own expense, (i) maintain, inspect, service, repair, overhaul and test the same in accordance with Applicable Standards; (ii) make any alterations or modifications that may at any time be required to comply with Applicable Standards, and to cause the Aircraft to remain airworthy; (iii) furnish all required parts, replacements, mechanisms, devices and servicing so that the condition and operating efficiency thereof will at all times be no less than its condition and operating efficiency as and when delivered to Customer, ordinary wear and tear from proper use alone excepted; (iv) promptly replace all Parts (A) which become worn out, lost, stolen, taken, destroyed, damaged beyond repair or permanently rendered or declared unfit for use for any reason whatsoever, or (B) if not previously replaced pursuant to clause (A), as and when required by any Applicable Standards, including any applicable life limits; and (v) maintain (in English) all Records in accordance with Applicable Standards; and (vi) enroll and maintain the Engines in an Engine Maintenance Program and the APU in an APU Maintenance Program or shall cause the foregoing to be done. All maintenance procedures shall be performed by properly trained, licensed, and certified maintenance sources and personnel utilizing replacement parts approved by the FAA and the manufacturer of (as applicable) the Airframe, the Engines, or any APU or Part. Without limiting the foregoing, Customer shall comply with all mandatory service bulletins and airworthiness directives by causing compliance to such bulletins and/or directives to be completed through corrective modification in lieu of operating manual restrictions.

Customer will not make, authorize or permit any improvement, change, addition or alteration to the Aircraft that will impair the originally intended function or use of the Aircraft, diminish the value of the Aircraft as it existed immediately prior thereto, or violate any Applicable Standard. All repairs, parts, replacements, mechanisms and devices added by Customer or on its behalf shall immediately, without further act, become part of the Aircraft and subject to the Lender's Lien granted under this Agreement.

#### Insurance.

Customer agrees to maintain or cause to be maintained at all times, at its sole cost and expense, with insurers of recognized reputation and responsibility satisfactory to Lender (but in no event having an A.M. Best or comparable agency rating of less than “A-”):

(A) comprehensive aircraft liability insurance against bodily injury or property damage claims including, without limitation, contractual liability, premises liability, death and property damage liability, public and passenger legal liability coverage, and sudden accident pollution coverage, in an amount not less than \$200,000,000.00 for 20 or more seats, or if the Aircraft will be chartered, or \$100,000,000.00 for 10 or more seats, or \$50,000,000.00 for fewer than 10 seats for each single occurrence, and (B) personal injury liability in an amount not less than \$25,000,000.00; but, in no event shall the amounts of coverage required by sub-clauses (A) and (B) be less than the coverage amounts as may then be required by Applicable Law;

“all-risk” ground, taxiing, and flight hull insurance on an agreed-value basis, covering the Aircraft, provided that such insurance shall at all times be in an amount not less than the greater of (1) the full replacement value of the Aircraft (as determined by Lender), or (2) the unpaid principal amount of the Note (each such amount re-determined as of each anniversary of the date hereof for the next succeeding year throughout the term of this Agreement); and

war risk and allied perils (including confiscation, appropriation, expropriation, terrorism and hijacking insurance) in the amounts required in paragraphs (i) and (ii), as applicable.

Any policies of insurance carried in accordance with this Section 4.6 and any policies taken out in substitution or replacement of any such policies shall (i) be endorsed to name Lender as an additional insured as its interests may appear (but without responsibility for premiums), (ii) provide, with respect to insurance carried in accordance with Section 4.6(a)(ii) or (a)(iii) above, that any amount payable thereunder shall be paid directly to Lender as sole loss payee and not to Lender and Customer jointly, (iii) provide for thirty (30) days' (seven (7) days' in the case of war, hijacking and allied perils) prior written notice by such insurer of cancellation, material change, or non-renewal, (iv) include a severability of interest clause providing that such policy shall operate in the same manner as if there were a separate policy covering each insured, (v) waive any right of set-off against Lender, and any rights of subrogation against Lender, (vi) provide that in respect of the interests of Lender in such policies, that the insurance shall not be invalidated by any action or inaction of Customer or any other Person operating or in possession of the Aircraft, regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by or binding upon Customer or any other Person operating or in possession of the Aircraft, and (vii) be primary, not subject to any co-insurance clause and shall be without right of contribution from any other insurance.

Customer shall not self-insure (by deductible, premium adjustment, or risk retention arrangement of any kind) with respect to any of the risks required to be insured pursuant to this Section 4.6. Customer agrees that it shall obtain and maintain such other insurance coverages, or cause adjustments to be made to the scope, amount or other aspects of the existing insurance coverages, promptly upon Lender's request, as and when Lender deems such additional insurance coverages or modifications to be appropriate in light of any changes in Applicable Law, prudent industry practices, the insurance market, Customer's anticipated use of the Aircraft or other pertinent circumstances. All of the coverages required herein shall be in full force and effect worldwide throughout any geographical areas to, in or over which the Aircraft is operated. All insurance proceeds payable under the requisite policies shall be payable in U.S. Dollars.

At least ten (10) days prior to the policy expiration date for any insurance coverage required by this Section 4.6, Customer shall furnish to Lender evidence (having the form and substance consistent with Section 1(f) of the Closing Terms Addendum) of the renewal or replacement of such coverage, complying with the terms hereof, for a twelve (12) month or greater period commencing from and after such expiration date.

#### Event of Loss: Loaner Engines.

Upon the occurrence of any Event of Loss with respect to the Aircraft and/or the Airframe, Customer shall notify Lender of any such Event of Loss within five (5) days of the date thereof. Customer shall pay the then Outstanding Balance promptly upon its receipt of insurance proceeds relating to such Event of Loss, but in no event later than ninety (90) days after the occurrence of such Event of Loss (irrespective as to whether any or all of such proceeds have been received). Upon Lender's receipt in good and indefeasible funds of all of the amounts required to be paid pursuant to the preceding sentence (whether by applying Customer's payment of such amounts, or any such insurance proceeds, or both) the Aircraft shall be released from the Lender's Lien, and Lender shall remit to Customer any such insurance proceeds so received by Lender, to the extent then remaining.

Upon an Event of Loss with respect to an Engine or any APU (as applicable, a “ **Lost Item** ”) under circumstances in which there has not occurred an Event of Loss with respect to the Airframe, Customer shall, within one hundred twenty (120) days after the occurrence of such Event of Loss, replace such Lost Item, with a Permitted Replacement. Any engine or auxiliary power unit constituting a “ **Permitted Replacement** ” for a Lost Item shall (i) be of the same make and model number as the Lost Item, (ii) be free and clear of all Liens and (iii) have a value, utility and useful life at least equal to, and be in as good an operating condition as, the Lost Item, assuming such Lost Item was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss. Customer, at its own cost and expense, shall (i) furnish Lender with such documents to evidence such conveyance, (ii) cause the Permitted Replacement to be subject to the Lender’s Lien under this Agreement, and (iii) take such other actions as may be required by Lender to cause the Lender’s Lien therein to be validly created, perfected and have first priority, including as evidenced on the FAA Registry, the International Registry, and any other recording office. Each such Permitted Replacement shall, after such conveyance, be deemed an “Engine” or “APU” (as defined herein), as applicable, and shall be deemed part of the same Aircraft as was the Lost Item replaced thereby.

In the event an Engine is damaged and is being repaired, or is being inspected or overhauled, Customer, at its option, may temporarily substitute another engine during the period of such repair or overhaul, so long as such engine is of the same make and model as the Engine being repaired or overhauled, is free and clear of any Lien that might impair Lender’s rights or interests in the Airframe and is maintained in accordance herewith (any such substitute engine being hereinafter referred to as a “ **Loaner Engine** ”). Customer shall (i) cause such Loaner Engine to be installed and removed, as applicable, by a maintenance facility certified by the FAA and manufacturer with respect to the Aircraft, and (ii) cause the repaired or overhauled original Engine to be reinstalled on the Airframe promptly upon completion of the repair or overhaul, but in no event later than the earlier of one hundred twenty (120) days after removal or the occurrence of an Event of Default.

So long as no Default has occurred and is continuing, and no Event of Default or Event of Loss with respect to the Aircraft has occurred, any loss or damage proceeds of the Required Coverages received by Lender shall be released promptly by Lender to Customer to reimburse Customer for paying the costs actually incurred with respect to repairs made to the Aircraft so as to restore it to the condition required by this Agreement, or for the purchase of a Permitted Replacement pursuant to Section 4.7(b), or shall be disbursed by Lender as otherwise required by this Agreement.

**Aircraft Registration.** On or before the Closing Date, and at all times thereafter, so long as any of the Obligations are outstanding, Customer shall remain solely responsible pursuant to the applicable provisions of this Agreement to cause (i) the Aircraft to be effectively and otherwise validly registered in Customer’s name on the Registry, and (ii) the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft, in each case, accordance with the Registration Requirements; and without limiting the foregoing, or any other provision of this Agreement, Customer shall:

cause the Registration Certificate to be maintained within the Aircraft and cause the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft; including by (A) notifying Lender immediately of any event or circumstance with respect to which the Registration Requirements require further action by Customer, the Registry or any other Governmental Authority or other Person, (B) immediately upon receipt, placing the original, replacement or renewal Registration Certificate on the Aircraft prior to the expiration or other invalidation of any previously issued Registration Certificate (whether the certificate or any other document constituting the Registration Certificate as defined herein) under the Registration Requirements, and (C) complying with any and all of the other Registration Requirements relating to such Registration Certificate, and to the Registration Certificate replaced thereby (including any of the same relating to the destruction or return thereof, as the case may be); and

upon the occurrence, and at all times thereafter, of any Defective Registration (and without waiving Customer’s responsibility to avoid such circumstance), or if the operation of the Aircraft is no longer authorized by the Registration Requirements, Customer shall (A) neither operate nor permit or suffer the operation of the Aircraft without a currently effective and otherwise valid Registration Certificate (and shall cause the pilots to be made aware of the Defective Registration), and otherwise comply with the FARs and other Applicable Laws relating to such Defective Registration, (B) ground and store the Aircraft in a manner reasonably acceptable to Lender, and (C) inform the insurer or insurers thereof, and obtain and maintain adjustments to the insurance coverages required pursuant Section 4.6 of this Agreement which may be necessary or desirable to Lender so as to reflect any changes in the insurable risks relating to any Defective Registration.

#### **Security Interest; Power of Attorney; Inspection .**

**Grant of Security Interest.** As collateral security for the prompt and complete payment and performance as and when due of all of the Obligations and in order to induce Lender to enter into this Agreement and make the Loan to Customer in accordance with the terms hereof, Customer hereby grants, pledges and assigns to Lender a first priority security interest, collateral assignment, international interest, prospective international interest, security assignment and prospective security assignment, in, against, under and with respect to (the “ **Lender’s Lien** ”) all of Customer’s right, title and interest in, to and under all of the following collateral, whether now existing or hereafter acquired (collectively, the “ **Collateral** ”): (i) the Aircraft, including the Airframe, the Engines, each of the APU and Parts, and the Records; (ii) any and all present and future Third Party Agreements; (iii) any and all other associated rights secured by or associated with the Airframe and/or the Engines, together with any related international interests and prospective international interests; (iv) any collateral described in the other Loan Documents (including in any Operating Consent); and (v) all proceeds of the foregoing. By way of clarification and not limitation, the foregoing grant of the Lender’s Lien shall include, as applicable (and in each case, being validly registered and having first priority), an international interest in the Airframe and in each Engine. Notwithstanding the foregoing, (i) Customer shall not enter into any Third Party Agreements unless expressly permitted by Section 4.4 and (ii) Lender is not assuming, nor shall it be responsible for, any obligations, liabilities or duties of any kind whatsoever of Customer (and/or of any other Person) relating to the Collateral. Customer agrees that it shall perform and procure performance in accordance with any Third Party Agreement or other agreement or instrument giving rise to any associated rights that are or may become subjected to the Lender’s Lien.

**UCCs, Registrations, Etc.; Lender as Attorney-in-Fact.** Customer hereby irrevocably:

authorizes Lender to prepare and file any UCC financing statements, amendments, continuations, terminations, assignments and other filings, or take such other actions for the purpose of perfecting, affording first and exclusive priority to or otherwise relating to Lender’s Lien under this Agreement or the other Loan Documents;

consents to, and authorizes its professional user entity to consent to, the registration of each Registerable Interest requested by Lender or its Assignee, or otherwise required by the provisions of this Agreement or any of the other Loan Documents, including any subordination, amendment, assignment, discharge or undertaking permitted by the Cape Town Convention with respect thereto; and

constitutes and appoints Lender (including any Person acting on Lender’s behalf), as its true and lawful attorney-in-fact with full power and authority in the place and stead of Customer and in the name of Customer or in its own name, for the purpose of carrying out the terms of this Agreement; which authority shall include the following undertakings that may be exercisable by Lender in its sole discretion at any time, and from time to time, if an Event of Default is then existing or upon the occurrence of an Event of Loss: (i) in Customer’s name, file and/or record, such further instruments, filings and other documents, make, cause to be made and/or consent to all registrations with the International Registry, and take such further action, to establish and protect Lender’s rights, interests and remedies created, or intended to be created, pursuant to the Loan Documents; (ii) endorse Customer’s name on any checks, notes, drafts or any other payments or instruments, or set off, apply, or take such other actions with respect to any funds relating to the Collateral that come into Lender’s possession or control; and (iii) to settle, adjust, receive payment and make claim or proof of loss, and take such other actions relating to the Required Coverages. This appointment is coupled with an interest, is

irrevocable and shall terminate only upon indefeasible payment and performance in full of all of the Obligations. The powers conferred on Lender hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Lender shall be accountable only for amounts that it actually receives in good and indefeasible funds as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to Customer for any act or failure to act. Without limiting the foregoing, Customer agrees that within five (5) Business Days of Lender's request, Customer will enter into an irrevocable power-of-attorney authorizing Aviation Counsel or Lender's other designee as Customer's professional user entity and administrator for the purpose of discharging any Registerable Interests as and when directed to do so by Lender in connection with its exercise of its rights and remedies under the Loan Documents.

**Inspection.** Lender or its authorized representatives shall have the right, but not the duty, to inspect the Aircraft, any part thereof and/or the Records, at its own cost any reasonable time and from time to time, wherever located, upon reasonable prior notice to Customer; except that after the occurrence of a Default or an Event of Default, such inspection may be conducted at any time without prior notice and at Customer's sole expense, and it shall pay Lender promptly upon demand any inspection costs incurred by Lender. So long as no Default or Event of Default exists, any such inspections shall be conducted during normal business hours and without interruption of the use and operation of the Aircraft as permitted hereby. Upon the request of Lender, Customer shall promptly confirm to Lender the location of the Aircraft or any of the other Collateral.

**Events of Default.** The term "**Event of Default**", wherever used herein, shall mean:

Customer shall fail to pay any Obligation within ten (10) days after the same shall become due and payable (whether at the stated maturity, by acceleration, upon demand or otherwise); or

(i) any Customer Party shall default in the payment or performance of any indebtedness, liability or obligation to Lender or any Affiliate of Lender under any note, security agreement, lease, title retention or conditional sales agreement or any other instrument or agreement; or

(ii) any Customer Party shall fail to pay any Indebtedness (other than the Obligations) exceeding \$5,000,000.00, and such failure shall continue beyond any applicable grace period (or, with respect to trade Indebtedness which is not subject to a grace period, within ninety (90) days of the date such trade Indebtedness is incurred); or

(i) any of the Required Coverages are not kept in full force and effect, or a breach or violation shall exist with respect to any provisions thereof; or the Aircraft is operated in a manner, at a time or in or over or located at a place with respect to which such Required Coverages shall not be in effect; (ii) Customer shall fail to cause the Airframe or the Engines to be used, operated, maintained or otherwise kept in a condition so as to be in compliance with all Applicable Laws; or (iii) any Customer Party shall fail to comply with (A) any financial covenants as and to the extent set forth or incorporated in any Guaranty or in any of the other Loan Documents, or (B) any provision of any of the Loan Documents restricting Liens and other dispositions relating to either the Collateral or any rights or obligations under any of the Transaction Documents (including Section 4.4 hereof), or (iv) the occurrence of any Defective Registration; or

(i) any representation or warranty made by any Customer Party in any of the Loan Documents or in any related agreement, document or certificate shall prove to have been incorrect, misleading, or inaccurate in any material respect when made or given (or, if a continuing representation or warranty, at any time); or (ii) any Customer Party shall fail to (A) perform or observe any other agreement (other than those specifically referred to in this Section 6) required to be performed or observed by it under this Agreement or in any of the other Loan Documents, and such failure shall continue uncured for thirty (30) days after the earlier of written notice thereof from Lender to such Customer Party or such Customer Party's actual knowledge thereof (but such notice and cure period will not be applicable unless such breach is curable by practical means within such notice period) or (B) notify Lender of any Default or Event of Default within ten (10) Business Days of its occurrence; or

(i) any Customer Party shall (A) generally fail to pay its, or his or her debts as they become due, admit its, or his or her inability to pay its, or his or her debts or obligations generally as they fall due, or shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws or other insolvency laws, or an answer admitting the material allegations of such a petition filed against such Customer Party in any such proceeding; or (B) by voluntary petition, answer or consent, seek relief under the provisions of any other bankruptcy or other insolvency or similar law providing for the reorganization or liquidation of corporations, or providing for an assignment for the benefit of creditors, or providing for an agreement, composition, extension or adjustment with its, or his or her creditors; or (ii) a petition against any Customer Party in a proceeding under applicable bankruptcy laws or other insolvency laws, as now or hereafter in effect, shall be filed and shall not be withdrawn or dismissed within one hundred twenty (120) days thereafter, or if, under the provisions of any law providing for reorganization or liquidation of business entities that may apply to any Customer Party, any court of competent jurisdiction shall assume jurisdiction, custody or control of such Customer Party or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of one hundred eighty (180) days after the filing date; or

the occurrence of any of the following events with respect to any Customer Party: (A) it enters into any transaction of merger, consolidation or reorganization; (B) it ceases to do business as a going concern, liquidates, or dissolves, or sells, transfers or otherwise disposes of all or substantially all of its assets or properties (in one or more transactions); (C) it becomes the subject of, or engages in, a leveraged buy out; (D) it changes the form of organization of its business; (E) if it is privately owned as of the Closing Date, there is any substantial change in the ownership or control of its capital stock or membership interests such that the holder(s) that own or control one hundred percent (100%) of such equity interests as of the Closing Date no longer do so; or (F) if it is publicly held as of the Closing Date, any change so that it is no longer subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or no longer registered under Section 12 of the Securities Act of 1933, as amended; or

(i) the conviction of or guilty plea by any Customer Party with respect to any criminal act constituting a felony, (ii) any repudiation by any Customer Party of its obligation for the payment or performance of the Obligations, (iii) any allegation by any Customer Party or judicial determination that any of the Loan Documents is unenforceable in any material respect or (iv) a Default (as defined in any Guaranty) shall occur; or any event or condition constituting a breach or other default under any Operating Consent.

## **Remedies .**

**Acceleration; Termination of Commitment.** If any Event of Default shall occur, Lender, in its sole discretion, may (a) declare the Obligations to be immediately due and payable, and upon such declaration the Obligations (including, the unpaid principal amount of the Note, together with all accrued but unpaid interest thereon, any prepayment fees and all other amounts due and payable under or with respect to the Loan Documents), shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the other Loan Documents to the contrary notwithstanding, (b) terminate any then outstanding commitment whether to Customer or any Affiliate to make the Loan or any advance thereof, or any other financial accommodations, whether related to the Loan or otherwise, and/or (c) pursue and enforce any of Lender's rights and remedies under this Section 7; provided, however, if an Event of Default specified in Section 6 (e) above shall occur, the Obligations shall become immediately due and payable, all such commitments shall terminate, and Lender shall have all such other rights and remedies contemplated in the preceding clauses (a), (b) and (c), automatically, and without any notice or other action by Lender.

**Additional Remedies.** If an Event of Default occurs, in addition to all other rights and remedies granted to it in this Agreement and in the other Loan Documents, Lender may exercise all rights and remedies of a secured party under the UCC or as a creditor, chargee or security assignee under the Cape Town Convention (including any and all remedies thereunder requiring agreement by Customer), or otherwise available to

Lender under any other Applicable Law. Without limiting the generality of the foregoing, Customer agrees that upon the occurrence of an Event of Default, Lender, without demand or notice of any kind (except as specified below) to or upon Customer or any other Person, in its sole discretion, may exercise any one or more of the following remedies:

(i) peacefully enter the premises where the Aircraft, the Engines, or any other Collateral is located, take immediate possession of, remove (or disable in place), or otherwise take control or custody of the Airframe, the Engines or any other Collateral (whether or not then attached to the Airframe) by self-help, summary proceedings or otherwise without liability, (ii) preserve the Airframe, the Engines or the other Collateral, and their respective value (but without any obligation to do so), and immobilize or keep idle the Airframe or Engines, and/or (iii) use Customer's premises for storage without liability; and Customer agrees, at Lender's request, to assemble the Collateral, and make it available to Lender at such places as Lender shall reasonably select, whether at Customer's premises or elsewhere;

(i) terminate the right of any Interested Third Party, and any other third party to use, possess or control the Airframe, the Engines or any of the other Collateral, including under any Permitted Third Party Agreement or other Third Party Agreement, without regard as to the existence of any event of default thereunder, (ii) recover from, and/or cause Customer and any such Interested Third Party, and any other third party, to relinquish possession and return the Airframe, the Engines and any other Collateral pursuant to this Section 7, and/or (iii) exercise any and all other remedies under any Operating Consents in Customer's stead, to the extent provided for under, or otherwise available to Customer in connection with any related Permitted Third Party Agreement or such other Third Party Agreement;

(i) manage, sell, lease, assign or otherwise dispose of the Airframe, the Engines or any other Collateral, in whole or in part, whether or not in Lender's possession, in one or more parcels or transactions, at public or private sale or sales, with or without notice to Customer (except as required by Applicable Law, and in furtherance thereof, Lender agrees that it shall give Customer no less than ten (10) working days' prior notice of any proposed sale or lease of the Airframe or Engines, which Customer acknowledges as constituting "reasonable prior notice" for the purposes of the Cape Town Convention) at such prices as Lender may deem best, and/or (ii) purchase the Collateral, in whole or in part, upon any public sale or sales, and to the extent permitted by Applicable Law upon any private sale or sales, free of any right or equity of redemption in Customer, which right or equity of redemption is hereby expressly released;

(i) collect, receive, appropriate and realize upon the Collateral, or any part thereof, including by applying any deposit or other cash collateral, or collecting or receiving, appropriating and realizing upon any income, profits or other proceeds arising from the management or use of the Airframe, the Engines or any of the other Collateral, and applying the same (after deducting all taxes, costs, expenses and other reductions of every kind incurred in connection therewith) to the payment in whole or in part of the Obligations, in such order and manner as Lender may elect; and (ii) after making such application, (A) remitting to Customer or to such other Person any excess then remaining, as and to the extent Lender is required by Applicable Law to make such remittance and (B) demanding, collecting and receiving from Customer any deficiency then remaining (and Customer agrees that it shall remain liable for, and pay upon demand, the full amount of any such deficiency);

(i) demand and obtain from any court speedy relief pending final determination available at law (including, possession, control, custody or immobilization of the Airframe and Engines, or preservation of the Airframe and the Engines and their respective value), (ii) procure the deregistration and/or export and physical transfer of the Airframe from the territory in which it is then situated (including pursuant to an IDERA, if any, executed by Customer), and/or (iii) otherwise proceed at law or in equity, to enforce specifically Customer's performance or to recover damages; and/or

exercise any and all other rights and remedies under or with respect to the Loan Documents or Applicable Law, including the Cape Town Convention and the UCC.

No Waiver: Cumulative Remedies. No right or remedy is exclusive. Customer hereby acknowledges that none of the provisions of this Section 7, including any remedies set forth or referenced herein, is "manifestly unreasonable" for the purposes of the Cape Town Convention. Each may be used successively and cumulatively and in addition to any other right or remedy referred to above or otherwise available to Lender at law or in equity, but in no event shall Lender be entitled to recover any amount in excess of the maximum amount recoverable under Applicable Law with respect to any Event of Default. No express or implied waiver by Lender of any Default or Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default. The failure or delay of Lender in exercising any rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or reoccurrence of any such contingencies or similar contingencies, and any single or partial exercise of any particular right by Lender shall not exhaust the same or constitute a waiver of any other right provided for or otherwise referred to herein. After the occurrence of any Default or Event of Default, the acceptance by Lender of any payment or performance of any of the Obligations, including the payment of any installment of principal and/or interest or of any other sum owing hereunder or under the other Loan Documents shall not constitute a waiver of such Default or Event of Default, regardless of Lender's knowledge or lack of knowledge thereof at the time of acceptance of any such payment or performance and shall not constitute a reinstatement of any of the Loan Documents, unless Lender shall have agreed in writing to reinstate the same and waive the Default or Event of Default. To the extent permitted by Applicable Law, Customer waives any rights now or hereafter conferred thereby, that (a) limit or modify any of Lender's rights or remedies under this Agreement or any of the other Loan Documents, including the provisions of Article 13(2) of the Convention, or (b) would otherwise entitle Customer to (i) receive notices or demands as a condition to Lender's exercise of any rights or remedies, except as expressly required above or (ii) make claims, damages and demands against Lender arising out of the repossession, retention, sale or other disposition of the Collateral.

#### **MISCELLANEOUS**

Notices. All communications and notices provided for herein shall be in writing and shall be deemed to have been duly given or made (i) upon hand delivery, or (ii) upon delivery by an overnight delivery service, or (iii) when sent by telecopy (with customary confirmation of receipt of such telecopy) on the Business Day when sent or upon the next Business Day if sent on other than a Business Day.

#### Expenses and Fees; Indemnity; Performance of Customer's Obligations

Customer shall pay to Lender upon demand all reasonable fees, costs and expenses incurred by or on behalf of Lender at any time in connection with (i) the negotiation, preparation, execution, delivery and enforcement of the Loan Documents and the collection of the Obligations (both before and after the occurrence of a Default or Event of Default), (ii) the creation, preservation and protection of the Collateral and the perfection, first priority and enforcement of Lender's Lien, or (iii) Customer's exercise of any right granted under, or any amendment or other modification to any of, the Loan Documents. Such fees, costs and expenses shall include, without limitation, reasonable appraisal and inspection fees, the reasonable fees and expenses of Aviation Counsel and of Lender's counsel, consultants and brokers, UCC, FAA, International Registry and other applicable title, interest and lien searches, and reasonable costs and expenses relating to recovery, repossession, storage, insurance, transportation, repair, refurbishment, advertising, sale and other dispositions of the Aircraft or any of the other Collateral. Customer shall also pay all reasonable fees (including license, filing and registration fees), Impositions and other charges of whatever kind or nature that may be payable or determined to be payable in connection with (A) the execution, delivery, recording or performance of this Agreement or any of the other Loan Documents, or any modification thereof, and (B) the filings, registrations and other undertakings relating thereto. Notwithstanding the foregoing, as long as there are no more than two (2) revised drafts of any Loan Document provided by Customer or its counsel to Lender or Lender's counsel, Customer shall be responsible for not more than \$35,000.00 in the aggregate for the legal fees of outside counsel to Lender (including, Aviation Counsel) and appraisal, inspection, processing, credit verification, lien searches, FAA and International Registry fees and other fees incurred in connection with the initial negotiation, preparation and execution of this Agreement and the other Loan Documents executed and delivered on or

before the Closing Date (and the consummation of the closing contemplated to occur thereon); provided that in the event that the negotiation exceeds two (2) revised drafts of any Loan Document, then Customer shall pay for the actual amount of such out of pocket fees incurred by Lender relating to the drafting and negotiation in excess of such two (2) revised drafts. Lender shall apply the previously paid deposit amount of \$35,000.00 to such fees and shall refund to Customer the amount by which the deposit exceeds such fees.

Customer hereby further agrees, whether or not the transactions contemplated by this Agreement shall be consummated, to pay, indemnify, and hold Lender and its affiliates and all of the Lender's and such affiliates' respective directors, shareholders, members, officers, employees, agents, predecessors, attorneys-in-fact, lawyers, successors and assigns (Lender, its affiliates and all of such other parties and entities sometimes hereinafter collectively, the "**Indemnified Parties**") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, out of pocket costs, attorney's fees, expenses or disbursements of any kind or nature whatsoever ("**Claims**") arising with respect to or in connection with (i) the Airframe, the Engines, or any APUs or Parts, or any of the other Collateral, including (whether by or through Customer, Vendor, any Interested Third Party, or any other Person), the manufacture, inspection, ownership, lease, sublease, management, pooling, interchange, time sharing, chartering, possession, use, operation, maintenance, security, condition (whether prior to, upon or after delivery or acceptance of any of the same), repossession, storage, sale or other disposition of any of the same, or any accident in connection therewith, including Claims involving or alleging environmental damage, criminal acts, hijacking, acts of terrorism or similar acts, product liability or strict or absolute liability in tort, latent and other defects (whether or not discoverable) and for any other risk or matter, including any of the same that result in injuries, death, destruction, or other harm or loss to persons or property, or (ii) any of the Loan Documents, Third Party Agreements or other Transaction Documents, or the performance, breach (including any Default or Event of Default) or enforcement of any of the terms hereof or thereof, provided, that Customer shall have no obligation to indemnify an Indemnified Party with respect to Claims arising from the gross negligence or willful misconduct of such Indemnified Party (unless if imputed by Applicable Law). If any Claim is made against any Indemnified Party, the party receiving notice or otherwise becoming aware of such Claim shall promptly notify the other, but the failure of the party having knowledge of a Claim to so notify the other party shall not relieve Customer of any obligation hereunder.

If any Customer Party fails to perform or comply with any of its agreements contained herein or in the other Loan Documents, including, without limitation, its obligations to keep the Collateral free of Liens (other than the Permitted Liens), comply with Applicable Standards, or obtain the Required Coverages, Lender shall have the right, but shall not be obligated, to effect such performance or compliance, with such agreement. Any expenses of Lender incurred in connection with effecting such performance or compliance, together with interest thereon at the default rate of interest provided for in the Note from the date incurred until reimbursed, shall be payable by Customer to Lender promptly on demand and until such payment shall constitute part of the Obligations secured hereby. Any such action shall not be a cure or waiver of any Default or Event of Default hereunder.

Entire Agreement; Modifications. This Agreement and the other Loan Documents constitute the entire understanding and agreement of the parties hereto with respect to the matters contained herein and therein, and shall completely and fully supersede all other prior agreements (including any proposal letter, commitment letter, and/or term sheet), both written and oral, between Lender and Customer relating to the Obligations. Neither this Agreement, nor any terms hereof, may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of a change, waiver, discharge or termination is sought.

Construction of this Agreement and Related Matters. All representations and warranties made in this Agreement and in the other Loan Documents shall survive the execution and delivery of this Agreement and the making of the Loan hereunder. Customer's obligations contained in this Section 8 shall survive the payment and performance of the Obligations, the termination of this Agreement, and the release of the Collateral. This Agreement may be executed by the parties hereto on any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. The headings of the Sections hereof are for convenience only, are not part of this Agreement and shall not be deemed to affect the meaning or construction of any of the provisions hereof. Time is of the essence in the payment and performance of all of Customer's obligations under this Agreement. Any provision of this Agreement that may be determined to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective in such jurisdiction to the extent thereof without invalidating the remaining provisions of this Agreement, which shall remain in full force and effect.

Lender's Assignment. Lender, may at any time, with or without notice to Customer, freely grant a security interest in, sell, assign, participate or otherwise transfer (an "**Assignment**") all or any part of its interest in this Agreement and the other Loan Documents (including all associated rights associated with or secured thereby and the related international interests) or any amount due or to become due hereunder or thereunder, and Customer shall perform all of its obligations under the Loan Documents, to the extent so transferred, for the benefit of the beneficiary of such Assignment (such beneficiary, including any successors and assigns, an "**Assignee**"); provided, however, if such Assignee is not an Affiliate of Lender and if no Default or Event of Default exists, Lender will provide prior notice of any such Assignment to a third party. Customer hereby waives any right to assert, and agrees not to assert, against any Assignee any abatement, reduction, defense, setoff, recoupment, claim or counterclaim that Customer may have against Lender, provided that Lender remains fully responsible therefor. Upon the assumption by such Assignee of Lender's obligations hereunder, Lender shall be relieved of any such assumed obligations. Customer hereby consents to any such assignment, grant, sale or transfer, including, without limitation, for purposes of the Cape Town Convention. If so directed in writing, Customer shall pay all amounts due or to become due under the Loan Documents, including any of the same constituting associated rights or proceeds directly to the Assignee or any other party designated in writing by Lender or such Assignee. Customer acknowledges and agrees that Lender's right to enter into an Assignment is essential to Lender and, accordingly, waives any restrictions under Applicable Law with respect to an Assignment and any related remedies. Upon the request of Lender or any Assignee, Customer also agrees (a) to promptly execute and deliver, and cause to be executed and delivered by any Guarantor or any other Transaction Party, to Lender or to such Assignee an acknowledgment of assignment in form and substance satisfactory to the requesting party, an insurance certificate naming Assignee as additional insured and loss payee and otherwise evidencing the Required Coverages, an IDERA in favor of Assignee, and such other documents and assurances reasonably requested by Lender or Assignee, (b) to make, or cause to be made, all registrations (including all assignments and subordinations) and all amendments, extensions and discharges with the International Registry reasonably requested by Lender or Assignee (and give or obtain any necessary consent thereto, as well as renew any authorization required by the International Registry in connection therewith, including renewing its transacting user entity status and re-designating a professional user entity, if necessary in Lender's judgment), and (c) to comply with any and all other reasonable requirements of any such Assignee in connection with any such Assignment.

Jurisdiction. Customer and Lender each hereby irrevocably consents and agrees that any legal action, suit or proceeding arising out of or in any way in connection with this Agreement or any of the other Loan Documents may be instituted or brought in the courts of the State of New York or in the United States Courts for the Southern District of New York, as Customer or Lender may elect or in any other state or Federal court as Lender shall deem appropriate, and by execution and delivery of this Agreement, Customer and Lender each hereby irrevocably accepts and submits to, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of any such court, and to all proceedings in such courts. Customer and Lender each irrevocably consents to service of any summons and/or legal process by first class, certified United States air mail, postage prepaid, to Customer at the address set forth below its signature hereto, such method of service to constitute, in every respect, sufficient and effective service of process in any such legal action or proceeding. Nothing in this Agreement or in any of the other Loan Documents shall affect the right to service of process in any other manner permitted by law or limit the right of Lender to bring actions, suits or proceedings in the courts of any other jurisdiction. Customer and Lender each further agrees that final judgment against it in any such legal action,

suit or proceeding shall 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 shall be conclusive evidence of the fact and the amount of the liability. Notwithstanding anything in the foregoing to the contrary, Lender and Customer may bring a judicial proceeding in the Republic of Ireland, solely with respect to matters relating to the International Registry.

Governing Law; Binding Effect. This Agreement shall be construed and enforced in accordance with, and the rights of both parties shall be governed by, the internal laws of the State of New York (without regard to the conflict of laws principles of such state, except as to the effect of Title 14, Section 5-1401 of the New York General Obligations Law), including all matters of construction, validity, and performance. This Agreement shall be binding upon and inure to the benefit of Customer and Lender and their respective successors and assigns (but without limiting the provisions of Section 8.5); except that Customer may not assign or transfer its rights or obligations hereunder or under any other Loan Agreement, or any interest herein or therein; and any such purported or attempted assignment or transfer by Customer shall be null and void.

Customer's Capacity as Owner Trustee. TVPX Aircraft Solutions Inc. ("TVPX") is executing this Agreement, and the other Loan Documents solely in its capacity as Owner Trustee under the Trust Agreement and not in its individual capacity and in no case shall TVPX be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of the Customer hereunder, or under any Loan Document, all such liability, if any, being expressly waived by the parties hereto and any Person claiming by, through, or under such party. Under no circumstances shall TVPX be personally liable for the payment of any other amount stated to be due from the Customer hereunder, or under any Loan Document, or be personally liable for the breach or failure of any of Customer's representations, warranties, covenants, obligations, undertakings and agreements hereunder, or under any Loan Documents; provided, however, that the Customer (or any such successor owner trustee) shall be personally liable hereunder for its own gross negligence or willful misconduct or for its breach of its covenants, representations and warranties contained herein, or in any Loan Document, to the extent covenanted or made in its individual capacity.

Jury Waiver. CUSTOMER AND LENDER EACH HEREBY KNOWINGLY AND FREELY WAIVES THEIR RESPECTIVE RIGHTS TO A JURY TRIAL IN ANY ACTION, SUIT OR PROCEEDING RELATING TO, ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE NOTE OR ANY OF THE OTHER LOAN DOCUMENTS.

**[Signatures On Next Page]**

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Loan and Aircraft Security Agreement

IN WITNESS WHEREOF, the parties hereto have caused this Loan and Aircraft Security Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

BANC OF AMERICA LEASING & CAPITAL, LLC, Lender

TVPX AIRCRAFT SOLUTIONS INC., a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated July \_\_\_\_, 2017,  
Customer

By:  
Name:  
Title:  
Notice Address:

One Financial Plaza, 2nd Floor  
Providence, Rhode Island 02903  
Attention: Director of Aircraft Operations  
Telephone: 800-238-3737  
Facsimile: 401-278-7941

By:  
Name:  
Title:  
Notice Address:

39 East Eagle Ridge Drive, Ste. 201  
North Salt Lake, UT 84054  
Telephone: (801) 924-367  
Facsimile: (801) 877-0478

Closing Date, any change so that it is no longer subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or no longer registered under Section 12 of the Securities Act of 1933, as amended; or

(g) (i) the conviction of or guilty plea by any Customer Party with respect to any criminal act constituting a felony, (ii) any repudiation by any Customer Party of its obligation for the payment or performance of the Obligations, (iii) any allegation by any Customer Party or judicial determination that any of the Loan Documents is unenforceable in any material respect or (iv) a Default (as defined in any Guaranty) shall occur; or

(h) any event or condition constituting a breach or other default under any Operating Consent.

**SECTION 7. REMEDIES .**

1. Acceleration; Termination of Commitment. If any Event of Default shall occur, Lender, in its sole discretion, may (a) declare the Obligations to be immediately due and payable, and upon such declaration the Obligations (including, the unpaid principal amount of the Note, together with all accrued but unpaid interest thereon, any prepayment fees and all other amounts due and payable under or with respect to the Loan Documents), shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the other Loan Documents to the contrary notwithstanding, (b) terminate any then outstanding commitment whether to Customer or any Affiliate to make the Loan or any advance thereof, or any other financial accommodations, whether related to the Loan or otherwise, and/or (c) pursue and enforce any of Lender’s rights and remedies under this Section 7; provided, however, if an Event of Default specified in Section 6 (e) above shall occur, the Obligations shall become immediately due and payable, all such commitments shall terminate, and Lender shall have all such other rights and remedies contemplated in the preceding clauses (a), (b) and (c), automatically, and without any notice or other action by Lender.

2. Additional Remedies. If an Event of Default occurs, in addition to all other rights and remedies granted to it in this Agreement and in the other Loan Documents, Lender may exercise all rights and remedies of a secured party under the UCC or as a creditor, chargee or security assignee under the Cape Town Convention (including any and all remedies thereunder requiring agreement by Customer), or otherwise available to Lender under any other Applicable Law. Without limiting the generality of the foregoing, Customer agrees that upon the occurrence of an Event of Default, Lender, without demand or notice of any kind (except as specified below) to or upon Customer or any other Person, in its sole discretion, may exercise any one or more of the following remedies:

(a) (i) peacefully enter the premises where the Aircraft, the Engines, or any other Collateral is located, take immediate possession of, remove (or disable in place), or otherwise take control or custody of the Airframe, the Engines or any other Collateral (whether or not then attached to the Airframe) by self-help, summary proceedings or otherwise without liability, (ii) preserve the Airframe, the Engines or the other Collateral, and their respective value (but without any obligation to do so), and immobilize or keep idle the Airframe or Engines, and/or (iii) use Customer’s premises for storage without liability; and Customer agrees, at Lender’s request, to assemble the Collateral, and make it available to Lender at such places as Lender shall reasonably select, whether at Customer’s premises or elsewhere;

(b) (i) terminate the right of any Interested Third Party, and any other third party to use, possess or control the Airframe, the Engines or any of the other Collateral, including under any Permitted Third Party Agreement or other Third Party Agreement, without regard as to the existence of any event of default thereunder, (ii) recover from, and/or cause Customer and any such Interested Third Party, and any other third party, to relinquish possession and return the Airframe, the Engines and any other Collateral pursuant to this Section 7, and/or (iii) exercise any and all other remedies under any Operating Consents in Customer’s stead, to the extent provided for under, or otherwise available to Customer in connection with any related Permitted Third Party Agreement or such other Third Party Agreement;

(c) (i) manage, sell, lease, assign or otherwise dispose of the Airframe, the Engines or any other Collateral, in whole or in part, whether or not in Lender’s possession, in one or more parcels or transactions, at public or private sale or sales, with or without notice to Customer (except as required by Applicable Law, and in furtherance thereof, Lender agrees that it shall give Customer no less than ten (10) working days’ prior notice of any proposed sale or lease of the Airframe or Engines, which Customer acknowledges as constituting “reasonable prior notice” for the purposes of the Cape Town Convention) at such prices as Lender may deem best, and/or (ii) purchase the Collateral, in whole or in part, upon any public sale or sales, and to the extent permitted by Applicable Law upon any private sale or sales, free of any right or equity of redemption in Customer, which right or equity of redemption is hereby expressly released;

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**LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)**

**THIS LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)** (together with all Addenda, Riders and Annexes hereto, this “**Agreement**”) is dated as of July 27, 2017 (the “**Closing Date**”), by and between **TVPX AIRCRAFT SOLUTIONS INC.**, a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated as of July 27, 2017 (“**Customer**”) and **BANC OF AMERICA LEASING & CAPITAL, LLC**, a Delaware limited liability company (“**Lender**”).

In consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which

are hereby acknowledged, the parties hereto agree as follows:

Capitalized and certain other terms used but not otherwise defined in this Agreement shall have the meanings ascribed to them in Annex A attached hereto and made a part hereof.

#### **Terms of Loan .**

Loan and Use of Proceeds . Subject to the terms and conditions of this Agreement, Lender agrees to make a loan to Customer in the principal amount set forth in Annex B attached hereto and made a part hereof (the “ **Loan** ”). Customer shall use the proceeds of the Loan to finance the costs of the acquisition of the Aircraft.

Repayment and Prepayment . The Customer’s obligation to repay the Loan shall be evidenced by one or more Promissory Notes dated on and/or after the Closing Date, payable by Customer to the order of Lender in the original principal amount of the Loan (as amended, modified, restated, extended and renewed from time to time, the “ **Note** ”). The Loan shall bear interest and be repaid by Customer at the times and in the manner set forth in the Note. The Loan may be prepaid only in the manner and subject to terms and conditions set forth in the Note and, if applicable, Section 4.7 hereof.

Conditions of Borrowing . Lender’s obligation to make the Loan shall be both subject to and conditioned upon the satisfaction of all of the conditions precedent specified in the Closing Terms Addendum attached to and made a part of this Agreement.

Representations and Warranties . In order to induce Lender to enter into this Agreement and to make the Loan herein provided for, Customer represents, warrants and covenants to Lender that:

(i) Customer (A) is duly qualified to do business in each jurisdiction in which the conduct of its business or the ownership or operation of its assets requires such qualification, including the jurisdiction of the Primary Hangar Location and wherever any of the Collateral may become located; (B) has the necessary authority and power to own and operate the Aircraft and its other assets and to transact the business in which it is engaged; (C) is a “citizen of the United States” within the meaning of the Transportation Code; and (D) has the form of business organization set forth in Annex B hereto and is and will remain duly organized, validly existing and in good standing under the laws of the state of its organization set forth in Annex B hereto, its federal tax identification number is as set forth in Annex B hereto, and its state-issued organizational identification number (if any), chief executive office and principal place of business address are all as set forth on Annex B hereto; and (ii) its name as shown in the preamble of this Agreement is its exact legal name as shown on its charter, by-laws, articles of organization or operating agreement, as applicable, each as amended as of the Closing Date;

(i) Customer’s execution and delivery of, and performance of its obligations under and with respect to, each of the Loan Documents (including its borrowing the amounts constituting the Loan, granting the Lender’s Lien against the Aircraft and other Collateral and participating in the other transactions contemplated herein and therein), (A) have been duly authorized by all necessary action on the part of Customer consistent with its form of organization, (B) do not contravene or constitute a default under any Applicable Law, any of Customer’s Organizational Documents, or any agreement, indenture, or other instrument to which Customer is a party or by which it may be bound, (C) do not require the approval of or notice to (1) any Governmental Authority, except for the filings and registrations specified in the Closing Terms Addendum, all of which shall have been duly effected prior to or concurrently with Lender making the Loan, or (2) any other party (including any trustees or holders of indebtedness), and (D) will not result in the creation or imposition of any Lien on any of the assets of Customer other than the Lender’s Lien created hereby and by the other Loan Documents with respect to the Collateral; (ii) each of the Transaction Documents referenced in the Closing Terms Addendum to which Customer is a party has been duly executed and delivered by an authorized representative of the Customer, and constitutes the legal, valid and binding obligation of the Customer, enforceable against it in accordance with the respective terms of such Transaction Documents (including, without limitation, the grant of the Lender’s Lien); and (iii) without limiting the foregoing, upon Lender’s advancing the Loan on the Closing Date, (A) Customer will have satisfied or complied with all conditions precedent and requirements as set forth in the Loan Documents required to have been satisfied or complied with concurrently with or prior to such advance and (B) no Default or Event of Default shall be then existing;

there are no proceedings pending or, so far as the officers, managers, or members of Customer know, threatened against or affecting Customer or any of its property before any Governmental Authority that could impair Customer’s title to the Aircraft or any of the other Collateral, or that, if decided adversely, could materially affect the financial condition or operations of Customer or its ability to perform its obligations under any of the Loan Documents;

(i) Customer has, and shall continue to have, good and marketable title to the Collateral, free and clear of Liens, except Permitted Liens; (ii) the Lender’s Lien in the Airframe, the Engines and the other Collateral is and shall remain validly created and perfected, and has and shall continue to have first priority over any other Liens pursuant to all Applicable Laws; and (iii) all filings, recordings, registrations or other actions necessary or desirable in order to vest such title in Customer, and establish, perfect and give first priority to Lender’s Lien and other rights and interests in, against or with respect to the Collateral, have been duly effected, and all Impositions in connection therewith have been duly paid;

without limiting any of the other representations and warranties in this Agreement, for the purposes of the Cape Town Convention and any other Applicable Law, (i) upon the conclusion of the sale of the Aircraft to Customer, and Customer’s grants and assignments, and (if constituting a lease) any Permitted Third Party Agreement, contemplated in the Loan Documents or other Transaction Documents, Customer and (if a lessee) any Interested Third Party shall be situated in, and Customer will cause the Aircraft to be duly registered in, the United States of America (which is a contracting state), (ii) with respect to any of the Transaction Documents relating to the Airframe or Engine, each of the respective parties thereto has power to dispose of the Airframe and Engine, as contemplated therein by way of the relevant Transaction Document, and (iii) the Purchase Documents qualify as a “contract of sale”, and (if constituting a lease) any Permitted Third Party Agreement and the Loan Documents are effective to constitute international interests in the Airframe and Engine and security assignments of the related associated rights and transfer of the related international interests, as contemplated therein, and each such Registerable Interest will be effective against third parties upon registration at the International Registry, without any further filings or registrations (except as contemplated in the Loan Documents);

(i) the Aircraft (A) has been delivered to Customer, is in Customer’s possession and is, as of the Closing Date, unconditionally, irrevocably and fully accepted by Customer, (B) has been inspected by Customer to its complete satisfaction and, without limiting the foregoing, (1) has been found to be in good working order, repair and condition and fully equipped to operate for its intended purpose, and (2) is in conformity with the requirements of the Purchase Agreement and the Applicable Standards, (C) is, or will be at the time of the funding of the Loan, currently certified under existing FAA rules and regulations and any other Applicable Laws and is airworthy in all respects, and (D) is and will remain primarily hangered at the Primary Hangar Location; and (ii) without limiting the foregoing, (A) solely as between Lender and Customer (and without prejudicing Customer’s rights against Vendor or any other third party, which rights are not being disclaimed hereby), Customer has no pending claims and has no knowledge of any facts upon which a future claim may be based, against any prior owner, the seller, manufacturer or supplier of the Aircraft or any of the other Collateral, for breach of warranty or otherwise, and (B) all of the information contained in Annex C, including the registration number of the Aircraft, and the serial numbers, manufacturer and model numbers of the Airframe, Engines, and APU, are true and accurate in all respects; and

(h) the Aircraft (i) is currently capable of being certified under existing FAA rules and regulations and completely airworthy in all respects, (ii) will undergo an inspection by a Designated Airworthiness Representative of the FAA (“ **DAR** ”) on the Closing Date and (iii) an FAA Standard Airworthiness Certificate (AC Form 8100-2) shall be issued for the Aircraft no later than two (2) Business Days after the Closing Date.

**Covenants** . Customer covenants and agrees that from and after the Closing Date and so long as any of the Obligations are outstanding:

Notices; Financial Information; and Further Assurances . Customer will, at its sole expense:

promptly give written notice to Lender of (i) the occurrence of any Default or Event of Default; (ii) the occurrence of any Event of Loss or event of which Customer may be aware that could become an Event of Loss; (iii) the commencement or written threat of any material litigation or proceedings affecting Customer or any material litigation or proceedings affecting the Aircraft or any of the other Collateral, or the ability of Customer to comply with its obligations under the Loan Documents; and (iv) any material dispute between Customer or any Interested Third Party and any Governmental Authority or other party that involves the Aircraft or any of the other Collateral or that might materially interfere with the normal business operations of Customer;

cause Guarantor to comply with the financial reporting requirements set forth in the Guaranty and promptly furnish to Lender any such financial and other information regarding the Customer or Guarantor or any of its Affiliates as Lender may from time to time reasonably request; and

promptly execute and deliver to Lender such further instruments, UCC and FAA filings (including an IDERA) and other documents, make, cause to be made and/or consent to all registrations (including any discharges and subordinations, or as to the prospective or actual sale of, and any international interest in, the Engines) with the International Registry, and take such further action, as Lender may from time to time reasonably request in order to further carry out the intent and purpose of the Loan Documents and to establish, protect and enforce the rights, interests, remedies and Liens (including the first priority thereof) created, or intended to be created, in favor of Lender thereby.

General Obligations . (a) Customer agrees that it shall (i) duly observe and conform to all requirements of Applicable Law relating to the conduct of its business and/or the Aircraft, (ii) remain a "citizen of the United States" within the meaning of the Transportation Code, (iii) obtain and keep in full force and effect (A) all rights, franchises, licenses and permits that are necessary to the proper conduct of its business, and (B) all approvals by any Governmental Authority required with respect to the performance of its obligations under the Loan Documents and the operation of the Aircraft and its business, (iv) cause the Aircraft to remain primarily hangared at the Primary Hangar Location, and duly registered in Customer's name under the Transportation Code (including, by making all necessary reports, re-registering its ownership of the Aircraft, and taking all other actions required by Applicable Law), and (v) pay and perform all of its obligations and liabilities when due. (b) Customer agrees that (i) it shall not change its presently existing legal name or its form or state of organization on or after the date of this Agreement, without Lender's prior written consent, (ii) if its presently existing state organizational identification number changes, or if Customer currently has no such state organizational number but is subsequently issued such a number, on or at any time after the date of this Agreement, Customer shall immediately notify Lender thereof, and (iii) it shall not change the presently existing mailing, chief executive office and/or principal place of business address on or after the date of this Agreement without giving Lender thirty (30) days written notice of the same.

Taxes . (a) Customer will file or cause to be filed with all appropriate taxing authorities all Federal, state and local income tax returns that are required to be filed and all registrations, declarations, returns and other documentation with respect to any personal property taxes (or any other taxes in the nature of or imposed in lieu of property taxes) due or to become due with respect to the Aircraft or any of the other Collateral. (b) Customer will pay (or cause to be paid) (i) on or before the date when due all taxes as shown on said returns and all taxes assessed, billed or otherwise payable with respect to the Aircraft or the other Collateral directly to the appropriate taxing authorities; and (ii) when due all license and/or registration or filing fees, assessments, governmental charges and sales, use, property, excise, privilege, value added and other taxes (including any related interest or penalties) or other charges or fees now or hereafter imposed by any governmental body or agency upon Customer or the Aircraft or any of the other Collateral, with respect to the landing, airport use, manufacturing, ordering, shipment, purchase, ownership, delivery, installation, leasing, chartering, operation, possession, use or disposition of the Aircraft or any of the other Collateral, or any interest therein (the items referred to in (i) and (ii) above being referred to herein collectively, as "**Impositions** ").

No Disposition of Collateral or Liens; Title and Security Interest .

Customer shall not sell, assign, enter into any Third Party Agreement, convey, mortgage, exchange or otherwise transfer or relinquish possession of (including by any seizure or other taking by any foreign or domestic governmental authority) or dispose of the Airframe or Engines, any Part, any related associated rights, international interests or prospective international interests, any proceeds or any of the other Collateral, or attempt or offer to do, or suffer or permit any of the foregoing. Customer shall be permitted, however, to deliver possession of the Airframe, the Engines, or any APU or Part to another Person for testing, service, repair, maintenance, overhaul, alteration or modification, and to enter into Permitted Third Party Agreements, in each case, if and to the extent consistent with the provisions of the Loan Documents. Customer will warrant and defend its good and marketable title to the Airframe, the Engines and the other Collateral, and the validity, perfection and first priority of Lender's Lien in the Collateral, against all other Liens, claims and demands whatsoever, except Permitted Liens; and without limiting the foregoing, Customer will (i) not create, assume or suffer to exist any Liens on or with respect to the Airframe, the Engines, or any of the other Collateral, or Customer's interest therein (other than Permitted Liens); and (ii) promptly take such action as directed by Lender to duly discharge any such unpermitted Liens.

So long as no Default or Event of Default is then existing, Customer may enter into and remain a party to Third Party Agreements, in each such case, subject to the satisfaction of, and compliance by Customer and each Interested Third Party with, all of the following throughout the term of such arrangement: (i) Each such Interested Third Party shall (A) be and remain solvent, and (unless an individual) organized under the laws of a state within the United States; and (B) if engaged by Customer with the prior written consent of Lender as a manager and/or charter operator (including the Manager pursuant to the Management Agreement), while so engaged, (1) have a recognized favorable reputation as a manager and/or charter operator, as the case may be, of aircraft similar to the Aircraft, (2) be providing management and/or charter operation services for other aircraft owners similar to the services contemplated therein, and (3) if and at all times while conducting any charter operations (x) have and maintain a valid Part 135 Certificate evidencing its authority to conduct such operations, (y) list the Aircraft on its operations specifications, and (z) comply with all Applicable Standards pertaining to such charter operations. (ii) Any operation of the Aircraft pursuant to any such Third Party Agreement shall be limited to (A) if by Customer, Parent Guarantor or any Affiliate of Parent Guarantor, any time sharing agreements (as defined in Section 91.501(c)(1)) complying with Part 91 of the FARs and all other Applicable Standards, (B) if by a manager and/or a charter operator with Lender's prior written consent, pursuant to and in full compliance with the requirements of Part 135 of the FARs and all other Applicable Standards, or (C) if such Third Party Agreement is a "dry lease" by Customer, as lessor, to Parent Guarantor or an Affiliate of Parent Guarantor or other Interested Third Party permitted pursuant hereto, as lessee, operation by such lessee complying with (1) Part 91 and any other applicable provision of the FARs, and all other Applicable Standards, and (2) the provisions hereof and of the other Loan Documents pertinent to the operation of the Aircraft (whether by Customer or any permitted Interested Third Party). (iii) The related Third Party Agreement shall (A) be and remain, subject and subordinate to Lender's Lien in and with respect to the Collateral, and Lender's rights and remedies under the Loan Documents (and such subordination shall be expressly acknowledged therein), (B) not convey any Lien on, or other property interest in or against the Airframe, the Engines or any of the other Collateral, except for a Permitted Lien (but, without giving effect to clause (a) of the definition of such term), (C) not permit any further sublease or disposition of or unpermitted Lien against the Aircraft or any of the other Collateral by any of the Interested Parties thereto or any other Person, or any change in registration or unpermitted change in hangaring of the Aircraft, (D) not contain provisions that are inconsistent with the provisions of any of the Loan Documents or cause Customer to breach any of its representations, warranties or agreements under any of the Loan Documents, (E) be in conformity with all requirements of the FARs and other Applicable Laws, and (F) otherwise conform to any Operating Consent required by Lender with respect thereto. (iv) (A) Customer shall have specified such Third Party Agreement on Annex B if

existing on the Closing Date, or if not then existing shall require Lender's prior written consent and at least thirty (30) Business Days' prior written notice of its intention to enter into a Third Party Agreement and (B) no later than the effective date thereof Customer shall comply with, and at all times thereafter remain in compliance with, any related requirements by Lender, including (1) entering into, and causing any related Interested Third Parties to enter into, an Operating Consent, (2) causing Lender to be covered by the Required Coverages (which, for the purposes hereof, may include insurance coverages obtained and maintained by an Interested Third Party, conforming to the insurance requirements herein and in any of the other Loan Documents), and (3) entering into or delivering, or causing to be entered into and delivered, all such other documents, filings and assurances, making or causing to be made such filings and registrations, and taking or causing to be taken all such other actions, in each case as may be required by Lender and (4) paying or reimbursing Lender for any related costs or expenses. (v) Lender shall have the right, but not the obligation, to (A) require reasonable evidence that any Interested Third Party satisfies the requirements provided herein, and (B) review any such Third Party Agreement, as from time to time supplemented and amended, to determine its conformity with the provisions hereof, but without assuming any responsibility with respect thereto. (vi) Customer shall neither make, nor permit to be made, any filing or registration with respect to any Permitted Third Party Agreement, unless so directed by Lender pursuant to Section 5.2 or otherwise. Notwithstanding the foregoing limitations Parent Guarantor or any Affiliate shall be permitted to conduct the carriage of Parent Guarantor or any Affiliate and/or their respective guests pursuant to 14 CFR Section 91.501(b)(4), affiliated group operations pursuant to 14 CFR Section 91.501(b)(5) and/or (6), demonstration flights pursuant to 14 CFR Section 91.501(b)(3), time sharing or interchange operations pursuant to 14 CFR Section 91.501(b)(6), the carriage of customers pursuant to 14 CFR Section 91.501(b)(9) and/or the carriage of candidates in Federal elections conducted pursuant to 14 CFR Section 91.321.

With respect to any Third Party Agreements complying with all of the provisions of Section 4.4(b) (each a "**Permitted Third Party Agreement**"), although certain of the duties and obligations of Customer under the Loan Documents may be performed by one or more of the Interested Third Parties, (i) no such Permitted Third Party Agreement shall reduce any of Customer's obligations, or Lender's rights, under any of the Loan Documents, (ii) all of Customer's obligations under the Loan Documents shall be and remain primary and continue in full force and effect as the obligations of a principal and not of a guarantor or surety, and (iii) Lender is not waiving the right to require full and timely performance of any such obligations in strict accordance with the provisions hereof and of the other Loan Documents. By way of clarification and not limitation, with respect to any provisions of this Agreement or any of the other Loan Documents requiring Customer to take or refrain from taking an action relating to the Aircraft or any of the other Collateral, such provision may also be read to mean that Customer shall cause the same to be done in accordance therewith, if at that time the Aircraft or such other Collateral is in the possession or control of an Interested Third Party pursuant to a Permitted Third Party Agreement.

#### Use of Aircraft; Maintenance; Modifications; Security.

Customer will operate the Aircraft or shall cause the Aircraft to be operated under and in compliance with Part 91 and any other applicable provision of the FARs, and all other Applicable Standards. Unless otherwise expressly permitted hereunder, (i) Customer shall not operate or permit the Aircraft to be operated for air taxi operations or otherwise under Part 135 of the FARs; and (ii) Customer, an Affiliate or other Interested Third Party shall at all times have, and maintain, "operational control" of the Aircraft (as such term is then interpreted by the FAA or such other applicable Governmental Authority), and no other Person shall operate the Aircraft. The Aircraft at all times will be operated by duly qualified pilots having satisfied all requirements established and specified by the FAA, the TSA, any other applicable Governmental Authority and the Required Coverages.

the Aircraft may be flown temporarily to any country in the world, provided that the Aircraft (i) shall at all times be based in the continental United States; and (ii) shall not be flown, operated, used or located in, to or over any such country or area (temporarily or otherwise) (A) that is excluded from the Required Coverages (or specifically not covered by such insurance), (B) with which the U.S. does not maintain favorable diplomatic relations (which is any country or jurisdiction not marked with an "\*" on the list maintained by the U.S. Department of State, at <http://www.state.gov/s/inr/rls/4250.htm> or any replacement or equivalent website maintained by the U.S. Department of State), provided that the prohibition in this clause (B) does not prohibit the operation of the Aircraft on an approved and assigned air traffic control route (if and so long as such use is otherwise in compliance with the provisions of the this Agreement and does not violate any insurance policies in effect with respect to the Aircraft), (C) to the extent that payment of any claim under the Required Coverages directly or indirectly arising or resulting from or connected with any such flight, operation, use or location would be prohibited under any trade or other economic sanction or embargo by the United States of America, or (D) in violation of any of the Loan Documents or any Applicable Standards. Customer shall adopt, implement and comply with all security measures required by any Applicable Law, or by any Required Coverages, or that are necessary or appropriate for the proper protection of the Aircraft (whether on the ground or in flight) against theft, vandalism, hijacking, destruction, bombing, terrorism or similar acts.

Customer agrees that, with respect to the Airframe, the Engines, each APU and each Part, Customer will at its own expense, (i) maintain, inspect, service, repair, overhaul and test the same in accordance with Applicable Standards; (ii) make any alterations or modifications that may at any time be required to comply with Applicable Standards, and to cause the Aircraft to remain airworthy; (iii) furnish all required parts, replacements, mechanisms, devices and servicing so that the condition and operating efficiency thereof will at all times be no less than its condition and operating efficiency as and when delivered to Customer, ordinary wear and tear from proper use alone excepted; (iv) promptly replace all Parts (A) which become worn out, lost, stolen, taken, destroyed, damaged beyond repair or permanently rendered or declared unfit for use for any reason whatsoever, or (B) if not previously replaced pursuant to clause (A), as and when required by any Applicable Standards, including any applicable life limits; and (v) maintain (in English) all Records in accordance with Applicable Standards; and (vi) enroll and maintain the Engines in an Engine Maintenance Program and the APU in an APU Maintenance Program or shall cause the foregoing to be done. All maintenance procedures shall be performed by properly trained, licensed, and certified maintenance sources and personnel utilizing replacement parts approved by the FAA and the manufacturer of (as applicable) the Airframe, the Engines, or any APU or Part. Without limiting the foregoing, Customer shall comply with all mandatory service bulletins and airworthiness directives by causing compliance to such bulletins and/or directives to be completed through corrective modification in lieu of operating manual restrictions.

Customer will not make, authorize or permit any improvement, change, addition or alteration to the Aircraft that will impair the originally intended function or use of the Aircraft, diminish the value of the Aircraft as it existed immediately prior thereto, or violate any Applicable Standard. All repairs, parts, replacements, mechanisms and devices added by Customer or on its behalf shall immediately, without further act, become part of the Aircraft and subject to the Lender's Lien granted under this Agreement.

#### Insurance.

Customer agrees to maintain or cause to be maintained at all times, at its sole cost and expense, with insurers of recognized reputation and responsibility satisfactory to Lender (but in no event having an A.M. Best or comparable agency rating of less than "A-");

(A) comprehensive aircraft liability insurance against bodily injury or property damage claims including, without limitation, contractual liability, premises liability, death and property damage liability, public and passenger legal liability coverage, and sudden accident pollution coverage, in an amount not less than \$200,000,000.00 for 20 or more seats, or if the Aircraft will be chartered, or \$100,000,000.00 for 10 or

more seats, or \$50,000,000.00 for fewer than 10 seats for each single occurrence, and (B) personal injury liability in an amount not less than \$25,000,000.00; but, in no event shall the amounts of coverage required by sub-clauses (A) and (B) be less than the coverage amounts as may then be required by Applicable Law;

"all-risk" ground, taxiing, and flight hull insurance on an agreed-value basis, covering the Aircraft, provided that such insurance shall at all times be in an amount not less than the greater of (1) the full replacement value of the Aircraft (as determined by Lender), or (2) the unpaid principal amount of the Note (each such amount re-determined as of each anniversary of the date hereof for the next succeeding year throughout the term of this Agreement); and

war risk and allied perils (including confiscation, appropriation, expropriation, terrorism and hijacking insurance) in the amounts required in paragraphs (i) and (ii), as applicable.

Any policies of insurance carried in accordance with this Section 4.6 and any policies taken out in substitution or replacement of any such policies shall (i) be endorsed to name Lender as an additional insured as its interests may appear (but without responsibility for premiums), (ii) provide, with respect to insurance carried in accordance with Section 4.6(a)(ii) or (a)(iii) above, that any amount payable thereunder shall be paid directly to Lender as sole loss payee and not to Lender and Customer jointly, (iii) provide for thirty (30) days' (seven (7) days' in the case of war, hijacking and allied perils) prior written notice by such insurer of cancellation, material change, or non-renewal, (iv) include a severability of interest clause providing that such policy shall operate in the same manner as if there were a separate policy covering each insured, (v) waive any right of set-off against Lender, and any rights of subrogation against Lender, (vi) provide that in respect of the interests of Lender in such policies, that the insurance shall not be invalidated by any action or inaction of Customer or any other Person operating or in possession of the Aircraft, regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by or binding upon Customer or any other Person operating or in possession of the Aircraft, and (vii) be primary, not subject to any co-insurance clause and shall be without right of contribution from any other insurance.

Customer shall not self-insure (by deductible, premium adjustment, or risk retention arrangement of any kind) with respect to any of the risks required to be insured pursuant to this Section 4.6. Customer agrees that it shall obtain and maintain such other insurance coverages, or cause adjustments to be made to the scope, amount or other aspects of the existing insurance coverages, promptly upon Lender's request, as and when Lender deems such additional insurance coverages or modifications to be appropriate in light of any changes in Applicable Law, prudent industry practices, the insurance market, Customer's anticipated use of the Aircraft or other pertinent circumstances. All of the coverages required herein shall be in full force and effect worldwide throughout any geographical areas to, in or over which the Aircraft is operated. All insurance proceeds payable under the requisite policies shall be payable in U.S. Dollars.

At least ten (10) days prior to the policy expiration date for any insurance coverage required by this Section 4.6, Customer shall furnish to Lender evidence (having the form and substance consistent with Section 1(f) of the Closing Terms Addendum) of the renewal or replacement of such coverage, complying with the terms hereof, for a twelve (12) month or greater period commencing from and after such expiration date.

#### Event of Loss: Loaner Engines.

Upon the occurrence of any Event of Loss with respect to the Aircraft and/or the Airframe, Customer shall notify Lender of any such Event of Loss within five (5) days of the date thereof. Customer shall pay the then Outstanding Balance promptly upon its receipt of insurance proceeds relating to such Event of Loss, but in no event later than ninety (90) days after the occurrence of such Event of Loss (irrespective as to whether any or all of such proceeds have been received). Upon Lender's receipt in good and indefeasible funds of all of the amounts required to be paid pursuant to the preceding sentence (whether by applying Customer's payment of such amounts, or any such insurance proceeds, or both) the Aircraft shall be released from the Lender's Lien, and Lender shall remit to Customer any such insurance proceeds so received by Lender, to the extent then remaining.

Upon an Event of Loss with respect to an Engine or any APU (as applicable, a " **Lost Item** ") under circumstances in which there has not occurred an Event of Loss with respect to the Airframe, Customer shall, within one hundred twenty (120) days after the occurrence of such Event of Loss, replace such Lost Item, with a Permitted Replacement. Any engine or auxiliary power unit constituting a " **Permitted Replacement** " for a Lost Item shall (i) be of the same make and model number as the Lost Item, (ii) be free and clear of all Liens and (iii) have a value, utility and useful life at least equal to, and be in as good an operating condition as, the Lost Item, assuming such Lost Item was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss. Customer, at its own cost and expense, shall (i) furnish Lender with such documents to evidence such conveyance, (ii) cause the Permitted Replacement to be subject to the Lender's Lien under this Agreement, and (iii) take such other actions as may be required by Lender to cause the Lender's Lien therein to be validly created, perfected and have first priority, including as evidenced on the FAA Registry, the International Registry, and any other recording office. Each such Permitted Replacement shall, after such conveyance, be deemed an "Engine" or "APU" (as defined herein), as applicable, and shall be deemed part of the same Aircraft as was the Lost Item replaced thereby.

In the event an Engine is damaged and is being repaired, or is being inspected or overhauled, Customer, at its option, may temporarily substitute another engine during the period of such repair or overhaul, so long as such engine is of the same make and model as the Engine being repaired or overhauled, is free and clear of any Lien that might impair Lender's rights or interests in the Airframe and is maintained in accordance herewith (any such substitute engine being hereinafter referred to as a " **Loaner Engine** "). Customer shall (i) cause such Loaner Engine to be installed and removed, as applicable, by a maintenance facility certified by the FAA and manufacturer with respect to the Aircraft, and (ii) cause the repaired or overhauled original Engine to be reinstalled on the Airframe promptly upon completion of the repair or overhaul, but in no event later than the earlier of one hundred twenty (120) days after removal or the occurrence of an Event of Default.

So long as no Default has occurred and is continuing, and no Event of Default or Event of Loss with respect to the Aircraft has occurred, any loss or damage proceeds of the Required Coverages received by Lender shall be released promptly by Lender to Customer to reimburse Customer for paying the costs actually incurred with respect to repairs made to the Aircraft so as to restore it to the condition required by this Agreement, or for the purchase of a Permitted Replacement pursuant to Section 4.7(b), or shall be disbursed by Lender as otherwise required by this Agreement.

Aircraft Registration. On or before the Closing Date, and at all times thereafter, so long as any of the Obligations are outstanding, Customer shall remain solely responsible pursuant to the applicable provisions of this Agreement to cause (i) the Aircraft to be effectively and otherwise validly registered in Customer's name on the Registry, and (ii) the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft, in each case, accordance with the Registration Requirements; and without limiting the foregoing, or any other provision of this Agreement, Customer shall:

cause the Registration Certificate to be maintained within the Aircraft and cause the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft; including by (A) notifying Lender immediately of any event or circumstance with respect to which the Registration Requirements require further action by Customer, the Registry or any other Governmental Authority or other Person, (B) immediately upon receipt, placing the original, replacement or renewal Registration Certificate on the Aircraft prior to the expiration or other invalidation of any previously issued Registration Certificate (whether the certificate or any other document constituting the Registration Certificate as defined herein) under the Registration Requirements, and (C) complying with any and all of the other Registration Requirements relating to such Registration Certificate, and to the Registration Certificate replaced thereby (including any of the same relating to the

destruction or return thereof, as the case may be); and

upon the occurrence, and at all times thereafter, of any Defective Registration (and without waiving Customer's responsibility to avoid such circumstance), or if the operation of the Aircraft is no longer authorized by the Registration Requirements, Customer shall (A) neither operate nor permit or suffer the operation of the Aircraft without a currently effective and otherwise valid Registration Certificate (and shall cause the pilots to be made aware of the Defective Registration), and otherwise comply with the FARs and other Applicable Laws relating to such Defective Registration, (B) ground and store the Aircraft in a manner reasonably acceptable to Lender, and (C) inform the insurer or insurers thereof, and obtain and maintain adjustments to the insurance coverages required pursuant Section 4.6 of this Agreement which may be necessary or desirable to Lender so as to reflect any changes in the insurable risks relating to any Defective Registration.

**Security Interest; Power of Attorney; Inspection .**

Grant of Security Interest . As collateral security for the prompt and complete payment and performance as and when due of all of the Obligations and in order to induce Lender to enter into this Agreement and make the Loan to Customer in accordance with the terms hereof, Customer hereby grants, pledges and assigns to Lender a first priority security interest, collateral assignment, international interest, prospective international interest, security assignment and prospective security assignment, in, against, under and with respect to (the " **Lender's Lien** ") all of Customer's right, title and interest in, to and under all of the following collateral, whether now existing or hereafter acquired (collectively, the " **Collateral** "): (i) the Aircraft, including the Airframe, the Engines, each of the APU and Parts, and the Records; (ii) any and all present and future Third Party Agreements; (iii) any and all other associated rights secured by or associated with the Airframe and/or the Engines, together with any related international interests and prospective international interests; (iv) any collateral described in the other Loan Documents (including in any Operating Consent); and (v) all proceeds of the foregoing. By way of clarification and not limitation, the foregoing grant of the Lender's Lien shall include, as applicable (and in each case, being validly registered and having first priority), an international interest in the Airframe and in each Engine. Notwithstanding the foregoing, (i) Customer shall not enter into any Third Party Agreements unless expressly permitted by Section 4.4 and (ii) Lender is not assuming, nor shall it be responsible for, any obligations, liabilities or duties of any kind whatsoever of Customer (and/or of any other Person) relating to the Collateral. Customer agrees that it shall perform and procure performance in accordance with any Third Party Agreement or other agreement or instrument giving rise to any associated rights that are or may become subjected to the Lender's Lien.

UCCs, Registrations, Etc.; Lender as Attorney-in-Fact . Customer hereby irrevocably:

authorizes Lender to prepare and file any UCC financing statements, amendments, continuations, terminations, assignments and other filings, or take such other actions for the purpose of perfecting, affording first and exclusive priority to or otherwise relating to Lender's Lien under this Agreement or the other Loan Documents;

consents to, and authorizes its professional user entity to consent to, the registration of each Registerable Interest requested by Lender or its Assignee, or otherwise required by the provisions of this Agreement or any of the other Loan Documents, including any subordination, amendment, assignment, discharge or undertaking permitted by the Cape Town Convention with respect thereto; and

constitutes and appoints Lender (including any Person acting on Lender's behalf), as its true and lawful attorney-in-fact with full power and authority in the place and stead of Customer and in the name of Customer or in its own name, for the purpose of carrying out the terms of this Agreement; which authority shall include the following undertakings that may be exercisable by Lender in its sole discretion at any time, and from time to time, if an Event of Default is then existing or upon the occurrence of an Event of Loss: (i) in Customer's name, file and/or record, such further instruments, filings and other documents, make, cause to be made and/or consent to all registrations with the International Registry, and take such further action, to establish and protect Lender's rights, interests and remedies created, or intended to be created, pursuant to the Loan Documents; (ii) endorse Customer's name on any checks, notes, drafts or any other payments or instruments, or set off, apply, or take such other actions with respect to any funds relating to the Collateral that come into Lender's possession or control; and (iii) to settle, adjust, receive payment and make claim or proof of loss, and take such other actions relating to the Required Coverages. This appointment is coupled with an interest, is irrevocable and shall terminate only upon indefeasible payment and performance in full of all of the Obligations. The powers conferred on Lender hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Lender shall be accountable only for amounts that it actually receives in good and indefeasible funds as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to Customer for any act or failure to act. Without limiting the foregoing, Customer agrees that within five (5) Business Days of Lender's request, Customer will enter into an irrevocable power-of-attorney authorizing Aviation Counsel or Lender's other designee as Customer's professional user entity and administrator for the purpose of discharging any Registerable Interests as and when directed to do so by Lender in connection with its exercise of its rights and remedies under the Loan Documents.

Inspection . Lender or its authorized representatives shall have the right, but not the duty, to inspect the Aircraft, any part thereof and/or the Records, at its own cost any reasonable time and from time to time, wherever located, upon reasonable prior notice to Customer; except that after the occurrence of a Default or an Event of Default, such inspection may be conducted at any time without prior notice and at Customer's sole expense, and it shall pay Lender promptly upon demand any inspection costs incurred by Lender. So long as no Default or Event of Default exists, any such inspections shall be conducted during normal business hours and without interruption of the use and operation of the Aircraft as permitted hereby. Upon the request of Lender, Customer shall promptly confirm to Lender the location of the Aircraft or any of the other Collateral.

**Events of Default** . The term " **Event of Default** ", wherever used herein, shall mean:

Customer shall fail to pay any Obligation within ten (10) days after the same shall become due and payable (whether at the stated maturity, by acceleration, upon demand or otherwise); or

(i) any Customer Party shall default in the payment or performance of any indebtedness, liability or obligation to Lender or any Affiliate of Lender under any note, security agreement, lease, title retention or conditional sales agreement or any other instrument or agreement; or (ii) any Customer Party shall fail to pay any Indebtedness (other than the Obligations) exceeding \$5,000,000.00, and such failure shall continue beyond any applicable grace period (or, with respect to trade Indebtedness which is not subject to a grace period, within ninety (90) days of the date such trade Indebtedness is incurred); or

(i) any of the Required Coverages are not kept in full force and effect, or a breach or violation shall exist with respect to any provisions thereof; or the Aircraft is operated in a manner, at a time or in or over or located at a place with respect to which such Required Coverages shall not be in effect; (ii) Customer shall fail to cause the Airframe or the Engines to be used, operated, maintained or otherwise kept in a condition so as to be in compliance with all Applicable Laws; or (iii) any Customer Party shall fail to comply with (A) any financial covenants as and to the extent set forth or incorporated in any Guaranty or in any of the other Loan Documents, or (B) any provision of any of the Loan Documents restricting Liens and other dispositions relating to either the Collateral or any rights or obligations under any of the Transaction Documents (including Section 4.4 hereof), or (iv) the occurrence of any Defective Registration; or

(i) any representation or warranty made by any Customer Party in any of the Loan Documents or in any related agreement, document or certificate shall prove to have been incorrect, misleading, or inaccurate in any material respect when made or given (or, if a continuing representation or warranty, at any time); or (ii) any Customer Party shall fail to (A) perform or observe any other agreement (other than those specifically referred to in this Section 6) required to be performed or observed by it under this Agreement or in any of the other Loan Documents, and such failure shall continue uncured for thirty (30) days after the earlier of written notice thereof from Lender to such Customer Party or such

Customer Party's actual knowledge thereof (but such notice and cure period will not be applicable unless such breach is curable by practical means within such notice period) or (B) notify Lender of any Default or Event of Default within ten (10) Business Days of its occurrence; or

(i) any Customer Party shall (A) generally fail to pay its, or his or her debts as they become due, admit its, or his or her inability to pay its, or his or her debts or obligations generally as they fall due, or shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws or other insolvency laws, or an answer admitting the material allegations of such a petition filed against such Customer Party in any such proceeding; or (B) by voluntary petition, answer or consent, seek relief under the provisions of any other bankruptcy or other insolvency or similar law providing for the reorganization or liquidation of corporations, or providing for an assignment for the benefit of creditors, or providing for an agreement, composition, extension or adjustment with its, or his or her creditors; or (ii) a petition against any Customer Party in a proceeding under applicable bankruptcy laws or other insolvency laws, as now or hereafter in effect, shall be filed and shall not be withdrawn or dismissed within one hundred twenty (120) days thereafter, or if, under the provisions of any law providing for reorganization or liquidation of business entities that may apply to any Customer Party, any court of competent jurisdiction shall assume jurisdiction, custody or control of such Customer Party or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of one hundred eighty (180) days after the filing date; or

the occurrence of any of the following events with respect to any Customer Party: (A) it enters into any transaction of merger, consolidation or reorganization; (B) it ceases to do business as a going concern, liquidates, or dissolves, or sells, transfers or otherwise disposes of all or substantially all of its assets or properties (in one or more transactions); (C) it becomes the subject of, or engages in, a leveraged buy out; (D) it changes the form of organization of its business; (E) if it is privately owned as of the Closing Date, there is any substantial change in the ownership or control of its capital stock or membership interests such that the holder(s) that own or control one hundred percent (100%) of such equity interests as of the Closing Date no longer do so; or (F) if it is publicly held as of the Closing Date, any change so that it is no longer subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or no longer registered under Section 12 of the Securities Act of 1933, as amended; or

(i) the conviction of or guilty plea by any Customer Party with respect to any criminal act constituting a felony, (ii) any repudiation by any Customer Party of its obligation for the payment or performance of the Obligations, (iii) any allegation by any Customer Party or judicial determination that any of the Loan Documents is unenforceable in any material respect or (iv) a Default (as defined in any Guaranty) shall occur; or any event or condition constituting a breach or other default under any Operating Consent.

## **Remedies .**

Acceleration; Termination of Commitment . If any Event of Default shall occur, Lender, in its sole discretion, may (a) declare the Obligations to be immediately due and payable, and upon such declaration the Obligations (including, the unpaid principal amount of the Note, together with all accrued but unpaid interest thereon, any prepayment fees and all other amounts due and payable under or with respect to the Loan Documents), shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the other Loan Documents to the contrary notwithstanding, (b) terminate any then outstanding commitment whether to Customer or any Affiliate to make the Loan or any advance thereof, or any other financial accommodations, whether related to the Loan or otherwise, and/or (c) pursue and enforce any of Lender's rights and remedies under this Section 7; provided, however, if an Event of Default specified in Section 6 (e) above shall occur, the Obligations shall become immediately due and payable, all such commitments shall terminate, and Lender shall have all such other rights and remedies contemplated in the preceding clauses (a), (b) and (c), automatically, and without any notice or other action by Lender.

Additional Remedies . If an Event of Default occurs, in addition to all other rights and remedies granted to it in this Agreement and in the other Loan Documents, Lender may exercise all rights and remedies of a secured party under the UCC or as a creditor, chargee or security assignee under the Cape Town Convention (including any and all remedies thereunder requiring agreement by Customer), or otherwise available to Lender under any other Applicable Law. Without limiting the generality of the foregoing, Customer agrees that upon the occurrence of an Event of Default, Lender, without demand or notice of any kind (except as specified below) to or upon Customer or any other Person, in its sole discretion, may exercise any one or more of the following remedies:

(i) peacefully enter the premises where the Aircraft, the Engines, or any other Collateral is located, take immediate possession of, remove (or disable in place), or otherwise take control or custody of the Airframe, the Engines or any other Collateral (whether or not then attached to the Airframe) by self-help, summary proceedings or otherwise without liability, (ii) preserve the Airframe, the Engines or the other Collateral, and their respective value (but without any obligation to do so), and immobilize or keep idle the Airframe or Engines, and/or (iii) use Customer's premises for storage without liability; and Customer agrees, at Lender's request, to assemble the Collateral, and make it available to Lender at such places as Lender shall reasonably select, whether at Customer's premises or elsewhere;

(i) terminate the right of any Interested Third Party, and any other third party to use, possess or control the Airframe, the Engines or any of the other Collateral, including under any Permitted Third Party Agreement or other Third Party Agreement, without regard as to the existence of any event of default thereunder, (ii) recover from, and/or cause Customer and any such Interested Third Party, and any other third party, to relinquish possession and return the Airframe, the Engines and any other Collateral pursuant to this Section 7, and/or (iii) exercise any and all other remedies under any Operating Consents in Customer's stead, to the extent provided for under, or otherwise available to Customer in connection with any related Permitted Third Party Agreement or such other Third Party Agreement;

(i) manage, sell, lease, assign or otherwise dispose of the Airframe, the Engines or any other Collateral, in whole or in part, whether or not in Lender's possession, in one or more parcels or transactions, at public or private sale or sales, with or without notice to Customer (except as required by Applicable Law, and in furtherance thereof, Lender agrees that it shall give Customer no less than ten (10) working days' prior notice of any proposed sale or lease of the Airframe or Engines, which Customer acknowledges as constituting "reasonable prior notice" for the purposes of the Cape Town Convention) at such prices as Lender may deem best, and/or (ii) purchase the Collateral, in whole or in part, upon any public sale or sales, and to the extent permitted by Applicable Law upon any private sale or sales, free of any right or equity of redemption in Customer, which right or equity of redemption is hereby expressly released;

(i) collect, receive, appropriate and realize upon the Collateral, or any part thereof, including by applying any deposit or other cash collateral, or collecting or receiving, appropriating and realizing upon any income, profits or other proceeds arising from the management or use of the Airframe, the Engines or any of the other Collateral, and applying the same (after deducting all taxes, costs, expenses and other reductions of every kind incurred in connection therewith) to the payment in whole or in part of the Obligations, in such order and manner as Lender may elect; and (ii) after making such application, (A) remitting to Customer or to such other Person any excess then remaining, as and to the extent Lender is required by Applicable Law to make such remittance and (B) demanding, collecting and receiving from Customer any deficiency then remaining (and Customer agrees that it shall remain liable for, and pay upon demand, the full amount of any such deficiency);

(i) demand and obtain from any court speedy relief pending final determination available at law (including, possession, control, custody or immobilization of the Airframe and Engines, or preservation of the Airframe and the Engines and their respective value), (ii) procure the deregistration and/or export and physical transfer of the Airframe from the territory in which it is then situated (including pursuant to an IDERA, if any, executed by Customer), and/or (iii) otherwise proceed at law or in equity, to enforce specifically Customer's performance or to recover damages; and/or

exercise any and all other rights and remedies under or with respect to the Loan Documents or Applicable Law, including the Cape

Town Convention and the UCC.

No Waiver: Cumulative Remedies. No right or remedy is exclusive. Customer hereby acknowledges that none of the provisions of this Section 7, including any remedies set forth or referenced herein, is "manifestly unreasonable" for the purposes of the Cape Town Convention. Each may be used successively and cumulatively and in addition to any other right or remedy referred to above or otherwise available to Lender at law or in equity, but in no event shall Lender be entitled to recover any amount in excess of the maximum amount recoverable under Applicable Law with respect to any Event of Default. No express or implied waiver by Lender of any Default or Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default. The failure or delay of Lender in exercising any rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or reoccurrence of any such contingencies or similar contingencies, and any single or partial exercise of any particular right by Lender shall not exhaust the same or constitute a waiver of any other right provided for or otherwise referred to herein. After the occurrence of any Default or Event of Default, the acceptance by Lender of any payment or performance of any of the Obligations, including the payment of any installment of principal and/or interest or of any other sum owing hereunder or under the other Loan Documents shall not constitute a waiver of such Default or Event of Default, regardless of Lender's knowledge or lack of knowledge thereof at the time of acceptance of any such payment or performance and shall not constitute a reinstatement of any of the Loan Documents, unless Lender shall have agreed in writing to reinstate the same and waive the Default or Event of Default. To the extent permitted by Applicable Law, Customer waives any rights now or hereafter conferred thereby, that (a) limit or modify any of Lender's rights or remedies under this Agreement or any of the other Loan Documents, including the provisions of Article 13(2) of the Convention, or (b) would otherwise entitle Customer to (i) receive notices or demands as a condition to Lender's exercise of any rights or remedies, except as expressly required above or (ii) make claims, damages and demands against Lender arising out of the repossession, retention, sale or other disposition of the Collateral.

#### **MISCELLANEOUS**

Notices. All communications and notices provided for herein shall be in writing and shall be deemed to have been duly given or made (i) upon hand delivery, or (ii) upon delivery by an overnight delivery service, or (iii) when sent by telecopy (with customary confirmation of receipt of such telecopy) on the Business Day when sent or upon the next Business Day if sent on other than a Business Day.

#### Expenses and Fees; Indemnity; Performance of Customer's Obligations

Customer shall pay to Lender upon demand all reasonable fees, costs and expenses incurred by or on behalf of Lender at any time in connection with (i) the negotiation, preparation, execution, delivery and enforcement of the Loan Documents and the collection of the Obligations (both before and after the occurrence of a Default or Event of Default), (ii) the creation, preservation and protection of the Collateral and the perfection, first priority and enforcement of Lender's Lien, or (iii) Customer's exercise of any right granted under, or any amendment or other modification to any of, the Loan Documents. Such fees, costs and expenses shall include, without limitation, reasonable appraisal and inspection fees, the reasonable fees and expenses of Aviation Counsel and of Lender's counsel, consultants and brokers, UCC, FAA, International Registry and other applicable title, interest and lien searches, and reasonable costs and expenses relating to recovery, repossession, storage, insurance, transportation, repair, refurbishment, advertising, sale and other dispositions of the Aircraft or any of the other Collateral. Customer shall also pay all reasonable fees (including license, filing and registration fees), Impositions and other charges of whatever kind or nature that may be payable or determined to be payable in connection with (A) the execution, delivery, recording or performance of this Agreement or any of the other Loan Documents, or any modification thereof, and (B) the filings, registrations and other undertakings relating thereto. Notwithstanding the foregoing, as long as there are no more than two (2) revised drafts of any Loan Document provided by Customer or its counsel to Lender or Lender's counsel, Customer shall be responsible for not more than \$35,000.00 in the aggregate for the legal fees of outside counsel to Lender (including, Aviation Counsel) and appraisal, inspection, processing, credit verification, lien searches, FAA and International Registry fees and other fees incurred in connection with the initial negotiation, preparation and execution of this Agreement and the other Loan Documents executed and delivered on or before the Closing Date (and the consummation of the closing contemplated to occur thereon); provided that in the event that the negotiation exceeds two (2) revised drafts of any Loan Document, then Customer shall pay for the actual amount of such out of pocket fees incurred by Lender relating to the drafting and negotiation in excess of such two (2) revised drafts. Lender shall apply the previously paid deposit amount of \$35,000.00 to such fees and shall refund to Customer the amount by which the deposit exceeds such fees.

Customer hereby further agrees, whether or not the transactions contemplated by this Agreement shall be consummated, to pay, indemnify, and hold Lender and its affiliates and all of the Lender's and such affiliates' respective directors, shareholders, members, officers, employees, agents, predecessors, attorneys-in-fact, lawyers, successors and assigns (Lender, its affiliates and all of such other parties and entities sometimes hereinafter collectively, the "**Indemnified Parties**") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, out of pocket costs, attorney's fees, expenses or disbursements of any kind or nature whatsoever ("**Claims**") arising with respect to or in connection with (i) the Airframe, the Engines, or any APUs or Parts, or any of the other Collateral, including (whether by or through Customer, Vendor, any Interested Third Party, or any other Person), the manufacture, inspection, ownership, lease, sublease, management, pooling, interchange, time sharing, chartering, possession, use, operation, maintenance, security, condition (whether prior to, upon or after delivery or acceptance of any of the same), repossession, storage, sale or other disposition of any of the same, or any accident in connection therewith, including Claims involving or alleging environmental damage, criminal acts, hijacking, acts of terrorism or similar acts, product liability or strict or absolute liability in tort, latent and other defects (whether or not discoverable) and for any other risk or matter, including any of the same that result in injuries, death, destruction, or other harm or loss to persons or property, or (ii) any of the Loan Documents, Third Party Agreements or other Transaction Documents, or the performance, breach (including any Default or Event of Default) or enforcement of any of the terms hereof or thereof, provided, that Customer shall have no obligation to indemnify an Indemnified Party with respect to Claims arising from the gross negligence or willful misconduct of such Indemnified Party (unless if imputed by Applicable Law). If any Claim is made against any Indemnified Party, the party receiving notice or otherwise becoming aware of such Claim shall promptly notify the other, but the failure of the party having knowledge of a Claim to so notify the other party shall not relieve Customer of any obligation hereunder.

If any Customer Party fails to perform or comply with any of its agreements contained herein or in the other Loan Documents, including, without limitation, its obligations to keep the Collateral free of Liens (other than the Permitted Liens), comply with Applicable Standards, or obtain the Required Coverages, Lender shall have the right, but shall not be obligated, to effect such performance or compliance, with such agreement. Any expenses of Lender incurred in connection with effecting such performance or compliance, together with interest thereon at the default rate of interest provided for in the Note from the date incurred until reimbursed, shall be payable by Customer to Lender promptly on demand and until such payment shall constitute part of the Obligations secured hereby. Any such action shall not be a cure or waiver of any Default or Event of Default hereunder.

Entire Agreement; Modifications. This Agreement and the other Loan Documents constitute the entire understanding and agreement of the parties hereto with respect to the matters contained herein and therein, and shall completely and fully supersede all other prior agreements (including any proposal letter, commitment letter, and/or term sheet), both written and oral, between Lender and Customer relating to the Obligations. Neither this Agreement, nor any terms hereof, may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of a change, waiver, discharge or termination is sought.

Construction of this Agreement and Related Matters. All representations and warranties made in this Agreement and in the other Loan Documents shall survive the execution and delivery of this Agreement and the making of the Loan hereunder. Customer's obligations contained in

this Section 8 shall survive the payment and performance of the Obligations, the termination of this Agreement, and the release of the Collateral. This Agreement may be executed by the parties hereto on any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. The headings of the Sections hereof are for convenience only, are not part of this Agreement and shall not be deemed to affect the meaning or construction of any of the provisions hereof. Time is of the essence in the payment and performance of all of Customer's obligations under this Agreement. Any provision of this Agreement that may be determined to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective in such jurisdiction to the extent thereof without invalidating the remaining provisions of this Agreement, which shall remain in full force and effect.

Lender's Assignment. Lender, may at any time, with or without notice to Customer, freely grant a security interest in, sell, assign, participate or otherwise transfer (an "**Assignment**") all or any part of its interest in this Agreement and the other Loan Documents (including all associated rights associated with or secured thereby and the related international interests) or any amount due or to become due hereunder or thereunder, and Customer shall perform all of its obligations under the Loan Documents, to the extent so transferred, for the benefit of the beneficiary of such Assignment (such beneficiary, including any successors and assigns, an "**Assignee**"); provided, however, if such Assignee is not an Affiliate of Lender and if no Default or Event of Default exists, Lender will provide prior notice of any such Assignment to a third party. Customer hereby waives any right to assert, and agrees not to assert, against any Assignee any abatement, reduction, defense, setoff, recoupment, claim or counterclaim that Customer may have against Lender, provided that Lender remains fully responsible therefor. Upon the assumption by such Assignee of Lender's obligations hereunder, Lender shall be relieved of any such assumed obligations. Customer hereby consents to any such assignment, grant, sale or transfer, including, without limitation, for purposes of the Cape Town Convention. If so directed in writing, Customer shall pay all amounts due or to become due under the Loan Documents, including any of the same constituting associated rights or proceeds directly to the Assignee or any other party designated in writing by Lender or such Assignee. Customer acknowledges and agrees that Lender's right to enter into an Assignment is essential to Lender and, accordingly, waives any restrictions under Applicable Law with respect to an Assignment and any related remedies. Upon the request of Lender or any Assignee, Customer also agrees (a) to promptly execute and deliver, and cause to be executed and delivered by any Guarantor or any other Transaction Party, to Lender or to such Assignee an acknowledgment of assignment in form and substance satisfactory to the requesting party, an insurance certificate naming Assignee as additional insured and loss payee and otherwise evidencing the Required Coverages, an IDERA in favor of Assignee, and such other documents and assurances reasonably requested by Lender or Assignee, (b) to make, or cause to be made, all registrations (including all assignments and subordinations) and all amendments, extensions and discharges with the International Registry reasonably requested by Lender or Assignee (and give or obtain any necessary consent thereto, as well as renew any authorization required by the International Registry in connection therewith, including renewing its transacting user entity status and re-designating a professional user entity, if necessary in Lender's judgment), and (c) to comply with any and all other reasonable requirements of any such Assignee in connection with any such Assignment.

Jurisdiction. Customer and Lender each hereby irrevocably consents and agrees that any legal action, suit or proceeding arising out of or in any way in connection with this Agreement or any of the other Loan Documents may be instituted or brought in the courts of the State of New York or in the United States Courts for the Southern District of New York, as Customer or Lender may elect or in any other state or Federal court as Lender shall deem appropriate, and by execution and delivery of this Agreement, Customer and Lender each hereby irrevocably accepts and submits to, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of any such court, and to all proceedings in such courts. Customer and Lender each irrevocably consents to service of any summons and/or legal process by first class, certified United States air mail, postage prepaid, to Customer at the address set forth below its signature hereto, such method of service to constitute, in every respect, sufficient and effective service of process in any such legal action or proceeding. Nothing in this Agreement or in any of the other Loan Documents shall affect the right to service of process in any other manner permitted by law or limit the right of Lender to bring actions, suits or proceedings in the courts of any other jurisdiction. Customer and Lender each further agrees that final judgment against it in any such legal action, suit or proceeding shall 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 shall be conclusive evidence of the fact and the amount of the liability. Notwithstanding anything in the foregoing to the contrary, Lender and Customer may bring a judicial proceeding in the Republic of Ireland, solely with respect to matters relating to the International Registry.

Governing Law; Binding Effect. This Agreement shall be construed and enforced in accordance with, and the rights of both parties shall be governed by, the internal laws of the State of New York (without regard to the conflict of laws principles of such state, except as to the effect of Title 14, Section 5-1401 of the New York General Obligations Law), including all matters of construction, validity, and performance. This Agreement shall be binding upon and inure to the benefit of Customer and Lender and their respective successors and assigns (but without limiting the provisions of Section 8.5); except that Customer may not assign or transfer its rights or obligations hereunder or under any other Loan Agreement, or any interest herein or therein; and any such purported or attempted assignment or transfer by Customer shall be null and void.

Customer's Capacity as Owner Trustee. TVPX Aircraft Solutions Inc. ("TVPX") is executing this Agreement, and the other Loan Documents solely in its capacity as Owner Trustee under the Trust Agreement and not in its individual capacity and in no case shall TVPX be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of the Customer hereunder, or under any Loan Document, all such liability, if any, being expressly waived by the parties hereto and any Person claiming by, through, or under such party. Under no circumstances shall TVPX be personally liable for the payment of any other amount stated to be due from the Customer hereunder, or under any Loan Document, or be personally liable for the breach or failure of any of Customer's representations, warranties, covenants, obligations, undertakings and agreements hereunder, or under any Loan Documents; provided, however, that the Customer (or any such successor owner trustee) shall be personally liable hereunder for its own gross negligence or willful misconduct or for its breach of its covenants, representations and warranties contained herein, or in any Loan Document, to the extent covenanted or made in its individual capacity.

Jury Waiver. CUSTOMER AND LENDER EACH HEREBY KNOWINGLY AND FREELY WAIVES THEIR RESPECTIVE RIGHTS TO A JURY TRIAL IN ANY ACTION, SUIT OR PROCEEDING RELATING TO, ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE NOTE OR ANY OF THE OTHER LOAN DOCUMENTS.

**[Signatures On Next Page]**

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Loan and Aircraft Security Agreement

IN WITNESS WHEREOF, the parties hereto have caused this Loan and Aircraft Security Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

BANC OF AMERICA LEASING & CAPITAL, LLC, Lender

TVPX AIRCRAFT SOLUTIONS INC., a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust

Agreement dated July \_\_\_\_, 2017,  
Customer

By:  
Name:  
Title:  
Notice Address:

One Financial Plaza, 2nd Floor  
Providence, Rhode Island 02903  
Attention: Director of Aircraft Operations  
Telephone: 800-238-3737  
Facsimile: 401-278-7941

By:  
Name:  
Title:

Notice Address:

39 East Eagle Ridge Drive, Ste. 201  
North Salt Lake, UT 84054  
Telephone: (801) 924-367  
Facsimile: (801) 877-0478

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### LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)

**THIS LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)** (together with all Addenda, Riders and Annexes hereto, this "**Agreement**") is dated as of July 27, 2017 (the "**Closing Date**"), by and between **TVPX AIRCRAFT SOLUTIONS INC.**, a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated as of July 27, 2017 ("**Customer**") and **BANC OF AMERICA LEASING & CAPITAL, LLC**, a Delaware limited liability company ("**Lender**").

In consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

Capitalized and certain other terms used but not otherwise defined in this Agreement shall have the meanings ascribed to them in Annex A attached hereto and made a part hereof.

#### Terms of Loan .

Loan and Use of Proceeds . Subject to the terms and conditions of this Agreement, Lender agrees to make a loan to Customer in the principal amount set forth in Annex B attached hereto and made a part hereof (the "**Loan**"). Customer shall use the proceeds of the Loan to finance the costs of the acquisition of the Aircraft.

Repayment and Prepayment . The Customer's obligation to repay the Loan shall be evidenced by one or more Promissory Notes dated on and/or after the Closing Date, payable by Customer to the order of Lender in the original principal amount of the Loan (as amended, modified, restated, extended and renewed from time to time, the "**Note**"). The Loan shall bear interest and be repaid by Customer at the times and in the manner set forth in the Note. The Loan may be prepaid only in the manner and subject to terms and conditions set forth in the Note and, if applicable, Section 4.7 hereof.

Conditions of Borrowing . Lender's obligation to make the Loan shall be both subject to and conditioned upon the satisfaction of all of the conditions precedent specified in the Closing Terms Addendum attached to and made a part of this Agreement.

Representations and Warranties . In order to induce Lender to enter into this Agreement and to make the Loan herein provided for, Customer represents, warrants and covenants to Lender that:

(i) Customer (A) is duly qualified to do business in each jurisdiction in which the conduct of its business or the ownership or operation of its assets requires such qualification, including the jurisdiction of the Primary Hangar Location and wherever any of the Collateral may become located; (B) has the necessary authority and power to own and operate the Aircraft and its other assets and to transact the business in which it is engaged; (C) is a "citizen of the United States" within the meaning of the Transportation Code; and (D) has the form of business organization set forth in Annex B hereto and is and will remain duly organized, validly existing and in good standing under the laws of the state of its organization set forth in Annex B hereto, its federal tax identification number is as set forth in Annex B hereto, and its state-issued organizational identification number (if any), chief executive office and principal place of business address are all as set forth on Annex B hereto; and (ii) its name as shown in the preamble of this Agreement is its exact legal name as shown on its charter, by-laws, articles of organization or operating agreement, as applicable, each as amended as of the Closing Date;

(i) Customer's execution and delivery of, and performance of its obligations under and with respect to, each of the Loan Documents (including its borrowing the amounts constituting the Loan, granting the Lender's Lien against the Aircraft and other Collateral and participating in the other transactions contemplated herein and therein), (A) have been duly authorized by all necessary action on the part of Customer consistent with its form of organization, (B) do not contravene or constitute a default under any Applicable Law, any of Customer's Organizational Documents, or any agreement, indenture, or other instrument to which Customer is a party or by which it may be bound, (C) do not require the approval of or notice to (1) any Governmental Authority, except for the filings and registrations specified in the Closing Terms Addendum, all of which shall have been duly effected prior to or concurrently with Lender making the Loan, or (2) any other party (including any trustees or holders of indebtedness), and (D) will not result in the creation or imposition of any Lien on any of the assets of Customer other than the Lender's Lien created hereby and by the other Loan Documents with respect to the Collateral; (ii) each of the Transaction Documents referenced in the Closing Terms Addendum to which Customer is a party has been duly executed and delivered by an authorized representative of the Customer, and constitutes the legal, valid and binding obligation of the Customer, enforceable against it in accordance with the respective terms of such Transaction Documents (including, without limitation, the grant of the Lender's Lien); and (iii) without limiting the foregoing, upon Lender's advancing the Loan on the Closing Date, (A)

Customer will have satisfied or complied with all conditions precedent and requirements as set forth in the Loan Documents required to have been satisfied or complied with concurrently with or prior to such advance and (B) no Default or Event of Default shall be then existing;

there are no proceedings pending or, so far as the officers, managers, or members of Customer know, threatened against or affecting Customer or any of its property before any Governmental Authority that could impair Customer's title to the Aircraft or any of the other Collateral, or that, if decided adversely, could materially affect the financial condition or operations of Customer or its ability to perform its obligations under any of the Loan Documents;

(i) Customer has, and shall continue to have, good and marketable title to the Collateral, free and clear of Liens, except Permitted Liens; (ii) the Lender's Lien in the Airframe, the Engines and the other Collateral is and shall remain validly created and perfected, and has and shall continue to have first priority over any other Liens pursuant to all Applicable Laws; and (iii) all filings, recordings, registrations or other actions necessary or desirable in order to vest such title in Customer, and establish, perfect and give first priority to Lender's Lien and other rights and interests in, against or with respect to the Collateral, have been duly effected, and all Impositions in connection therewith have been duly paid;

without limiting any of the other representations and warranties in this Agreement, for the purposes of the Cape Town Convention and any other Applicable Law, (i) upon the conclusion of the sale of the Aircraft to Customer, and Customer's grants and assignments, and (if constituting a lease) any Permitted Third Party Agreement, contemplated in the Loan Documents or other Transaction Documents, Customer and (if a lessee) any Interested Third Party shall be situated in, and Customer will cause the Aircraft to be duly registered in, the United States of America (which is a contracting state), (ii) with respect to any of the Transaction Documents relating to the Airframe or Engine, each of the respective parties thereto has power to dispose of the Airframe and Engine, as contemplated therein by way of the relevant Transaction Document, and (iii) the Purchase Documents qualify as a "contract of sale", and (if constituting a lease) any Permitted Third Party Agreement and the Loan Documents are effective to constitute international interests in the Airframe and Engine and security assignments of the related associated rights and transfer of the related international interests, as contemplated therein, and each such Registerable Interest will be effective against third parties upon registration at the International Registry, without any further filings or registrations (except as contemplated in the Loan Documents);

(i) the Aircraft (A) has been delivered to Customer, is in Customer's possession and is, as of the Closing Date, unconditionally, irrevocably and fully accepted by Customer, (B) has been inspected by Customer to its complete satisfaction and, without limiting the foregoing, (1) has been found to be in good working order, repair and condition and fully equipped to operate for its intended purpose, and (2) is in conformity with the requirements of the Purchase Agreement and the Applicable Standards, (C) is, or will be at the time of the funding of the Loan, currently certified under existing FAA rules and regulations and any other Applicable Laws and is airworthy in all respects, and (D) is and will remain primarily hangared at the Primary Hangar Location; and (ii) without limiting the foregoing, (A) solely as between Lender and Customer (and without prejudicing Customer's rights against Vendor or any other third party, which rights are not being disclaimed hereby), Customer has no pending claims and has no knowledge of any facts upon which a future claim may be based, against any prior owner, the seller, manufacturer or supplier of the Aircraft or any of the other Collateral, for breach of warranty or otherwise, and (B) all of the information contained in Annex C, including the registration number of the Aircraft, and the serial numbers, manufacturer and model numbers of the Airframe, Engines, and APU, are true and accurate in all respects; and

(h) the Aircraft (i) is currently capable of being certified under existing FAA rules and regulations and completely airworthy in all respects, (ii) will undergo an inspection by a Designated Airworthiness Representative of the FAA (" **DAR** ") on the Closing Date and (iii) an FAA Standard Airworthiness Certificate (AC Form 8100-2) shall be issued for the Aircraft no later than two (2) Business Days after the Closing Date.

**Covenants** . Customer covenants and agrees that from and after the Closing Date and so long as any of the Obligations are outstanding:

Notices; Financial Information; and Further Assurances . Customer will, at its sole expense:

promptly give written notice to Lender of (i) the occurrence of any Default or Event of Default; (ii) the occurrence of any Event of Loss or event of which Customer may be aware that could become an Event of Loss; (iii) the commencement or written threat of any material litigation or proceedings affecting Customer or any material litigation or proceedings affecting the Aircraft or any of the other Collateral, or the ability of Customer to comply with its obligations under the Loan Documents; and (iv) any material dispute between Customer or any Interested Third Party and any Governmental Authority or other party that involves the Aircraft or any of the other Collateral or that might materially interfere with the normal business operations of Customer;

cause Guarantor to comply with the financial reporting requirements set forth in the Guaranty and promptly furnish to Lender any such financial and other information regarding the Customer or Guarantor or any of its Affiliates as Lender may from time to time reasonably request; and

promptly execute and deliver to Lender such further instruments, UCC and FAA filings (including an IDERA) and other documents, make, cause to be made and/or consent to all registrations (including any discharges and subordinations, or as to the prospective or actual sale of, and any international interest in, the Engines) with the International Registry, and take such further action, as Lender may from time to time reasonably request in order to further carry out the intent and purpose of the Loan Documents and to establish, protect and enforce the rights, interests, remedies and Liens (including the first priority thereof) created, or intended to be created, in favor of Lender thereby.

General Obligations . (a) Customer agrees that it shall (i) duly observe and conform to all requirements of Applicable Law relating to the conduct of its business and/or the Aircraft, (ii) remain a "citizen of the United States" within the meaning of the Transportation Code, (iii) obtain and keep in full force and effect (A) all rights, franchises, licenses and permits that are necessary to the proper conduct of its business, and (B) all approvals by any Governmental Authority required with respect to the performance of its obligations under the Loan Documents and the operation of the Aircraft and its business, (iv) cause the Aircraft to remain primarily hangared at the Primary Hangar Location, and duly registered in Customer's name under the Transportation Code (including, by making all necessary reports, re-registering its ownership of the Aircraft, and taking all other actions required by Applicable Law), and (v) pay and perform all of its obligations and liabilities when due. (b) Customer agrees that (i) it shall not change its presently existing legal name or its form or state of organization on or after the date of this Agreement, without Lender's prior written consent, (ii) if its presently existing state organizational identification number changes, or if Customer currently has no such state organizational number but is subsequently issued such a number, on or at any time after the date of this Agreement, Customer shall immediately notify Lender thereof, and (iii) it shall not change the presently existing mailing, chief executive office and/or principal place of business address on or after the date of this Agreement without giving Lender thirty (30) days written notice of the same.

Taxes . (a) Customer will file or cause to be filed with all appropriate taxing authorities all Federal, state and local income tax returns that are required to be filed and all registrations, declarations, returns and other documentation with respect to any personal property taxes (or any other taxes in the nature of or imposed in lieu of property taxes) due or to become due with respect to the Aircraft or any of the other Collateral. (b) Customer will pay (or cause to be paid) (i) on or before the date when due all taxes as shown on said returns and all taxes assessed, billed or otherwise payable with respect to the Aircraft or the other Collateral directly to the appropriate taxing authorities; and (ii) when due all license and/or registration or filing fees, assessments, governmental charges and sales, use, property, excise, privilege, value added and other taxes (including any related interest or penalties) or other charges or fees now or hereafter imposed by any governmental body or agency upon Customer or the Aircraft or any of the other Collateral, with respect to the landing, airport use, manufacturing, ordering, shipment, purchase, ownership, delivery, installation, leasing, chartering, operation, possession, use or disposition of the Aircraft or any of the other Collateral, or any interest therein (the items referred to in (i) and (ii) above being referred to herein collectively, as "**Impositions** ").

#### No Disposition of Collateral or Liens: Title and Security Interest.

Customer shall not sell, assign, enter into any Third Party Agreement, convey, mortgage, exchange or otherwise transfer or relinquish possession of (including by any seizure or other taking by any foreign or domestic governmental authority) or dispose of the Airframe or Engines, any Part, any related associated rights, international interests or prospective international interests, any proceeds or any of the other Collateral, or attempt or offer to do, or suffer or permit any of the foregoing. Customer shall be permitted, however, to deliver possession of the Airframe, the Engines, or any APU or Part to another Person for testing, service, repair, maintenance, overhaul, alteration or modification, and to enter into Permitted Third Party Agreements, in each case, if and to the extent consistent with the provisions of the Loan Documents. Customer will warrant and defend its good and marketable title to the Airframe, the Engines and the other Collateral, and the validity, perfection and first priority of Lender's Lien in the Collateral, against all other Liens, claims and demands whatsoever, except Permitted Liens; and without limiting the foregoing, Customer will (i) not create, assume or suffer to exist any Liens on or with respect to the Airframe, the Engines, or any of the other Collateral, or Customer's interest therein (other than Permitted Liens); and (ii) promptly take such action as directed by Lender to duly discharge any such unpermitted Liens.

So long as no Default or Event of Default is then existing, Customer may enter into and remain a party to Third Party Agreements, in each such case, subject to the satisfaction of, and compliance by Customer and each Interested Third Party with, all of the following throughout the term of such arrangement: (i) Each such Interested Third Party shall (A) be and remain solvent, and (unless an individual) organized under the laws of a state within the United States; and (B) if engaged by Customer with the prior written consent of Lender as a manager and/or charter operator (including the Manager pursuant to the Management Agreement), while so engaged, (1) have a recognized favorable reputation as a manager and/or charter operator, as the case may be, of aircraft similar to the Aircraft, (2) be providing management and/or charter operation services for other aircraft owners similar to the services contemplated therein, and (3) if and at all times while conducting any charter operations (x) have and maintain a valid Part 135 Certificate evidencing its authority to conduct such operations, (y) list the Aircraft on its operations specifications, and (z) comply with all Applicable Standards pertaining to such charter operations. (ii) Any operation of the Aircraft pursuant to any such Third Party Agreement shall be limited to (A) if by Customer, Parent Guarantor or any Affiliate of Parent Guarantor, any time sharing agreements (as defined in Section 91.501(c)(1)) complying with Part 91 of the FARs and all other Applicable Standards, (B) if by a manager and/or a charter operator with Lender's prior written consent, pursuant to and in full compliance with the requirements of Part 135 of the FARs and all other Applicable Standards, or (C) if such Third Party Agreement is a "dry lease" by Customer, as lessor, to Parent Guarantor or an Affiliate of Parent Guarantor or other Interested Third Party permitted pursuant hereto, as lessee, operation by such lessee complying with (1) Part 91 and any other applicable provision of the FARs, and all other Applicable Standards, and (2) the provisions hereof and of the other Loan Documents pertinent to the operation of the Aircraft (whether by Customer or any permitted Interested Third Party). (iii) The related Third Party Agreement shall (A) be and remain, subject and subordinate to Lender's Lien in and with respect to the Collateral, and Lender's rights and remedies under the Loan Documents (and such subordination shall be expressly acknowledged therein), (B) not convey any Lien on, or other property interest in or against the Airframe, the Engines or any of the other Collateral, except for a Permitted Lien (but, without giving effect to clause (a) of the definition of such term), (C) not permit any further sublease or disposition of or unpermitted Lien against the Aircraft or any of the other Collateral by any of the Interested Parties thereto or any other Person, or any change in registration or unpermitted change in hanging of the Aircraft, (D) not contain provisions that are inconsistent with the provisions of any of the Loan Documents or cause Customer to breach any of its representations, warranties or agreements under any of the Loan Documents, (E) be in conformity with all requirements of the FARs and other Applicable Laws, and (F) otherwise conform to any Operating Consent required by Lender with respect thereto. (iv) (A) Customer shall have specified such Third Party Agreement on Annex B if existing on the Closing Date, or if not then existing shall require Lender's prior written consent and at least thirty (30) Business Days' prior written notice of its intention to enter into a Third Party Agreement and (B) no later than the effective date thereof Customer shall comply with, and at all times thereafter remain in compliance with, any related requirements by Lender, including (1) entering into, and causing any related Interested Third Parties to enter into, an Operating Consent, (2) causing Lender to be covered by the Required Coverages (which, for the purposes hereof, may include insurance coverages obtained and maintained by an Interested Third Party, conforming to the insurance requirements herein and in any of the other Loan Documents), and (3) entering into or delivering, or causing to be entered into and delivered, all such other documents, filings and assurances, making or causing to be made such filings and registrations, and taking or causing to be taken all such other actions, in each case as may be required by Lender and (4) paying or reimbursing Lender for any related costs or expenses. (v) Lender shall have the right, but not the obligation, to (A) require reasonable evidence that any Interested Third Party satisfies the requirements provided herein, and (B) review any such Third Party Agreement, as from time to time supplemented and amended, to determine its conformity with the provisions hereof, but without assuming any responsibility with respect thereto. (vi) Customer shall neither make, nor permit to be made, any filing or registration with respect to any Permitted Third Party Agreement, unless so directed by Lender pursuant to Section 5.2 or otherwise. Notwithstanding the foregoing limitations Parent Guarantor or any Affiliate shall be permitted to conduct the carriage of Parent Guarantor or any Affiliate and/or their respective guests pursuant to 14 CFR Section 91.501(b)(4), affiliated group operations pursuant to 14 CFR Section 91.501(b)(5) and/or (6), demonstration flights pursuant to 14 CFR Section 91.501(b)(3), time sharing or interchange operations pursuant to 14 CFR Section 91.501(b)(6), the carriage of customers pursuant to 14 CFR Section 91.501(b)(9) and/or the carriage of candidates in Federal elections conducted pursuant to 14 CFR Section 91.321.

With respect to any Third Party Agreements complying with all of the provisions of Section 4.4(b) (each a "**Permitted Third Party Agreement**"), although certain of the duties and obligations of Customer under the Loan Documents may be performed by one or more of the Interested Third Parties, (i) no such Permitted Third Party Agreement shall reduce any of Customer's obligations, or Lender's rights, under any of the Loan Documents, (ii) all of Customer's obligations under the Loan Documents shall be and remain primary and continue in full force and effect as the obligations of a principal and not of a guarantor or surety, and (iii) Lender is not waiving the right to require full and timely performance of any such obligations in strict accordance with the provisions hereof and of the other Loan Documents. By way of clarification and not limitation, with respect to any provisions of this Agreement or any of the other Loan Documents requiring Customer to take or refrain from taking an action relating to the Aircraft or any of the other Collateral, such provision may also be read to mean that Customer shall cause the same to be done in accordance therewith, if at that time the Aircraft or such other Collateral is in the possession or control of an Interested Third Party pursuant to a Permitted Third Party Agreement.

#### Use of Aircraft; Maintenance; Modifications; Security.

Customer will operate the Aircraft or shall cause the Aircraft to be operated under and in compliance with Part 91 and any other applicable provision of the FARs, and all other Applicable Standards. Unless otherwise expressly permitted hereunder, (i) Customer shall not operate or permit the Aircraft to be operated for air taxi operations or otherwise under Part 135 of the FARs; and (ii) Customer, an Affiliate or other Interested Third Party shall at all times have, and maintain, "operational control" of the Aircraft (as such term is then interpreted by the FAA or such other applicable Governmental Authority), and no other Person shall operate the Aircraft. The Aircraft at all times will be operated by duly qualified pilots having satisfied all requirements established and specified by the FAA, the TSA, any other applicable Governmental Authority and the Required Coverages.

the Aircraft may be flown temporarily to any country in the world, provided that the Aircraft (i) shall at all times be based in the continental United States; and (ii) shall not be flown, operated, used or located in, to or over any such country or area (temporarily or otherwise) (A) that is excluded from the Required Coverages (or specifically not covered by such

insurance), (B) with which the U.S. does not maintain favorable diplomatic relations (which is any country or jurisdiction not marked with an “\*” on the list maintained by the U.S. Department of State, at <http://www.state.gov/s/inr/rls/4250.htm> or any replacement or equivalent website maintained by the U.S. Department of State), provided that the prohibition in this clause (B) does not prohibit the operation of the Aircraft on an approved and assigned air traffic control route (if and so long as such use is otherwise in compliance with the provisions of the this Agreement and does not violate any insurance policies in effect with respect to the Aircraft), (C) to the extent that payment of any claim under the Required Coverages directly or indirectly arising or resulting from or connected with any such flight, operation, use or location would be prohibited under any trade or other economic sanction or embargo by the United States of America, or (D) in violation of any of the Loan Documents or any Applicable Standards. Customer shall adopt, implement and comply with all security measures required by any Applicable Law, or by any Required Coverages, or that are necessary or appropriate for the proper protection of the Aircraft (whether on the ground or in flight) against theft, vandalism, hijacking, destruction, bombing, terrorism or similar acts.

Customer agrees that, with respect to the Airframe, the Engines, each APU and each Part, Customer will at its own expense, (i) maintain, inspect, service, repair, overhaul and test the same in accordance with Applicable Standards; (ii) make any alterations or modifications that may at any time be required to comply with Applicable Standards, and to cause the Aircraft to remain airworthy; (iii) furnish all required parts, replacements, mechanisms, devices and servicing so that the condition and operating efficiency thereof will at all times be no less than its condition and operating efficiency as and when delivered to Customer, ordinary wear and tear from proper use alone excepted; (iv) promptly replace all Parts (A) which become worn out, lost, stolen, taken, destroyed, damaged beyond repair or permanently rendered or declared unfit for use for any reason whatsoever, or (B) if not previously replaced pursuant to clause (A), as and when required by any Applicable Standards, including any applicable life limits; and (v) maintain (in English) all Records in accordance with Applicable Standards; and (vi) enroll and maintain the Engines in an Engine Maintenance Program and the APU in an APU Maintenance Program or shall cause the foregoing to be done. All maintenance procedures shall be performed by properly trained, licensed, and certified maintenance sources and personnel utilizing replacement parts approved by the FAA and the manufacturer of (as applicable) the Airframe, the Engines, or any APU or Part. Without limiting the foregoing, Customer shall comply with all mandatory service bulletins and airworthiness directives by causing compliance to such bulletins and/or directives to be completed through corrective modification in lieu of operating manual restrictions.

Customer will not make, authorize or permit any improvement, change, addition or alteration to the Aircraft that will impair the originally intended function or use of the Aircraft, diminish the value of the Aircraft as it existed immediately prior thereto, or violate any Applicable Standard. All repairs, parts, replacements, mechanisms and devices added by Customer or on its behalf shall immediately, without further act, become part of the Aircraft and subject to the Lender's Lien granted under this Agreement.

#### Insurance.

Customer agrees to maintain or cause to be maintained at all times, at its sole cost and expense, with insurers of recognized reputation and responsibility satisfactory to Lender (but in no event having an A.M. Best or comparable agency rating of less than “A-”):

(A) comprehensive aircraft liability insurance against bodily injury or property damage claims including, without limitation, contractual liability, premises liability, death and property damage liability, public and passenger legal liability coverage, and sudden accident pollution coverage, in an amount not less than \$200,000,000.00 for 20 or more seats, or if the Aircraft will be chartered, or \$100,000,000.00 for 10 or more seats, or \$50,000,000.00 for fewer than 10 seats for each single occurrence, and (B) personal injury liability in an amount not less than \$25,000,000.00; but, in no event shall the amounts of coverage required by sub-clauses (A) and (B) be less than the coverage amounts as may then be required by Applicable Law;

“all-risk” ground, taxiing, and flight hull insurance on an agreed-value basis, covering the Aircraft, provided that such insurance shall at all times be in an amount not less than the greater of (1) the full replacement value of the Aircraft (as determined by Lender), or (2) the unpaid principal amount of the Note (each such amount re-determined as of each anniversary of the date hereof for the next succeeding year throughout the term of this Agreement); and

war risk and allied perils (including confiscation, appropriation, expropriation, terrorism and hijacking insurance) in the amounts required in paragraphs (i) and (ii), as applicable.

Any policies of insurance carried in accordance with this Section 4.6 and any policies taken out in substitution or replacement of any such policies shall (i) be endorsed to name Lender as an additional insured as its interests may appear (but without responsibility for premiums), (ii) provide, with respect to insurance carried in accordance with Section 4.6(a)(ii) or (a)(iii) above, that any amount payable thereunder shall be paid directly to Lender as sole loss payee and not to Lender and Customer jointly, (iii) provide for thirty (30) days' (seven (7) days' in the case of war, hijacking and allied perils) prior written notice by such insurer of cancellation, material change, or non-renewal, (iv) include a severability of interest clause providing that such policy shall operate in the same manner as if there were a separate policy covering each insured, (v) waive any right of set-off against Lender, and any rights of subrogation against Lender, (vi) provide that in respect of the interests of Lender in such policies, that the insurance shall not be invalidated by any action or inaction of Customer or any other Person operating or in possession of the Aircraft, regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by or binding upon Customer or any other Person operating or in possession of the Aircraft, and (vii) be primary, not subject to any co-insurance clause and shall be without right of contribution from any other insurance.

Customer shall not self-insure (by deductible, premium adjustment, or risk retention arrangement of any kind) with respect to any of the risks required to be insured pursuant to this Section 4.6. Customer agrees that it shall obtain and maintain such other insurance coverages, or cause adjustments to be made to the scope, amount or other aspects of the existing insurance coverages, promptly upon Lender's request, as and when Lender deems such additional insurance coverages or modifications to be appropriate in light of any changes in Applicable Law, prudent industry practices, the insurance market, Customer's anticipated use of the Aircraft or other pertinent circumstances. All of the coverages required herein shall be in full force and effect worldwide throughout any geographical areas to, in or over which the Aircraft is operated. All insurance proceeds payable under the requisite policies shall be payable in U.S. Dollars.

At least ten (10) days prior to the policy expiration date for any insurance coverage required by this Section 4.6, Customer shall furnish to Lender evidence (having the form and substance consistent with Section 1(f) of the Closing Terms Addendum) of the renewal or replacement of such coverage, complying with the terms hereof, for a twelve (12) month or greater period commencing from and after such expiration date.

#### Event of Loss: Loaner Engines.

Upon the occurrence of any Event of Loss with respect to the Aircraft and/or the Airframe, Customer shall notify Lender of any such Event of Loss within five (5) days of the date thereof. Customer shall pay the then Outstanding Balance promptly upon its receipt of insurance proceeds relating to such Event of Loss, but in no event later than ninety (90) days after the occurrence of such Event of Loss (irrespective as to whether any or all of such proceeds have been received). Upon Lender's receipt in good and indefeasible funds of all of the amounts required to be paid pursuant to the preceding sentence (whether by applying Customer's payment of such amounts, or any such insurance proceeds, or both) the Aircraft shall be released from the Lender's Lien, and Lender shall remit to Customer any such insurance proceeds so received by Lender, to the extent then remaining.

Upon an Event of Loss with respect to an Engine or any APU (as applicable, a “ **Lost Item** ”) under circumstances in which there has not occurred an Event of Loss with respect to the Airframe, Customer shall, within one hundred twenty (120) days after the occurrence of such Event of Loss, replace such Lost Item, with a Permitted Replacement. Any engine or auxiliary power unit constituting a “ **Permitted Replacement** ” for a Lost Item shall (i) be of the same make and model number as the Lost Item, (ii) be free and clear of all Liens and (iii) have a value, utility and useful life at least equal to, and be in as good an operating condition as, the Lost Item, assuming such Lost Item was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss. Customer, at its own cost and expense, shall (i) furnish Lender with such documents to evidence such conveyance, (ii) cause the Permitted Replacement to be subject to the Lender’s Lien under this Agreement, and (iii) take such other actions as may be required by Lender to cause the Lender’s Lien therein to be validly created, perfected and have first priority, including as evidenced on the FAA Registry, the International Registry, and any other recording office. Each such Permitted Replacement shall, after such conveyance, be deemed an “Engine” or “APU” (as defined herein), as applicable, and shall be deemed part of the same Aircraft as was the Lost Item replaced thereby.

In the event an Engine is damaged and is being repaired, or is being inspected or overhauled, Customer, at its option, may temporarily substitute another engine during the period of such repair or overhaul, so long as such engine is of the same make and model as the Engine being repaired or overhauled, is free and clear of any Lien that might impair Lender’s rights or interests in the Airframe and is maintained in accordance herewith (any such substitute engine being hereinafter referred to as a “ **Loaner Engine** ”). Customer shall (i) cause such Loaner Engine to be installed and removed, as applicable, by a maintenance facility certified by the FAA and manufacturer with respect to the Aircraft, and (ii) cause the repaired or overhauled original Engine to be reinstalled on the Airframe promptly upon completion of the repair or overhaul, but in no event later than the earlier of one hundred twenty (120) days after removal or the occurrence of an Event of Default.

So long as no Default has occurred and is continuing, and no Event of Default or Event of Loss with respect to the Aircraft has occurred, any loss or damage proceeds of the Required Coverages received by Lender shall be released promptly by Lender to Customer to reimburse Customer for paying the costs actually incurred with respect to repairs made to the Aircraft so as to restore it to the condition required by this Agreement, or for the purchase of a Permitted Replacement pursuant to Section 4.7(b), or shall be disbursed by Lender as otherwise required by this Agreement.

**Aircraft Registration.** On or before the Closing Date, and at all times thereafter, so long as any of the Obligations are outstanding, Customer shall remain solely responsible pursuant to the applicable provisions of this Agreement to cause (i) the Aircraft to be effectively and otherwise validly registered in Customer’s name on the Registry, and (ii) the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft, in each case, accordance with the Registration Requirements; and without limiting the foregoing, or any other provision of this Agreement, Customer shall:

cause the Registration Certificate to be maintained within the Aircraft and cause the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft; including by (A) notifying Lender immediately of any event or circumstance with respect to which the Registration Requirements require further action by Customer, the Registry or any other Governmental Authority or other Person, (B) immediately upon receipt, placing the original, replacement or renewal Registration Certificate on the Aircraft prior to the expiration or other invalidation of any previously issued Registration Certificate (whether the certificate or any other document constituting the Registration Certificate as defined herein) under the Registration Requirements, and (C) complying with any and all of the other Registration Requirements relating to such Registration Certificate, and to the Registration Certificate replaced thereby (including any of the same relating to the destruction or return thereof, as the case may be); and

upon the occurrence, and at all times thereafter, of any Defective Registration (and without waiving Customer’s responsibility to avoid such circumstance), or if the operation of the Aircraft is no longer authorized by the Registration Requirements, Customer shall (A) neither operate nor permit or suffer the operation of the Aircraft without a currently effective and otherwise valid Registration Certificate (and shall cause the pilots to be made aware of the Defective Registration), and otherwise comply with the FARs and other Applicable Laws relating to such Defective Registration, (B) ground and store the Aircraft in a manner reasonably acceptable to Lender, and (C) inform the insurer or insurers thereof, and obtain and maintain adjustments to the insurance coverages required pursuant Section 4.6 of this Agreement which may be necessary or desirable to Lender so as to reflect any changes in the insurable risks relating to any Defective Registration.

#### **Security Interest; Power of Attorney; Inspection .**

**Grant of Security Interest.** As collateral security for the prompt and complete payment and performance as and when due of all of the Obligations and in order to induce Lender to enter into this Agreement and make the Loan to Customer in accordance with the terms hereof, Customer hereby grants, pledges and assigns to Lender a first priority security interest, collateral assignment, international interest, prospective international interest, security assignment and prospective security assignment, in, against, under and with respect to (the “ **Lender’s Lien** ”) all of Customer’s right, title and interest in, to and under all of the following collateral, whether now existing or hereafter acquired (collectively, the “ **Collateral** ”): (i) the Aircraft, including the Airframe, the Engines, each of the APU and Parts, and the Records; (ii) any and all present and future Third Party Agreements; (iii) any and all other associated rights secured by or associated with the Airframe and/or the Engines, together with any related international interests and prospective international interests; (iv) any collateral described in the other Loan Documents (including in any Operating Consent); and (v) all proceeds of the foregoing. By way of clarification and not limitation, the foregoing grant of the Lender’s Lien shall include, as applicable (and in each case, being validly registered and having first priority), an international interest in the Airframe and in each Engine. Notwithstanding the foregoing, (i) Customer shall not enter into any Third Party Agreements unless expressly permitted by Section 4.4 and (ii) Lender is not assuming, nor shall it be responsible for, any obligations, liabilities or duties of any kind whatsoever of Customer (and/or of any other Person) relating to the Collateral. Customer agrees that it shall perform and procure performance in accordance with any Third Party Agreement or other agreement or instrument giving rise to any associated rights that are or may become subjected to the Lender’s Lien.

#### **UCCs, Registrations, Etc.; Lender as Attorney-in-Fact.** Customer hereby irrevocably:

authorizes Lender to prepare and file any UCC financing statements, amendments, continuations, terminations, assignments and other filings, or take such other actions for the purpose of perfecting, affording first and exclusive priority to or otherwise relating to Lender’s Lien under this Agreement or the other Loan Documents;

consents to, and authorizes its professional user entity to consent to, the registration of each Registerable Interest requested by Lender or its Assignee, or otherwise required by the provisions of this Agreement or any of the other Loan Documents, including any subordination, amendment, assignment, discharge or undertaking permitted by the Cape Town Convention with respect thereto; and

constitutes and appoints Lender (including any Person acting on Lender’s behalf), as its true and lawful attorney-in-fact with full power and authority in the place and stead of Customer and in the name of Customer or in its own name, for the purpose of carrying out the terms of this Agreement; which authority shall include the following undertakings that may be exercisable by Lender in its sole discretion at any time, and from time to time, if an Event of Default is then existing or upon the occurrence of an Event of Loss: (i) in Customer’s name, file and/or record, such further instruments, filings and other documents, make, cause to be made and/or consent to all registrations with the International Registry, and take such further action, to establish and protect Lender’s rights, interests and remedies created, or intended to be created, pursuant to the Loan Documents; (ii) endorse Customer’s name on any checks, notes, drafts or any other payments or instruments, or set off, apply, or take such other actions with respect to any funds relating to the Collateral that come into Lender’s possession or control; and (iii) to settle, adjust, receive payment and make claim or proof of loss, and take such other actions relating to the Required Coverages. This appointment is coupled with an interest, is

irrevocable and shall terminate only upon indefeasible payment and performance in full of all of the Obligations. The powers conferred on Lender hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Lender shall be accountable only for amounts that it actually receives in good and indefeasible funds as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to Customer for any act or failure to act. Without limiting the foregoing, Customer agrees that within five (5) Business Days of Lender's request, Customer will enter into an irrevocable power-of-attorney authorizing Aviation Counsel or Lender's other designee as Customer's professional user entity and administrator for the purpose of discharging any Registerable Interests as and when directed to do so by Lender in connection with its exercise of its rights and remedies under the Loan Documents.

**Inspection.** Lender or its authorized representatives shall have the right, but not the duty, to inspect the Aircraft, any part thereof and/or the Records, at its own cost any reasonable time and from time to time, wherever located, upon reasonable prior notice to Customer; except that after the occurrence of a Default or an Event of Default, such inspection may be conducted at any time without prior notice and at Customer's sole expense, and it shall pay Lender promptly upon demand any inspection costs incurred by Lender. So long as no Default or Event of Default exists, any such inspections shall be conducted during normal business hours and without interruption of the use and operation of the Aircraft as permitted hereby. Upon the request of Lender, Customer shall promptly confirm to Lender the location of the Aircraft or any of the other Collateral.

**Events of Default.** The term "**Event of Default**", wherever used herein, shall mean:

Customer shall fail to pay any Obligation within ten (10) days after the same shall become due and payable (whether at the stated maturity, by acceleration, upon demand or otherwise); or

(i) any Customer Party shall default in the payment or performance of any indebtedness, liability or obligation to Lender or any Affiliate of Lender under any note, security agreement, lease, title retention or conditional sales agreement or any other instrument or agreement; or

(ii) any Customer Party shall fail to pay any Indebtedness (other than the Obligations) exceeding \$5,000,000.00, and such failure shall continue beyond any applicable grace period (or, with respect to trade Indebtedness which is not subject to a grace period, within ninety (90) days of the date such trade Indebtedness is incurred); or

(i) any of the Required Coverages are not kept in full force and effect, or a breach or violation shall exist with respect to any provisions thereof; or the Aircraft is operated in a manner, at a time or in or over or located at a place with respect to which such Required Coverages shall not be in effect; (ii) Customer shall fail to cause the Airframe or the Engines to be used, operated, maintained or otherwise kept in a condition so as to be in compliance with all Applicable Laws; or (iii) any Customer Party shall fail to comply with (A) any financial covenants as and to the extent set forth or incorporated in any Guaranty or in any of the other Loan Documents, or (B) any provision of any of the Loan Documents restricting Liens and other dispositions relating to either the Collateral or any rights or obligations under any of the Transaction Documents (including Section 4.4 hereof), or (iv) the occurrence of any Defective Registration; or

(i) any representation or warranty made by any Customer Party in any of the Loan Documents or in any related agreement, document or certificate shall prove to have been incorrect, misleading, or inaccurate in any material respect when made or given (or, if a continuing representation or warranty, at any time); or (ii) any Customer Party shall fail to (A) perform or observe any other agreement (other than those specifically referred to in this Section 6) required to be performed or observed by it under this Agreement or in any of the other Loan Documents, and such failure shall continue uncured for thirty (30) days after the earlier of written notice thereof from Lender to such Customer Party or such Customer Party's actual knowledge thereof (but such notice and cure period will not be applicable unless such breach is curable by practical means within such notice period) or (B) notify Lender of any Default or Event of Default within ten (10) Business Days of its occurrence; or

(i) any Customer Party shall (A) generally fail to pay its, or his or her debts as they become due, admit its, or his or her inability to pay its, or his or her debts or obligations generally as they fall due, or shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws or other insolvency laws, or an answer admitting the material allegations of such a petition filed against such Customer Party in any such proceeding; or (B) by voluntary petition, answer or consent, seek relief under the provisions of any other bankruptcy or other insolvency or similar law providing for the reorganization or liquidation of corporations, or providing for an assignment for the benefit of creditors, or providing for an agreement, composition, extension or adjustment with its, or his or her creditors; or (ii) a petition against any Customer Party in a proceeding under applicable bankruptcy laws or other insolvency laws, as now or hereafter in effect, shall be filed and shall not be withdrawn or dismissed within one hundred twenty (120) days thereafter, or if, under the provisions of any law providing for reorganization or liquidation of business entities that may apply to any Customer Party, any court of competent jurisdiction shall assume jurisdiction, custody or control of such Customer Party or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of one hundred eighty (180) days after the filing date; or

the occurrence of any of the following events with respect to any Customer Party: (A) it enters into any transaction of merger, consolidation or reorganization; (B) it ceases to do business as a going concern, liquidates, or dissolves, or sells, transfers or otherwise disposes of all or substantially all of its assets or properties (in one or more transactions); (C) it becomes the subject of, or engages in, a leveraged buy out; (D) it changes the form of organization of its business; (E) if it is privately owned as of the Closing Date, there is any substantial change in the ownership or control of its capital stock or membership interests such that the holder(s) that own or control one hundred percent (100%) of such equity interests as of the Closing Date no longer do so; or (F) if it is publicly held as of the Closing Date, any change so that it is no longer subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or no longer registered under Section 12 of the Securities Act of 1933, as amended; or

(i) the conviction of or guilty plea by any Customer Party with respect to any criminal act constituting a felony, (ii) any repudiation by any Customer Party of its obligation for the payment or performance of the Obligations, (iii) any allegation by any Customer Party or judicial determination that any of the Loan Documents is unenforceable in any material respect or (iv) a Default (as defined in any Guaranty) shall occur; or any event or condition constituting a breach or other default under any Operating Consent.

## **Remedies .**

**Acceleration; Termination of Commitment.** If any Event of Default shall occur, Lender, in its sole discretion, may (a) declare the Obligations to be immediately due and payable, and upon such declaration the Obligations (including, the unpaid principal amount of the Note, together with all accrued but unpaid interest thereon, any prepayment fees and all other amounts due and payable under or with respect to the Loan Documents), shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the other Loan Documents to the contrary notwithstanding, (b) terminate any then outstanding commitment whether to Customer or any Affiliate to make the Loan or any advance thereof, or any other financial accommodations, whether related to the Loan or otherwise, and/or (c) pursue and enforce any of Lender's rights and remedies under this Section 7; provided, however, if an Event of Default specified in Section 6 (e) above shall occur, the Obligations shall become immediately due and payable, all such commitments shall terminate, and Lender shall have all such other rights and remedies contemplated in the preceding clauses (a), (b) and (c), automatically, and without any notice or other action by Lender.

**Additional Remedies.** If an Event of Default occurs, in addition to all other rights and remedies granted to it in this Agreement and in the other Loan Documents, Lender may exercise all rights and remedies of a secured party under the UCC or as a creditor, chargee or security assignee under the Cape Town Convention (including any and all remedies thereunder requiring agreement by Customer), or otherwise available to

Lender under any other Applicable Law. Without limiting the generality of the foregoing, Customer agrees that upon the occurrence of an Event of Default, Lender, without demand or notice of any kind (except as specified below) to or upon Customer or any other Person, in its sole discretion, may exercise any one or more of the following remedies:

(i) peacefully enter the premises where the Aircraft, the Engines, or any other Collateral is located, take immediate possession of, remove (or disable in place), or otherwise take control or custody of the Airframe, the Engines or any other Collateral (whether or not then attached to the Airframe) by self-help, summary proceedings or otherwise without liability, (ii) preserve the Airframe, the Engines or the other Collateral, and their respective value (but without any obligation to do so), and immobilize or keep idle the Airframe or Engines, and/or (iii) use Customer's premises for storage without liability; and Customer agrees, at Lender's request, to assemble the Collateral, and make it available to Lender at such places as Lender shall reasonably select, whether at Customer's premises or elsewhere;

(i) terminate the right of any Interested Third Party, and any other third party to use, possess or control the Airframe, the Engines or any of the other Collateral, including under any Permitted Third Party Agreement or other Third Party Agreement, without regard as to the existence of any event of default thereunder, (ii) recover from, and/or cause Customer and any such Interested Third Party, and any other third party, to relinquish possession and return the Airframe, the Engines and any other Collateral pursuant to this Section 7, and/or (iii) exercise any and all other remedies under any Operating Consents in Customer's stead, to the extent provided for under, or otherwise available to Customer in connection with any related Permitted Third Party Agreement or such other Third Party Agreement;

(i) manage, sell, lease, assign or otherwise dispose of the Airframe, the Engines or any other Collateral, in whole or in part, whether or not in Lender's possession, in one or more parcels or transactions, at public or private sale or sales, with or without notice to Customer (except as required by Applicable Law, and in furtherance thereof, Lender agrees that it shall give Customer no less than ten (10) working days' prior notice of any proposed sale or lease of the Airframe or Engines, which Customer acknowledges as constituting "reasonable prior notice" for the purposes of the Cape Town Convention) at such prices as Lender may deem best, and/or (ii) purchase the Collateral, in whole or in part, upon any public sale or sales, and to the extent permitted by Applicable Law upon any private sale or sales, free of any right or equity of redemption in Customer, which right or equity of redemption is hereby expressly released;

(i) collect, receive, appropriate and realize upon the Collateral, or any part thereof, including by applying any deposit or other cash collateral, or collecting or receiving, appropriating and realizing upon any income, profits or other proceeds arising from the management or use of the Airframe, the Engines or any of the other Collateral, and applying the same (after deducting all taxes, costs, expenses and other reductions of every kind incurred in connection therewith) to the payment in whole or in part of the Obligations, in such order and manner as Lender may elect; and (ii) after making such application, (A) remitting to Customer or to such other Person any excess then remaining, as and to the extent Lender is required by Applicable Law to make such remittance and (B) demanding, collecting and receiving from Customer any deficiency then remaining (and Customer agrees that it shall remain liable for, and pay upon demand, the full amount of any such deficiency);

(i) demand and obtain from any court speedy relief pending final determination available at law (including, possession, control, custody or immobilization of the Airframe and Engines, or preservation of the Airframe and the Engines and their respective value), (ii) procure the deregistration and/or export and physical transfer of the Airframe from the territory in which it is then situated (including pursuant to an IDERA, if any, executed by Customer), and/or (iii) otherwise proceed at law or in equity, to enforce specifically Customer's performance or to recover damages; and/or

exercise any and all other rights and remedies under or with respect to the Loan Documents or Applicable Law, including the Cape Town Convention and the UCC.

No Waiver: Cumulative Remedies. No right or remedy is exclusive. Customer hereby acknowledges that none of the provisions of this Section 7, including any remedies set forth or referenced herein, is "manifestly unreasonable" for the purposes of the Cape Town Convention. Each may be used successively and cumulatively and in addition to any other right or remedy referred to above or otherwise available to Lender at law or in equity, but in no event shall Lender be entitled to recover any amount in excess of the maximum amount recoverable under Applicable Law with respect to any Event of Default. No express or implied waiver by Lender of any Default or Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default. The failure or delay of Lender in exercising any rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or reoccurrence of any such contingencies or similar contingencies, and any single or partial exercise of any particular right by Lender shall not exhaust the same or constitute a waiver of any other right provided for or otherwise referred to herein. After the occurrence of any Default or Event of Default, the acceptance by Lender of any payment or performance of any of the Obligations, including the payment of any installment of principal and/or interest or of any other sum owing hereunder or under the other Loan Documents shall not constitute a waiver of such Default or Event of Default, regardless of Lender's knowledge or lack of knowledge thereof at the time of acceptance of any such payment or performance and shall not constitute a reinstatement of any of the Loan Documents, unless Lender shall have agreed in writing to reinstate the same and waive the Default or Event of Default. To the extent permitted by Applicable Law, Customer waives any rights now or hereafter conferred thereby, that (a) limit or modify any of Lender's rights or remedies under this Agreement or any of the other Loan Documents, including the provisions of Article 13(2) of the Convention, or (b) would otherwise entitle Customer to (i) receive notices or demands as a condition to Lender's exercise of any rights or remedies, except as expressly required above or (ii) make claims, damages and demands against Lender arising out of the repossession, retention, sale or other disposition of the Collateral.

#### **MISCELLANEOUS**

Notices. All communications and notices provided for herein shall be in writing and shall be deemed to have been duly given or made (i) upon hand delivery, or (ii) upon delivery by an overnight delivery service, or (iii) when sent by telecopy (with customary confirmation of receipt of such telecopy) on the Business Day when sent or upon the next Business Day if sent on other than a Business Day.

#### Expenses and Fees; Indemnity; Performance of Customer's Obligations

Customer shall pay to Lender upon demand all reasonable fees, costs and expenses incurred by or on behalf of Lender at any time in connection with (i) the negotiation, preparation, execution, delivery and enforcement of the Loan Documents and the collection of the Obligations (both before and after the occurrence of a Default or Event of Default), (ii) the creation, preservation and protection of the Collateral and the perfection, first priority and enforcement of Lender's Lien, or (iii) Customer's exercise of any right granted under, or any amendment or other modification to any of, the Loan Documents. Such fees, costs and expenses shall include, without limitation, reasonable appraisal and inspection fees, the reasonable fees and expenses of Aviation Counsel and of Lender's counsel, consultants and brokers, UCC, FAA, International Registry and other applicable title, interest and lien searches, and reasonable costs and expenses relating to recovery, repossession, storage, insurance, transportation, repair, refurbishment, advertising, sale and other dispositions of the Aircraft or any of the other Collateral. Customer shall also pay all reasonable fees (including license, filing and registration fees), Impositions and other charges of whatever kind or nature that may be payable or determined to be payable in connection with (A) the execution, delivery, recording or performance of this Agreement or any of the other Loan Documents, or any modification thereof, and (B) the filings, registrations and other undertakings relating thereto. Notwithstanding the foregoing, as long as there are no more than two (2) revised drafts of any Loan Document provided by Customer or its counsel to Lender or Lender's counsel, Customer shall be responsible for not more than \$35,000.00 in the aggregate for the legal fees of outside counsel to Lender (including, Aviation Counsel) and appraisal, inspection, processing, credit verification, lien searches, FAA and International Registry fees and other fees incurred in connection with the initial negotiation, preparation and execution of this Agreement and the other Loan Documents executed and delivered on or

before the Closing Date (and the consummation of the closing contemplated to occur thereon); provided that in the event that the negotiation exceeds two (2) revised drafts of any Loan Document, then Customer shall pay for the actual amount of such out of pocket fees incurred by Lender relating to the drafting and negotiation in excess of such two (2) revised drafts. Lender shall apply the previously paid deposit amount of \$35,000.00 to such fees and shall refund to Customer the amount by which the deposit exceeds such fees.

Customer hereby further agrees, whether or not the transactions contemplated by this Agreement shall be consummated, to pay, indemnify, and hold Lender and its affiliates and all of the Lender's and such affiliates' respective directors, shareholders, members, officers, employees, agents, predecessors, attorneys-in-fact, lawyers, successors and assigns (Lender, its affiliates and all of such other parties and entities sometimes hereinafter collectively, the "**Indemnified Parties**") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, out of pocket costs, attorney's fees, expenses or disbursements of any kind or nature whatsoever ("**Claims**") arising with respect to or in connection with (i) the Airframe, the Engines, or any APUs or Parts, or any of the other Collateral, including (whether by or through Customer, Vendor, any Interested Third Party, or any other Person), the manufacture, inspection, ownership, lease, sublease, management, pooling, interchange, time sharing, chartering, possession, use, operation, maintenance, security, condition (whether prior to, upon or after delivery or acceptance of any of the same), repossession, storage, sale or other disposition of any of the same, or any accident in connection therewith, including Claims involving or alleging environmental damage, criminal acts, hijacking, acts of terrorism or similar acts, product liability or strict or absolute liability in tort, latent and other defects (whether or not discoverable) and for any other risk or matter, including any of the same that result in injuries, death, destruction, or other harm or loss to persons or property, or (ii) any of the Loan Documents, Third Party Agreements or other Transaction Documents, or the performance, breach (including any Default or Event of Default) or enforcement of any of the terms hereof or thereof, provided, that Customer shall have no obligation to indemnify an Indemnified Party with respect to Claims arising from the gross negligence or willful misconduct of such Indemnified Party (unless if imputed by Applicable Law). If any Claim is made against any Indemnified Party, the party receiving notice or otherwise becoming aware of such Claim shall promptly notify the other, but the failure of the party having knowledge of a Claim to so notify the other party shall not relieve Customer of any obligation hereunder.

If any Customer Party fails to perform or comply with any of its agreements contained herein or in the other Loan Documents, including, without limitation, its obligations to keep the Collateral free of Liens (other than the Permitted Liens), comply with Applicable Standards, or obtain the Required Coverages, Lender shall have the right, but shall not be obligated, to effect such performance or compliance, with such agreement. Any expenses of Lender incurred in connection with effecting such performance or compliance, together with interest thereon at the default rate of interest provided for in the Note from the date incurred until reimbursed, shall be payable by Customer to Lender promptly on demand and until such payment shall constitute part of the Obligations secured hereby. Any such action shall not be a cure or waiver of any Default or Event of Default hereunder.

Entire Agreement; Modifications. This Agreement and the other Loan Documents constitute the entire understanding and agreement of the parties hereto with respect to the matters contained herein and therein, and shall completely and fully supersede all other prior agreements (including any proposal letter, commitment letter, and/or term sheet), both written and oral, between Lender and Customer relating to the Obligations. Neither this Agreement, nor any terms hereof, may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of a change, waiver, discharge or termination is sought.

Construction of this Agreement and Related Matters. All representations and warranties made in this Agreement and in the other Loan Documents shall survive the execution and delivery of this Agreement and the making of the Loan hereunder. Customer's obligations contained in this Section 8 shall survive the payment and performance of the Obligations, the termination of this Agreement, and the release of the Collateral. This Agreement may be executed by the parties hereto on any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. The headings of the Sections hereof are for convenience only, are not part of this Agreement and shall not be deemed to affect the meaning or construction of any of the provisions hereof. Time is of the essence in the payment and performance of all of Customer's obligations under this Agreement. Any provision of this Agreement that may be determined to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective in such jurisdiction to the extent thereof without invalidating the remaining provisions of this Agreement, which shall remain in full force and effect.

Lender's Assignment. Lender, may at any time, with or without notice to Customer, freely grant a security interest in, sell, assign, participate or otherwise transfer (an "**Assignment**") all or any part of its interest in this Agreement and the other Loan Documents (including all associated rights associated with or secured thereby and the related international interests) or any amount due or to become due hereunder or thereunder, and Customer shall perform all of its obligations under the Loan Documents, to the extent so transferred, for the benefit of the beneficiary of such Assignment (such beneficiary, including any successors and assigns, an "**Assignee**"); provided, however, if such Assignee is not an Affiliate of Lender and if no Default or Event of Default exists, Lender will provide prior notice of any such Assignment to a third party. Customer hereby waives any right to assert, and agrees not to assert, against any Assignee any abatement, reduction, defense, setoff, recoupment, claim or counterclaim that Customer may have against Lender, provided that Lender remains fully responsible therefor. Upon the assumption by such Assignee of Lender's obligations hereunder, Lender shall be relieved of any such assumed obligations. Customer hereby consents to any such assignment, grant, sale or transfer, including, without limitation, for purposes of the Cape Town Convention. If so directed in writing, Customer shall pay all amounts due or to become due under the Loan Documents, including any of the same constituting associated rights or proceeds directly to the Assignee or any other party designated in writing by Lender or such Assignee. Customer acknowledges and agrees that Lender's right to enter into an Assignment is essential to Lender and, accordingly, waives any restrictions under Applicable Law with respect to an Assignment and any related remedies. Upon the request of Lender or any Assignee, Customer also agrees (a) to promptly execute and deliver, and cause to be executed and delivered by any Guarantor or any other Transaction Party, to Lender or to such Assignee an acknowledgment of assignment in form and substance satisfactory to the requesting party, an insurance certificate naming Assignee as additional insured and loss payee and otherwise evidencing the Required Coverages, an IDERA in favor of Assignee, and such other documents and assurances reasonably requested by Lender or Assignee, (b) to make, or cause to be made, all registrations (including all assignments and subordinations) and all amendments, extensions and discharges with the International Registry reasonably requested by Lender or Assignee (and give or obtain any necessary consent thereto, as well as renew any authorization required by the International Registry in connection therewith, including renewing its transacting user entity status and re-designating a professional user entity, if necessary in Lender's judgment), and (c) to comply with any and all other reasonable requirements of any such Assignee in connection with any such Assignment.

Jurisdiction. Customer and Lender each hereby irrevocably consents and agrees that any legal action, suit or proceeding arising out of or in any way in connection with this Agreement or any of the other Loan Documents may be instituted or brought in the courts of the State of New York or in the United States Courts for the Southern District of New York, as Customer or Lender may elect or in any other state or Federal court as Lender shall deem appropriate, and by execution and delivery of this Agreement, Customer and Lender each hereby irrevocably accepts and submits to, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of any such court, and to all proceedings in such courts. Customer and Lender each irrevocably consents to service of any summons and/or legal process by first class, certified United States air mail, postage prepaid, to Customer at the address set forth below its signature hereto, such method of service to constitute, in every respect, sufficient and effective service of process in any such legal action or proceeding. Nothing in this Agreement or in any of the other Loan Documents shall affect the right to service of process in any other manner permitted by law or limit the right of Lender to bring actions, suits or proceedings in the courts of any other jurisdiction. Customer and Lender each further agrees that final judgment against it in any such legal action,

suit or proceeding shall 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 shall be conclusive evidence of the fact and the amount of the liability. Notwithstanding anything in the foregoing to the contrary, Lender and Customer may bring a judicial proceeding in the Republic of Ireland, solely with respect to matters relating to the International Registry.

Governing Law; Binding Effect. This Agreement shall be construed and enforced in accordance with, and the rights of both parties shall be governed by, the internal laws of the State of New York (without regard to the conflict of laws principles of such state, except as to the effect of Title 14, Section 5-1401 of the New York General Obligations Law), including all matters of construction, validity, and performance. This Agreement shall be binding upon and inure to the benefit of Customer and Lender and their respective successors and assigns (but without limiting the provisions of Section 8.5); except that Customer may not assign or transfer its rights or obligations hereunder or under any other Loan Agreement, or any interest herein or therein; and any such purported or attempted assignment or transfer by Customer shall be null and void.

Customer's Capacity as Owner Trustee. TVPX Aircraft Solutions Inc. ("TVPX") is executing this Agreement, and the other Loan Documents solely in its capacity as Owner Trustee under the Trust Agreement and not in its individual capacity and in no case shall TVPX be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of the Customer hereunder, or under any Loan Document, all such liability, if any, being expressly waived by the parties hereto and any Person claiming by, through, or under such party. Under no circumstances shall TVPX be personally liable for the payment of any other amount stated to be due from the Customer hereunder, or under any Loan Document, or be personally liable for the breach or failure of any of Customer's representations, warranties, covenants, obligations, undertakings and agreements hereunder, or under any Loan Documents; provided, however, that the Customer (or any such successor owner trustee) shall be personally liable hereunder for its own gross negligence or willful misconduct or for its breach of its covenants, representations and warranties contained herein, or in any Loan Document, to the extent covenanted or made in its individual capacity.

Jury Waiver. CUSTOMER AND LENDER EACH HEREBY KNOWINGLY AND FREELY WAIVES THEIR RESPECTIVE RIGHTS TO A JURY TRIAL IN ANY ACTION, SUIT OR PROCEEDING RELATING TO, ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE NOTE OR ANY OF THE OTHER LOAN DOCUMENTS.

**[Signatures On Next Page]**

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Loan and Aircraft Security Agreement

IN WITNESS WHEREOF, the parties hereto have caused this Loan and Aircraft Security Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

BANC OF AMERICA LEASING & CAPITAL, LLC, Lender

TVPX AIRCRAFT SOLUTIONS INC., a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated July \_\_\_\_, 2017,  
Customer

By:  
Name:  
Title:  
Notice Address:

One Financial Plaza, 2nd Floor  
Providence, Rhode Island 02903  
Attention: Director of Aircraft Operations  
Telephone: 800-238-3737  
Facsimile: 401-278-7941

By:  
Name:  
Title:  
Notice Address:

39 East Eagle Ridge Drive, Ste. 201  
North Salt Lake, UT 84054  
Telephone: (801) 924-367  
Facsimile: (801) 877-0478

(d) (i) collect, receive, appropriate and realize upon the Collateral, or any part thereof, including by applying any deposit or other cash collateral, or collecting or receiving, appropriating and realizing upon any income, profits or other proceeds arising from the management or use of the Airframe, the Engines or any of the other Collateral, and applying the same (after deducting all taxes, costs, expenses and other reductions of every kind incurred in connection therewith) to the payment in whole or in part of the Obligations, in such order and manner as Lender may elect; and (ii) after making such application, (A) remitting to Customer or to such other Person any excess then remaining, as and to the extent Lender is required by Applicable Law to make such remittance and (B) demanding, collecting and receiving from Customer any deficiency then remaining (and Customer agrees that it shall remain liable for, and pay upon demand, the full amount of any such deficiency);

(e) (i) demand and obtain from any court speedy relief pending final determination available at law (including, possession, control, custody or immobilization of the Airframe and Engines, or preservation of the Airframe and the Engines and their respective value), (ii) procure the deregistration and/or export and physical transfer of the Airframe from the territory in which it is then situated (including pursuant to an IDERA, if any, executed by Customer), and/or (iii) otherwise proceed at law or in equity, to enforce specifically Customer's performance or to recover damages; and/or

(f) exercise any and all other rights and remedies under or with respect to the Loan Documents or Applicable Law, including the Cape Town Convention and the UCC.

3. No Waiver: Cumulative Remedies. No right or remedy is exclusive. Customer hereby acknowledges that none of the provisions of this Section 7, including any remedies set forth or referenced herein, is "manifestly unreasonable" for the purposes of the Cape Town Convention. Each may be used successively and cumulatively and in addition to any other right or remedy referred to above or otherwise available to Lender at law or in equity, but in no event shall Lender be entitled to recover any amount in excess of the maximum amount recoverable under Applicable Law with respect to any Event of Default. No express or implied waiver by Lender of any Default or Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default. The failure or delay of Lender in exercising any rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or reoccurrence of any such contingencies or similar contingencies, and any single or partial exercise of any particular right by Lender shall not exhaust the same or constitute a waiver of any other right provided for or otherwise referred to herein. After the occurrence of any Default or Event of Default, the acceptance by Lender of any payment or performance of any of the Obligations, including the payment of any installment of principal and/or interest or of any other sum owing hereunder or under the other Loan Documents shall not constitute a waiver of such Default or Event of Default, regardless of Lender's knowledge or lack of knowledge thereof at the time of acceptance of any such payment or performance and shall not constitute a reinstatement of any of the Loan Documents, unless Lender shall have agreed in writing to reinstate the same and waive the Default or Event of Default. To the extent permitted by Applicable Law, Customer waives any rights now or hereafter conferred thereby, that (a) limit or modify any of Lender's rights or remedies under this Agreement or any of the other Loan Documents, including the provisions of Article 13(2) of the Convention, or (b) would otherwise entitle Customer to (i) receive notices or demands as a condition to Lender's exercise of any rights or remedies, except as expressly required above or (ii) make claims, damages and demands against Lender arising out of the repossession, retention, sale or other disposition of the Collateral.

**SECTION 8. MISCELLANEOUS .**

1. Notices. All communications and notices provided for herein shall be in writing and shall be deemed to have been duly given or made (i) upon hand delivery, or (ii) upon delivery by an overnight delivery service, or (iii) when sent by telecopy (with customary confirmation of receipt of such telecopy) on the Business Day when sent or upon the next Business Day if sent on other than a Business Day.

2. Expenses and Fees; Indemnity; Performance of Customer's Obligations.

(a) Customer shall pay to Lender upon demand all reasonable fees, costs and expenses incurred by or on behalf of Lender at any time in connection with (i) the negotiation, preparation, execution, delivery and enforcement of the Loan Documents and the collection of the Obligations (both before and after the occurrence of a Default or Event of Default), (ii) the creation, preservation and protection of the Collateral and the perfection, first priority and enforcement of Lender's Lien, or (iii) Customer's exercise of any right granted under, or any amendment or other modification to any of, the Loan Documents. Such fees, costs and expenses shall include, without limitation, reasonable appraisal and inspection fees, the reasonable fees and expenses of Aviation Counsel and of Lender's counsel, consultants and brokers, UCC, FAA, International Registry and other applicable title, interest and lien searches,

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**LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)**

**THIS LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)** (together with all Addenda, Riders and Annexes hereto, this "Agreement") is dated as of July 27, 2017 (the "Closing Date"), by and between **TVPX AIRCRAFT SOLUTIONS INC.**, a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated as of July 27, 2017 ("Customer") and **BANC OF AMERICA LEASING & CAPITAL, LLC**, a Delaware limited liability company ("Lender").

In consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which

are hereby acknowledged, the parties hereto agree as follows:

Capitalized and certain other terms used but not otherwise defined in this Agreement shall have the meanings ascribed to them in Annex A attached hereto and made a part hereof.

#### **Terms of Loan .**

Loan and Use of Proceeds . Subject to the terms and conditions of this Agreement, Lender agrees to make a loan to Customer in the principal amount set forth in Annex B attached hereto and made a part hereof (the “ **Loan** ”). Customer shall use the proceeds of the Loan to finance the costs of the acquisition of the Aircraft.

Repayment and Prepayment . The Customer’s obligation to repay the Loan shall be evidenced by one or more Promissory Notes dated on and/or after the Closing Date, payable by Customer to the order of Lender in the original principal amount of the Loan (as amended, modified, restated, extended and renewed from time to time, the “ **Note** ”). The Loan shall bear interest and be repaid by Customer at the times and in the manner set forth in the Note. The Loan may be prepaid only in the manner and subject to terms and conditions set forth in the Note and, if applicable, Section 4.7 hereof.

Conditions of Borrowing . Lender’s obligation to make the Loan shall be both subject to and conditioned upon the satisfaction of all of the conditions precedent specified in the Closing Terms Addendum attached to and made a part of this Agreement.

Representations and Warranties . In order to induce Lender to enter into this Agreement and to make the Loan herein provided for, Customer represents, warrants and covenants to Lender that:

(i) Customer (A) is duly qualified to do business in each jurisdiction in which the conduct of its business or the ownership or operation of its assets requires such qualification, including the jurisdiction of the Primary Hangar Location and wherever any of the Collateral may become located; (B) has the necessary authority and power to own and operate the Aircraft and its other assets and to transact the business in which it is engaged; (C) is a “citizen of the United States” within the meaning of the Transportation Code; and (D) has the form of business organization set forth in Annex B hereto and is and will remain duly organized, validly existing and in good standing under the laws of the state of its organization set forth in Annex B hereto, its federal tax identification number is as set forth in Annex B hereto, and its state-issued organizational identification number (if any), chief executive office and principal place of business address are all as set forth on Annex B hereto; and (ii) its name as shown in the preamble of this Agreement is its exact legal name as shown on its charter, by-laws, articles of organization or operating agreement, as applicable, each as amended as of the Closing Date;

(i) Customer’s execution and delivery of, and performance of its obligations under and with respect to, each of the Loan Documents (including its borrowing the amounts constituting the Loan, granting the Lender’s Lien against the Aircraft and other Collateral and participating in the other transactions contemplated herein and therein), (A) have been duly authorized by all necessary action on the part of Customer consistent with its form of organization, (B) do not contravene or constitute a default under any Applicable Law, any of Customer’s Organizational Documents, or any agreement, indenture, or other instrument to which Customer is a party or by which it may be bound, (C) do not require the approval of or notice to (1) any Governmental Authority, except for the filings and registrations specified in the Closing Terms Addendum, all of which shall have been duly effected prior to or concurrently with Lender making the Loan, or (2) any other party (including any trustees or holders of indebtedness), and (D) will not result in the creation or imposition of any Lien on any of the assets of Customer other than the Lender’s Lien created hereby and by the other Loan Documents with respect to the Collateral; (ii) each of the Transaction Documents referenced in the Closing Terms Addendum to which Customer is a party has been duly executed and delivered by an authorized representative of the Customer, and constitutes the legal, valid and binding obligation of the Customer, enforceable against it in accordance with the respective terms of such Transaction Documents (including, without limitation, the grant of the Lender’s Lien); and (iii) without limiting the foregoing, upon Lender’s advancing the Loan on the Closing Date, (A) Customer will have satisfied or complied with all conditions precedent and requirements as set forth in the Loan Documents required to have been satisfied or complied with concurrently with or prior to such advance and (B) no Default or Event of Default shall be then existing;

there are no proceedings pending or, so far as the officers, managers, or members of Customer know, threatened against or affecting Customer or any of its property before any Governmental Authority that could impair Customer’s title to the Aircraft or any of the other Collateral, or that, if decided adversely, could materially affect the financial condition or operations of Customer or its ability to perform its obligations under any of the Loan Documents;

(i) Customer has, and shall continue to have, good and marketable title to the Collateral, free and clear of Liens, except Permitted Liens; (ii) the Lender’s Lien in the Airframe, the Engines and the other Collateral is and shall remain validly created and perfected, and has and shall continue to have first priority over any other Liens pursuant to all Applicable Laws; and (iii) all filings, recordings, registrations or other actions necessary or desirable in order to vest such title in Customer, and establish, perfect and give first priority to Lender’s Lien and other rights and interests in, against or with respect to the Collateral, have been duly effected, and all Impositions in connection therewith have been duly paid;

without limiting any of the other representations and warranties in this Agreement, for the purposes of the Cape Town Convention and any other Applicable Law, (i) upon the conclusion of the sale of the Aircraft to Customer, and Customer’s grants and assignments, and (if constituting a lease) any Permitted Third Party Agreement, contemplated in the Loan Documents or other Transaction Documents, Customer and (if a lessee) any Interested Third Party shall be situated in, and Customer will cause the Aircraft to be duly registered in, the United States of America (which is a contracting state), (ii) with respect to any of the Transaction Documents relating to the Airframe or Engine, each of the respective parties thereto has power to dispose of the Airframe and Engine, as contemplated therein by way of the relevant Transaction Document, and (iii) the Purchase Documents qualify as a “contract of sale”, and (if constituting a lease) any Permitted Third Party Agreement and the Loan Documents are effective to constitute international interests in the Airframe and Engine and security assignments of the related associated rights and transfer of the related international interests, as contemplated therein, and each such Registerable Interest will be effective against third parties upon registration at the International Registry, without any further filings or registrations (except as contemplated in the Loan Documents);

(i) the Aircraft (A) has been delivered to Customer, is in Customer’s possession and is, as of the Closing Date, unconditionally, irrevocably and fully accepted by Customer, (B) has been inspected by Customer to its complete satisfaction and, without limiting the foregoing, (1) has been found to be in good working order, repair and condition and fully equipped to operate for its intended purpose, and (2) is in conformity with the requirements of the Purchase Agreement and the Applicable Standards, (C) is, or will be at the time of the funding of the Loan, currently certified under existing FAA rules and regulations and any other Applicable Laws and is airworthy in all respects, and (D) is and will remain primarily hangared at the Primary Hangar Location; and (ii) without limiting the foregoing, (A) solely as between Lender and Customer (and without prejudicing Customer’s rights against Vendor or any other third party, which rights are not being disclaimed hereby), Customer has no pending claims and has no knowledge of any facts upon which a future claim may be based, against any prior owner, the seller, manufacturer or supplier of the Aircraft or any of the other Collateral, for breach of warranty or otherwise, and (B) all of the information contained in Annex C, including the registration number of the Aircraft, and the serial numbers, manufacturer and model numbers of the Airframe, Engines, and APU, are true and accurate in all respects; and

(h) the Aircraft (i) is currently capable of being certified under existing FAA rules and regulations and completely airworthy in all respects, (ii) will undergo an inspection by a Designated Airworthiness Representative of the FAA (“ **DAR** ”) on the Closing Date and (iii) an FAA Standard Airworthiness Certificate (AC Form 8100-2) shall be issued for the Aircraft no later than two (2) Business Days after the Closing Date.

**Covenants** . Customer covenants and agrees that from and after the Closing Date and so long as any of the Obligations are outstanding:

Notices; Financial Information; and Further Assurances . Customer will, at its sole expense:

promptly give written notice to Lender of (i) the occurrence of any Default or Event of Default; (ii) the occurrence of any Event of Loss or event of which Customer may be aware that could become an Event of Loss; (iii) the commencement or written threat of any material litigation or proceedings affecting Customer or any material litigation or proceedings affecting the Aircraft or any of the other Collateral, or the ability of Customer to comply with its obligations under the Loan Documents; and (iv) any material dispute between Customer or any Interested Third Party and any Governmental Authority or other party that involves the Aircraft or any of the other Collateral or that might materially interfere with the normal business operations of Customer;

cause Guarantor to comply with the financial reporting requirements set forth in the Guaranty and promptly furnish to Lender any such financial and other information regarding the Customer or Guarantor or any of its Affiliates as Lender may from time to time reasonably request; and

promptly execute and deliver to Lender such further instruments, UCC and FAA filings (including an IDERA) and other documents, make, cause to be made and/or consent to all registrations (including any discharges and subordinations, or as to the prospective or actual sale of, and any international interest in, the Engines) with the International Registry, and take such further action, as Lender may from time to time reasonably request in order to further carry out the intent and purpose of the Loan Documents and to establish, protect and enforce the rights, interests, remedies and Liens (including the first priority thereof) created, or intended to be created, in favor of Lender thereby.

General Obligations . (a) Customer agrees that it shall (i) duly observe and conform to all requirements of Applicable Law relating to the conduct of its business and/or the Aircraft, (ii) remain a "citizen of the United States" within the meaning of the Transportation Code, (iii) obtain and keep in full force and effect (A) all rights, franchises, licenses and permits that are necessary to the proper conduct of its business, and (B) all approvals by any Governmental Authority required with respect to the performance of its obligations under the Loan Documents and the operation of the Aircraft and its business, (iv) cause the Aircraft to remain primarily hangared at the Primary Hangar Location, and duly registered in Customer's name under the Transportation Code (including, by making all necessary reports, re-registering its ownership of the Aircraft, and taking all other actions required by Applicable Law), and (v) pay and perform all of its obligations and liabilities when due. (b) Customer agrees that (i) it shall not change its presently existing legal name or its form or state of organization on or after the date of this Agreement, without Lender's prior written consent, (ii) if its presently existing state organizational identification number changes, or if Customer currently has no such state organizational number but is subsequently issued such a number, on or at any time after the date of this Agreement, Customer shall immediately notify Lender thereof, and (iii) it shall not change the presently existing mailing, chief executive office and/or principal place of business address on or after the date of this Agreement without giving Lender thirty (30) days written notice of the same.

Taxes . (a) Customer will file or cause to be filed with all appropriate taxing authorities all Federal, state and local income tax returns that are required to be filed and all registrations, declarations, returns and other documentation with respect to any personal property taxes (or any other taxes in the nature of or imposed in lieu of property taxes) due or to become due with respect to the Aircraft or any of the other Collateral. (b) Customer will pay (or cause to be paid) (i) on or before the date when due all taxes as shown on said returns and all taxes assessed, billed or otherwise payable with respect to the Aircraft or the other Collateral directly to the appropriate taxing authorities; and (ii) when due all license and/or registration or filing fees, assessments, governmental charges and sales, use, property, excise, privilege, value added and other taxes (including any related interest or penalties) or other charges or fees now or hereafter imposed by any governmental body or agency upon Customer or the Aircraft or any of the other Collateral, with respect to the landing, airport use, manufacturing, ordering, shipment, purchase, ownership, delivery, installation, leasing, chartering, operation, possession, use or disposition of the Aircraft or any of the other Collateral, or any interest therein (the items referred to in (i) and (ii) above being referred to herein collectively, as "**Impositions** ").

No Disposition of Collateral or Liens; Title and Security Interest .

Customer shall not sell, assign, enter into any Third Party Agreement, convey, mortgage, exchange or otherwise transfer or relinquish possession of (including by any seizure or other taking by any foreign or domestic governmental authority) or dispose of the Airframe or Engines, any Part, any related associated rights, international interests or prospective international interests, any proceeds or any of the other Collateral, or attempt or offer to do, or suffer or permit any of the foregoing. Customer shall be permitted, however, to deliver possession of the Airframe, the Engines, or any APU or Part to another Person for testing, service, repair, maintenance, overhaul, alteration or modification, and to enter into Permitted Third Party Agreements, in each case, if and to the extent consistent with the provisions of the Loan Documents. Customer will warrant and defend its good and marketable title to the Airframe, the Engines and the other Collateral, and the validity, perfection and first priority of Lender's Lien in the Collateral, against all other Liens, claims and demands whatsoever, except Permitted Liens; and without limiting the foregoing, Customer will (i) not create, assume or suffer to exist any Liens on or with respect to the Airframe, the Engines, or any of the other Collateral, or Customer's interest therein (other than Permitted Liens); and (ii) promptly take such action as directed by Lender to duly discharge any such unpermitted Liens.

So long as no Default or Event of Default is then existing, Customer may enter into and remain a party to Third Party Agreements, in each such case, subject to the satisfaction of, and compliance by Customer and each Interested Third Party with, all of the following throughout the term of such arrangement: (i) Each such Interested Third Party shall (A) be and remain solvent, and (unless an individual) organized under the laws of a state within the United States; and (B) if engaged by Customer with the prior written consent of Lender as a manager and/or charter operator (including the Manager pursuant to the Management Agreement), while so engaged, (1) have a recognized favorable reputation as a manager and/or charter operator, as the case may be, of aircraft similar to the Aircraft, (2) be providing management and/or charter operation services for other aircraft owners similar to the services contemplated therein, and (3) if and at all times while conducting any charter operations (x) have and maintain a valid Part 135 Certificate evidencing its authority to conduct such operations, (y) list the Aircraft on its operations specifications, and (z) comply with all Applicable Standards pertaining to such charter operations. (ii) Any operation of the Aircraft pursuant to any such Third Party Agreement shall be limited to (A) if by Customer, Parent Guarantor or any Affiliate of Parent Guarantor, any time sharing agreements (as defined in Section 91.501(c)(1)) complying with Part 91 of the FARs and all other Applicable Standards, (B) if by a manager and/or a charter operator with Lender's prior written consent, pursuant to and in full compliance with the requirements of Part 135 of the FARs and all other Applicable Standards, or (C) if such Third Party Agreement is a "dry lease" by Customer, as lessor, to Parent Guarantor or an Affiliate of Parent Guarantor or other Interested Third Party permitted pursuant hereto, as lessee, operation by such lessee complying with (1) Part 91 and any other applicable provision of the FARs, and all other Applicable Standards, and (2) the provisions hereof and of the other Loan Documents pertinent to the operation of the Aircraft (whether by Customer or any permitted Interested Third Party). (iii) The related Third Party Agreement shall (A) be and remain, subject and subordinate to Lender's Lien in and with respect to the Collateral, and Lender's rights and remedies under the Loan Documents (and such subordination shall be expressly acknowledged therein), (B) not convey any Lien on, or other property interest in or against the Airframe, the Engines or any of the other Collateral, except for a Permitted Lien (but, without giving effect to clause (a) of the definition of such term), (C) not permit any further sublease or disposition of or unpermitted Lien against the Aircraft or any of the other Collateral by any of the Interested Parties thereto or any other Person, or any change in registration or unpermitted change in hangaring of the Aircraft, (D) not contain provisions that are inconsistent with the provisions of any of the Loan Documents or cause Customer to breach any of its representations, warranties or agreements under any of the Loan Documents, (E) be in conformity with all requirements of the FARs and other Applicable Laws, and (F) otherwise conform to any Operating Consent required by Lender with respect thereto. (iv) (A) Customer shall have specified such Third Party Agreement on Annex B if

existing on the Closing Date, or if not then existing shall require Lender's prior written consent and at least thirty (30) Business Days' prior written notice of its intention to enter into a Third Party Agreement and (B) no later than the effective date thereof Customer shall comply with, and at all times thereafter remain in compliance with, any related requirements by Lender, including (1) entering into, and causing any related Interested Third Parties to enter into, an Operating Consent, (2) causing Lender to be covered by the Required Coverages (which, for the purposes hereof, may include insurance coverages obtained and maintained by an Interested Third Party, conforming to the insurance requirements herein and in any of the other Loan Documents), and (3) entering into or delivering, or causing to be entered into and delivered, all such other documents, filings and assurances, making or causing to be made such filings and registrations, and taking or causing to be taken all such other actions, in each case as may be required by Lender and (4) paying or reimbursing Lender for any related costs or expenses. (v) Lender shall have the right, but not the obligation, to (A) require reasonable evidence that any Interested Third Party satisfies the requirements provided herein, and (B) review any such Third Party Agreement, as from time to time supplemented and amended, to determine its conformity with the provisions hereof, but without assuming any responsibility with respect thereto. (vi) Customer shall neither make, nor permit to be made, any filing or registration with respect to any Permitted Third Party Agreement, unless so directed by Lender pursuant to Section 5.2 or otherwise. Notwithstanding the foregoing limitations Parent Guarantor or any Affiliate shall be permitted to conduct the carriage of Parent Guarantor or any Affiliate and/or their respective guests pursuant to 14 CFR Section 91.501(b)(4), affiliated group operations pursuant to 14 CFR Section 91.501(b)(5) and/or (6), demonstration flights pursuant to 14 CFR Section 91.501(b)(3), time sharing or interchange operations pursuant to 14 CFR Section 91.501(b)(6), the carriage of customers pursuant to 14 CFR Section 91.501(b)(9) and/or the carriage of candidates in Federal elections conducted pursuant to 14 CFR Section 91.321.

With respect to any Third Party Agreements complying with all of the provisions of Section 4.4(b) (each a "**Permitted Third Party Agreement**"), although certain of the duties and obligations of Customer under the Loan Documents may be performed by one or more of the Interested Third Parties, (i) no such Permitted Third Party Agreement shall reduce any of Customer's obligations, or Lender's rights, under any of the Loan Documents, (ii) all of Customer's obligations under the Loan Documents shall be and remain primary and continue in full force and effect as the obligations of a principal and not of a guarantor or surety, and (iii) Lender is not waiving the right to require full and timely performance of any such obligations in strict accordance with the provisions hereof and of the other Loan Documents. By way of clarification and not limitation, with respect to any provisions of this Agreement or any of the other Loan Documents requiring Customer to take or refrain from taking an action relating to the Aircraft or any of the other Collateral, such provision may also be read to mean that Customer shall cause the same to be done in accordance therewith, if at that time the Aircraft or such other Collateral is in the possession or control of an Interested Third Party pursuant to a Permitted Third Party Agreement.

#### Use of Aircraft; Maintenance; Modifications; Security.

Customer will operate the Aircraft or shall cause the Aircraft to be operated under and in compliance with Part 91 and any other applicable provision of the FARs, and all other Applicable Standards. Unless otherwise expressly permitted hereunder, (i) Customer shall not operate or permit the Aircraft to be operated for air taxi operations or otherwise under Part 135 of the FARs; and (ii) Customer, an Affiliate or other Interested Third Party shall at all times have, and maintain, "operational control" of the Aircraft (as such term is then interpreted by the FAA or such other applicable Governmental Authority), and no other Person shall operate the Aircraft. The Aircraft at all times will be operated by duly qualified pilots having satisfied all requirements established and specified by the FAA, the TSA, any other applicable Governmental Authority and the Required Coverages.

the Aircraft may be flown temporarily to any country in the world, provided that the Aircraft (i) shall at all times be based in the continental United States; and (ii) shall not be flown, operated, used or located in, to or over any such country or area (temporarily or otherwise) (A) that is excluded from the Required Coverages (or specifically not covered by such insurance), (B) with which the U.S. does not maintain favorable diplomatic relations (which is any country or jurisdiction not marked with an "\*" on the list maintained by the U.S. Department of State, at <http://www.state.gov/s/inr/rls/4250.htm> or any replacement or equivalent website maintained by the U.S. Department of State), provided that the prohibition in this clause (B) does not prohibit the operation of the Aircraft on an approved and assigned air traffic control route (if and so long as such use is otherwise in compliance with the provisions of the this Agreement and does not violate any insurance policies in effect with respect to the Aircraft), (C) to the extent that payment of any claim under the Required Coverages directly or indirectly arising or resulting from or connected with any such flight, operation, use or location would be prohibited under any trade or other economic sanction or embargo by the United States of America, or (D) in violation of any of the Loan Documents or any Applicable Standards. Customer shall adopt, implement and comply with all security measures required by any Applicable Law, or by any Required Coverages, or that are necessary or appropriate for the proper protection of the Aircraft (whether on the ground or in flight) against theft, vandalism, hijacking, destruction, bombing, terrorism or similar acts.

Customer agrees that, with respect to the Airframe, the Engines, each APU and each Part, Customer will at its own expense, (i) maintain, inspect, service, repair, overhaul and test the same in accordance with Applicable Standards; (ii) make any alterations or modifications that may at any time be required to comply with Applicable Standards, and to cause the Aircraft to remain airworthy; (iii) furnish all required parts, replacements, mechanisms, devices and servicing so that the condition and operating efficiency thereof will at all times be no less than its condition and operating efficiency as and when delivered to Customer, ordinary wear and tear from proper use alone excepted; (iv) promptly replace all Parts (A) which become worn out, lost, stolen, taken, destroyed, damaged beyond repair or permanently rendered or declared unfit for use for any reason whatsoever, or (B) if not previously replaced pursuant to clause (A), as and when required by any Applicable Standards, including any applicable life limits; and (v) maintain (in English) all Records in accordance with Applicable Standards; and (vi) enroll and maintain the Engines in an Engine Maintenance Program and the APU in an APU Maintenance Program or shall cause the foregoing to be done. All maintenance procedures shall be performed by properly trained, licensed, and certified maintenance sources and personnel utilizing replacement parts approved by the FAA and the manufacturer of (as applicable) the Airframe, the Engines, or any APU or Part. Without limiting the foregoing, Customer shall comply with all mandatory service bulletins and airworthiness directives by causing compliance to such bulletins and/or directives to be completed through corrective modification in lieu of operating manual restrictions.

Customer will not make, authorize or permit any improvement, change, addition or alteration to the Aircraft that will impair the originally intended function or use of the Aircraft, diminish the value of the Aircraft as it existed immediately prior thereto, or violate any Applicable Standard. All repairs, parts, replacements, mechanisms and devices added by Customer or on its behalf shall immediately, without further act, become part of the Aircraft and subject to the Lender's Lien granted under this Agreement.

#### Insurance.

Customer agrees to maintain or cause to be maintained at all times, at its sole cost and expense, with insurers of recognized reputation and responsibility satisfactory to Lender (but in no event having an A.M. Best or comparable agency rating of less than "A-");

(A) comprehensive aircraft liability insurance against bodily injury or property damage claims including, without limitation, contractual liability, premises liability, death and property damage liability, public and passenger legal liability coverage, and sudden accident pollution coverage, in an amount not less than \$200,000,000.00 for 20 or more seats, or if the Aircraft will be chartered, or \$100,000,000.00 for 10 or

more seats, or \$50,000,000.00 for fewer than 10 seats for each single occurrence, and (B) personal injury liability in an amount not less than \$25,000,000.00; but, in no event shall the amounts of coverage required by sub-clauses (A) and (B) be less than the coverage amounts as may then be required by Applicable Law;

"all-risk" ground, taxiing, and flight hull insurance on an agreed-value basis, covering the Aircraft, provided that such insurance shall at all times be in an amount not less than the greater of (1) the full replacement value of the Aircraft (as determined by Lender), or (2) the unpaid principal amount of the Note (each such amount re-determined as of each anniversary of the date hereof for the next succeeding year throughout the term of this Agreement); and

war risk and allied perils (including confiscation, appropriation, expropriation, terrorism and hijacking insurance) in the amounts required in paragraphs (i) and (ii), as applicable.

Any policies of insurance carried in accordance with this Section 4.6 and any policies taken out in substitution or replacement of any such policies shall (i) be endorsed to name Lender as an additional insured as its interests may appear (but without responsibility for premiums), (ii) provide, with respect to insurance carried in accordance with Section 4.6(a)(ii) or (a)(iii) above, that any amount payable thereunder shall be paid directly to Lender as sole loss payee and not to Lender and Customer jointly, (iii) provide for thirty (30) days' (seven (7) days' in the case of war, hijacking and allied perils) prior written notice by such insurer of cancellation, material change, or non-renewal, (iv) include a severability of interest clause providing that such policy shall operate in the same manner as if there were a separate policy covering each insured, (v) waive any right of set-off against Lender, and any rights of subrogation against Lender, (vi) provide that in respect of the interests of Lender in such policies, that the insurance shall not be invalidated by any action or inaction of Customer or any other Person operating or in possession of the Aircraft, regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by or binding upon Customer or any other Person operating or in possession of the Aircraft, and (vii) be primary, not subject to any co-insurance clause and shall be without right of contribution from any other insurance.

Customer shall not self-insure (by deductible, premium adjustment, or risk retention arrangement of any kind) with respect to any of the risks required to be insured pursuant to this Section 4.6. Customer agrees that it shall obtain and maintain such other insurance coverages, or cause adjustments to be made to the scope, amount or other aspects of the existing insurance coverages, promptly upon Lender's request, as and when Lender deems such additional insurance coverages or modifications to be appropriate in light of any changes in Applicable Law, prudent industry practices, the insurance market, Customer's anticipated use of the Aircraft or other pertinent circumstances. All of the coverages required herein shall be in full force and effect worldwide throughout any geographical areas to, in or over which the Aircraft is operated. All insurance proceeds payable under the requisite policies shall be payable in U.S. Dollars.

At least ten (10) days prior to the policy expiration date for any insurance coverage required by this Section 4.6, Customer shall furnish to Lender evidence (having the form and substance consistent with Section 1(f) of the Closing Terms Addendum) of the renewal or replacement of such coverage, complying with the terms hereof, for a twelve (12) month or greater period commencing from and after such expiration date.

#### Event of Loss: Loaner Engines.

Upon the occurrence of any Event of Loss with respect to the Aircraft and/or the Airframe, Customer shall notify Lender of any such Event of Loss within five (5) days of the date thereof. Customer shall pay the then Outstanding Balance promptly upon its receipt of insurance proceeds relating to such Event of Loss, but in no event later than ninety (90) days after the occurrence of such Event of Loss (irrespective as to whether any or all of such proceeds have been received). Upon Lender's receipt in good and indefeasible funds of all of the amounts required to be paid pursuant to the preceding sentence (whether by applying Customer's payment of such amounts, or any such insurance proceeds, or both) the Aircraft shall be released from the Lender's Lien, and Lender shall remit to Customer any such insurance proceeds so received by Lender, to the extent then remaining.

Upon an Event of Loss with respect to an Engine or any APU (as applicable, a " **Lost Item** ") under circumstances in which there has not occurred an Event of Loss with respect to the Airframe, Customer shall, within one hundred twenty (120) days after the occurrence of such Event of Loss, replace such Lost Item, with a Permitted Replacement. Any engine or auxiliary power unit constituting a " **Permitted Replacement** " for a Lost Item shall (i) be of the same make and model number as the Lost Item, (ii) be free and clear of all Liens and (iii) have a value, utility and useful life at least equal to, and be in as good an operating condition as, the Lost Item, assuming such Lost Item was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss. Customer, at its own cost and expense, shall (i) furnish Lender with such documents to evidence such conveyance, (ii) cause the Permitted Replacement to be subject to the Lender's Lien under this Agreement, and (iii) take such other actions as may be required by Lender to cause the Lender's Lien therein to be validly created, perfected and have first priority, including as evidenced on the FAA Registry, the International Registry, and any other recording office. Each such Permitted Replacement shall, after such conveyance, be deemed an "Engine" or "APU" (as defined herein), as applicable, and shall be deemed part of the same Aircraft as was the Lost Item replaced thereby.

In the event an Engine is damaged and is being repaired, or is being inspected or overhauled, Customer, at its option, may temporarily substitute another engine during the period of such repair or overhaul, so long as such engine is of the same make and model as the Engine being repaired or overhauled, is free and clear of any Lien that might impair Lender's rights or interests in the Airframe and is maintained in accordance herewith (any such substitute engine being hereinafter referred to as a " **Loaner Engine** "). Customer shall (i) cause such Loaner Engine to be installed and removed, as applicable, by a maintenance facility certified by the FAA and manufacturer with respect to the Aircraft, and (ii) cause the repaired or overhauled original Engine to be reinstalled on the Airframe promptly upon completion of the repair or overhaul, but in no event later than the earlier of one hundred twenty (120) days after removal or the occurrence of an Event of Default.

So long as no Default has occurred and is continuing, and no Event of Default or Event of Loss with respect to the Aircraft has occurred, any loss or damage proceeds of the Required Coverages received by Lender shall be released promptly by Lender to Customer to reimburse Customer for paying the costs actually incurred with respect to repairs made to the Aircraft so as to restore it to the condition required by this Agreement, or for the purchase of a Permitted Replacement pursuant to Section 4.7(b), or shall be disbursed by Lender as otherwise required by this Agreement.

Aircraft Registration. On or before the Closing Date, and at all times thereafter, so long as any of the Obligations are outstanding, Customer shall remain solely responsible pursuant to the applicable provisions of this Agreement to cause (i) the Aircraft to be effectively and otherwise validly registered in Customer's name on the Registry, and (ii) the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft, in each case, accordance with the Registration Requirements; and without limiting the foregoing, or any other provision of this Agreement, Customer shall:

cause the Registration Certificate to be maintained within the Aircraft and cause the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft; including by (A) notifying Lender immediately of any event or circumstance with respect to which the Registration Requirements require further action by Customer, the Registry or any other Governmental Authority or other Person, (B) immediately upon receipt, placing the original, replacement or renewal Registration Certificate on the Aircraft prior to the expiration or other invalidation of any previously issued Registration Certificate (whether the certificate or any other document constituting the Registration Certificate as defined herein) under the Registration Requirements, and (C) complying with any and all of the other Registration Requirements relating to such Registration Certificate, and to the Registration Certificate replaced thereby (including any of the same relating to the

destruction or return thereof, as the case may be); and

upon the occurrence, and at all times thereafter, of any Defective Registration (and without waiving Customer's responsibility to avoid such circumstance), or if the operation of the Aircraft is no longer authorized by the Registration Requirements, Customer shall (A) neither operate nor permit or suffer the operation of the Aircraft without a currently effective and otherwise valid Registration Certificate (and shall cause the pilots to be made aware of the Defective Registration), and otherwise comply with the FARs and other Applicable Laws relating to such Defective Registration, (B) ground and store the Aircraft in a manner reasonably acceptable to Lender, and (C) inform the insurer or insurers thereof, and obtain and maintain adjustments to the insurance coverages required pursuant Section 4.6 of this Agreement which may be necessary or desirable to Lender so as to reflect any changes in the insurable risks relating to any Defective Registration.

**Security Interest; Power of Attorney; Inspection .**

Grant of Security Interest . As collateral security for the prompt and complete payment and performance as and when due of all of the Obligations and in order to induce Lender to enter into this Agreement and make the Loan to Customer in accordance with the terms hereof, Customer hereby grants, pledges and assigns to Lender a first priority security interest, collateral assignment, international interest, prospective international interest, security assignment and prospective security assignment, in, against, under and with respect to (the " **Lender's Lien** ") all of Customer's right, title and interest in, to and under all of the following collateral, whether now existing or hereafter acquired (collectively, the " **Collateral** "): (i) the Aircraft, including the Airframe, the Engines, each of the APU and Parts, and the Records; (ii) any and all present and future Third Party Agreements; (iii) any and all other associated rights secured by or associated with the Airframe and/or the Engines, together with any related international interests and prospective international interests; (iv) any collateral described in the other Loan Documents (including in any Operating Consent); and (v) all proceeds of the foregoing. By way of clarification and not limitation, the foregoing grant of the Lender's Lien shall include, as applicable (and in each case, being validly registered and having first priority), an international interest in the Airframe and in each Engine. Notwithstanding the foregoing, (i) Customer shall not enter into any Third Party Agreements unless expressly permitted by Section 4.4 and (ii) Lender is not assuming, nor shall it be responsible for, any obligations, liabilities or duties of any kind whatsoever of Customer (and/or of any other Person) relating to the Collateral. Customer agrees that it shall perform and procure performance in accordance with any Third Party Agreement or other agreement or instrument giving rise to any associated rights that are or may become subjected to the Lender's Lien.

UCCs, Registrations, Etc.; Lender as Attorney-in-Fact . Customer hereby irrevocably:

authorizes Lender to prepare and file any UCC financing statements, amendments, continuations, terminations, assignments and other filings, or take such other actions for the purpose of perfecting, affording first and exclusive priority to or otherwise relating to Lender's Lien under this Agreement or the other Loan Documents;

consents to, and authorizes its professional user entity to consent to, the registration of each Registerable Interest requested by Lender or its Assignee, or otherwise required by the provisions of this Agreement or any of the other Loan Documents, including any subordination, amendment, assignment, discharge or undertaking permitted by the Cape Town Convention with respect thereto; and

constitutes and appoints Lender (including any Person acting on Lender's behalf), as its true and lawful attorney-in-fact with full power and authority in the place and stead of Customer and in the name of Customer or in its own name, for the purpose of carrying out the terms of this Agreement; which authority shall include the following undertakings that may be exercisable by Lender in its sole discretion at any time, and from time to time, if an Event of Default is then existing or upon the occurrence of an Event of Loss: (i) in Customer's name, file and/or record, such further instruments, filings and other documents, make, cause to be made and/or consent to all registrations with the International Registry, and take such further action, to establish and protect Lender's rights, interests and remedies created, or intended to be created, pursuant to the Loan Documents; (ii) endorse Customer's name on any checks, notes, drafts or any other payments or instruments, or set off, apply, or take such other actions with respect to any funds relating to the Collateral that come into Lender's possession or control; and (iii) to settle, adjust, receive payment and make claim or proof of loss, and take such other actions relating to the Required Coverages. This appointment is coupled with an interest, is irrevocable and shall terminate only upon indefeasible payment and performance in full of all of the Obligations. The powers conferred on Lender hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Lender shall be accountable only for amounts that it actually receives in good and indefeasible funds as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to Customer for any act or failure to act. Without limiting the foregoing, Customer agrees that within five (5) Business Days of Lender's request, Customer will enter into an irrevocable power-of-attorney authorizing Aviation Counsel or Lender's other designee as Customer's professional user entity and administrator for the purpose of discharging any Registerable Interests as and when directed to do so by Lender in connection with its exercise of its rights and remedies under the Loan Documents.

Inspection . Lender or its authorized representatives shall have the right, but not the duty, to inspect the Aircraft, any part thereof and/or the Records, at its own cost any reasonable time and from time to time, wherever located, upon reasonable prior notice to Customer; except that after the occurrence of a Default or an Event of Default, such inspection may be conducted at any time without prior notice and at Customer's sole expense, and it shall pay Lender promptly upon demand any inspection costs incurred by Lender. So long as no Default or Event of Default exists, any such inspections shall be conducted during normal business hours and without interruption of the use and operation of the Aircraft as permitted hereby. Upon the request of Lender, Customer shall promptly confirm to Lender the location of the Aircraft or any of the other Collateral.

**Events of Default .** The term " **Event of Default** ", wherever used herein, shall mean:

Customer shall fail to pay any Obligation within ten (10) days after the same shall become due and payable (whether at the stated maturity, by acceleration, upon demand or otherwise); or

(i) any Customer Party shall default in the payment or performance of any indebtedness, liability or obligation to Lender or any Affiliate of Lender under any note, security agreement, lease, title retention or conditional sales agreement or any other instrument or agreement; or (ii) any Customer Party shall fail to pay any Indebtedness (other than the Obligations) exceeding \$5,000,000.00, and such failure shall continue beyond any applicable grace period (or, with respect to trade Indebtedness which is not subject to a grace period, within ninety (90) days of the date such trade Indebtedness is incurred); or

(i) any of the Required Coverages are not kept in full force and effect, or a breach or violation shall exist with respect to any provisions thereof; or the Aircraft is operated in a manner, at a time or in or over or located at a place with respect to which such Required Coverages shall not be in effect; (ii) Customer shall fail to cause the Airframe or the Engines to be used, operated, maintained or otherwise kept in a condition so as to be in compliance with all Applicable Laws; or (iii) any Customer Party shall fail to comply with (A) any financial covenants as and to the extent set forth or incorporated in any Guaranty or in any of the other Loan Documents, or (B) any provision of any of the Loan Documents restricting Liens and other dispositions relating to either the Collateral or any rights or obligations under any of the Transaction Documents (including Section 4.4 hereof), or (iv) the occurrence of any Defective Registration; or

(i) any representation or warranty made by any Customer Party in any of the Loan Documents or in any related agreement, document or certificate shall prove to have been incorrect, misleading, or inaccurate in any material respect when made or given (or, if a continuing representation or warranty, at any time); or (ii) any Customer Party shall fail to (A) perform or observe any other agreement (other than those specifically referred to in this Section 6) required to be performed or observed by it under this Agreement or in any of the other Loan Documents, and such failure shall continue uncured for thirty (30) days after the earlier of written notice thereof from Lender to such Customer Party or such

Customer Party's actual knowledge thereof (but such notice and cure period will not be applicable unless such breach is curable by practical means within such notice period) or (B) notify Lender of any Default or Event of Default within ten (10) Business Days of its occurrence; or

(i) any Customer Party shall (A) generally fail to pay its, or his or her debts as they become due, admit its, or his or her inability to pay its, or his or her debts or obligations generally as they fall due, or shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws or other insolvency laws, or an answer admitting the material allegations of such a petition filed against such Customer Party in any such proceeding; or (B) by voluntary petition, answer or consent, seek relief under the provisions of any other bankruptcy or other insolvency or similar law providing for the reorganization or liquidation of corporations, or providing for an assignment for the benefit of creditors, or providing for an agreement, composition, extension or adjustment with its, or his or her creditors; or (ii) a petition against any Customer Party in a proceeding under applicable bankruptcy laws or other insolvency laws, as now or hereafter in effect, shall be filed and shall not be withdrawn or dismissed within one hundred twenty (120) days thereafter, or if, under the provisions of any law providing for reorganization or liquidation of business entities that may apply to any Customer Party, any court of competent jurisdiction shall assume jurisdiction, custody or control of such Customer Party or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of one hundred eighty (180) days after the filing date; or

the occurrence of any of the following events with respect to any Customer Party: (A) it enters into any transaction of merger, consolidation or reorganization; (B) it ceases to do business as a going concern, liquidates, or dissolves, or sells, transfers or otherwise disposes of all or substantially all of its assets or properties (in one or more transactions); (C) it becomes the subject of, or engages in, a leveraged buy out; (D) it changes the form of organization of its business; (E) if it is privately owned as of the Closing Date, there is any substantial change in the ownership or control of its capital stock or membership interests such that the holder(s) that own or control one hundred percent (100%) of such equity interests as of the Closing Date no longer do so; or (F) if it is publicly held as of the Closing Date, any change so that it is no longer subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or no longer registered under Section 12 of the Securities Act of 1933, as amended; or

(i) the conviction of or guilty plea by any Customer Party with respect to any criminal act constituting a felony, (ii) any repudiation by any Customer Party of its obligation for the payment or performance of the Obligations, (iii) any allegation by any Customer Party or judicial determination that any of the Loan Documents is unenforceable in any material respect or (iv) a Default (as defined in any Guaranty) shall occur; or any event or condition constituting a breach or other default under any Operating Consent.

## **Remedies .**

Acceleration; Termination of Commitment . If any Event of Default shall occur, Lender, in its sole discretion, may (a) declare the Obligations to be immediately due and payable, and upon such declaration the Obligations (including, the unpaid principal amount of the Note, together with all accrued but unpaid interest thereon, any prepayment fees and all other amounts due and payable under or with respect to the Loan Documents), shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the other Loan Documents to the contrary notwithstanding, (b) terminate any then outstanding commitment whether to Customer or any Affiliate to make the Loan or any advance thereof, or any other financial accommodations, whether related to the Loan or otherwise, and/or (c) pursue and enforce any of Lender's rights and remedies under this Section 7; provided, however, if an Event of Default specified in Section 6 (e) above shall occur, the Obligations shall become immediately due and payable, all such commitments shall terminate, and Lender shall have all such other rights and remedies contemplated in the preceding clauses (a), (b) and (c), automatically, and without any notice or other action by Lender.

Additional Remedies . If an Event of Default occurs, in addition to all other rights and remedies granted to it in this Agreement and in the other Loan Documents, Lender may exercise all rights and remedies of a secured party under the UCC or as a creditor, chargee or security assignee under the Cape Town Convention (including any and all remedies thereunder requiring agreement by Customer), or otherwise available to Lender under any other Applicable Law. Without limiting the generality of the foregoing, Customer agrees that upon the occurrence of an Event of Default, Lender, without demand or notice of any kind (except as specified below) to or upon Customer or any other Person, in its sole discretion, may exercise any one or more of the following remedies:

(i) peacefully enter the premises where the Aircraft, the Engines, or any other Collateral is located, take immediate possession of, remove (or disable in place), or otherwise take control or custody of the Airframe, the Engines or any other Collateral (whether or not then attached to the Airframe) by self-help, summary proceedings or otherwise without liability, (ii) preserve the Airframe, the Engines or the other Collateral, and their respective value (but without any obligation to do so), and immobilize or keep idle the Airframe or Engines, and/or (iii) use Customer's premises for storage without liability; and Customer agrees, at Lender's request, to assemble the Collateral, and make it available to Lender at such places as Lender shall reasonably select, whether at Customer's premises or elsewhere;

(i) terminate the right of any Interested Third Party, and any other third party to use, possess or control the Airframe, the Engines or any of the other Collateral, including under any Permitted Third Party Agreement or other Third Party Agreement, without regard as to the existence of any event of default thereunder, (ii) recover from, and/or cause Customer and any such Interested Third Party, and any other third party, to relinquish possession and return the Airframe, the Engines and any other Collateral pursuant to this Section 7, and/or (iii) exercise any and all other remedies under any Operating Consents in Customer's stead, to the extent provided for under, or otherwise available to Customer in connection with any related Permitted Third Party Agreement or such other Third Party Agreement;

(i) manage, sell, lease, assign or otherwise dispose of the Airframe, the Engines or any other Collateral, in whole or in part, whether or not in Lender's possession, in one or more parcels or transactions, at public or private sale or sales, with or without notice to Customer (except as required by Applicable Law, and in furtherance thereof, Lender agrees that it shall give Customer no less than ten (10) working days' prior notice of any proposed sale or lease of the Airframe or Engines, which Customer acknowledges as constituting "reasonable prior notice" for the purposes of the Cape Town Convention) at such prices as Lender may deem best, and/or (ii) purchase the Collateral, in whole or in part, upon any public sale or sales, and to the extent permitted by Applicable Law upon any private sale or sales, free of any right or equity of redemption in Customer, which right or equity of redemption is hereby expressly released;

(i) collect, receive, appropriate and realize upon the Collateral, or any part thereof, including by applying any deposit or other cash collateral, or collecting or receiving, appropriating and realizing upon any income, profits or other proceeds arising from the management or use of the Airframe, the Engines or any of the other Collateral, and applying the same (after deducting all taxes, costs, expenses and other reductions of every kind incurred in connection therewith) to the payment in whole or in part of the Obligations, in such order and manner as Lender may elect; and (ii) after making such application, (A) remitting to Customer or to such other Person any excess then remaining, as and to the extent Lender is required by Applicable Law to make such remittance and (B) demanding, collecting and receiving from Customer any deficiency then remaining (and Customer agrees that it shall remain liable for, and pay upon demand, the full amount of any such deficiency);

(i) demand and obtain from any court speedy relief pending final determination available at law (including, possession, control, custody or immobilization of the Airframe and Engines, or preservation of the Airframe and the Engines and their respective value), (ii) procure the deregistration and/or export and physical transfer of the Airframe from the territory in which it is then situated (including pursuant to an IDERA, if any, executed by Customer), and/or (iii) otherwise proceed at law or in equity, to enforce specifically Customer's performance or to recover damages; and/or

exercise any and all other rights and remedies under or with respect to the Loan Documents or Applicable Law, including the Cape

Town Convention and the UCC.

No Waiver: Cumulative Remedies. No right or remedy is exclusive. Customer hereby acknowledges that none of the provisions of this Section 7, including any remedies set forth or referenced herein, is "manifestly unreasonable" for the purposes of the Cape Town Convention. Each may be used successively and cumulatively and in addition to any other right or remedy referred to above or otherwise available to Lender at law or in equity, but in no event shall Lender be entitled to recover any amount in excess of the maximum amount recoverable under Applicable Law with respect to any Event of Default. No express or implied waiver by Lender of any Default or Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default. The failure or delay of Lender in exercising any rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or reoccurrence of any such contingencies or similar contingencies, and any single or partial exercise of any particular right by Lender shall not exhaust the same or constitute a waiver of any other right provided for or otherwise referred to herein. After the occurrence of any Default or Event of Default, the acceptance by Lender of any payment or performance of any of the Obligations, including the payment of any installment of principal and/or interest or of any other sum owing hereunder or under the other Loan Documents shall not constitute a waiver of such Default or Event of Default, regardless of Lender's knowledge or lack of knowledge thereof at the time of acceptance of any such payment or performance and shall not constitute a reinstatement of any of the Loan Documents, unless Lender shall have agreed in writing to reinstate the same and waive the Default or Event of Default. To the extent permitted by Applicable Law, Customer waives any rights now or hereafter conferred thereby, that (a) limit or modify any of Lender's rights or remedies under this Agreement or any of the other Loan Documents, including the provisions of Article 13(2) of the Convention, or (b) would otherwise entitle Customer to (i) receive notices or demands as a condition to Lender's exercise of any rights or remedies, except as expressly required above or (ii) make claims, damages and demands against Lender arising out of the repossession, retention, sale or other disposition of the Collateral.

#### **MISCELLANEOUS**

Notices. All communications and notices provided for herein shall be in writing and shall be deemed to have been duly given or made (i) upon hand delivery, or (ii) upon delivery by an overnight delivery service, or (iii) when sent by telecopy (with customary confirmation of receipt of such telecopy) on the Business Day when sent or upon the next Business Day if sent on other than a Business Day.

#### Expenses and Fees; Indemnity; Performance of Customer's Obligations

Customer shall pay to Lender upon demand all reasonable fees, costs and expenses incurred by or on behalf of Lender at any time in connection with (i) the negotiation, preparation, execution, delivery and enforcement of the Loan Documents and the collection of the Obligations (both before and after the occurrence of a Default or Event of Default), (ii) the creation, preservation and protection of the Collateral and the perfection, first priority and enforcement of Lender's Lien, or (iii) Customer's exercise of any right granted under, or any amendment or other modification to any of, the Loan Documents. Such fees, costs and expenses shall include, without limitation, reasonable appraisal and inspection fees, the reasonable fees and expenses of Aviation Counsel and of Lender's counsel, consultants and brokers, UCC, FAA, International Registry and other applicable title, interest and lien searches, and reasonable costs and expenses relating to recovery, repossession, storage, insurance, transportation, repair, refurbishment, advertising, sale and other dispositions of the Aircraft or any of the other Collateral. Customer shall also pay all reasonable fees (including license, filing and registration fees), Impositions and other charges of whatever kind or nature that may be payable or determined to be payable in connection with (A) the execution, delivery, recording or performance of this Agreement or any of the other Loan Documents, or any modification thereof, and (B) the filings, registrations and other undertakings relating thereto. Notwithstanding the foregoing, as long as there are no more than two (2) revised drafts of any Loan Document provided by Customer or its counsel to Lender or Lender's counsel, Customer shall be responsible for not more than \$35,000.00 in the aggregate for the legal fees of outside counsel to Lender (including, Aviation Counsel) and appraisal, inspection, processing, credit verification, lien searches, FAA and International Registry fees and other fees incurred in connection with the initial negotiation, preparation and execution of this Agreement and the other Loan Documents executed and delivered on or before the Closing Date (and the consummation of the closing contemplated to occur thereon); provided that in the event that the negotiation exceeds two (2) revised drafts of any Loan Document, then Customer shall pay for the actual amount of such out of pocket fees incurred by Lender relating to the drafting and negotiation in excess of such two (2) revised drafts. Lender shall apply the previously paid deposit amount of \$35,000.00 to such fees and shall refund to Customer the amount by which the deposit exceeds such fees.

Customer hereby further agrees, whether or not the transactions contemplated by this Agreement shall be consummated, to pay, indemnify, and hold Lender and its affiliates and all of the Lender's and such affiliates' respective directors, shareholders, members, officers, employees, agents, predecessors, attorneys-in-fact, lawyers, successors and assigns (Lender, its affiliates and all of such other parties and entities sometimes hereinafter collectively, the "**Indemnified Parties**") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, out of pocket costs, attorney's fees, expenses or disbursements of any kind or nature whatsoever ("**Claims**") arising with respect to or in connection with (i) the Airframe, the Engines, or any APUs or Parts, or any of the other Collateral, including (whether by or through Customer, Vendor, any Interested Third Party, or any other Person), the manufacture, inspection, ownership, lease, sublease, management, pooling, interchange, time sharing, chartering, possession, use, operation, maintenance, security, condition (whether prior to, upon or after delivery or acceptance of any of the same), repossession, storage, sale or other disposition of any of the same, or any accident in connection therewith, including Claims involving or alleging environmental damage, criminal acts, hijacking, acts of terrorism or similar acts, product liability or strict or absolute liability in tort, latent and other defects (whether or not discoverable) and for any other risk or matter, including any of the same that result in injuries, death, destruction, or other harm or loss to persons or property, or (ii) any of the Loan Documents, Third Party Agreements or other Transaction Documents, or the performance, breach (including any Default or Event of Default) or enforcement of any of the terms hereof or thereof, provided, that Customer shall have no obligation to indemnify an Indemnified Party with respect to Claims arising from the gross negligence or willful misconduct of such Indemnified Party (unless if imputed by Applicable Law). If any Claim is made against any Indemnified Party, the party receiving notice or otherwise becoming aware of such Claim shall promptly notify the other, but the failure of the party having knowledge of a Claim to so notify the other party shall not relieve Customer of any obligation hereunder.

If any Customer Party fails to perform or comply with any of its agreements contained herein or in the other Loan Documents, including, without limitation, its obligations to keep the Collateral free of Liens (other than the Permitted Liens), comply with Applicable Standards, or obtain the Required Coverages, Lender shall have the right, but shall not be obligated, to effect such performance or compliance, with such agreement. Any expenses of Lender incurred in connection with effecting such performance or compliance, together with interest thereon at the default rate of interest provided for in the Note from the date incurred until reimbursed, shall be payable by Customer to Lender promptly on demand and until such payment shall constitute part of the Obligations secured hereby. Any such action shall not be a cure or waiver of any Default or Event of Default hereunder.

Entire Agreement; Modifications. This Agreement and the other Loan Documents constitute the entire understanding and agreement of the parties hereto with respect to the matters contained herein and therein, and shall completely and fully supersede all other prior agreements (including any proposal letter, commitment letter, and/or term sheet), both written and oral, between Lender and Customer relating to the Obligations. Neither this Agreement, nor any terms hereof, may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of a change, waiver, discharge or termination is sought.

Construction of this Agreement and Related Matters. All representations and warranties made in this Agreement and in the other Loan Documents shall survive the execution and delivery of this Agreement and the making of the Loan hereunder. Customer's obligations contained in

this Section 8 shall survive the payment and performance of the Obligations, the termination of this Agreement, and the release of the Collateral. This Agreement may be executed by the parties hereto on any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. The headings of the Sections hereof are for convenience only, are not part of this Agreement and shall not be deemed to affect the meaning or construction of any of the provisions hereof. Time is of the essence in the payment and performance of all of Customer's obligations under this Agreement. Any provision of this Agreement that may be determined to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective in such jurisdiction to the extent thereof without invalidating the remaining provisions of this Agreement, which shall remain in full force and effect.

Lender's Assignment. Lender, may at any time, with or without notice to Customer, freely grant a security interest in, sell, assign, participate or otherwise transfer (an "**Assignment**") all or any part of its interest in this Agreement and the other Loan Documents (including all associated rights associated with or secured thereby and the related international interests) or any amount due or to become due hereunder or thereunder, and Customer shall perform all of its obligations under the Loan Documents, to the extent so transferred, for the benefit of the beneficiary of such Assignment (such beneficiary, including any successors and assigns, an "**Assignee**"); provided, however, if such Assignee is not an Affiliate of Lender and if no Default or Event of Default exists, Lender will provide prior notice of any such Assignment to a third party. Customer hereby waives any right to assert, and agrees not to assert, against any Assignee any abatement, reduction, defense, setoff, recoupment, claim or counterclaim that Customer may have against Lender, provided that Lender remains fully responsible therefor. Upon the assumption by such Assignee of Lender's obligations hereunder, Lender shall be relieved of any such assumed obligations. Customer hereby consents to any such assignment, grant, sale or transfer, including, without limitation, for purposes of the Cape Town Convention. If so directed in writing, Customer shall pay all amounts due or to become due under the Loan Documents, including any of the same constituting associated rights or proceeds directly to the Assignee or any other party designated in writing by Lender or such Assignee. Customer acknowledges and agrees that Lender's right to enter into an Assignment is essential to Lender and, accordingly, waives any restrictions under Applicable Law with respect to an Assignment and any related remedies. Upon the request of Lender or any Assignee, Customer also agrees (a) to promptly execute and deliver, and cause to be executed and delivered by any Guarantor or any other Transaction Party, to Lender or to such Assignee an acknowledgment of assignment in form and substance satisfactory to the requesting party, an insurance certificate naming Assignee as additional insured and loss payee and otherwise evidencing the Required Coverages, an IDERA in favor of Assignee, and such other documents and assurances reasonably requested by Lender or Assignee, (b) to make, or cause to be made, all registrations (including all assignments and subordinations) and all amendments, extensions and discharges with the International Registry reasonably requested by Lender or Assignee (and give or obtain any necessary consent thereto, as well as renew any authorization required by the International Registry in connection therewith, including renewing its transacting user entity status and re-designating a professional user entity, if necessary in Lender's judgment), and (c) to comply with any and all other reasonable requirements of any such Assignee in connection with any such Assignment.

Jurisdiction. Customer and Lender each hereby irrevocably consents and agrees that any legal action, suit or proceeding arising out of or in any way in connection with this Agreement or any of the other Loan Documents may be instituted or brought in the courts of the State of New York or in the United States Courts for the Southern District of New York, as Customer or Lender may elect or in any other state or Federal court as Lender shall deem appropriate, and by execution and delivery of this Agreement, Customer and Lender each hereby irrevocably accepts and submits to, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of any such court, and to all proceedings in such courts. Customer and Lender each irrevocably consents to service of any summons and/or legal process by first class, certified United States air mail, postage prepaid, to Customer at the address set forth below its signature hereto, such method of service to constitute, in every respect, sufficient and effective service of process in any such legal action or proceeding. Nothing in this Agreement or in any of the other Loan Documents shall affect the right to service of process in any other manner permitted by law or limit the right of Lender to bring actions, suits or proceedings in the courts of any other jurisdiction. Customer and Lender each further agrees that final judgment against it in any such legal action, suit or proceeding shall 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 shall be conclusive evidence of the fact and the amount of the liability. Notwithstanding anything in the foregoing to the contrary, Lender and Customer may bring a judicial proceeding in the Republic of Ireland, solely with respect to matters relating to the International Registry.

Governing Law; Binding Effect. This Agreement shall be construed and enforced in accordance with, and the rights of both parties shall be governed by, the internal laws of the State of New York (without regard to the conflict of laws principles of such state, except as to the effect of Title 14, Section 5-1401 of the New York General Obligations Law), including all matters of construction, validity, and performance. This Agreement shall be binding upon and inure to the benefit of Customer and Lender and their respective successors and assigns (but without limiting the provisions of Section 8.5); except that Customer may not assign or transfer its rights or obligations hereunder or under any other Loan Agreement, or any interest herein or therein; and any such purported or attempted assignment or transfer by Customer shall be null and void.

Customer's Capacity as Owner Trustee. TVPX Aircraft Solutions Inc. ("TVPX") is executing this Agreement, and the other Loan Documents solely in its capacity as Owner Trustee under the Trust Agreement and not in its individual capacity and in no case shall TVPX be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of the Customer hereunder, or under any Loan Document, all such liability, if any, being expressly waived by the parties hereto and any Person claiming by, through, or under such party. Under no circumstances shall TVPX be personally liable for the payment of any other amount stated to be due from the Customer hereunder, or under any Loan Document, or be personally liable for the breach or failure of any of Customer's representations, warranties, covenants, obligations, undertakings and agreements hereunder, or under any Loan Documents; provided, however, that the Customer (or any such successor owner trustee) shall be personally liable hereunder for its own gross negligence or willful misconduct or for its breach of its covenants, representations and warranties contained herein, or in any Loan Document, to the extent covenanted or made in its individual capacity.

Jury Waiver. CUSTOMER AND LENDER EACH HEREBY KNOWINGLY AND FREELY WAIVES THEIR RESPECTIVE RIGHTS TO A JURY TRIAL IN ANY ACTION, SUIT OR PROCEEDING RELATING TO, ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE NOTE OR ANY OF THE OTHER LOAN DOCUMENTS.

**[Signatures On Next Page]**

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Loan and Aircraft Security Agreement

IN WITNESS WHEREOF, the parties hereto have caused this Loan and Aircraft Security Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

BANC OF AMERICA LEASING & CAPITAL, LLC, Lender

TVPX AIRCRAFT SOLUTIONS INC., a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust

Agreement dated July \_\_\_\_, 2017,  
Customer

By:  
Name:  
Title:  
Notice Address:

One Financial Plaza, 2nd Floor  
Providence, Rhode Island 02903  
Attention: Director of Aircraft Operations  
Telephone: 800-238-3737  
Facsimile: 401-278-7941

By:  
Name:  
Title:

Notice Address:

39 East Eagle Ridge Drive, Ste. 201  
North Salt Lake, UT 84054  
Telephone: (801) 924-367  
Facsimile: (801) 877-0478

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### LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)

**THIS LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)** (together with all Addenda, Riders and Annexes hereto, this "**Agreement**") is dated as of July 27, 2017 (the "**Closing Date**"), by and between **TVPX AIRCRAFT SOLUTIONS INC.**, a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated as of July 27, 2017 ("**Customer**") and **BANC OF AMERICA LEASING & CAPITAL, LLC**, a Delaware limited liability company ("**Lender**").

In consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

Capitalized and certain other terms used but not otherwise defined in this Agreement shall have the meanings ascribed to them in Annex A attached hereto and made a part hereof.

#### Terms of Loan .

Loan and Use of Proceeds . Subject to the terms and conditions of this Agreement, Lender agrees to make a loan to Customer in the principal amount set forth in Annex B attached hereto and made a part hereof (the "**Loan**"). Customer shall use the proceeds of the Loan to finance the costs of the acquisition of the Aircraft.

Repayment and Prepayment . The Customer's obligation to repay the Loan shall be evidenced by one or more Promissory Notes dated on and/or after the Closing Date, payable by Customer to the order of Lender in the original principal amount of the Loan (as amended, modified, restated, extended and renewed from time to time, the "**Note**"). The Loan shall bear interest and be repaid by Customer at the times and in the manner set forth in the Note. The Loan may be prepaid only in the manner and subject to terms and conditions set forth in the Note and, if applicable, Section 4.7 hereof.

Conditions of Borrowing . Lender's obligation to make the Loan shall be both subject to and conditioned upon the satisfaction of all of the conditions precedent specified in the Closing Terms Addendum attached to and made a part of this Agreement.

Representations and Warranties . In order to induce Lender to enter into this Agreement and to make the Loan herein provided for, Customer represents, warrants and covenants to Lender that:

(i) Customer (A) is duly qualified to do business in each jurisdiction in which the conduct of its business or the ownership or operation of its assets requires such qualification, including the jurisdiction of the Primary Hangar Location and wherever any of the Collateral may become located; (B) has the necessary authority and power to own and operate the Aircraft and its other assets and to transact the business in which it is engaged; (C) is a "citizen of the United States" within the meaning of the Transportation Code; and (D) has the form of business organization set forth in Annex B hereto and is and will remain duly organized, validly existing and in good standing under the laws of the state of its organization set forth in Annex B hereto, its federal tax identification number is as set forth in Annex B hereto, and its state-issued organizational identification number (if any), chief executive office and principal place of business address are all as set forth on Annex B hereto; and (ii) its name as shown in the preamble of this Agreement is its exact legal name as shown on its charter, by-laws, articles of organization or operating agreement, as applicable, each as amended as of the Closing Date;

(i) Customer's execution and delivery of, and performance of its obligations under and with respect to, each of the Loan Documents (including its borrowing the amounts constituting the Loan, granting the Lender's Lien against the Aircraft and other Collateral and participating in the other transactions contemplated herein and therein), (A) have been duly authorized by all necessary action on the part of Customer consistent with its form of organization, (B) do not contravene or constitute a default under any Applicable Law, any of Customer's Organizational Documents, or any agreement, indenture, or other instrument to which Customer is a party or by which it may be bound, (C) do not require the approval of or notice to (1) any Governmental Authority, except for the filings and registrations specified in the Closing Terms Addendum, all of which shall have been duly effected prior to or concurrently with Lender making the Loan, or (2) any other party (including any trustees or holders of indebtedness), and (D) will not result in the creation or imposition of any Lien on any of the assets of Customer other than the Lender's Lien created hereby and by the other Loan Documents with respect to the Collateral; (ii) each of the Transaction Documents referenced in the Closing Terms Addendum to which Customer is a party has been duly executed and delivered by an authorized representative of the Customer, and constitutes the legal, valid and binding obligation of the Customer, enforceable against it in accordance with the respective terms of such Transaction Documents (including, without limitation, the grant of the Lender's Lien); and (iii) without limiting the foregoing, upon Lender's advancing the Loan on the Closing Date, (A)

Customer will have satisfied or complied with all conditions precedent and requirements as set forth in the Loan Documents required to have been satisfied or complied with concurrently with or prior to such advance and (B) no Default or Event of Default shall be then existing;

there are no proceedings pending or, so far as the officers, managers, or members of Customer know, threatened against or affecting Customer or any of its property before any Governmental Authority that could impair Customer's title to the Aircraft or any of the other Collateral, or that, if decided adversely, could materially affect the financial condition or operations of Customer or its ability to perform its obligations under any of the Loan Documents;

(i) Customer has, and shall continue to have, good and marketable title to the Collateral, free and clear of Liens, except Permitted Liens; (ii) the Lender's Lien in the Airframe, the Engines and the other Collateral is and shall remain validly created and perfected, and has and shall continue to have first priority over any other Liens pursuant to all Applicable Laws; and (iii) all filings, recordings, registrations or other actions necessary or desirable in order to vest such title in Customer, and establish, perfect and give first priority to Lender's Lien and other rights and interests in, against or with respect to the Collateral, have been duly effected, and all Impositions in connection therewith have been duly paid;

without limiting any of the other representations and warranties in this Agreement, for the purposes of the Cape Town Convention and any other Applicable Law, (i) upon the conclusion of the sale of the Aircraft to Customer, and Customer's grants and assignments, and (if constituting a lease) any Permitted Third Party Agreement, contemplated in the Loan Documents or other Transaction Documents, Customer and (if a lessee) any Interested Third Party shall be situated in, and Customer will cause the Aircraft to be duly registered in, the United States of America (which is a contracting state), (ii) with respect to any of the Transaction Documents relating to the Airframe or Engine, each of the respective parties thereto has power to dispose of the Airframe and Engine, as contemplated therein by way of the relevant Transaction Document, and (iii) the Purchase Documents qualify as a "contract of sale", and (if constituting a lease) any Permitted Third Party Agreement and the Loan Documents are effective to constitute international interests in the Airframe and Engine and security assignments of the related associated rights and transfer of the related international interests, as contemplated therein, and each such Registerable Interest will be effective against third parties upon registration at the International Registry, without any further filings or registrations (except as contemplated in the Loan Documents);

(i) the Aircraft (A) has been delivered to Customer, is in Customer's possession and is, as of the Closing Date, unconditionally, irrevocably and fully accepted by Customer, (B) has been inspected by Customer to its complete satisfaction and, without limiting the foregoing, (1) has been found to be in good working order, repair and condition and fully equipped to operate for its intended purpose, and (2) is in conformity with the requirements of the Purchase Agreement and the Applicable Standards, (C) is, or will be at the time of the funding of the Loan, currently certified under existing FAA rules and regulations and any other Applicable Laws and is airworthy in all respects, and (D) is and will remain primarily hangared at the Primary Hangar Location; and (ii) without limiting the foregoing, (A) solely as between Lender and Customer (and without prejudicing Customer's rights against Vendor or any other third party, which rights are not being disclaimed hereby), Customer has no pending claims and has no knowledge of any facts upon which a future claim may be based, against any prior owner, the seller, manufacturer or supplier of the Aircraft or any of the other Collateral, for breach of warranty or otherwise, and (B) all of the information contained in Annex C, including the registration number of the Aircraft, and the serial numbers, manufacturer and model numbers of the Airframe, Engines, and APU, are true and accurate in all respects; and

(h) the Aircraft (i) is currently capable of being certified under existing FAA rules and regulations and completely airworthy in all respects, (ii) will undergo an inspection by a Designated Airworthiness Representative of the FAA ("DAR") on the Closing Date and (iii) an FAA Standard Airworthiness Certificate (AC Form 8100-2) shall be issued for the Aircraft no later than two (2) Business Days after the Closing Date.

**Covenants** . Customer covenants and agrees that from and after the Closing Date and so long as any of the Obligations are outstanding:

Notices; Financial Information; and Further Assurances . Customer will, at its sole expense:

promptly give written notice to Lender of (i) the occurrence of any Default or Event of Default; (ii) the occurrence of any Event of Loss or event of which Customer may be aware that could become an Event of Loss; (iii) the commencement or written threat of any material litigation or proceedings affecting Customer or any material litigation or proceedings affecting the Aircraft or any of the other Collateral, or the ability of Customer to comply with its obligations under the Loan Documents; and (iv) any material dispute between Customer or any Interested Third Party and any Governmental Authority or other party that involves the Aircraft or any of the other Collateral or that might materially interfere with the normal business operations of Customer;

cause Guarantor to comply with the financial reporting requirements set forth in the Guaranty and promptly furnish to Lender any such financial and other information regarding the Customer or Guarantor or any of its Affiliates as Lender may from time to time reasonably request; and

promptly execute and deliver to Lender such further instruments, UCC and FAA filings (including an IDERA) and other documents, make, cause to be made and/or consent to all registrations (including any discharges and subordinations, or as to the prospective or actual sale of, and any international interest in, the Engines) with the International Registry, and take such further action, as Lender may from time to time reasonably request in order to further carry out the intent and purpose of the Loan Documents and to establish, protect and enforce the rights, interests, remedies and Liens (including the first priority thereof) created, or intended to be created, in favor of Lender thereby.

General Obligations . (a) Customer agrees that it shall (i) duly observe and conform to all requirements of Applicable Law relating to the conduct of its business and/or the Aircraft, (ii) remain a "citizen of the United States" within the meaning of the Transportation Code, (iii) obtain and keep in full force and effect (A) all rights, franchises, licenses and permits that are necessary to the proper conduct of its business, and (B) all approvals by any Governmental Authority required with respect to the performance of its obligations under the Loan Documents and the operation of the Aircraft and its business, (iv) cause the Aircraft to remain primarily hangared at the Primary Hangar Location, and duly registered in Customer's name under the Transportation Code (including, by making all necessary reports, re-registering its ownership of the Aircraft, and taking all other actions required by Applicable Law), and (v) pay and perform all of its obligations and liabilities when due. (b) Customer agrees that (i) it shall not change its presently existing legal name or its form or state of organization on or after the date of this Agreement, without Lender's prior written consent, (ii) if its presently existing state organizational identification number changes, or if Customer currently has no such state organizational number but is subsequently issued such a number, on or at any time after the date of this Agreement, Customer shall immediately notify Lender thereof, and (iii) it shall not change the presently existing mailing, chief executive office and/or principal place of business address on or after the date of this Agreement without giving Lender thirty (30) days written notice of the same.

Taxes . (a) Customer will file or cause to be filed with all appropriate taxing authorities all Federal, state and local income tax returns that are required to be filed and all registrations, declarations, returns and other documentation with respect to any personal property taxes (or any other taxes in the nature of or imposed in lieu of property taxes) due or to become due with respect to the Aircraft or any of the other Collateral. (b) Customer will pay (or cause to be paid) (i) on or before the date when due all taxes as shown on said returns and all taxes assessed, billed or otherwise payable with respect to the Aircraft or the other Collateral directly to the appropriate taxing authorities; and (ii) when due all license and/or registration or filing fees, assessments, governmental charges and sales, use, property, excise, privilege, value added and other taxes (including any related interest or penalties) or other charges or fees now or hereafter imposed by any governmental body or agency upon Customer or the Aircraft or any of the other Collateral, with respect to the landing, airport use, manufacturing, ordering, shipment, purchase, ownership, delivery, installation, leasing, chartering, operation, possession, use or disposition of the Aircraft or any of the other Collateral, or any interest therein (the items referred to in (i) and (ii) above being referred to herein collectively, as "**Impositions**").

#### No Disposition of Collateral or Liens: Title and Security Interest.

Customer shall not sell, assign, enter into any Third Party Agreement, convey, mortgage, exchange or otherwise transfer or relinquish possession of (including by any seizure or other taking by any foreign or domestic governmental authority) or dispose of the Airframe or Engines, any Part, any related associated rights, international interests or prospective international interests, any proceeds or any of the other Collateral, or attempt or offer to do, or suffer or permit any of the foregoing. Customer shall be permitted, however, to deliver possession of the Airframe, the Engines, or any APU or Part to another Person for testing, service, repair, maintenance, overhaul, alteration or modification, and to enter into Permitted Third Party Agreements, in each case, if and to the extent consistent with the provisions of the Loan Documents. Customer will warrant and defend its good and marketable title to the Airframe, the Engines and the other Collateral, and the validity, perfection and first priority of Lender's Lien in the Collateral, against all other Liens, claims and demands whatsoever, except Permitted Liens; and without limiting the foregoing, Customer will (i) not create, assume or suffer to exist any Liens on or with respect to the Airframe, the Engines, or any of the other Collateral, or Customer's interest therein (other than Permitted Liens); and (ii) promptly take such action as directed by Lender to duly discharge any such unpermitted Liens.

So long as no Default or Event of Default is then existing, Customer may enter into and remain a party to Third Party Agreements, in each such case, subject to the satisfaction of, and compliance by Customer and each Interested Third Party with, all of the following throughout the term of such arrangement: (i) Each such Interested Third Party shall (A) be and remain solvent, and (unless an individual) organized under the laws of a state within the United States; and (B) if engaged by Customer with the prior written consent of Lender as a manager and/or charter operator (including the Manager pursuant to the Management Agreement), while so engaged, (1) have a recognized favorable reputation as a manager and/or charter operator, as the case may be, of aircraft similar to the Aircraft, (2) be providing management and/or charter operation services for other aircraft owners similar to the services contemplated therein, and (3) if and at all times while conducting any charter operations (x) have and maintain a valid Part 135 Certificate evidencing its authority to conduct such operations, (y) list the Aircraft on its operations specifications, and (z) comply with all Applicable Standards pertaining to such charter operations. (ii) Any operation of the Aircraft pursuant to any such Third Party Agreement shall be limited to (A) if by Customer, Parent Guarantor or any Affiliate of Parent Guarantor, any time sharing agreements (as defined in Section 91.501(c)(1)) complying with Part 91 of the FARs and all other Applicable Standards, (B) if by a manager and/or a charter operator with Lender's prior written consent, pursuant to and in full compliance with the requirements of Part 135 of the FARs and all other Applicable Standards, or (C) if such Third Party Agreement is a "dry lease" by Customer, as lessor, to Parent Guarantor or an Affiliate of Parent Guarantor or other Interested Third Party permitted pursuant hereto, as lessee, operation by such lessee complying with (1) Part 91 and any other applicable provision of the FARs, and all other Applicable Standards, and (2) the provisions hereof and of the other Loan Documents pertinent to the operation of the Aircraft (whether by Customer or any permitted Interested Third Party). (iii) The related Third Party Agreement shall (A) be and remain, subject and subordinate to Lender's Lien in and with respect to the Collateral, and Lender's rights and remedies under the Loan Documents (and such subordination shall be expressly acknowledged therein), (B) not convey any Lien on, or other property interest in or against the Airframe, the Engines or any of the other Collateral, except for a Permitted Lien (but, without giving effect to clause (a) of the definition of such term), (C) not permit any further sublease or disposition of or unpermitted Lien against the Aircraft or any of the other Collateral by any of the Interested Parties thereto or any other Person, or any change in registration or unpermitted change in hanging of the Aircraft, (D) not contain provisions that are inconsistent with the provisions of any of the Loan Documents or cause Customer to breach any of its representations, warranties or agreements under any of the Loan Documents, (E) be in conformity with all requirements of the FARs and other Applicable Laws, and (F) otherwise conform to any Operating Consent required by Lender with respect thereto. (iv) (A) Customer shall have specified such Third Party Agreement on Annex B if existing on the Closing Date, or if not then existing shall require Lender's prior written consent and at least thirty (30) Business Days' prior written notice of its intention to enter into a Third Party Agreement and (B) no later than the effective date thereof Customer shall comply with, and at all times thereafter remain in compliance with, any related requirements by Lender, including (1) entering into, and causing any related Interested Third Parties to enter into, an Operating Consent, (2) causing Lender to be covered by the Required Coverages (which, for the purposes hereof, may include insurance coverages obtained and maintained by an Interested Third Party, conforming to the insurance requirements herein and in any of the other Loan Documents), and (3) entering into or delivering, or causing to be entered into and delivered, all such other documents, filings and assurances, making or causing to be made such filings and registrations, and taking or causing to be taken all such other actions, in each case as may be required by Lender and (4) paying or reimbursing Lender for any related costs or expenses. (v) Lender shall have the right, but not the obligation, to (A) require reasonable evidence that any Interested Third Party satisfies the requirements provided herein, and (B) review any such Third Party Agreement, as from time to time supplemented and amended, to determine its conformity with the provisions hereof, but without assuming any responsibility with respect thereto. (vi) Customer shall neither make, nor permit to be made, any filing or registration with respect to any Permitted Third Party Agreement, unless so directed by Lender pursuant to Section 5.2 or otherwise. Notwithstanding the foregoing limitations Parent Guarantor or any Affiliate shall be permitted to conduct the carriage of Parent Guarantor or any Affiliate and/or their respective guests pursuant to 14 CFR Section 91.501(b)(4), affiliated group operations pursuant to 14 CFR Section 91.501(b)(5) and/or (6), demonstration flights pursuant to 14 CFR Section 91.501(b)(3), time sharing or interchange operations pursuant to 14 CFR Section 91.501(b)(6), the carriage of customers pursuant to 14 CFR Section 91.501(b)(9) and/or the carriage of candidates in Federal elections conducted pursuant to 14 CFR Section 91.321.

With respect to any Third Party Agreements complying with all of the provisions of Section 4.4(b) (each a "**Permitted Third Party Agreement**"), although certain of the duties and obligations of Customer under the Loan Documents may be performed by one or more of the Interested Third Parties, (i) no such Permitted Third Party Agreement shall reduce any of Customer's obligations, or Lender's rights, under any of the Loan Documents, (ii) all of Customer's obligations under the Loan Documents shall be and remain primary and continue in full force and effect as the obligations of a principal and not of a guarantor or surety, and (iii) Lender is not waiving the right to require full and timely performance of any such obligations in strict accordance with the provisions hereof and of the other Loan Documents. By way of clarification and not limitation, with respect to any provisions of this Agreement or any of the other Loan Documents requiring Customer to take or refrain from taking an action relating to the Aircraft or any of the other Collateral, such provision may also be read to mean that Customer shall cause the same to be done in accordance therewith, if at that time the Aircraft or such other Collateral is in the possession or control of an Interested Third Party pursuant to a Permitted Third Party Agreement.

#### Use of Aircraft; Maintenance; Modifications; Security.

Customer will operate the Aircraft or shall cause the Aircraft to be operated under and in compliance with Part 91 and any other applicable provision of the FARs, and all other Applicable Standards. Unless otherwise expressly permitted hereunder, (i) Customer shall not operate or permit the Aircraft to be operated for air taxi operations or otherwise under Part 135 of the FARs; and (ii) Customer, an Affiliate or other Interested Third Party shall at all times have, and maintain, "operational control" of the Aircraft (as such term is then interpreted by the FAA or such other applicable Governmental Authority), and no other Person shall operate the Aircraft. The Aircraft at all times will be operated by duly qualified pilots having satisfied all requirements established and specified by the FAA, the TSA, any other applicable Governmental Authority and the Required Coverages.

the Aircraft may be flown temporarily to any country in the world, provided that the Aircraft (i) shall at all times be based in the continental United States; and (ii) shall not be flown, operated, used or located in, to or over any such country or area (temporarily or otherwise) (A) that is excluded from the Required Coverages (or specifically not covered by such

insurance), (B) with which the U.S. does not maintain favorable diplomatic relations (which is any country or jurisdiction not marked with an “\*” on the list maintained by the U.S. Department of State, at <http://www.state.gov/s/inr/rls/4250.htm> or any replacement or equivalent website maintained by the U.S. Department of State), provided that the prohibition in this clause (B) does not prohibit the operation of the Aircraft on an approved and assigned air traffic control route (if and so long as such use is otherwise in compliance with the provisions of the this Agreement and does not violate any insurance policies in effect with respect to the Aircraft), (C) to the extent that payment of any claim under the Required Coverages directly or indirectly arising or resulting from or connected with any such flight, operation, use or location would be prohibited under any trade or other economic sanction or embargo by the United States of America, or (D) in violation of any of the Loan Documents or any Applicable Standards. Customer shall adopt, implement and comply with all security measures required by any Applicable Law, or by any Required Coverages, or that are necessary or appropriate for the proper protection of the Aircraft (whether on the ground or in flight) against theft, vandalism, hijacking, destruction, bombing, terrorism or similar acts.

Customer agrees that, with respect to the Airframe, the Engines, each APU and each Part, Customer will at its own expense, (i) maintain, inspect, service, repair, overhaul and test the same in accordance with Applicable Standards; (ii) make any alterations or modifications that may at any time be required to comply with Applicable Standards, and to cause the Aircraft to remain airworthy; (iii) furnish all required parts, replacements, mechanisms, devices and servicing so that the condition and operating efficiency thereof will at all times be no less than its condition and operating efficiency as and when delivered to Customer, ordinary wear and tear from proper use alone excepted; (iv) promptly replace all Parts (A) which become worn out, lost, stolen, taken, destroyed, damaged beyond repair or permanently rendered or declared unfit for use for any reason whatsoever, or (B) if not previously replaced pursuant to clause (A), as and when required by any Applicable Standards, including any applicable life limits; and (v) maintain (in English) all Records in accordance with Applicable Standards; and (vi) enroll and maintain the Engines in an Engine Maintenance Program and the APU in an APU Maintenance Program or shall cause the foregoing to be done. All maintenance procedures shall be performed by properly trained, licensed, and certified maintenance sources and personnel utilizing replacement parts approved by the FAA and the manufacturer of (as applicable) the Airframe, the Engines, or any APU or Part. Without limiting the foregoing, Customer shall comply with all mandatory service bulletins and airworthiness directives by causing compliance to such bulletins and/or directives to be completed through corrective modification in lieu of operating manual restrictions.

Customer will not make, authorize or permit any improvement, change, addition or alteration to the Aircraft that will impair the originally intended function or use of the Aircraft, diminish the value of the Aircraft as it existed immediately prior thereto, or violate any Applicable Standard. All repairs, parts, replacements, mechanisms and devices added by Customer or on its behalf shall immediately, without further act, become part of the Aircraft and subject to the Lender's Lien granted under this Agreement.

#### Insurance.

Customer agrees to maintain or cause to be maintained at all times, at its sole cost and expense, with insurers of recognized reputation and responsibility satisfactory to Lender (but in no event having an A.M. Best or comparable agency rating of less than “A-”):

(A) comprehensive aircraft liability insurance against bodily injury or property damage claims including, without limitation, contractual liability, premises liability, death and property damage liability, public and passenger legal liability coverage, and sudden accident pollution coverage, in an amount not less than \$200,000,000.00 for 20 or more seats, or if the Aircraft will be chartered, or \$100,000,000.00 for 10 or more seats, or \$50,000,000.00 for fewer than 10 seats for each single occurrence, and (B) personal injury liability in an amount not less than \$25,000,000.00; but, in no event shall the amounts of coverage required by sub-clauses (A) and (B) be less than the coverage amounts as may then be required by Applicable Law;

“all-risk” ground, taxiing, and flight hull insurance on an agreed-value basis, covering the Aircraft, provided that such insurance shall at all times be in an amount not less than the greater of (1) the full replacement value of the Aircraft (as determined by Lender), or (2) the unpaid principal amount of the Note (each such amount re-determined as of each anniversary of the date hereof for the next succeeding year throughout the term of this Agreement); and

war risk and allied perils (including confiscation, appropriation, expropriation, terrorism and hijacking insurance) in the amounts required in paragraphs (i) and (ii), as applicable.

Any policies of insurance carried in accordance with this Section 4.6 and any policies taken out in substitution or replacement of any such policies shall (i) be endorsed to name Lender as an additional insured as its interests may appear (but without responsibility for premiums), (ii) provide, with respect to insurance carried in accordance with Section 4.6(a)(ii) or (a)(iii) above, that any amount payable thereunder shall be paid directly to Lender as sole loss payee and not to Lender and Customer jointly, (iii) provide for thirty (30) days' (seven (7) days' in the case of war, hijacking and allied perils) prior written notice by such insurer of cancellation, material change, or non-renewal, (iv) include a severability of interest clause providing that such policy shall operate in the same manner as if there were a separate policy covering each insured, (v) waive any right of set-off against Lender, and any rights of subrogation against Lender, (vi) provide that in respect of the interests of Lender in such policies, that the insurance shall not be invalidated by any action or inaction of Customer or any other Person operating or in possession of the Aircraft, regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by or binding upon Customer or any other Person operating or in possession of the Aircraft, and (vii) be primary, not subject to any co-insurance clause and shall be without right of contribution from any other insurance.

Customer shall not self-insure (by deductible, premium adjustment, or risk retention arrangement of any kind) with respect to any of the risks required to be insured pursuant to this Section 4.6. Customer agrees that it shall obtain and maintain such other insurance coverages, or cause adjustments to be made to the scope, amount or other aspects of the existing insurance coverages, promptly upon Lender's request, as and when Lender deems such additional insurance coverages or modifications to be appropriate in light of any changes in Applicable Law, prudent industry practices, the insurance market, Customer's anticipated use of the Aircraft or other pertinent circumstances. All of the coverages required herein shall be in full force and effect worldwide throughout any geographical areas to, in or over which the Aircraft is operated. All insurance proceeds payable under the requisite policies shall be payable in U.S. Dollars.

At least ten (10) days prior to the policy expiration date for any insurance coverage required by this Section 4.6, Customer shall furnish to Lender evidence (having the form and substance consistent with Section 1(f) of the Closing Terms Addendum) of the renewal or replacement of such coverage, complying with the terms hereof, for a twelve (12) month or greater period commencing from and after such expiration date.

#### Event of Loss: Loaner Engines.

Upon the occurrence of any Event of Loss with respect to the Aircraft and/or the Airframe, Customer shall notify Lender of any such Event of Loss within five (5) days of the date thereof. Customer shall pay the then Outstanding Balance promptly upon its receipt of insurance proceeds relating to such Event of Loss, but in no event later than ninety (90) days after the occurrence of such Event of Loss (irrespective as to whether any or all of such proceeds have been received). Upon Lender's receipt in good and indefeasible funds of all of the amounts required to be paid pursuant to the preceding sentence (whether by applying Customer's payment of such amounts, or any such insurance proceeds, or both) the Aircraft shall be released from the Lender's Lien, and Lender shall remit to Customer any such insurance proceeds so received by Lender, to the extent then remaining.

Upon an Event of Loss with respect to an Engine or any APU (as applicable, a “ **Lost Item** ”) under circumstances in which there has not occurred an Event of Loss with respect to the Airframe, Customer shall, within one hundred twenty (120) days after the occurrence of such Event of Loss, replace such Lost Item, with a Permitted Replacement. Any engine or auxiliary power unit constituting a “ **Permitted Replacement** ” for a Lost Item shall (i) be of the same make and model number as the Lost Item, (ii) be free and clear of all Liens and (iii) have a value, utility and useful life at least equal to, and be in as good an operating condition as, the Lost Item, assuming such Lost Item was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss. Customer, at its own cost and expense, shall (i) furnish Lender with such documents to evidence such conveyance, (ii) cause the Permitted Replacement to be subject to the Lender’s Lien under this Agreement, and (iii) take such other actions as may be required by Lender to cause the Lender’s Lien therein to be validly created, perfected and have first priority, including as evidenced on the FAA Registry, the International Registry, and any other recording office. Each such Permitted Replacement shall, after such conveyance, be deemed an “Engine” or “APU” (as defined herein), as applicable, and shall be deemed part of the same Aircraft as was the Lost Item replaced thereby.

In the event an Engine is damaged and is being repaired, or is being inspected or overhauled, Customer, at its option, may temporarily substitute another engine during the period of such repair or overhaul, so long as such engine is of the same make and model as the Engine being repaired or overhauled, is free and clear of any Lien that might impair Lender’s rights or interests in the Airframe and is maintained in accordance herewith (any such substitute engine being hereinafter referred to as a “ **Loaner Engine** ”). Customer shall (i) cause such Loaner Engine to be installed and removed, as applicable, by a maintenance facility certified by the FAA and manufacturer with respect to the Aircraft, and (ii) cause the repaired or overhauled original Engine to be reinstalled on the Airframe promptly upon completion of the repair or overhaul, but in no event later than the earlier of one hundred twenty (120) days after removal or the occurrence of an Event of Default.

So long as no Default has occurred and is continuing, and no Event of Default or Event of Loss with respect to the Aircraft has occurred, any loss or damage proceeds of the Required Coverages received by Lender shall be released promptly by Lender to Customer to reimburse Customer for paying the costs actually incurred with respect to repairs made to the Aircraft so as to restore it to the condition required by this Agreement, or for the purchase of a Permitted Replacement pursuant to Section 4.7(b), or shall be disbursed by Lender as otherwise required by this Agreement.

**Aircraft Registration.** On or before the Closing Date, and at all times thereafter, so long as any of the Obligations are outstanding, Customer shall remain solely responsible pursuant to the applicable provisions of this Agreement to cause (i) the Aircraft to be effectively and otherwise validly registered in Customer’s name on the Registry, and (ii) the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft, in each case, accordance with the Registration Requirements; and without limiting the foregoing, or any other provision of this Agreement, Customer shall:

cause the Registration Certificate to be maintained within the Aircraft and cause the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft; including by (A) notifying Lender immediately of any event or circumstance with respect to which the Registration Requirements require further action by Customer, the Registry or any other Governmental Authority or other Person, (B) immediately upon receipt, placing the original, replacement or renewal Registration Certificate on the Aircraft prior to the expiration or other invalidation of any previously issued Registration Certificate (whether the certificate or any other document constituting the Registration Certificate as defined herein) under the Registration Requirements, and (C) complying with any and all of the other Registration Requirements relating to such Registration Certificate, and to the Registration Certificate replaced thereby (including any of the same relating to the destruction or return thereof, as the case may be); and

upon the occurrence, and at all times thereafter, of any Defective Registration (and without waiving Customer’s responsibility to avoid such circumstance), or if the operation of the Aircraft is no longer authorized by the Registration Requirements, Customer shall (A) neither operate nor permit or suffer the operation of the Aircraft without a currently effective and otherwise valid Registration Certificate (and shall cause the pilots to be made aware of the Defective Registration), and otherwise comply with the FARs and other Applicable Laws relating to such Defective Registration, (B) ground and store the Aircraft in a manner reasonably acceptable to Lender, and (C) inform the insurer or insurers thereof, and obtain and maintain adjustments to the insurance coverages required pursuant Section 4.6 of this Agreement which may be necessary or desirable to Lender so as to reflect any changes in the insurable risks relating to any Defective Registration.

#### **Security Interest; Power of Attorney; Inspection .**

**Grant of Security Interest.** As collateral security for the prompt and complete payment and performance as and when due of all of the Obligations and in order to induce Lender to enter into this Agreement and make the Loan to Customer in accordance with the terms hereof, Customer hereby grants, pledges and assigns to Lender a first priority security interest, collateral assignment, international interest, prospective international interest, security assignment and prospective security assignment, in, against, under and with respect to (the “ **Lender’s Lien** ”) all of Customer’s right, title and interest in, to and under all of the following collateral, whether now existing or hereafter acquired (collectively, the “ **Collateral** ”): (i) the Aircraft, including the Airframe, the Engines, each of the APU and Parts, and the Records; (ii) any and all present and future Third Party Agreements; (iii) any and all other associated rights secured by or associated with the Airframe and/or the Engines, together with any related international interests and prospective international interests; (iv) any collateral described in the other Loan Documents (including in any Operating Consent); and (v) all proceeds of the foregoing. By way of clarification and not limitation, the foregoing grant of the Lender’s Lien shall include, as applicable (and in each case, being validly registered and having first priority), an international interest in the Airframe and in each Engine. Notwithstanding the foregoing, (i) Customer shall not enter into any Third Party Agreements unless expressly permitted by Section 4.4 and (ii) Lender is not assuming, nor shall it be responsible for, any obligations, liabilities or duties of any kind whatsoever of Customer (and/or of any other Person) relating to the Collateral. Customer agrees that it shall perform and procure performance in accordance with any Third Party Agreement or other agreement or instrument giving rise to any associated rights that are or may become subjected to the Lender’s Lien.

#### **UCCs, Registrations, Etc.; Lender as Attorney-in-Fact.** Customer hereby irrevocably:

authorizes Lender to prepare and file any UCC financing statements, amendments, continuations, terminations, assignments and other filings, or take such other actions for the purpose of perfecting, affording first and exclusive priority to or otherwise relating to Lender’s Lien under this Agreement or the other Loan Documents;

consents to, and authorizes its professional user entity to consent to, the registration of each Registerable Interest requested by Lender or its Assignee, or otherwise required by the provisions of this Agreement or any of the other Loan Documents, including any subordination, amendment, assignment, discharge or undertaking permitted by the Cape Town Convention with respect thereto; and

constitutes and appoints Lender (including any Person acting on Lender’s behalf), as its true and lawful attorney-in-fact with full power and authority in the place and stead of Customer and in the name of Customer or in its own name, for the purpose of carrying out the terms of this Agreement; which authority shall include the following undertakings that may be exercisable by Lender in its sole discretion at any time, and from time to time, if an Event of Default is then existing or upon the occurrence of an Event of Loss: (i) in Customer’s name, file and/or record, such further instruments, filings and other documents, make, cause to be made and/or consent to all registrations with the International Registry, and take such further action, to establish and protect Lender’s rights, interests and remedies created, or intended to be created, pursuant to the Loan Documents; (ii) endorse Customer’s name on any checks, notes, drafts or any other payments or instruments, or set off, apply, or take such other actions with respect to any funds relating to the Collateral that come into Lender’s possession or control; and (iii) to settle, adjust, receive payment and make claim or proof of loss, and take such other actions relating to the Required Coverages. This appointment is coupled with an interest, is

irrevocable and shall terminate only upon indefeasible payment and performance in full of all of the Obligations. The powers conferred on Lender hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Lender shall be accountable only for amounts that it actually receives in good and indefeasible funds as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to Customer for any act or failure to act. Without limiting the foregoing, Customer agrees that within five (5) Business Days of Lender's request, Customer will enter into an irrevocable power-of-attorney authorizing Aviation Counsel or Lender's other designee as Customer's professional user entity and administrator for the purpose of discharging any Registerable Interests as and when directed to do so by Lender in connection with its exercise of its rights and remedies under the Loan Documents.

**Inspection.** Lender or its authorized representatives shall have the right, but not the duty, to inspect the Aircraft, any part thereof and/or the Records, at its own cost any reasonable time and from time to time, wherever located, upon reasonable prior notice to Customer; except that after the occurrence of a Default or an Event of Default, such inspection may be conducted at any time without prior notice and at Customer's sole expense, and it shall pay Lender promptly upon demand any inspection costs incurred by Lender. So long as no Default or Event of Default exists, any such inspections shall be conducted during normal business hours and without interruption of the use and operation of the Aircraft as permitted hereby. Upon the request of Lender, Customer shall promptly confirm to Lender the location of the Aircraft or any of the other Collateral.

**Events of Default.** The term "**Event of Default**", wherever used herein, shall mean:

Customer shall fail to pay any Obligation within ten (10) days after the same shall become due and payable (whether at the stated maturity, by acceleration, upon demand or otherwise); or

(i) any Customer Party shall default in the payment or performance of any indebtedness, liability or obligation to Lender or any Affiliate of Lender under any note, security agreement, lease, title retention or conditional sales agreement or any other instrument or agreement; or

(ii) any Customer Party shall fail to pay any Indebtedness (other than the Obligations) exceeding \$5,000,000.00, and such failure shall continue beyond any applicable grace period (or, with respect to trade Indebtedness which is not subject to a grace period, within ninety (90) days of the date such trade Indebtedness is incurred); or

(i) any of the Required Coverages are not kept in full force and effect, or a breach or violation shall exist with respect to any provisions thereof; or the Aircraft is operated in a manner, at a time or in or over or located at a place with respect to which such Required Coverages shall not be in effect; (ii) Customer shall fail to cause the Airframe or the Engines to be used, operated, maintained or otherwise kept in a condition so as to be in compliance with all Applicable Laws; or (iii) any Customer Party shall fail to comply with (A) any financial covenants as and to the extent set forth or incorporated in any Guaranty or in any of the other Loan Documents, or (B) any provision of any of the Loan Documents restricting Liens and other dispositions relating to either the Collateral or any rights or obligations under any of the Transaction Documents (including Section 4.4 hereof), or (iv) the occurrence of any Defective Registration; or

(i) any representation or warranty made by any Customer Party in any of the Loan Documents or in any related agreement, document or certificate shall prove to have been incorrect, misleading, or inaccurate in any material respect when made or given (or, if a continuing representation or warranty, at any time); or (ii) any Customer Party shall fail to (A) perform or observe any other agreement (other than those specifically referred to in this Section 6) required to be performed or observed by it under this Agreement or in any of the other Loan Documents, and such failure shall continue uncured for thirty (30) days after the earlier of written notice thereof from Lender to such Customer Party or such Customer Party's actual knowledge thereof (but such notice and cure period will not be applicable unless such breach is curable by practical means within such notice period) or (B) notify Lender of any Default or Event of Default within ten (10) Business Days of its occurrence; or

(i) any Customer Party shall (A) generally fail to pay its, or his or her debts as they become due, admit its, or his or her inability to pay its, or his or her debts or obligations generally as they fall due, or shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws or other insolvency laws, or an answer admitting the material allegations of such a petition filed against such Customer Party in any such proceeding; or (B) by voluntary petition, answer or consent, seek relief under the provisions of any other bankruptcy or other insolvency or similar law providing for the reorganization or liquidation of corporations, or providing for an assignment for the benefit of creditors, or providing for an agreement, composition, extension or adjustment with its, or his or her creditors; or (ii) a petition against any Customer Party in a proceeding under applicable bankruptcy laws or other insolvency laws, as now or hereafter in effect, shall be filed and shall not be withdrawn or dismissed within one hundred twenty (120) days thereafter, or if, under the provisions of any law providing for reorganization or liquidation of business entities that may apply to any Customer Party, any court of competent jurisdiction shall assume jurisdiction, custody or control of such Customer Party or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of one hundred eighty (180) days after the filing date; or

the occurrence of any of the following events with respect to any Customer Party: (A) it enters into any transaction of merger, consolidation or reorganization; (B) it ceases to do business as a going concern, liquidates, or dissolves, or sells, transfers or otherwise disposes of all or substantially all of its assets or properties (in one or more transactions); (C) it becomes the subject of, or engages in, a leveraged buy out; (D) it changes the form of organization of its business; (E) if it is privately owned as of the Closing Date, there is any substantial change in the ownership or control of its capital stock or membership interests such that the holder(s) that own or control one hundred percent (100%) of such equity interests as of the Closing Date no longer do so; or (F) if it is publicly held as of the Closing Date, any change so that it is no longer subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or no longer registered under Section 12 of the Securities Act of 1933, as amended; or

(i) the conviction of or guilty plea by any Customer Party with respect to any criminal act constituting a felony, (ii) any repudiation by any Customer Party of its obligation for the payment or performance of the Obligations, (iii) any allegation by any Customer Party or judicial determination that any of the Loan Documents is unenforceable in any material respect or (iv) a Default (as defined in any Guaranty) shall occur; or any event or condition constituting a breach or other default under any Operating Consent.

## **Remedies .**

**Acceleration; Termination of Commitment.** If any Event of Default shall occur, Lender, in its sole discretion, may (a) declare the Obligations to be immediately due and payable, and upon such declaration the Obligations (including, the unpaid principal amount of the Note, together with all accrued but unpaid interest thereon, any prepayment fees and all other amounts due and payable under or with respect to the Loan Documents), shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the other Loan Documents to the contrary notwithstanding, (b) terminate any then outstanding commitment whether to Customer or any Affiliate to make the Loan or any advance thereof, or any other financial accommodations, whether related to the Loan or otherwise, and/or (c) pursue and enforce any of Lender's rights and remedies under this Section 7; provided, however, if an Event of Default specified in Section 6 (e) above shall occur, the Obligations shall become immediately due and payable, all such commitments shall terminate, and Lender shall have all such other rights and remedies contemplated in the preceding clauses (a), (b) and (c), automatically, and without any notice or other action by Lender.

**Additional Remedies.** If an Event of Default occurs, in addition to all other rights and remedies granted to it in this Agreement and in the other Loan Documents, Lender may exercise all rights and remedies of a secured party under the UCC or as a creditor, chargee or security assignee under the Cape Town Convention (including any and all remedies thereunder requiring agreement by Customer), or otherwise available to

Lender under any other Applicable Law. Without limiting the generality of the foregoing, Customer agrees that upon the occurrence of an Event of Default, Lender, without demand or notice of any kind (except as specified below) to or upon Customer or any other Person, in its sole discretion, may exercise any one or more of the following remedies:

(i) peacefully enter the premises where the Aircraft, the Engines, or any other Collateral is located, take immediate possession of, remove (or disable in place), or otherwise take control or custody of the Airframe, the Engines or any other Collateral (whether or not then attached to the Airframe) by self-help, summary proceedings or otherwise without liability, (ii) preserve the Airframe, the Engines or the other Collateral, and their respective value (but without any obligation to do so), and immobilize or keep idle the Airframe or Engines, and/or (iii) use Customer's premises for storage without liability; and Customer agrees, at Lender's request, to assemble the Collateral, and make it available to Lender at such places as Lender shall reasonably select, whether at Customer's premises or elsewhere;

(i) terminate the right of any Interested Third Party, and any other third party to use, possess or control the Airframe, the Engines or any of the other Collateral, including under any Permitted Third Party Agreement or other Third Party Agreement, without regard as to the existence of any event of default thereunder, (ii) recover from, and/or cause Customer and any such Interested Third Party, and any other third party, to relinquish possession and return the Airframe, the Engines and any other Collateral pursuant to this Section 7, and/or (iii) exercise any and all other remedies under any Operating Consents in Customer's stead, to the extent provided for under, or otherwise available to Customer in connection with any related Permitted Third Party Agreement or such other Third Party Agreement;

(i) manage, sell, lease, assign or otherwise dispose of the Airframe, the Engines or any other Collateral, in whole or in part, whether or not in Lender's possession, in one or more parcels or transactions, at public or private sale or sales, with or without notice to Customer (except as required by Applicable Law, and in furtherance thereof, Lender agrees that it shall give Customer no less than ten (10) working days' prior notice of any proposed sale or lease of the Airframe or Engines, which Customer acknowledges as constituting "reasonable prior notice" for the purposes of the Cape Town Convention) at such prices as Lender may deem best, and/or (ii) purchase the Collateral, in whole or in part, upon any public sale or sales, and to the extent permitted by Applicable Law upon any private sale or sales, free of any right or equity of redemption in Customer, which right or equity of redemption is hereby expressly released;

(i) collect, receive, appropriate and realize upon the Collateral, or any part thereof, including by applying any deposit or other cash collateral, or collecting or receiving, appropriating and realizing upon any income, profits or other proceeds arising from the management or use of the Airframe, the Engines or any of the other Collateral, and applying the same (after deducting all taxes, costs, expenses and other reductions of every kind incurred in connection therewith) to the payment in whole or in part of the Obligations, in such order and manner as Lender may elect; and (ii) after making such application, (A) remitting to Customer or to such other Person any excess then remaining, as and to the extent Lender is required by Applicable Law to make such remittance and (B) demanding, collecting and receiving from Customer any deficiency then remaining (and Customer agrees that it shall remain liable for, and pay upon demand, the full amount of any such deficiency);

(i) demand and obtain from any court speedy relief pending final determination available at law (including, possession, control, custody or immobilization of the Airframe and Engines, or preservation of the Airframe and the Engines and their respective value), (ii) procure the deregistration and/or export and physical transfer of the Airframe from the territory in which it is then situated (including pursuant to an IDERA, if any, executed by Customer), and/or (iii) otherwise proceed at law or in equity, to enforce specifically Customer's performance or to recover damages; and/or

exercise any and all other rights and remedies under or with respect to the Loan Documents or Applicable Law, including the Cape Town Convention and the UCC.

No Waiver: Cumulative Remedies. No right or remedy is exclusive. Customer hereby acknowledges that none of the provisions of this Section 7, including any remedies set forth or referenced herein, is "manifestly unreasonable" for the purposes of the Cape Town Convention. Each may be used successively and cumulatively and in addition to any other right or remedy referred to above or otherwise available to Lender at law or in equity, but in no event shall Lender be entitled to recover any amount in excess of the maximum amount recoverable under Applicable Law with respect to any Event of Default. No express or implied waiver by Lender of any Default or Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default. The failure or delay of Lender in exercising any rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or reoccurrence of any such contingencies or similar contingencies, and any single or partial exercise of any particular right by Lender shall not exhaust the same or constitute a waiver of any other right provided for or otherwise referred to herein. After the occurrence of any Default or Event of Default, the acceptance by Lender of any payment or performance of any of the Obligations, including the payment of any installment of principal and/or interest or of any other sum owing hereunder or under the other Loan Documents shall not constitute a waiver of such Default or Event of Default, regardless of Lender's knowledge or lack of knowledge thereof at the time of acceptance of any such payment or performance and shall not constitute a reinstatement of any of the Loan Documents, unless Lender shall have agreed in writing to reinstate the same and waive the Default or Event of Default. To the extent permitted by Applicable Law, Customer waives any rights now or hereafter conferred thereby, that (a) limit or modify any of Lender's rights or remedies under this Agreement or any of the other Loan Documents, including the provisions of Article 13(2) of the Convention, or (b) would otherwise entitle Customer to (i) receive notices or demands as a condition to Lender's exercise of any rights or remedies, except as expressly required above or (ii) make claims, damages and demands against Lender arising out of the repossession, retention, sale or other disposition of the Collateral.

#### **MISCELLANEOUS**

Notices. All communications and notices provided for herein shall be in writing and shall be deemed to have been duly given or made (i) upon hand delivery, or (ii) upon delivery by an overnight delivery service, or (iii) when sent by telecopy (with customary confirmation of receipt of such telecopy) on the Business Day when sent or upon the next Business Day if sent on other than a Business Day.

#### Expenses and Fees; Indemnity; Performance of Customer's Obligations

Customer shall pay to Lender upon demand all reasonable fees, costs and expenses incurred by or on behalf of Lender at any time in connection with (i) the negotiation, preparation, execution, delivery and enforcement of the Loan Documents and the collection of the Obligations (both before and after the occurrence of a Default or Event of Default), (ii) the creation, preservation and protection of the Collateral and the perfection, first priority and enforcement of Lender's Lien, or (iii) Customer's exercise of any right granted under, or any amendment or other modification to any of, the Loan Documents. Such fees, costs and expenses shall include, without limitation, reasonable appraisal and inspection fees, the reasonable fees and expenses of Aviation Counsel and of Lender's counsel, consultants and brokers, UCC, FAA, International Registry and other applicable title, interest and lien searches, and reasonable costs and expenses relating to recovery, repossession, storage, insurance, transportation, repair, refurbishment, advertising, sale and other dispositions of the Aircraft or any of the other Collateral. Customer shall also pay all reasonable fees (including license, filing and registration fees), Impositions and other charges of whatever kind or nature that may be payable or determined to be payable in connection with (A) the execution, delivery, recording or performance of this Agreement or any of the other Loan Documents, or any modification thereof, and (B) the filings, registrations and other undertakings relating thereto. Notwithstanding the foregoing, as long as there are no more than two (2) revised drafts of any Loan Document provided by Customer or its counsel to Lender or Lender's counsel, Customer shall be responsible for not more than \$35,000.00 in the aggregate for the legal fees of outside counsel to Lender (including, Aviation Counsel) and appraisal, inspection, processing, credit verification, lien searches, FAA and International Registry fees and other fees incurred in connection with the initial negotiation, preparation and execution of this Agreement and the other Loan Documents executed and delivered on or

before the Closing Date (and the consummation of the closing contemplated to occur thereon); provided that in the event that the negotiation exceeds two (2) revised drafts of any Loan Document, then Customer shall pay for the actual amount of such out of pocket fees incurred by Lender relating to the drafting and negotiation in excess of such two (2) revised drafts. Lender shall apply the previously paid deposit amount of \$35,000.00 to such fees and shall refund to Customer the amount by which the deposit exceeds such fees.

Customer hereby further agrees, whether or not the transactions contemplated by this Agreement shall be consummated, to pay, indemnify, and hold Lender and its affiliates and all of the Lender's and such affiliates' respective directors, shareholders, members, officers, employees, agents, predecessors, attorneys-in-fact, lawyers, successors and assigns (Lender, its affiliates and all of such other parties and entities sometimes hereinafter collectively, the "**Indemnified Parties**") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, out of pocket costs, attorney's fees, expenses or disbursements of any kind or nature whatsoever ("**Claims**") arising with respect to or in connection with (i) the Airframe, the Engines, or any APUs or Parts, or any of the other Collateral, including (whether by or through Customer, Vendor, any Interested Third Party, or any other Person), the manufacture, inspection, ownership, lease, sublease, management, pooling, interchange, time sharing, chartering, possession, use, operation, maintenance, security, condition (whether prior to, upon or after delivery or acceptance of any of the same), repossession, storage, sale or other disposition of any of the same, or any accident in connection therewith, including Claims involving or alleging environmental damage, criminal acts, hijacking, acts of terrorism or similar acts, product liability or strict or absolute liability in tort, latent and other defects (whether or not discoverable) and for any other risk or matter, including any of the same that result in injuries, death, destruction, or other harm or loss to persons or property, or (ii) any of the Loan Documents, Third Party Agreements or other Transaction Documents, or the performance, breach (including any Default or Event of Default) or enforcement of any of the terms hereof or thereof, provided, that Customer shall have no obligation to indemnify an Indemnified Party with respect to Claims arising from the gross negligence or willful misconduct of such Indemnified Party (unless if imputed by Applicable Law). If any Claim is made against any Indemnified Party, the party receiving notice or otherwise becoming aware of such Claim shall promptly notify the other, but the failure of the party having knowledge of a Claim to so notify the other party shall not relieve Customer of any obligation hereunder.

If any Customer Party fails to perform or comply with any of its agreements contained herein or in the other Loan Documents, including, without limitation, its obligations to keep the Collateral free of Liens (other than the Permitted Liens), comply with Applicable Standards, or obtain the Required Coverages, Lender shall have the right, but shall not be obligated, to effect such performance or compliance, with such agreement. Any expenses of Lender incurred in connection with effecting such performance or compliance, together with interest thereon at the default rate of interest provided for in the Note from the date incurred until reimbursed, shall be payable by Customer to Lender promptly on demand and until such payment shall constitute part of the Obligations secured hereby. Any such action shall not be a cure or waiver of any Default or Event of Default hereunder.

Entire Agreement; Modifications. This Agreement and the other Loan Documents constitute the entire understanding and agreement of the parties hereto with respect to the matters contained herein and therein, and shall completely and fully supersede all other prior agreements (including any proposal letter, commitment letter, and/or term sheet), both written and oral, between Lender and Customer relating to the Obligations. Neither this Agreement, nor any terms hereof, may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of a change, waiver, discharge or termination is sought.

Construction of this Agreement and Related Matters. All representations and warranties made in this Agreement and in the other Loan Documents shall survive the execution and delivery of this Agreement and the making of the Loan hereunder. Customer's obligations contained in this Section 8 shall survive the payment and performance of the Obligations, the termination of this Agreement, and the release of the Collateral. This Agreement may be executed by the parties hereto on any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. The headings of the Sections hereof are for convenience only, are not part of this Agreement and shall not be deemed to affect the meaning or construction of any of the provisions hereof. Time is of the essence in the payment and performance of all of Customer's obligations under this Agreement. Any provision of this Agreement that may be determined to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective in such jurisdiction to the extent thereof without invalidating the remaining provisions of this Agreement, which shall remain in full force and effect.

Lender's Assignment. Lender, may at any time, with or without notice to Customer, freely grant a security interest in, sell, assign, participate or otherwise transfer (an "**Assignment**") all or any part of its interest in this Agreement and the other Loan Documents (including all associated rights associated with or secured thereby and the related international interests) or any amount due or to become due hereunder or thereunder, and Customer shall perform all of its obligations under the Loan Documents, to the extent so transferred, for the benefit of the beneficiary of such Assignment (such beneficiary, including any successors and assigns, an "**Assignee**"); provided, however, if such Assignee is not an Affiliate of Lender and if no Default or Event of Default exists, Lender will provide prior notice of any such Assignment to a third party. Customer hereby waives any right to assert, and agrees not to assert, against any Assignee any abatement, reduction, defense, setoff, recoupment, claim or counterclaim that Customer may have against Lender, provided that Lender remains fully responsible therefor. Upon the assumption by such Assignee of Lender's obligations hereunder, Lender shall be relieved of any such assumed obligations. Customer hereby consents to any such assignment, grant, sale or transfer, including, without limitation, for purposes of the Cape Town Convention. If so directed in writing, Customer shall pay all amounts due or to become due under the Loan Documents, including any of the same constituting associated rights or proceeds directly to the Assignee or any other party designated in writing by Lender or such Assignee. Customer acknowledges and agrees that Lender's right to enter into an Assignment is essential to Lender and, accordingly, waives any restrictions under Applicable Law with respect to an Assignment and any related remedies. Upon the request of Lender or any Assignee, Customer also agrees (a) to promptly execute and deliver, and cause to be executed and delivered by any Guarantor or any other Transaction Party, to Lender or to such Assignee an acknowledgment of assignment in form and substance satisfactory to the requesting party, an insurance certificate naming Assignee as additional insured and loss payee and otherwise evidencing the Required Coverages, an IDERA in favor of Assignee, and such other documents and assurances reasonably requested by Lender or Assignee, (b) to make, or cause to be made, all registrations (including all assignments and subordinations) and all amendments, extensions and discharges with the International Registry reasonably requested by Lender or Assignee (and give or obtain any necessary consent thereto, as well as renew any authorization required by the International Registry in connection therewith, including renewing its transacting user entity status and re-designating a professional user entity, if necessary in Lender's judgment), and (c) to comply with any and all other reasonable requirements of any such Assignee in connection with any such Assignment.

Jurisdiction. Customer and Lender each hereby irrevocably consents and agrees that any legal action, suit or proceeding arising out of or in any way in connection with this Agreement or any of the other Loan Documents may be instituted or brought in the courts of the State of New York or in the United States Courts for the Southern District of New York, as Customer or Lender may elect or in any other state or Federal court as Lender shall deem appropriate, and by execution and delivery of this Agreement, Customer and Lender each hereby irrevocably accepts and submits to, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of any such court, and to all proceedings in such courts. Customer and Lender each irrevocably consents to service of any summons and/or legal process by first class, certified United States air mail, postage prepaid, to Customer at the address set forth below its signature hereto, such method of service to constitute, in every respect, sufficient and effective service of process in any such legal action or proceeding. Nothing in this Agreement or in any of the other Loan Documents shall affect the right to service of process in any other manner permitted by law or limit the right of Lender to bring actions, suits or proceedings in the courts of any other jurisdiction. Customer and Lender each further agrees that final judgment against it in any such legal action,

suit or proceeding shall 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 shall be conclusive evidence of the fact and the amount of the liability. Notwithstanding anything in the foregoing to the contrary, Lender and Customer may bring a judicial proceeding in the Republic of Ireland, solely with respect to matters relating to the International Registry.

Governing Law; Binding Effect. This Agreement shall be construed and enforced in accordance with, and the rights of both parties shall be governed by, the internal laws of the State of New York (without regard to the conflict of laws principles of such state, except as to the effect of Title 14, Section 5-1401 of the New York General Obligations Law), including all matters of construction, validity, and performance. This Agreement shall be binding upon and inure to the benefit of Customer and Lender and their respective successors and assigns (but without limiting the provisions of Section 8.5); except that Customer may not assign or transfer its rights or obligations hereunder or under any other Loan Agreement, or any interest herein or therein; and any such purported or attempted assignment or transfer by Customer shall be null and void.

Customer's Capacity as Owner Trustee. TVPX Aircraft Solutions Inc. ("TVPX") is executing this Agreement, and the other Loan Documents solely in its capacity as Owner Trustee under the Trust Agreement and not in its individual capacity and in no case shall TVPX be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of the Customer hereunder, or under any Loan Document, all such liability, if any, being expressly waived by the parties hereto and any Person claiming by, through, or under such party. Under no circumstances shall TVPX be personally liable for the payment of any other amount stated to be due from the Customer hereunder, or under any Loan Document, or be personally liable for the breach or failure of any of Customer's representations, warranties, covenants, obligations, undertakings and agreements hereunder, or under any Loan Documents; provided, however, that the Customer (or any such successor owner trustee) shall be personally liable hereunder for its own gross negligence or willful misconduct or for its breach of its covenants, representations and warranties contained herein, or in any Loan Document, to the extent covenanted or made in its individual capacity.

Jury Waiver. CUSTOMER AND LENDER EACH HEREBY KNOWINGLY AND FREELY WAIVES THEIR RESPECTIVE RIGHTS TO A JURY TRIAL IN ANY ACTION, SUIT OR PROCEEDING RELATING TO, ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE NOTE OR ANY OF THE OTHER LOAN DOCUMENTS.

**[Signatures On Next Page]**

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Loan and Aircraft Security Agreement

IN WITNESS WHEREOF, the parties hereto have caused this Loan and Aircraft Security Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

BANC OF AMERICA LEASING & CAPITAL, LLC, Lender

TVPX AIRCRAFT SOLUTIONS INC., a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated July \_\_\_\_, 2017,  
Customer

By:  
Name:  
Title:  
Notice Address:

One Financial Plaza, 2nd Floor  
Providence, Rhode Island 02903  
Attention: Director of Aircraft Operations  
Telephone: 800-238-3737  
Facsimile: 401-278-7941

By:  
Name:  
Title:  
Notice Address:

39 East Eagle Ridge Drive, Ste. 201  
North Salt Lake, UT 84054  
Telephone: (801) 924-367  
Facsimile: (801) 877-0478

and reasonable costs and expenses relating to recovery, repossession, storage, insurance, transportation, repair, refurbishment, advertising, sale and other dispositions of the Aircraft or any of the other Collateral. Customer shall also pay all reasonable fees (including license, filing and registration fees), Impositions and other charges of whatever kind or nature that may be payable or determined to be payable in connection with (A) the execution, delivery, recording or performance of this Agreement or any of the other Loan Documents, or any modification thereof, and (B) the filings, registrations and other undertakings relating thereto. Notwithstanding the foregoing, as long as there are no more than two (2) revised drafts of any Loan Document provided by Customer or its counsel to Lender or Lender's counsel, Customer shall be responsible for not more than \$35,000.00 in the aggregate for the legal fees of outside counsel to Lender (including, Aviation Counsel) and appraisal, inspection, processing, credit verification, lien searches, FAA and International Registry fees and other fees incurred in connection with the initial negotiation, preparation and execution of this Agreement and the other Loan Documents executed and delivered on or before the Closing Date (and the consummation of the closing contemplated to occur thereon); provided that in the event that the negotiation exceeds two (2) revised drafts of any Loan Document, then Customer shall pay for the actual amount of such out of pocket fees incurred by Lender relating to the drafting and negotiation in excess of such two (2) revised drafts. Lender shall apply the previously paid deposit amount of \$35,000.00 to such fees and shall refund to Customer the amount by which the deposit exceeds such fees.

(b) Customer hereby further agrees, whether or not the transactions contemplated by this Agreement shall be consummated, to pay, indemnify, and hold Lender and its affiliates and all of the Lender's and such affiliates' respective directors, shareholders, members, officers, employees, agents, predecessors, attorneys-in-fact, lawyers, successors and assigns (Lender, its affiliates and all of such other parties and entities sometimes hereinafter collectively, the " **Indemnified Parties** ") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, out of pocket costs, attorney's fees, expenses or disbursements of any kind or nature whatsoever (" **Claims** ") arising with respect to or in connection with (i) the Airframe, the Engines, or any APUs or Parts, or any of the other Collateral, including (whether by or through Customer, Vendor, any Interested Third Party, or any other Person), the manufacture, inspection, ownership, lease, sublease, management, pooling, interchange, time sharing, chartering, possession, use, operation, maintenance, security, condition (whether prior to, upon or after delivery or acceptance of any of the same), repossession, storage, sale or other disposition of any of the same, or any accident in connection therewith, including Claims involving or alleging environmental damage, criminal acts, hijacking, acts of terrorism or similar acts, product liability or strict or absolute liability in tort, latent and other defects (whether or not discoverable) and for any other risk or matter, including any of the same that result in injuries, death, destruction, or other harm or loss to persons or property, or (ii) any of the Loan Documents, Third Party Agreements or other Transaction Documents, or the performance, breach (including any Default or Event of Default) or enforcement of any of the terms hereof or thereof, provided, that Customer shall have no obligation to indemnify an Indemnified Party with respect to Claims arising from the gross negligence or willful misconduct of such Indemnified Party (unless if imputed by Applicable Law). If any Claim is made against any Indemnified Party, the party receiving notice or otherwise becoming aware of such Claim shall promptly notify the other, but the failure of the party having knowledge of a Claim to so notify the other party shall not relieve Customer of any obligation hereunder.

(c) If any Customer Party fails to perform or comply with any of its agreements contained herein or in the other Loan Documents, including, without limitation, its obligations to keep the Collateral free of Liens (other than the Permitted Liens), comply with Applicable Standards, or obtain the Required Coverages, Lender shall have the right, but shall not be obligated, to effect such performance or compliance, with such agreement. Any expenses of Lender incurred in connection with effecting such performance or compliance, together with interest thereon at the default rate of interest provided for in the Note from the date incurred until reimbursed, shall be payable by Customer to Lender promptly on demand and until such payment shall constitute part of the Obligations secured hereby. Any such action shall not be a cure or waiver of any Default or Event of Default hereunder.

3. Entire Agreement; Modifications. This Agreement and the other Loan Documents constitute the entire understanding and agreement of the parties hereto with respect to the matters contained herein and therein, and shall completely and fully supersede all other prior agreements (including any proposal letter, commitment letter, and/or term sheet), both written and oral, between Lender and Customer relating to the Obligations. Neither this Agreement, nor any terms hereof, may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of a change, waiver, discharge or termination is sought.

4. Construction of this Agreement and Related Matters. All representations and warranties made in this Agreement and in the other Loan Documents shall survive the execution and delivery of this Agreement and the making of the Loan hereunder. Customer's obligations contained in this Section 8 shall survive the payment and performance of the Obligations, the termination of this Agreement, and the release of the Collateral. This Agreement may be

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**LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)**

**THIS LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)** (together with all Addenda, Riders and Annexes hereto, this " **Agreement** ") is dated as of July 27, 2017 (the " **Closing Date** "), by and between **TVPX AIRCRAFT SOLUTIONS INC.**, a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated as of July 27, 2017 (" **Customer** ") and **BANC OF AMERICA LEASING & CAPITAL, LLC**, a Delaware limited liability company (" **Lender** ").

In consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

Capitalized and certain other terms used but not otherwise defined in this Agreement shall have the meanings ascribed to them in Annex A attached hereto and made a part hereof.

#### **Terms of Loan .**

Loan and Use of Proceeds . Subject to the terms and conditions of this Agreement, Lender agrees to make a loan to Customer in the principal amount set forth in Annex B attached hereto and made a part hereof (the “ **Loan** ”). Customer shall use the proceeds of the Loan to finance the costs of the acquisition of the Aircraft.

Repayment and Prepayment . The Customer's obligation to repay the Loan shall be evidenced by one or more Promissory Notes dated on and/or after the Closing Date, payable by Customer to the order of Lender in the original principal amount of the Loan (as amended, modified, restated, extended and renewed from time to time, the “ **Note** ”). The Loan shall bear interest and be repaid by Customer at the times and in the manner set forth in the Note. The Loan may be prepaid only in the manner and subject to terms and conditions set forth in the Note and, if applicable, Section 4.7 hereof.

**Conditions of Borrowing** . Lender's obligation to make the Loan shall be both subject to and conditioned upon the satisfaction of all of the conditions precedent specified in the Closing Terms Addendum attached to and made a part of this Agreement.

**Representations and Warranties** . In order to induce Lender to enter into this Agreement and to make the Loan herein provided for, Customer represents, warrants and covenants to Lender that:

(i) Customer (A) is duly qualified to do business in each jurisdiction in which the conduct of its business or the ownership or operation of its assets requires such qualification, including the jurisdiction of the Primary Hangar Location and wherever any of the Collateral may become located; (B) has the necessary authority and power to own and operate the Aircraft and its other assets and to transact the business in which it is engaged; (C) is a “citizen of the United States” within the meaning of the Transportation Code; and (D) has the form of business organization set forth in Annex B hereto and is and will remain duly organized, validly existing and in good standing under the laws of the state of its organization set forth in Annex B hereto, its federal tax identification number is as set forth in Annex B hereto, and its state-issued organizational identification number (if any), chief executive office and principal place of business address are all as set forth on Annex B hereto; and (ii) its name as shown in the preamble of this Agreement is its exact legal name as shown on its charter, by-laws, articles of organization or operating agreement, as applicable, each as amended as of the Closing Date;

(i) Customer's execution and delivery of, and performance of its obligations under and with respect to, each of the Loan Documents (including its borrowing the amounts constituting the Loan, granting the Lender's Lien against the Aircraft and other Collateral and participating in the other transactions contemplated herein and therein), (A) have been duly authorized by all necessary action on the part of Customer consistent with its form of organization, (B) do not contravene or constitute a default under any Applicable Law, any of Customer's Organizational Documents, or any agreement, indenture, or other instrument to which Customer is a party or by which it may be bound, (C) do not require the approval of or notice to (1) any Governmental Authority, except for the filings and registrations specified in the Closing Terms Addendum, all of which shall have been duly effected prior to or concurrently with Lender making the Loan, or (2) any other party (including any trustees or holders of indebtedness), and (D) will not result in the creation or imposition of any Lien on any of the assets of Customer other than the Lender's Lien created hereby and by the other Loan Documents with respect to the Collateral; (ii) each of the Transaction Documents referenced in the Closing Terms Addendum to which Customer is a party has been duly executed and delivered by an authorized representative of the Customer, and constitutes the legal, valid and binding obligation of the Customer, enforceable against it in accordance with the respective terms of such Transaction Documents (including, without limitation, the grant of the Lender's Lien); and (iii) without limiting the foregoing, upon Lender's advancing the Loan on the Closing Date, (A) Customer will have satisfied or complied with all conditions precedent and requirements as set forth in the Loan Documents required to have been satisfied or complied with concurrently with or prior to such advance and (B) no Default or Event of Default shall be then existing;

there are no proceedings pending or, so far as the officers, managers, or members of Customer know, threatened against or affecting Customer or any of its property before any Governmental Authority that could impair Customer's title to the Aircraft or any of the other Collateral, or that, if decided adversely, could materially affect the financial condition or operations of Customer or its ability to perform its obligations under any of the Loan Documents;

(i) Customer has, and shall continue to have, good and marketable title to the Collateral, free and clear of Liens, except Permitted Liens; (ii) the Lender's Lien in the Airframe, the Engines and the other Collateral is and shall remain validly created and perfected, and has and shall continue to have first priority over any other Liens pursuant to all Applicable Laws; and (iii) all filings, recordings, registrations or other actions necessary or desirable in order to vest such title in Customer, and establish, perfect and give first priority to Lender's Lien and other rights and interests in, against or with respect to the Collateral, have been duly effected, and all Impositions in connection therewith have been duly paid;

without limiting any of the other representations and warranties in this Agreement, for the purposes of the Cape Town Convention and any other Applicable Law, (i) upon the conclusion of the sale of the Aircraft to Customer, and Customer's grants and assignments, and (if constituting a lease) any Permitted Third Party Agreement, contemplated in the Loan Documents or other Transaction Documents, Customer and (if a lessee) any Interested Third Party shall be situated in, and Customer will cause the Aircraft to be duly registered in, the United States of America (which is a contracting state), (ii) with respect to any of the Transaction Documents relating to the Airframe or Engine, each of the respective parties thereto has power to dispose of the Airframe and Engine, as contemplated therein by way of the relevant Transaction Document, and (iii) the Purchase Documents qualify as a “contract of sale”, and (if constituting a lease) any Permitted Third Party Agreement and the Loan Documents are effective to constitute international interests in the Airframe and Engine and security assignments of the related associated rights and transfer of the related international interests, as contemplated therein, and each such Registerable Interest will be effective against third parties upon registration at the International Registry, without any further filings or registrations (except as contemplated in the Loan Documents);

(i) the Aircraft (A) has been delivered to Customer, is in Customer's possession and is, as of the Closing Date, unconditionally, irrevocably and fully accepted by Customer, (B) has been inspected by Customer to its complete satisfaction and, without limiting the foregoing, (1) has been found to be in good working order, repair and condition and fully equipped to operate for its intended purpose, and (2) is in conformity with the requirements of the Purchase Agreement and the Applicable Standards, (C) is, or will be at the time of the funding of the Loan, currently certified under existing FAA rules and regulations and any other Applicable Laws and is airworthy in all respects, and (D) is and will remain primarily hangared at the Primary Hangar Location; and (ii) without limiting the foregoing, (A) solely as between Lender and Customer (and without prejudicing Customer's rights against Vendor or any other third party, which rights are not being disclaimed hereby), Customer has no pending claims and has no knowledge of any facts upon which a future claim may be based, against any prior owner, the seller, manufacturer or supplier of the Aircraft or any of the other Collateral, for breach of warranty or otherwise, and (B) all of the information contained in Annex C , including the registration number of the Aircraft, and the serial numbers, manufacturer and model numbers of the Airframe, Engines, and APU, are true and accurate in all respects; and

(h) the Aircraft (i) is currently capable of being certified under existing FAA rules and regulations and completely airworthy in all respects, (ii) will undergo an inspection by a Designated Airworthiness Representative of the FAA (“ **DAR** ”) on the Closing Date and (iii) an FAA Standard Airworthiness Certificate (AC Form 8100-2) shall be issued for the Aircraft no later than two (2) Business Days after the Closing Date.

**Covenants** . Customer covenants and agrees that from and after the Closing Date and so long as any of the Obligations are outstanding:

Notices; Financial Information; and Further Assurances . Customer will, at its sole expense:

promptly give written notice to Lender of (i) the occurrence of any Default or Event of Default; (ii) the occurrence of any Event of Loss or event of which Customer may be aware that could become an Event of Loss; (iii) the commencement or written threat of any material litigation or proceedings affecting Customer or any material litigation or proceedings affecting the Aircraft or any of the other Collateral, or the ability of Customer to comply with its obligations under the Loan Documents; and (iv) any material dispute between Customer or any Interested Third Party and any Governmental Authority or other party that involves the Aircraft or any of the other Collateral or that might materially interfere with the normal business operations of Customer;

cause Guarantor to comply with the financial reporting requirements set forth in the Guaranty and promptly furnish to Lender any such financial and other information regarding the Customer or Guarantor or any of its Affiliates as Lender may from time to time reasonably request; and

promptly execute and deliver to Lender such further instruments, UCC and FAA filings (including an IDERA) and other documents, make, cause to be made and/or consent to all registrations (including any discharges and subordinations, or as to the prospective or actual sale of, and any international interest in, the Engines) with the International Registry, and take such further action, as Lender may from time to time reasonably request in order to further carry out the intent and purpose of the Loan Documents and to establish, protect and enforce the rights, interests, remedies and Liens (including the first priority thereof) created, or intended to be created, in favor of Lender thereby.

General Obligations . (a) Customer agrees that it shall (i) duly observe and conform to all requirements of Applicable Law relating to the conduct of its business and/or the Aircraft, (ii) remain a "citizen of the United States" within the meaning of the Transportation Code, (iii) obtain and keep in full force and effect (A) all rights, franchises, licenses and permits that are necessary to the proper conduct of its business, and (B) all approvals by any Governmental Authority required with respect to the performance of its obligations under the Loan Documents and the operation of the Aircraft and its business, (iv) cause the Aircraft to remain primarily hangared at the Primary Hangar Location, and duly registered in Customer's name under the Transportation Code (including, by making all necessary reports, re-registering its ownership of the Aircraft, and taking all other actions required by Applicable Law), and (v) pay and perform all of its obligations and liabilities when due. (b) Customer agrees that (i) it shall not change its presently existing legal name or its form or state of organization on or after the date of this Agreement, without Lender's prior written consent, (ii) if its presently existing state organizational identification number changes, or if Customer currently has no such state organizational number but is subsequently issued such a number, on or at any time after the date of this Agreement, Customer shall immediately notify Lender thereof, and (iii) it shall not change the presently existing mailing, chief executive office and/or principal place of business address on or after the date of this Agreement without giving Lender thirty (30) days written notice of the same.

Taxes . (a) Customer will file or cause to be filed with all appropriate taxing authorities all Federal, state and local income tax returns that are required to be filed and all registrations, declarations, returns and other documentation with respect to any personal property taxes (or any other taxes in the nature of or imposed in lieu of property taxes) due or to become due with respect to the Aircraft or any of the other Collateral. (b) Customer will pay (or cause to be paid) (i) on or before the date when due all taxes as shown on said returns and all taxes assessed, billed or otherwise payable with respect to the Aircraft or the other Collateral directly to the appropriate taxing authorities; and (ii) when due all license and/or registration or filing fees, assessments, governmental charges and sales, use, property, excise, privilege, value added and other taxes (including any related interest or penalties) or other charges or fees now or hereafter imposed by any governmental body or agency upon Customer or the Aircraft or any of the other Collateral, with respect to the landing, airport use, manufacturing, ordering, shipment, purchase, ownership, delivery, installation, leasing, chartering, operation, possession, use or disposition of the Aircraft or any of the other Collateral, or any interest therein (the items referred to in (i) and (ii) above being referred to herein collectively, as "**Impositions** ").

No Disposition of Collateral or Liens; Title and Security Interest .

Customer shall not sell, assign, enter into any Third Party Agreement, convey, mortgage, exchange or otherwise transfer or relinquish possession of (including by any seizure or other taking by any foreign or domestic governmental authority) or dispose of the Airframe or Engines, any Part, any related associated rights, international interests or prospective international interests, any proceeds or any of the other Collateral, or attempt or offer to do, or suffer or permit any of the foregoing. Customer shall be permitted, however, to deliver possession of the Airframe, the Engines, or any APU or Part to another Person for testing, service, repair, maintenance, overhaul, alteration or modification, and to enter into Permitted Third Party Agreements, in each case, if and to the extent consistent with the provisions of the Loan Documents. Customer will warrant and defend its good and marketable title to the Airframe, the Engines and the other Collateral, and the validity, perfection and first priority of Lender's Lien in the Collateral, against all other Liens, claims and demands whatsoever, except Permitted Liens; and without limiting the foregoing, Customer will (i) not create, assume or suffer to exist any Liens on or with respect to the Airframe, the Engines, or any of the other Collateral, or Customer's interest therein (other than Permitted Liens); and (ii) promptly take such action as directed by Lender to duly discharge any such unpermitted Liens.

So long as no Default or Event of Default is then existing, Customer may enter into and remain a party to Third Party Agreements, in each such case, subject to the satisfaction of, and compliance by Customer and each Interested Third Party with, all of the following throughout the term of such arrangement: (i) Each such Interested Third Party shall (A) be and remain solvent, and (unless an individual) organized under the laws of a state within the United States; and (B) if engaged by Customer with the prior written consent of Lender as a manager and/or charter operator (including the Manager pursuant to the Management Agreement), while so engaged, (1) have a recognized favorable reputation as a manager and/or charter operator, as the case may be, of aircraft similar to the Aircraft, (2) be providing management and/or charter operation services for other aircraft owners similar to the services contemplated therein, and (3) if and at all times while conducting any charter operations (x) have and maintain a valid Part 135 Certificate evidencing its authority to conduct such operations, (y) list the Aircraft on its operations specifications, and (z) comply with all Applicable Standards pertaining to such charter operations. (ii) Any operation of the Aircraft pursuant to any such Third Party Agreement shall be limited to (A) if by Customer, Parent Guarantor or any Affiliate of Parent Guarantor, any time sharing agreements (as defined in Section 91.501(c)(1)) complying with Part 91 of the FARs and all other Applicable Standards, (B) if by a manager and/or a charter operator with Lender's prior written consent, pursuant to and in full compliance with the requirements of Part 135 of the FARs and all other Applicable Standards, or (C) if such Third Party Agreement is a "dry lease" by Customer, as lessor, to Parent Guarantor or an Affiliate of Parent Guarantor or other Interested Third Party permitted pursuant hereto, as lessee, operation by such lessee complying with (1) Part 91 and any other applicable provision of the FARs, and all other Applicable Standards, and (2) the provisions hereof and of the other Loan Documents pertinent to the operation of the Aircraft (whether by Customer or any permitted Interested Third Party). (iii) The related Third Party Agreement shall (A) be and remain, subject and subordinate to Lender's Lien in and with respect to the Collateral, and Lender's rights and remedies under the Loan Documents (and such subordination shall be expressly acknowledged therein), (B) not convey any Lien on, or other property interest in or against the Airframe, the Engines or any of the other Collateral, except for a Permitted Lien (but, without giving effect to clause (a) of the definition of such term), (C) not permit any further sublease or disposition of or unpermitted Lien against the Aircraft or any of the other Collateral by any of the Interested Parties thereto or any other Person, or any change in registration or unpermitted change in hanging of the Aircraft, (D) not contain provisions that are inconsistent with the provisions of any of the Loan Documents or cause Customer to breach any of its representations, warranties or agreements under any of the Loan Documents, (E) be in conformity with all requirements of the FARs and other Applicable Laws, and (F) otherwise conform to any Operating Consent required by Lender with respect thereto. (iv) (A) Customer shall have specified such Third Party Agreement on Annex B if

existing on the Closing Date, or if not then existing shall require Lender's prior written consent and at least thirty (30) Business Days' prior written notice of its intention to enter into a Third Party Agreement and (B) no later than the effective date thereof Customer shall comply with, and at all times thereafter remain in compliance with, any related requirements by Lender, including (1) entering into, and causing any related Interested Third Parties to enter into, an Operating Consent, (2) causing Lender to be covered by the Required Coverages (which, for the purposes hereof, may include insurance coverages obtained and maintained by an Interested Third Party, conforming to the insurance requirements herein and in any of the other Loan Documents), and (3) entering into or delivering, or causing to be entered into and delivered, all such other documents, filings and assurances, making or causing to be made such filings and registrations, and taking or causing to be taken all such other actions, in each case as may be required by Lender and (4) paying or reimbursing Lender for any related costs or expenses. (v) Lender shall have the right, but not the obligation, to (A) require reasonable evidence that any Interested Third Party satisfies the requirements provided herein, and (B) review any such Third Party Agreement, as from time to time supplemented and amended, to determine its conformity with the provisions hereof, but without assuming any responsibility with respect thereto. (vi) Customer shall neither make, nor permit to be made, any filing or registration with respect to any Permitted Third Party Agreement, unless so directed by Lender pursuant to Section 5.2 or otherwise. Notwithstanding the foregoing limitations Parent Guarantor or any Affiliate shall be permitted to conduct the carriage of Parent Guarantor or any Affiliate and/or their respective guests pursuant to 14 CFR Section 91.501(b)(4), affiliated group operations pursuant to 14 CFR Section 91.501(b)(5) and/or (6), demonstration flights pursuant to 14 CFR Section 91.501(b)(3), time sharing or interchange operations pursuant to 14 CFR Section 91.501(b)(6), the carriage of customers pursuant to 14 CFR Section 91.501(b)(9) and/or the carriage of candidates in Federal elections conducted pursuant to 14 CFR Section 91.321.

With respect to any Third Party Agreements complying with all of the provisions of Section 4.4(b) (each a "**Permitted Third Party Agreement**"), although certain of the duties and obligations of Customer under the Loan Documents may be performed by one or more of the Interested Third Parties, (i) no such Permitted Third Party Agreement shall reduce any of Customer's obligations, or Lender's rights, under any of the Loan Documents, (ii) all of Customer's obligations under the Loan Documents shall be and remain primary and continue in full force and effect as the obligations of a principal and not of a guarantor or surety, and (iii) Lender is not waiving the right to require full and timely performance of any such obligations in strict accordance with the provisions hereof and of the other Loan Documents. By way of clarification and not limitation, with respect to any provisions of this Agreement or any of the other Loan Documents requiring Customer to take or refrain from taking an action relating to the Aircraft or any of the other Collateral, such provision may also be read to mean that Customer shall cause the same to be done in accordance therewith, if at that time the Aircraft or such other Collateral is in the possession or control of an Interested Third Party pursuant to a Permitted Third Party Agreement.

#### Use of Aircraft; Maintenance; Modifications; Security.

Customer will operate the Aircraft or shall cause the Aircraft to be operated under and in compliance with Part 91 and any other applicable provision of the FARs, and all other Applicable Standards. Unless otherwise expressly permitted hereunder, (i) Customer shall not operate or permit the Aircraft to be operated for air taxi operations or otherwise under Part 135 of the FARs; and (ii) Customer, an Affiliate or other Interested Third Party shall at all times have, and maintain, "operational control" of the Aircraft (as such term is then interpreted by the FAA or such other applicable Governmental Authority), and no other Person shall operate the Aircraft. The Aircraft at all times will be operated by duly qualified pilots having satisfied all requirements established and specified by the FAA, the TSA, any other applicable Governmental Authority and the Required Coverages.

the Aircraft may be flown temporarily to any country in the world, provided that the Aircraft (i) shall at all times be based in the continental United States; and (ii) shall not be flown, operated, used or located in, to or over any such country or area (temporarily or otherwise) (A) that is excluded from the Required Coverages (or specifically not covered by such insurance), (B) with which the U.S. does not maintain favorable diplomatic relations (which is any country or jurisdiction not marked with an "\*" on the list maintained by the U.S. Department of State, at <http://www.state.gov/s/inr/rls/4250.htm> or any replacement or equivalent website maintained by the U.S. Department of State), provided that the prohibition in this clause (B) does not prohibit the operation of the Aircraft on an approved and assigned air traffic control route (if and so long as such use is otherwise in compliance with the provisions of the this Agreement and does not violate any insurance policies in effect with respect to the Aircraft), (C) to the extent that payment of any claim under the Required Coverages directly or indirectly arising or resulting from or connected with any such flight, operation, use or location would be prohibited under any trade or other economic sanction or embargo by the United States of America, or (D) in violation of any of the Loan Documents or any Applicable Standards. Customer shall adopt, implement and comply with all security measures required by any Applicable Law, or by any Required Coverages, or that are necessary or appropriate for the proper protection of the Aircraft (whether on the ground or in flight) against theft, vandalism, hijacking, destruction, bombing, terrorism or similar acts.

Customer agrees that, with respect to the Airframe, the Engines, each APU and each Part, Customer will at its own expense, (i) maintain, inspect, service, repair, overhaul and test the same in accordance with Applicable Standards; (ii) make any alterations or modifications that may at any time be required to comply with Applicable Standards, and to cause the Aircraft to remain airworthy; (iii) furnish all required parts, replacements, mechanisms, devices and servicing so that the condition and operating efficiency thereof will at all times be no less than its condition and operating efficiency as and when delivered to Customer, ordinary wear and tear from proper use alone excepted; (iv) promptly replace all Parts (A) which become worn out, lost, stolen, taken, destroyed, damaged beyond repair or permanently rendered or declared unfit for use for any reason whatsoever, or (B) if not previously replaced pursuant to clause (A), as and when required by any Applicable Standards, including any applicable life limits; and (v) maintain (in English) all Records in accordance with Applicable Standards; and (vi) enroll and maintain the Engines in an Engine Maintenance Program and the APU in an APU Maintenance Program or shall cause the foregoing to be done. All maintenance procedures shall be performed by properly trained, licensed, and certified maintenance sources and personnel utilizing replacement parts approved by the FAA and the manufacturer of (as applicable) the Airframe, the Engines, or any APU or Part. Without limiting the foregoing, Customer shall comply with all mandatory service bulletins and airworthiness directives by causing compliance to such bulletins and/or directives to be completed through corrective modification in lieu of operating manual restrictions.

Customer will not make, authorize or permit any improvement, change, addition or alteration to the Aircraft that will impair the originally intended function or use of the Aircraft, diminish the value of the Aircraft as it existed immediately prior thereto, or violate any Applicable Standard. All repairs, parts, replacements, mechanisms and devices added by Customer or on its behalf shall immediately, without further act, become part of the Aircraft and subject to the Lender's Lien granted under this Agreement.

#### Insurance.

Customer agrees to maintain or cause to be maintained at all times, at its sole cost and expense, with insurers of recognized reputation and responsibility satisfactory to Lender (but in no event having an A.M. Best or comparable agency rating of less than "A-");

(A) comprehensive aircraft liability insurance against bodily injury or property damage claims including, without limitation, contractual liability, premises liability, death and property damage liability, public and passenger legal liability coverage, and sudden accident pollution coverage, in an amount not less than \$200,000,000.00 for 20 or more seats, or if the Aircraft will be chartered, or \$100,000,000.00 for 10 or

more seats, or \$50,000,000.00 for fewer than 10 seats for each single occurrence, and (B) personal injury liability in an amount not less than \$25,000,000.00; but, in no event shall the amounts of coverage required by sub-clauses (A) and (B) be less than the coverage amounts as may then be required by Applicable Law;

"all-risk" ground, taxiing, and flight hull insurance on an agreed-value basis, covering the Aircraft, provided that such insurance shall at all times be in an amount not less than the greater of (1) the full replacement value of the Aircraft (as determined by Lender), or (2) the unpaid principal amount of the Note (each such amount re-determined as of each anniversary of the date hereof for the next succeeding year throughout the term of this Agreement); and

war risk and allied perils (including confiscation, appropriation, expropriation, terrorism and hijacking insurance) in the amounts required in paragraphs (i) and (ii), as applicable.

Any policies of insurance carried in accordance with this Section 4.6 and any policies taken out in substitution or replacement of any such policies shall (i) be endorsed to name Lender as an additional insured as its interests may appear (but without responsibility for premiums), (ii) provide, with respect to insurance carried in accordance with Section 4.6(a)(ii) or (a)(iii) above, that any amount payable thereunder shall be paid directly to Lender as sole loss payee and not to Lender and Customer jointly, (iii) provide for thirty (30) days' (seven (7) days' in the case of war, hijacking and allied perils) prior written notice by such insurer of cancellation, material change, or non-renewal, (iv) include a severability of interest clause providing that such policy shall operate in the same manner as if there were a separate policy covering each insured, (v) waive any right of set-off against Lender, and any rights of subrogation against Lender, (vi) provide that in respect of the interests of Lender in such policies, that the insurance shall not be invalidated by any action or inaction of Customer or any other Person operating or in possession of the Aircraft, regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by or binding upon Customer or any other Person operating or in possession of the Aircraft, and (vii) be primary, not subject to any co-insurance clause and shall be without right of contribution from any other insurance.

Customer shall not self-insure (by deductible, premium adjustment, or risk retention arrangement of any kind) with respect to any of the risks required to be insured pursuant to this Section 4.6. Customer agrees that it shall obtain and maintain such other insurance coverages, or cause adjustments to be made to the scope, amount or other aspects of the existing insurance coverages, promptly upon Lender's request, as and when Lender deems such additional insurance coverages or modifications to be appropriate in light of any changes in Applicable Law, prudent industry practices, the insurance market, Customer's anticipated use of the Aircraft or other pertinent circumstances. All of the coverages required herein shall be in full force and effect worldwide throughout any geographical areas to, in or over which the Aircraft is operated. All insurance proceeds payable under the requisite policies shall be payable in U.S. Dollars.

At least ten (10) days prior to the policy expiration date for any insurance coverage required by this Section 4.6, Customer shall furnish to Lender evidence (having the form and substance consistent with Section 1(f) of the Closing Terms Addendum) of the renewal or replacement of such coverage, complying with the terms hereof, for a twelve (12) month or greater period commencing from and after such expiration date.

#### Event of Loss: Loaner Engines.

Upon the occurrence of any Event of Loss with respect to the Aircraft and/or the Airframe, Customer shall notify Lender of any such Event of Loss within five (5) days of the date thereof. Customer shall pay the then Outstanding Balance promptly upon its receipt of insurance proceeds relating to such Event of Loss, but in no event later than ninety (90) days after the occurrence of such Event of Loss (irrespective as to whether any or all of such proceeds have been received). Upon Lender's receipt in good and indefeasible funds of all of the amounts required to be paid pursuant to the preceding sentence (whether by applying Customer's payment of such amounts, or any such insurance proceeds, or both) the Aircraft shall be released from the Lender's Lien, and Lender shall remit to Customer any such insurance proceeds so received by Lender, to the extent then remaining.

Upon an Event of Loss with respect to an Engine or any APU (as applicable, a " **Lost Item** ") under circumstances in which there has not occurred an Event of Loss with respect to the Airframe, Customer shall, within one hundred twenty (120) days after the occurrence of such Event of Loss, replace such Lost Item, with a Permitted Replacement. Any engine or auxiliary power unit constituting a " **Permitted Replacement** " for a Lost Item shall (i) be of the same make and model number as the Lost Item, (ii) be free and clear of all Liens and (iii) have a value, utility and useful life at least equal to, and be in as good an operating condition as, the Lost Item, assuming such Lost Item was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss. Customer, at its own cost and expense, shall (i) furnish Lender with such documents to evidence such conveyance, (ii) cause the Permitted Replacement to be subject to the Lender's Lien under this Agreement, and (iii) take such other actions as may be required by Lender to cause the Lender's Lien therein to be validly created, perfected and have first priority, including as evidenced on the FAA Registry, the International Registry, and any other recording office. Each such Permitted Replacement shall, after such conveyance, be deemed an "Engine" or "APU" (as defined herein), as applicable, and shall be deemed part of the same Aircraft as was the Lost Item replaced thereby.

In the event an Engine is damaged and is being repaired, or is being inspected or overhauled, Customer, at its option, may temporarily substitute another engine during the period of such repair or overhaul, so long as such engine is of the same make and model as the Engine being repaired or overhauled, is free and clear of any Lien that might impair Lender's rights or interests in the Airframe and is maintained in accordance herewith (any such substitute engine being hereinafter referred to as a " **Loaner Engine** "). Customer shall (i) cause such Loaner Engine to be installed and removed, as applicable, by a maintenance facility certified by the FAA and manufacturer with respect to the Aircraft, and (ii) cause the repaired or overhauled original Engine to be reinstalled on the Airframe promptly upon completion of the repair or overhaul, but in no event later than the earlier of one hundred twenty (120) days after removal or the occurrence of an Event of Default.

So long as no Default has occurred and is continuing, and no Event of Default or Event of Loss with respect to the Aircraft has occurred, any loss or damage proceeds of the Required Coverages received by Lender shall be released promptly by Lender to Customer to reimburse Customer for paying the costs actually incurred with respect to repairs made to the Aircraft so as to restore it to the condition required by this Agreement, or for the purchase of a Permitted Replacement pursuant to Section 4.7(b), or shall be disbursed by Lender as otherwise required by this Agreement.

Aircraft Registration. On or before the Closing Date, and at all times thereafter, so long as any of the Obligations are outstanding, Customer shall remain solely responsible pursuant to the applicable provisions of this Agreement to cause (i) the Aircraft to be effectively and otherwise validly registered in Customer's name on the Registry, and (ii) the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft, in each case, accordance with the Registration Requirements; and without limiting the foregoing, or any other provision of this Agreement, Customer shall:

cause the Registration Certificate to be maintained within the Aircraft and cause the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft; including by (A) notifying Lender immediately of any event or circumstance with respect to which the Registration Requirements require further action by Customer, the Registry or any other Governmental Authority or other Person, (B) immediately upon receipt, placing the original, replacement or renewal Registration Certificate on the Aircraft prior to the expiration or other invalidation of any previously issued Registration Certificate (whether the certificate or any other document constituting the Registration Certificate as defined herein) under the Registration Requirements, and (C) complying with any and all of the other Registration Requirements relating to such Registration Certificate, and to the Registration Certificate replaced thereby (including any of the same relating to the

destruction or return thereof, as the case may be); and

upon the occurrence, and at all times thereafter, of any Defective Registration (and without waiving Customer's responsibility to avoid such circumstance), or if the operation of the Aircraft is no longer authorized by the Registration Requirements, Customer shall (A) neither operate nor permit or suffer the operation of the Aircraft without a currently effective and otherwise valid Registration Certificate (and shall cause the pilots to be made aware of the Defective Registration), and otherwise comply with the FARs and other Applicable Laws relating to such Defective Registration, (B) ground and store the Aircraft in a manner reasonably acceptable to Lender, and (C) inform the insurer or insurers thereof, and obtain and maintain adjustments to the insurance coverages required pursuant Section 4.6 of this Agreement which may be necessary or desirable to Lender so as to reflect any changes in the insurable risks relating to any Defective Registration.

**Security Interest; Power of Attorney; Inspection .**

Grant of Security Interest . As collateral security for the prompt and complete payment and performance as and when due of all of the Obligations and in order to induce Lender to enter into this Agreement and make the Loan to Customer in accordance with the terms hereof, Customer hereby grants, pledges and assigns to Lender a first priority security interest, collateral assignment, international interest, prospective international interest, security assignment and prospective security assignment, in, against, under and with respect to (the " **Lender's Lien** ") all of Customer's right, title and interest in, to and under all of the following collateral, whether now existing or hereafter acquired (collectively, the " **Collateral** "): (i) the Aircraft, including the Airframe, the Engines, each of the APU and Parts, and the Records; (ii) any and all present and future Third Party Agreements; (iii) any and all other associated rights secured by or associated with the Airframe and/or the Engines, together with any related international interests and prospective international interests; (iv) any collateral described in the other Loan Documents (including in any Operating Consent); and (v) all proceeds of the foregoing. By way of clarification and not limitation, the foregoing grant of the Lender's Lien shall include, as applicable (and in each case, being validly registered and having first priority), an international interest in the Airframe and in each Engine. Notwithstanding the foregoing, (i) Customer shall not enter into any Third Party Agreements unless expressly permitted by Section 4.4 and (ii) Lender is not assuming, nor shall it be responsible for, any obligations, liabilities or duties of any kind whatsoever of Customer (and/or of any other Person) relating to the Collateral. Customer agrees that it shall perform and procure performance in accordance with any Third Party Agreement or other agreement or instrument giving rise to any associated rights that are or may become subjected to the Lender's Lien.

UCCs, Registrations, Etc.; Lender as Attorney-in-Fact . Customer hereby irrevocably:

authorizes Lender to prepare and file any UCC financing statements, amendments, continuations, terminations, assignments and other filings, or take such other actions for the purpose of perfecting, affording first and exclusive priority to or otherwise relating to Lender's Lien under this Agreement or the other Loan Documents;

consents to, and authorizes its professional user entity to consent to, the registration of each Registerable Interest requested by Lender or its Assignee, or otherwise required by the provisions of this Agreement or any of the other Loan Documents, including any subordination, amendment, assignment, discharge or undertaking permitted by the Cape Town Convention with respect thereto; and

constitutes and appoints Lender (including any Person acting on Lender's behalf), as its true and lawful attorney-in-fact with full power and authority in the place and stead of Customer and in the name of Customer or in its own name, for the purpose of carrying out the terms of this Agreement; which authority shall include the following undertakings that may be exercisable by Lender in its sole discretion at any time, and from time to time, if an Event of Default is then existing or upon the occurrence of an Event of Loss: (i) in Customer's name, file and/or record, such further instruments, filings and other documents, make, cause to be made and/or consent to all registrations with the International Registry, and take such further action, to establish and protect Lender's rights, interests and remedies created, or intended to be created, pursuant to the Loan Documents; (ii) endorse Customer's name on any checks, notes, drafts or any other payments or instruments, or set off, apply, or take such other actions with respect to any funds relating to the Collateral that come into Lender's possession or control; and (iii) to settle, adjust, receive payment and make claim or proof of loss, and take such other actions relating to the Required Coverages. This appointment is coupled with an interest, is irrevocable and shall terminate only upon indefeasible payment and performance in full of all of the Obligations. The powers conferred on Lender hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Lender shall be accountable only for amounts that it actually receives in good and indefeasible funds as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to Customer for any act or failure to act. Without limiting the foregoing, Customer agrees that within five (5) Business Days of Lender's request, Customer will enter into an irrevocable power-of-attorney authorizing Aviation Counsel or Lender's other designee as Customer's professional user entity and administrator for the purpose of discharging any Registerable Interests as and when directed to do so by Lender in connection with its exercise of its rights and remedies under the Loan Documents.

Inspection . Lender or its authorized representatives shall have the right, but not the duty, to inspect the Aircraft, any part thereof and/or the Records, at its own cost any reasonable time and from time to time, wherever located, upon reasonable prior notice to Customer; except that after the occurrence of a Default or an Event of Default, such inspection may be conducted at any time without prior notice and at Customer's sole expense, and it shall pay Lender promptly upon demand any inspection costs incurred by Lender. So long as no Default or Event of Default exists, any such inspections shall be conducted during normal business hours and without interruption of the use and operation of the Aircraft as permitted hereby. Upon the request of Lender, Customer shall promptly confirm to Lender the location of the Aircraft or any of the other Collateral.

**Events of Default** . The term " **Event of Default** ", wherever used herein, shall mean:

Customer shall fail to pay any Obligation within ten (10) days after the same shall become due and payable (whether at the stated maturity, by acceleration, upon demand or otherwise); or

(i) any Customer Party shall default in the payment or performance of any indebtedness, liability or obligation to Lender or any Affiliate of Lender under any note, security agreement, lease, title retention or conditional sales agreement or any other instrument or agreement; or (ii) any Customer Party shall fail to pay any Indebtedness (other than the Obligations) exceeding \$5,000,000.00, and such failure shall continue beyond any applicable grace period (or, with respect to trade Indebtedness which is not subject to a grace period, within ninety (90) days of the date such trade Indebtedness is incurred); or

(i) any of the Required Coverages are not kept in full force and effect, or a breach or violation shall exist with respect to any provisions thereof; or the Aircraft is operated in a manner, at a time or in or over or located at a place with respect to which such Required Coverages shall not be in effect; (ii) Customer shall fail to cause the Airframe or the Engines to be used, operated, maintained or otherwise kept in a condition so as to be in compliance with all Applicable Laws; or (iii) any Customer Party shall fail to comply with (A) any financial covenants as and to the extent set forth or incorporated in any Guaranty or in any of the other Loan Documents, or (B) any provision of any of the Loan Documents restricting Liens and other dispositions relating to either the Collateral or any rights or obligations under any of the Transaction Documents (including Section 4.4 hereof), or (iv) the occurrence of any Defective Registration; or

(i) any representation or warranty made by any Customer Party in any of the Loan Documents or in any related agreement, document or certificate shall prove to have been incorrect, misleading, or inaccurate in any material respect when made or given (or, if a continuing representation or warranty, at any time); or (ii) any Customer Party shall fail to (A) perform or observe any other agreement (other than those specifically referred to in this Section 6) required to be performed or observed by it under this Agreement or in any of the other Loan Documents, and such failure shall continue uncured for thirty (30) days after the earlier of written notice thereof from Lender to such Customer Party or such

Customer Party's actual knowledge thereof (but such notice and cure period will not be applicable unless such breach is curable by practical means within such notice period) or (B) notify Lender of any Default or Event of Default within ten (10) Business Days of its occurrence; or

(i) any Customer Party shall (A) generally fail to pay its, or his or her debts as they become due, admit its, or his or her inability to pay its, or his or her debts or obligations generally as they fall due, or shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws or other insolvency laws, or an answer admitting the material allegations of such a petition filed against such Customer Party in any such proceeding; or (B) by voluntary petition, answer or consent, seek relief under the provisions of any other bankruptcy or other insolvency or similar law providing for the reorganization or liquidation of corporations, or providing for an assignment for the benefit of creditors, or providing for an agreement, composition, extension or adjustment with its, or his or her creditors; or (ii) a petition against any Customer Party in a proceeding under applicable bankruptcy laws or other insolvency laws, as now or hereafter in effect, shall be filed and shall not be withdrawn or dismissed within one hundred twenty (120) days thereafter, or if, under the provisions of any law providing for reorganization or liquidation of business entities that may apply to any Customer Party, any court of competent jurisdiction shall assume jurisdiction, custody or control of such Customer Party or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of one hundred eighty (180) days after the filing date; or

the occurrence of any of the following events with respect to any Customer Party: (A) it enters into any transaction of merger, consolidation or reorganization; (B) it ceases to do business as a going concern, liquidates, or dissolves, or sells, transfers or otherwise disposes of all or substantially all of its assets or properties (in one or more transactions); (C) it becomes the subject of, or engages in, a leveraged buy out; (D) it changes the form of organization of its business; (E) if it is privately owned as of the Closing Date, there is any substantial change in the ownership or control of its capital stock or membership interests such that the holder(s) that own or control one hundred percent (100%) of such equity interests as of the Closing Date no longer do so; or (F) if it is publicly held as of the Closing Date, any change so that it is no longer subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or no longer registered under Section 12 of the Securities Act of 1933, as amended; or

(i) the conviction of or guilty plea by any Customer Party with respect to any criminal act constituting a felony, (ii) any repudiation by any Customer Party of its obligation for the payment or performance of the Obligations, (iii) any allegation by any Customer Party or judicial determination that any of the Loan Documents is unenforceable in any material respect or (iv) a Default (as defined in any Guaranty) shall occur; or any event or condition constituting a breach or other default under any Operating Consent.

#### **Remedies .**

Acceleration; Termination of Commitment . If any Event of Default shall occur, Lender, in its sole discretion, may (a) declare the Obligations to be immediately due and payable, and upon such declaration the Obligations (including, the unpaid principal amount of the Note, together with all accrued but unpaid interest thereon, any prepayment fees and all other amounts due and payable under or with respect to the Loan Documents), shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the other Loan Documents to the contrary notwithstanding, (b) terminate any then outstanding commitment whether to Customer or any Affiliate to make the Loan or any advance thereof, or any other financial accommodations, whether related to the Loan or otherwise, and/or (c) pursue and enforce any of Lender's rights and remedies under this Section 7; provided, however, if an Event of Default specified in Section 6 (e) above shall occur, the Obligations shall become immediately due and payable, all such commitments shall terminate, and Lender shall have all such other rights and remedies contemplated in the preceding clauses (a), (b) and (c), automatically, and without any notice or other action by Lender.

Additional Remedies . If an Event of Default occurs, in addition to all other rights and remedies granted to it in this Agreement and in the other Loan Documents, Lender may exercise all rights and remedies of a secured party under the UCC or as a creditor, chargee or security assignee under the Cape Town Convention (including any and all remedies thereunder requiring agreement by Customer), or otherwise available to Lender under any other Applicable Law. Without limiting the generality of the foregoing, Customer agrees that upon the occurrence of an Event of Default, Lender, without demand or notice of any kind (except as specified below) to or upon Customer or any other Person, in its sole discretion, may exercise any one or more of the following remedies:

(i) peacefully enter the premises where the Aircraft, the Engines, or any other Collateral is located, take immediate possession of, remove (or disable in place), or otherwise take control or custody of the Airframe, the Engines or any other Collateral (whether or not then attached to the Airframe) by self-help, summary proceedings or otherwise without liability, (ii) preserve the Airframe, the Engines or the other Collateral, and their respective value (but without any obligation to do so), and immobilize or keep idle the Airframe or Engines, and/or (iii) use Customer's premises for storage without liability; and Customer agrees, at Lender's request, to assemble the Collateral, and make it available to Lender at such places as Lender shall reasonably select, whether at Customer's premises or elsewhere;

(i) terminate the right of any Interested Third Party, and any other third party to use, possess or control the Airframe, the Engines or any of the other Collateral, including under any Permitted Third Party Agreement or other Third Party Agreement, without regard as to the existence of any event of default thereunder, (ii) recover from, and/or cause Customer and any such Interested Third Party, and any other third party, to relinquish possession and return the Airframe, the Engines and any other Collateral pursuant to this Section 7, and/or (iii) exercise any and all other remedies under any Operating Consents in Customer's stead, to the extent provided for under, or otherwise available to Customer in connection with any related Permitted Third Party Agreement or such other Third Party Agreement;

(i) manage, sell, lease, assign or otherwise dispose of the Airframe, the Engines or any other Collateral, in whole or in part, whether or not in Lender's possession, in one or more parcels or transactions, at public or private sale or sales, with or without notice to Customer (except as required by Applicable Law, and in furtherance thereof, Lender agrees that it shall give Customer no less than ten (10) working days' prior notice of any proposed sale or lease of the Airframe or Engines, which Customer acknowledges as constituting "reasonable prior notice" for the purposes of the Cape Town Convention) at such prices as Lender may deem best, and/or (ii) purchase the Collateral, in whole or in part, upon any public sale or sales, and to the extent permitted by Applicable Law upon any private sale or sales, free of any right or equity of redemption in Customer, which right or equity of redemption is hereby expressly released;

(i) collect, receive, appropriate and realize upon the Collateral, or any part thereof, including by applying any deposit or other cash collateral, or collecting or receiving, appropriating and realizing upon any income, profits or other proceeds arising from the management or use of the Airframe, the Engines or any of the other Collateral, and applying the same (after deducting all taxes, costs, expenses and other reductions of every kind incurred in connection therewith) to the payment in whole or in part of the Obligations, in such order and manner as Lender may elect; and (ii) after making such application, (A) remitting to Customer or to such other Person any excess then remaining, as and to the extent Lender is required by Applicable Law to make such remittance and (B) demanding, collecting and receiving from Customer any deficiency then remaining (and Customer agrees that it shall remain liable for, and pay upon demand, the full amount of any such deficiency);

(i) demand and obtain from any court speedy relief pending final determination available at law (including, possession, control, custody or immobilization of the Airframe and Engines, or preservation of the Airframe and the Engines and their respective value), (ii) procure the deregistration and/or export and physical transfer of the Airframe from the territory in which it is then situated (including pursuant to an IDERA, if any, executed by Customer), and/or (iii) otherwise proceed at law or in equity, to enforce specifically Customer's performance or to recover damages; and/or

exercise any and all other rights and remedies under or with respect to the Loan Documents or Applicable Law, including the Cape

Town Convention and the UCC.

No Waiver: Cumulative Remedies. No right or remedy is exclusive. Customer hereby acknowledges that none of the provisions of this Section 7, including any remedies set forth or referenced herein, is "manifestly unreasonable" for the purposes of the Cape Town Convention. Each may be used successively and cumulatively and in addition to any other right or remedy referred to above or otherwise available to Lender at law or in equity, but in no event shall Lender be entitled to recover any amount in excess of the maximum amount recoverable under Applicable Law with respect to any Event of Default. No express or implied waiver by Lender of any Default or Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default. The failure or delay of Lender in exercising any rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or reoccurrence of any such contingencies or similar contingencies, and any single or partial exercise of any particular right by Lender shall not exhaust the same or constitute a waiver of any other right provided for or otherwise referred to herein. After the occurrence of any Default or Event of Default, the acceptance by Lender of any payment or performance of any of the Obligations, including the payment of any installment of principal and/or interest or of any other sum owing hereunder or under the other Loan Documents shall not constitute a waiver of such Default or Event of Default, regardless of Lender's knowledge or lack of knowledge thereof at the time of acceptance of any such payment or performance and shall not constitute a reinstatement of any of the Loan Documents, unless Lender shall have agreed in writing to reinstate the same and waive the Default or Event of Default. To the extent permitted by Applicable Law, Customer waives any rights now or hereafter conferred thereby, that (a) limit or modify any of Lender's rights or remedies under this Agreement or any of the other Loan Documents, including the provisions of Article 13(2) of the Convention, or (b) would otherwise entitle Customer to (i) receive notices or demands as a condition to Lender's exercise of any rights or remedies, except as expressly required above or (ii) make claims, damages and demands against Lender arising out of the repossession, retention, sale or other disposition of the Collateral.

#### **MISCELLANEOUS**

Notices. All communications and notices provided for herein shall be in writing and shall be deemed to have been duly given or made (i) upon hand delivery, or (ii) upon delivery by an overnight delivery service, or (iii) when sent by telecopy (with customary confirmation of receipt of such telecopy) on the Business Day when sent or upon the next Business Day if sent on other than a Business Day.

#### Expenses and Fees; Indemnity; Performance of Customer's Obligations

Customer shall pay to Lender upon demand all reasonable fees, costs and expenses incurred by or on behalf of Lender at any time in connection with (i) the negotiation, preparation, execution, delivery and enforcement of the Loan Documents and the collection of the Obligations (both before and after the occurrence of a Default or Event of Default), (ii) the creation, preservation and protection of the Collateral and the perfection, first priority and enforcement of Lender's Lien, or (iii) Customer's exercise of any right granted under, or any amendment or other modification to any of, the Loan Documents. Such fees, costs and expenses shall include, without limitation, reasonable appraisal and inspection fees, the reasonable fees and expenses of Aviation Counsel and of Lender's counsel, consultants and brokers, UCC, FAA, International Registry and other applicable title, interest and lien searches, and reasonable costs and expenses relating to recovery, repossession, storage, insurance, transportation, repair, refurbishment, advertising, sale and other dispositions of the Aircraft or any of the other Collateral. Customer shall also pay all reasonable fees (including license, filing and registration fees), Impositions and other charges of whatever kind or nature that may be payable or determined to be payable in connection with (A) the execution, delivery, recording or performance of this Agreement or any of the other Loan Documents, or any modification thereof, and (B) the filings, registrations and other undertakings relating thereto. Notwithstanding the foregoing, as long as there are no more than two (2) revised drafts of any Loan Document provided by Customer or its counsel to Lender or Lender's counsel, Customer shall be responsible for not more than \$35,000.00 in the aggregate for the legal fees of outside counsel to Lender (including, Aviation Counsel) and appraisal, inspection, processing, credit verification, lien searches, FAA and International Registry fees and other fees incurred in connection with the initial negotiation, preparation and execution of this Agreement and the other Loan Documents executed and delivered on or before the Closing Date (and the consummation of the closing contemplated to occur thereon); provided that in the event that the negotiation exceeds two (2) revised drafts of any Loan Document, then Customer shall pay for the actual amount of such out of pocket fees incurred by Lender relating to the drafting and negotiation in excess of such two (2) revised drafts. Lender shall apply the previously paid deposit amount of \$35,000.00 to such fees and shall refund to Customer the amount by which the deposit exceeds such fees.

Customer hereby further agrees, whether or not the transactions contemplated by this Agreement shall be consummated, to pay, indemnify, and hold Lender and its affiliates and all of the Lender's and such affiliates' respective directors, shareholders, members, officers, employees, agents, predecessors, attorneys-in-fact, lawyers, successors and assigns (Lender, its affiliates and all of such other parties and entities sometimes hereinafter collectively, the "**Indemnified Parties**") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, out of pocket costs, attorney's fees, expenses or disbursements of any kind or nature whatsoever ("**Claims**") arising with respect to or in connection with (i) the Airframe, the Engines, or any APUs or Parts, or any of the other Collateral, including (whether by or through Customer, Vendor, any Interested Third Party, or any other Person), the manufacture, inspection, ownership, lease, sublease, management, pooling, interchange, time sharing, chartering, possession, use, operation, maintenance, security, condition (whether prior to, upon or after delivery or acceptance of any of the same), repossession, storage, sale or other disposition of any of the same, or any accident in connection therewith, including Claims involving or alleging environmental damage, criminal acts, hijacking, acts of terrorism or similar acts, product liability or strict or absolute liability in tort, latent and other defects (whether or not discoverable) and for any other risk or matter, including any of the same that result in injuries, death, destruction, or other harm or loss to persons or property, or (ii) any of the Loan Documents, Third Party Agreements or other Transaction Documents, or the performance, breach (including any Default or Event of Default) or enforcement of any of the terms hereof or thereof, provided, that Customer shall have no obligation to indemnify an Indemnified Party with respect to Claims arising from the gross negligence or willful misconduct of such Indemnified Party (unless if imputed by Applicable Law). If any Claim is made against any Indemnified Party, the party receiving notice or otherwise becoming aware of such Claim shall promptly notify the other, but the failure of the party having knowledge of a Claim to so notify the other party shall not relieve Customer of any obligation hereunder.

If any Customer Party fails to perform or comply with any of its agreements contained herein or in the other Loan Documents, including, without limitation, its obligations to keep the Collateral free of Liens (other than the Permitted Liens), comply with Applicable Standards, or obtain the Required Coverages, Lender shall have the right, but shall not be obligated, to effect such performance or compliance, with such agreement. Any expenses of Lender incurred in connection with effecting such performance or compliance, together with interest thereon at the default rate of interest provided for in the Note from the date incurred until reimbursed, shall be payable by Customer to Lender promptly on demand and until such payment shall constitute part of the Obligations secured hereby. Any such action shall not be a cure or waiver of any Default or Event of Default hereunder.

Entire Agreement; Modifications. This Agreement and the other Loan Documents constitute the entire understanding and agreement of the parties hereto with respect to the matters contained herein and therein, and shall completely and fully supersede all other prior agreements (including any proposal letter, commitment letter, and/or term sheet), both written and oral, between Lender and Customer relating to the Obligations. Neither this Agreement, nor any terms hereof, may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of a change, waiver, discharge or termination is sought.

Construction of this Agreement and Related Matters. All representations and warranties made in this Agreement and in the other Loan Documents shall survive the execution and delivery of this Agreement and the making of the Loan hereunder. Customer's obligations contained in

this Section 8 shall survive the payment and performance of the Obligations, the termination of this Agreement, and the release of the Collateral. This Agreement may be executed by the parties hereto on any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. The headings of the Sections hereof are for convenience only, are not part of this Agreement and shall not be deemed to affect the meaning or construction of any of the provisions hereof. Time is of the essence in the payment and performance of all of Customer's obligations under this Agreement. Any provision of this Agreement that may be determined to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective in such jurisdiction to the extent thereof without invalidating the remaining provisions of this Agreement, which shall remain in full force and effect.

Lender's Assignment. Lender, may at any time, with or without notice to Customer, freely grant a security interest in, sell, assign, participate or otherwise transfer (an "**Assignment**") all or any part of its interest in this Agreement and the other Loan Documents (including all associated rights associated with or secured thereby and the related international interests) or any amount due or to become due hereunder or thereunder, and Customer shall perform all of its obligations under the Loan Documents, to the extent so transferred, for the benefit of the beneficiary of such Assignment (such beneficiary, including any successors and assigns, an "**Assignee**"); provided, however, if such Assignee is not an Affiliate of Lender and if no Default or Event of Default exists, Lender will provide prior notice of any such Assignment to a third party. Customer hereby waives any right to assert, and agrees not to assert, against any Assignee any abatement, reduction, defense, setoff, recoupment, claim or counterclaim that Customer may have against Lender, provided that Lender remains fully responsible therefor. Upon the assumption by such Assignee of Lender's obligations hereunder, Lender shall be relieved of any such assumed obligations. Customer hereby consents to any such assignment, grant, sale or transfer, including, without limitation, for purposes of the Cape Town Convention. If so directed in writing, Customer shall pay all amounts due or to become due under the Loan Documents, including any of the same constituting associated rights or proceeds directly to the Assignee or any other party designated in writing by Lender or such Assignee. Customer acknowledges and agrees that Lender's right to enter into an Assignment is essential to Lender and, accordingly, waives any restrictions under Applicable Law with respect to an Assignment and any related remedies. Upon the request of Lender or any Assignee, Customer also agrees (a) to promptly execute and deliver, and cause to be executed and delivered by any Guarantor or any other Transaction Party, to Lender or to such Assignee an acknowledgment of assignment in form and substance satisfactory to the requesting party, an insurance certificate naming Assignee as additional insured and loss payee and otherwise evidencing the Required Coverages, an IDERA in favor of Assignee, and such other documents and assurances reasonably requested by Lender or Assignee, (b) to make, or cause to be made, all registrations (including all assignments and subordinations) and all amendments, extensions and discharges with the International Registry reasonably requested by Lender or Assignee (and give or obtain any necessary consent thereto, as well as renew any authorization required by the International Registry in connection therewith, including renewing its transacting user entity status and re-designating a professional user entity, if necessary in Lender's judgment), and (c) to comply with any and all other reasonable requirements of any such Assignee in connection with any such Assignment.

Jurisdiction. Customer and Lender each hereby irrevocably consents and agrees that any legal action, suit or proceeding arising out of or in any way in connection with this Agreement or any of the other Loan Documents may be instituted or brought in the courts of the State of New York or in the United States Courts for the Southern District of New York, as Customer or Lender may elect or in any other state or Federal court as Lender shall deem appropriate, and by execution and delivery of this Agreement, Customer and Lender each hereby irrevocably accepts and submits to, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of any such court, and to all proceedings in such courts. Customer and Lender each irrevocably consents to service of any summons and/or legal process by first class, certified United States air mail, postage prepaid, to Customer at the address set forth below its signature hereto, such method of service to constitute, in every respect, sufficient and effective service of process in any such legal action or proceeding. Nothing in this Agreement or in any of the other Loan Documents shall affect the right to service of process in any other manner permitted by law or limit the right of Lender to bring actions, suits or proceedings in the courts of any other jurisdiction. Customer and Lender each further agrees that final judgment against it in any such legal action, suit or proceeding shall 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 shall be conclusive evidence of the fact and the amount of the liability. Notwithstanding anything in the foregoing to the contrary, Lender and Customer may bring a judicial proceeding in the Republic of Ireland, solely with respect to matters relating to the International Registry.

Governing Law; Binding Effect. This Agreement shall be construed and enforced in accordance with, and the rights of both parties shall be governed by, the internal laws of the State of New York (without regard to the conflict of laws principles of such state, except as to the effect of Title 14, Section 5-1401 of the New York General Obligations Law), including all matters of construction, validity, and performance. This Agreement shall be binding upon and inure to the benefit of Customer and Lender and their respective successors and assigns (but without limiting the provisions of Section 8.5); except that Customer may not assign or transfer its rights or obligations hereunder or under any other Loan Agreement, or any interest herein or therein; and any such purported or attempted assignment or transfer by Customer shall be null and void.

Customer's Capacity as Owner Trustee. TVPX Aircraft Solutions Inc. ("TVPX") is executing this Agreement, and the other Loan Documents solely in its capacity as Owner Trustee under the Trust Agreement and not in its individual capacity and in no case shall TVPX be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of the Customer hereunder, or under any Loan Document, all such liability, if any, being expressly waived by the parties hereto and any Person claiming by, through, or under such party. Under no circumstances shall TVPX be personally liable for the payment of any other amount stated to be due from the Customer hereunder, or under any Loan Document, or be personally liable for the breach or failure of any of Customer's representations, warranties, covenants, obligations, undertakings and agreements hereunder, or under any Loan Documents; provided, however, that the Customer (or any such successor owner trustee) shall be personally liable hereunder for its own gross negligence or willful misconduct or for its breach of its covenants, representations and warranties contained herein, or in any Loan Document, to the extent covenanted or made in its individual capacity.

Jury Waiver. CUSTOMER AND LENDER EACH HEREBY KNOWINGLY AND FREELY WAIVES THEIR RESPECTIVE RIGHTS TO A JURY TRIAL IN ANY ACTION, SUIT OR PROCEEDING RELATING TO, ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE NOTE OR ANY OF THE OTHER LOAN DOCUMENTS.

**[Signatures On Next Page]**

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Loan and Aircraft Security Agreement

IN WITNESS WHEREOF, the parties hereto have caused this Loan and Aircraft Security Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

BANC OF AMERICA LEASING & CAPITAL, LLC, Lender

TVPX AIRCRAFT SOLUTIONS INC., a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust

Agreement dated July \_\_\_\_, 2017,  
Customer

By:  
Name:  
Title:  
Notice Address:

One Financial Plaza, 2nd Floor  
Providence, Rhode Island 02903  
Attention: Director of Aircraft Operations  
Telephone: 800-238-3737  
Facsimile: 401-278-7941

By:  
Name:  
Title:

Notice Address:

39 East Eagle Ridge Drive, Ste. 201  
North Salt Lake, UT 84054  
Telephone: (801) 924-367  
Facsimile: (801) 877-0478

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### LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)

**THIS LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)** (together with all Addenda, Riders and Annexes hereto, this "**Agreement**") is dated as of July 27, 2017 (the "**Closing Date**"), by and between **TVPX AIRCRAFT SOLUTIONS INC.**, a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated as of July 27, 2017 ("**Customer**") and **BANC OF AMERICA LEASING & CAPITAL, LLC**, a Delaware limited liability company ("**Lender**").

In consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

Capitalized and certain other terms used but not otherwise defined in this Agreement shall have the meanings ascribed to them in Annex A attached hereto and made a part hereof.

#### Terms of Loan .

Loan and Use of Proceeds . Subject to the terms and conditions of this Agreement, Lender agrees to make a loan to Customer in the principal amount set forth in Annex B attached hereto and made a part hereof (the "**Loan**"). Customer shall use the proceeds of the Loan to finance the costs of the acquisition of the Aircraft.

Repayment and Prepayment . The Customer's obligation to repay the Loan shall be evidenced by one or more Promissory Notes dated on and/or after the Closing Date, payable by Customer to the order of Lender in the original principal amount of the Loan (as amended, modified, restated, extended and renewed from time to time, the "**Note**"). The Loan shall bear interest and be repaid by Customer at the times and in the manner set forth in the Note. The Loan may be prepaid only in the manner and subject to terms and conditions set forth in the Note and, if applicable, Section 4.7 hereof.

Conditions of Borrowing . Lender's obligation to make the Loan shall be both subject to and conditioned upon the satisfaction of all of the conditions precedent specified in the Closing Terms Addendum attached to and made a part of this Agreement.

Representations and Warranties . In order to induce Lender to enter into this Agreement and to make the Loan herein provided for, Customer represents, warrants and covenants to Lender that:

(i) Customer (A) is duly qualified to do business in each jurisdiction in which the conduct of its business or the ownership or operation of its assets requires such qualification, including the jurisdiction of the Primary Hangar Location and wherever any of the Collateral may become located; (B) has the necessary authority and power to own and operate the Aircraft and its other assets and to transact the business in which it is engaged; (C) is a "citizen of the United States" within the meaning of the Transportation Code; and (D) has the form of business organization set forth in Annex B hereto and is and will remain duly organized, validly existing and in good standing under the laws of the state of its organization set forth in Annex B hereto, its federal tax identification number is as set forth in Annex B hereto, and its state-issued organizational identification number (if any), chief executive office and principal place of business address are all as set forth on Annex B hereto; and (ii) its name as shown in the preamble of this Agreement is its exact legal name as shown on its charter, by-laws, articles of organization or operating agreement, as applicable, each as amended as of the Closing Date;

(i) Customer's execution and delivery of, and performance of its obligations under and with respect to, each of the Loan Documents (including its borrowing the amounts constituting the Loan, granting the Lender's Lien against the Aircraft and other Collateral and participating in the other transactions contemplated herein and therein), (A) have been duly authorized by all necessary action on the part of Customer consistent with its form of organization, (B) do not contravene or constitute a default under any Applicable Law, any of Customer's Organizational Documents, or any agreement, indenture, or other instrument to which Customer is a party or by which it may be bound, (C) do not require the approval of or notice to (1) any Governmental Authority, except for the filings and registrations specified in the Closing Terms Addendum, all of which shall have been duly effected prior to or concurrently with Lender making the Loan, or (2) any other party (including any trustees or holders of indebtedness), and (D) will not result in the creation or imposition of any Lien on any of the assets of Customer other than the Lender's Lien created hereby and by the other Loan Documents with respect to the Collateral; (ii) each of the Transaction Documents referenced in the Closing Terms Addendum to which Customer is a party has been duly executed and delivered by an authorized representative of the Customer, and constitutes the legal, valid and binding obligation of the Customer, enforceable against it in accordance with the respective terms of such Transaction Documents (including, without limitation, the grant of the Lender's Lien); and (iii) without limiting the foregoing, upon Lender's advancing the Loan on the Closing Date, (A)

Customer will have satisfied or complied with all conditions precedent and requirements as set forth in the Loan Documents required to have been satisfied or complied with concurrently with or prior to such advance and (B) no Default or Event of Default shall be then existing;

there are no proceedings pending or, so far as the officers, managers, or members of Customer know, threatened against or affecting Customer or any of its property before any Governmental Authority that could impair Customer's title to the Aircraft or any of the other Collateral, or that, if decided adversely, could materially affect the financial condition or operations of Customer or its ability to perform its obligations under any of the Loan Documents;

(i) Customer has, and shall continue to have, good and marketable title to the Collateral, free and clear of Liens, except Permitted Liens; (ii) the Lender's Lien in the Airframe, the Engines and the other Collateral is and shall remain validly created and perfected, and has and shall continue to have first priority over any other Liens pursuant to all Applicable Laws; and (iii) all filings, recordings, registrations or other actions necessary or desirable in order to vest such title in Customer, and establish, perfect and give first priority to Lender's Lien and other rights and interests in, against or with respect to the Collateral, have been duly effected, and all Impositions in connection therewith have been duly paid;

without limiting any of the other representations and warranties in this Agreement, for the purposes of the Cape Town Convention and any other Applicable Law, (i) upon the conclusion of the sale of the Aircraft to Customer, and Customer's grants and assignments, and (if constituting a lease) any Permitted Third Party Agreement, contemplated in the Loan Documents or other Transaction Documents, Customer and (if a lessee) any Interested Third Party shall be situated in, and Customer will cause the Aircraft to be duly registered in, the United States of America (which is a contracting state), (ii) with respect to any of the Transaction Documents relating to the Airframe or Engine, each of the respective parties thereto has power to dispose of the Airframe and Engine, as contemplated therein by way of the relevant Transaction Document, and (iii) the Purchase Documents qualify as a "contract of sale", and (if constituting a lease) any Permitted Third Party Agreement and the Loan Documents are effective to constitute international interests in the Airframe and Engine and security assignments of the related associated rights and transfer of the related international interests, as contemplated therein, and each such Registerable Interest will be effective against third parties upon registration at the International Registry, without any further filings or registrations (except as contemplated in the Loan Documents);

(i) the Aircraft (A) has been delivered to Customer, is in Customer's possession and is, as of the Closing Date, unconditionally, irrevocably and fully accepted by Customer, (B) has been inspected by Customer to its complete satisfaction and, without limiting the foregoing, (1) has been found to be in good working order, repair and condition and fully equipped to operate for its intended purpose, and (2) is in conformity with the requirements of the Purchase Agreement and the Applicable Standards, (C) is, or will be at the time of the funding of the Loan, currently certified under existing FAA rules and regulations and any other Applicable Laws and is airworthy in all respects, and (D) is and will remain primarily hangared at the Primary Hangar Location; and (ii) without limiting the foregoing, (A) solely as between Lender and Customer (and without prejudicing Customer's rights against Vendor or any other third party, which rights are not being disclaimed hereby), Customer has no pending claims and has no knowledge of any facts upon which a future claim may be based, against any prior owner, the seller, manufacturer or supplier of the Aircraft or any of the other Collateral, for breach of warranty or otherwise, and (B) all of the information contained in Annex C, including the registration number of the Aircraft, and the serial numbers, manufacturer and model numbers of the Airframe, Engines, and APU, are true and accurate in all respects; and

(h) the Aircraft (i) is currently capable of being certified under existing FAA rules and regulations and completely airworthy in all respects, (ii) will undergo an inspection by a Designated Airworthiness Representative of the FAA (" **DAR** ") on the Closing Date and (iii) an FAA Standard Airworthiness Certificate (AC Form 8100-2) shall be issued for the Aircraft no later than two (2) Business Days after the Closing Date.

**Covenants** . Customer covenants and agrees that from and after the Closing Date and so long as any of the Obligations are outstanding:

Notices; Financial Information; and Further Assurances . Customer will, at its sole expense:

promptly give written notice to Lender of (i) the occurrence of any Default or Event of Default; (ii) the occurrence of any Event of Loss or event of which Customer may be aware that could become an Event of Loss; (iii) the commencement or written threat of any material litigation or proceedings affecting Customer or any material litigation or proceedings affecting the Aircraft or any of the other Collateral, or the ability of Customer to comply with its obligations under the Loan Documents; and (iv) any material dispute between Customer or any Interested Third Party and any Governmental Authority or other party that involves the Aircraft or any of the other Collateral or that might materially interfere with the normal business operations of Customer;

cause Guarantor to comply with the financial reporting requirements set forth in the Guaranty and promptly furnish to Lender any such financial and other information regarding the Customer or Guarantor or any of its Affiliates as Lender may from time to time reasonably request; and

promptly execute and deliver to Lender such further instruments, UCC and FAA filings (including an IDERA) and other documents, make, cause to be made and/or consent to all registrations (including any discharges and subordinations, or as to the prospective or actual sale of, and any international interest in, the Engines) with the International Registry, and take such further action, as Lender may from time to time reasonably request in order to further carry out the intent and purpose of the Loan Documents and to establish, protect and enforce the rights, interests, remedies and Liens (including the first priority thereof) created, or intended to be created, in favor of Lender thereby.

General Obligations . (a) Customer agrees that it shall (i) duly observe and conform to all requirements of Applicable Law relating to the conduct of its business and/or the Aircraft, (ii) remain a "citizen of the United States" within the meaning of the Transportation Code, (iii) obtain and keep in full force and effect (A) all rights, franchises, licenses and permits that are necessary to the proper conduct of its business, and (B) all approvals by any Governmental Authority required with respect to the performance of its obligations under the Loan Documents and the operation of the Aircraft and its business, (iv) cause the Aircraft to remain primarily hangared at the Primary Hangar Location, and duly registered in Customer's name under the Transportation Code (including, by making all necessary reports, re-registering its ownership of the Aircraft, and taking all other actions required by Applicable Law), and (v) pay and perform all of its obligations and liabilities when due. (b) Customer agrees that (i) it shall not change its presently existing legal name or its form or state of organization on or after the date of this Agreement, without Lender's prior written consent, (ii) if its presently existing state organizational identification number changes, or if Customer currently has no such state organizational number but is subsequently issued such a number, on or at any time after the date of this Agreement, Customer shall immediately notify Lender thereof, and (iii) it shall not change the presently existing mailing, chief executive office and/or principal place of business address on or after the date of this Agreement without giving Lender thirty (30) days written notice of the same.

Taxes . (a) Customer will file or cause to be filed with all appropriate taxing authorities all Federal, state and local income tax returns that are required to be filed and all registrations, declarations, returns and other documentation with respect to any personal property taxes (or any other taxes in the nature of or imposed in lieu of property taxes) due or to become due with respect to the Aircraft or any of the other Collateral. (b) Customer will pay (or cause to be paid) (i) on or before the date when due all taxes as shown on said returns and all taxes assessed, billed or otherwise payable with respect to the Aircraft or the other Collateral directly to the appropriate taxing authorities; and (ii) when due all license and/or registration or filing fees, assessments, governmental charges and sales, use, property, excise, privilege, value added and other taxes (including any related interest or penalties) or other charges or fees now or hereafter imposed by any governmental body or agency upon Customer or the Aircraft or any of the other Collateral, with respect to the landing, airport use, manufacturing, ordering, shipment, purchase, ownership, delivery, installation, leasing, chartering, operation, possession, use or disposition of the Aircraft or any of the other Collateral, or any interest therein (the items referred to in (i) and (ii) above being referred to herein collectively, as "**Impositions** ").

#### No Disposition of Collateral or Liens: Title and Security Interest.

Customer shall not sell, assign, enter into any Third Party Agreement, convey, mortgage, exchange or otherwise transfer or relinquish possession of (including by any seizure or other taking by any foreign or domestic governmental authority) or dispose of the Airframe or Engines, any Part, any related associated rights, international interests or prospective international interests, any proceeds or any of the other Collateral, or attempt or offer to do, or suffer or permit any of the foregoing. Customer shall be permitted, however, to deliver possession of the Airframe, the Engines, or any APU or Part to another Person for testing, service, repair, maintenance, overhaul, alteration or modification, and to enter into Permitted Third Party Agreements, in each case, if and to the extent consistent with the provisions of the Loan Documents. Customer will warrant and defend its good and marketable title to the Airframe, the Engines and the other Collateral, and the validity, perfection and first priority of Lender's Lien in the Collateral, against all other Liens, claims and demands whatsoever, except Permitted Liens; and without limiting the foregoing, Customer will (i) not create, assume or suffer to exist any Liens on or with respect to the Airframe, the Engines, or any of the other Collateral, or Customer's interest therein (other than Permitted Liens); and (ii) promptly take such action as directed by Lender to duly discharge any such unpermitted Liens.

So long as no Default or Event of Default is then existing, Customer may enter into and remain a party to Third Party Agreements, in each such case, subject to the satisfaction of, and compliance by Customer and each Interested Third Party with, all of the following throughout the term of such arrangement: (i) Each such Interested Third Party shall (A) be and remain solvent, and (unless an individual) organized under the laws of a state within the United States; and (B) if engaged by Customer with the prior written consent of Lender as a manager and/or charter operator (including the Manager pursuant to the Management Agreement), while so engaged, (1) have a recognized favorable reputation as a manager and/or charter operator, as the case may be, of aircraft similar to the Aircraft, (2) be providing management and/or charter operation services for other aircraft owners similar to the services contemplated therein, and (3) if and at all times while conducting any charter operations (x) have and maintain a valid Part 135 Certificate evidencing its authority to conduct such operations, (y) list the Aircraft on its operations specifications, and (z) comply with all Applicable Standards pertaining to such charter operations. (ii) Any operation of the Aircraft pursuant to any such Third Party Agreement shall be limited to (A) if by Customer, Parent Guarantor or any Affiliate of Parent Guarantor, any time sharing agreements (as defined in Section 91.501(c)(1)) complying with Part 91 of the FARs and all other Applicable Standards, (B) if by a manager and/or a charter operator with Lender's prior written consent, pursuant to and in full compliance with the requirements of Part 135 of the FARs and all other Applicable Standards, or (C) if such Third Party Agreement is a "dry lease" by Customer, as lessor, to Parent Guarantor or an Affiliate of Parent Guarantor or other Interested Third Party permitted pursuant hereto, as lessee, operation by such lessee complying with (1) Part 91 and any other applicable provision of the FARs, and all other Applicable Standards, and (2) the provisions hereof and of the other Loan Documents pertinent to the operation of the Aircraft (whether by Customer or any permitted Interested Third Party). (iii) The related Third Party Agreement shall (A) be and remain, subject and subordinate to Lender's Lien in and with respect to the Collateral, and Lender's rights and remedies under the Loan Documents (and such subordination shall be expressly acknowledged therein), (B) not convey any Lien on, or other property interest in or against the Airframe, the Engines or any of the other Collateral, except for a Permitted Lien (but, without giving effect to clause (a) of the definition of such term), (C) not permit any further sublease or disposition of or unpermitted Lien against the Aircraft or any of the other Collateral by any of the Interested Parties thereto or any other Person, or any change in registration or unpermitted change in hanging of the Aircraft, (D) not contain provisions that are inconsistent with the provisions of any of the Loan Documents or cause Customer to breach any of its representations, warranties or agreements under any of the Loan Documents, (E) be in conformity with all requirements of the FARs and other Applicable Laws, and (F) otherwise conform to any Operating Consent required by Lender with respect thereto. (iv) (A) Customer shall have specified such Third Party Agreement on Annex B if existing on the Closing Date, or if not then existing shall require Lender's prior written consent and at least thirty (30) Business Days' prior written notice of its intention to enter into a Third Party Agreement and (B) no later than the effective date thereof Customer shall comply with, and at all times thereafter remain in compliance with, any related requirements by Lender, including (1) entering into, and causing any related Interested Third Parties to enter into, an Operating Consent, (2) causing Lender to be covered by the Required Coverages (which, for the purposes hereof, may include insurance coverages obtained and maintained by an Interested Third Party, conforming to the insurance requirements herein and in any of the other Loan Documents), and (3) entering into or delivering, or causing to be entered into and delivered, all such other documents, filings and assurances, making or causing to be made such filings and registrations, and taking or causing to be taken all such other actions, in each case as may be required by Lender and (4) paying or reimbursing Lender for any related costs or expenses. (v) Lender shall have the right, but not the obligation, to (A) require reasonable evidence that any Interested Third Party satisfies the requirements provided herein, and (B) review any such Third Party Agreement, as from time to time supplemented and amended, to determine its conformity with the provisions hereof, but without assuming any responsibility with respect thereto. (vi) Customer shall neither make, nor permit to be made, any filing or registration with respect to any Permitted Third Party Agreement, unless so directed by Lender pursuant to Section 5.2 or otherwise. Notwithstanding the foregoing limitations Parent Guarantor or any Affiliate shall be permitted to conduct the carriage of Parent Guarantor or any Affiliate and/or their respective guests pursuant to 14 CFR Section 91.501(b)(4), affiliated group operations pursuant to 14 CFR Section 91.501(b)(5) and/or (6), demonstration flights pursuant to 14 CFR Section 91.501(b)(3), time sharing or interchange operations pursuant to 14 CFR Section 91.501(b)(6), the carriage of customers pursuant to 14 CFR Section 91.501(b)(9) and/or the carriage of candidates in Federal elections conducted pursuant to 14 CFR Section 91.321.

With respect to any Third Party Agreements complying with all of the provisions of Section 4.4(b) (each a "**Permitted Third Party Agreement**"), although certain of the duties and obligations of Customer under the Loan Documents may be performed by one or more of the Interested Third Parties, (i) no such Permitted Third Party Agreement shall reduce any of Customer's obligations, or Lender's rights, under any of the Loan Documents, (ii) all of Customer's obligations under the Loan Documents shall be and remain primary and continue in full force and effect as the obligations of a principal and not of a guarantor or surety, and (iii) Lender is not waiving the right to require full and timely performance of any such obligations in strict accordance with the provisions hereof and of the other Loan Documents. By way of clarification and not limitation, with respect to any provisions of this Agreement or any of the other Loan Documents requiring Customer to take or refrain from taking an action relating to the Aircraft or any of the other Collateral, such provision may also be read to mean that Customer shall cause the same to be done in accordance therewith, if at that time the Aircraft or such other Collateral is in the possession or control of an Interested Third Party pursuant to a Permitted Third Party Agreement.

#### Use of Aircraft; Maintenance; Modifications; Security.

Customer will operate the Aircraft or shall cause the Aircraft to be operated under and in compliance with Part 91 and any other applicable provision of the FARs, and all other Applicable Standards. Unless otherwise expressly permitted hereunder, (i) Customer shall not operate or permit the Aircraft to be operated for air taxi operations or otherwise under Part 135 of the FARs; and (ii) Customer, an Affiliate or other Interested Third Party shall at all times have, and maintain, "operational control" of the Aircraft (as such term is then interpreted by the FAA or such other applicable Governmental Authority), and no other Person shall operate the Aircraft. The Aircraft at all times will be operated by duly qualified pilots having satisfied all requirements established and specified by the FAA, the TSA, any other applicable Governmental Authority and the Required Coverages.

the Aircraft may be flown temporarily to any country in the world, provided that the Aircraft (i) shall at all times be based in the continental United States; and (ii) shall not be flown, operated, used or located in, to or over any such country or area (temporarily or otherwise) (A) that is excluded from the Required Coverages (or specifically not covered by such

insurance), (B) with which the U.S. does not maintain favorable diplomatic relations (which is any country or jurisdiction not marked with an “\*” on the list maintained by the U.S. Department of State, at <http://www.state.gov/s/inr/rls/4250.htm> or any replacement or equivalent website maintained by the U.S. Department of State), provided that the prohibition in this clause (B) does not prohibit the operation of the Aircraft on an approved and assigned air traffic control route (if and so long as such use is otherwise in compliance with the provisions of the this Agreement and does not violate any insurance policies in effect with respect to the Aircraft), (C) to the extent that payment of any claim under the Required Coverages directly or indirectly arising or resulting from or connected with any such flight, operation, use or location would be prohibited under any trade or other economic sanction or embargo by the United States of America, or (D) in violation of any of the Loan Documents or any Applicable Standards. Customer shall adopt, implement and comply with all security measures required by any Applicable Law, or by any Required Coverages, or that are necessary or appropriate for the proper protection of the Aircraft (whether on the ground or in flight) against theft, vandalism, hijacking, destruction, bombing, terrorism or similar acts.

Customer agrees that, with respect to the Airframe, the Engines, each APU and each Part, Customer will at its own expense, (i) maintain, inspect, service, repair, overhaul and test the same in accordance with Applicable Standards; (ii) make any alterations or modifications that may at any time be required to comply with Applicable Standards, and to cause the Aircraft to remain airworthy; (iii) furnish all required parts, replacements, mechanisms, devices and servicing so that the condition and operating efficiency thereof will at all times be no less than its condition and operating efficiency as and when delivered to Customer, ordinary wear and tear from proper use alone excepted; (iv) promptly replace all Parts (A) which become worn out, lost, stolen, taken, destroyed, damaged beyond repair or permanently rendered or declared unfit for use for any reason whatsoever, or (B) if not previously replaced pursuant to clause (A), as and when required by any Applicable Standards, including any applicable life limits; and (v) maintain (in English) all Records in accordance with Applicable Standards; and (vi) enroll and maintain the Engines in an Engine Maintenance Program and the APU in an APU Maintenance Program or shall cause the foregoing to be done. All maintenance procedures shall be performed by properly trained, licensed, and certified maintenance sources and personnel utilizing replacement parts approved by the FAA and the manufacturer of (as applicable) the Airframe, the Engines, or any APU or Part. Without limiting the foregoing, Customer shall comply with all mandatory service bulletins and airworthiness directives by causing compliance to such bulletins and/or directives to be completed through corrective modification in lieu of operating manual restrictions.

Customer will not make, authorize or permit any improvement, change, addition or alteration to the Aircraft that will impair the originally intended function or use of the Aircraft, diminish the value of the Aircraft as it existed immediately prior thereto, or violate any Applicable Standard. All repairs, parts, replacements, mechanisms and devices added by Customer or on its behalf shall immediately, without further act, become part of the Aircraft and subject to the Lender's Lien granted under this Agreement.

#### Insurance.

Customer agrees to maintain or cause to be maintained at all times, at its sole cost and expense, with insurers of recognized reputation and responsibility satisfactory to Lender (but in no event having an A.M. Best or comparable agency rating of less than “A-”):

(A) comprehensive aircraft liability insurance against bodily injury or property damage claims including, without limitation, contractual liability, premises liability, death and property damage liability, public and passenger legal liability coverage, and sudden accident pollution coverage, in an amount not less than \$200,000,000.00 for 20 or more seats, or if the Aircraft will be chartered, or \$100,000,000.00 for 10 or more seats, or \$50,000,000.00 for fewer than 10 seats for each single occurrence, and (B) personal injury liability in an amount not less than \$25,000,000.00; but, in no event shall the amounts of coverage required by sub-clauses (A) and (B) be less than the coverage amounts as may then be required by Applicable Law;

“all-risk” ground, taxiing, and flight hull insurance on an agreed-value basis, covering the Aircraft, provided that such insurance shall at all times be in an amount not less than the greater of (1) the full replacement value of the Aircraft (as determined by Lender), or (2) the unpaid principal amount of the Note (each such amount re-determined as of each anniversary of the date hereof for the next succeeding year throughout the term of this Agreement); and

war risk and allied perils (including confiscation, appropriation, expropriation, terrorism and hijacking insurance) in the amounts required in paragraphs (i) and (ii), as applicable.

Any policies of insurance carried in accordance with this Section 4.6 and any policies taken out in substitution or replacement of any such policies shall (i) be endorsed to name Lender as an additional insured as its interests may appear (but without responsibility for premiums), (ii) provide, with respect to insurance carried in accordance with Section 4.6(a)(ii) or (a)(iii) above, that any amount payable thereunder shall be paid directly to Lender as sole loss payee and not to Lender and Customer jointly, (iii) provide for thirty (30) days' (seven (7) days' in the case of war, hijacking and allied perils) prior written notice by such insurer of cancellation, material change, or non-renewal, (iv) include a severability of interest clause providing that such policy shall operate in the same manner as if there were a separate policy covering each insured, (v) waive any right of set-off against Lender, and any rights of subrogation against Lender, (vi) provide that in respect of the interests of Lender in such policies, that the insurance shall not be invalidated by any action or inaction of Customer or any other Person operating or in possession of the Aircraft, regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by or binding upon Customer or any other Person operating or in possession of the Aircraft, and (vii) be primary, not subject to any co-insurance clause and shall be without right of contribution from any other insurance.

Customer shall not self-insure (by deductible, premium adjustment, or risk retention arrangement of any kind) with respect to any of the risks required to be insured pursuant to this Section 4.6. Customer agrees that it shall obtain and maintain such other insurance coverages, or cause adjustments to be made to the scope, amount or other aspects of the existing insurance coverages, promptly upon Lender's request, as and when Lender deems such additional insurance coverages or modifications to be appropriate in light of any changes in Applicable Law, prudent industry practices, the insurance market, Customer's anticipated use of the Aircraft or other pertinent circumstances. All of the coverages required herein shall be in full force and effect worldwide throughout any geographical areas to, in or over which the Aircraft is operated. All insurance proceeds payable under the requisite policies shall be payable in U.S. Dollars.

At least ten (10) days prior to the policy expiration date for any insurance coverage required by this Section 4.6, Customer shall furnish to Lender evidence (having the form and substance consistent with Section 1(f) of the Closing Terms Addendum) of the renewal or replacement of such coverage, complying with the terms hereof, for a twelve (12) month or greater period commencing from and after such expiration date.

#### Event of Loss: Loaner Engines.

Upon the occurrence of any Event of Loss with respect to the Aircraft and/or the Airframe, Customer shall notify Lender of any such Event of Loss within five (5) days of the date thereof. Customer shall pay the then Outstanding Balance promptly upon its receipt of insurance proceeds relating to such Event of Loss, but in no event later than ninety (90) days after the occurrence of such Event of Loss (irrespective as to whether any or all of such proceeds have been received). Upon Lender's receipt in good and indefeasible funds of all of the amounts required to be paid pursuant to the preceding sentence (whether by applying Customer's payment of such amounts, or any such insurance proceeds, or both) the Aircraft shall be released from the Lender's Lien, and Lender shall remit to Customer any such insurance proceeds so received by Lender, to the extent then remaining.

Upon an Event of Loss with respect to an Engine or any APU (as applicable, a “ **Lost Item** ”) under circumstances in which there has not occurred an Event of Loss with respect to the Airframe, Customer shall, within one hundred twenty (120) days after the occurrence of such Event of Loss, replace such Lost Item, with a Permitted Replacement. Any engine or auxiliary power unit constituting a “ **Permitted Replacement** ” for a Lost Item shall (i) be of the same make and model number as the Lost Item, (ii) be free and clear of all Liens and (iii) have a value, utility and useful life at least equal to, and be in as good an operating condition as, the Lost Item, assuming such Lost Item was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss. Customer, at its own cost and expense, shall (i) furnish Lender with such documents to evidence such conveyance, (ii) cause the Permitted Replacement to be subject to the Lender’s Lien under this Agreement, and (iii) take such other actions as may be required by Lender to cause the Lender’s Lien therein to be validly created, perfected and have first priority, including as evidenced on the FAA Registry, the International Registry, and any other recording office. Each such Permitted Replacement shall, after such conveyance, be deemed an “Engine” or “APU” (as defined herein), as applicable, and shall be deemed part of the same Aircraft as was the Lost Item replaced thereby.

In the event an Engine is damaged and is being repaired, or is being inspected or overhauled, Customer, at its option, may temporarily substitute another engine during the period of such repair or overhaul, so long as such engine is of the same make and model as the Engine being repaired or overhauled, is free and clear of any Lien that might impair Lender’s rights or interests in the Airframe and is maintained in accordance herewith (any such substitute engine being hereinafter referred to as a “ **Loaner Engine** ”). Customer shall (i) cause such Loaner Engine to be installed and removed, as applicable, by a maintenance facility certified by the FAA and manufacturer with respect to the Aircraft, and (ii) cause the repaired or overhauled original Engine to be reinstalled on the Airframe promptly upon completion of the repair or overhaul, but in no event later than the earlier of one hundred twenty (120) days after removal or the occurrence of an Event of Default.

So long as no Default has occurred and is continuing, and no Event of Default or Event of Loss with respect to the Aircraft has occurred, any loss or damage proceeds of the Required Coverages received by Lender shall be released promptly by Lender to Customer to reimburse Customer for paying the costs actually incurred with respect to repairs made to the Aircraft so as to restore it to the condition required by this Agreement, or for the purchase of a Permitted Replacement pursuant to Section 4.7(b), or shall be disbursed by Lender as otherwise required by this Agreement.

**Aircraft Registration.** On or before the Closing Date, and at all times thereafter, so long as any of the Obligations are outstanding, Customer shall remain solely responsible pursuant to the applicable provisions of this Agreement to cause (i) the Aircraft to be effectively and otherwise validly registered in Customer’s name on the Registry, and (ii) the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft, in each case, accordance with the Registration Requirements; and without limiting the foregoing, or any other provision of this Agreement, Customer shall:

cause the Registration Certificate to be maintained within the Aircraft and cause the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft; including by (A) notifying Lender immediately of any event or circumstance with respect to which the Registration Requirements require further action by Customer, the Registry or any other Governmental Authority or other Person, (B) immediately upon receipt, placing the original, replacement or renewal Registration Certificate on the Aircraft prior to the expiration or other invalidation of any previously issued Registration Certificate (whether the certificate or any other document constituting the Registration Certificate as defined herein) under the Registration Requirements, and (C) complying with any and all of the other Registration Requirements relating to such Registration Certificate, and to the Registration Certificate replaced thereby (including any of the same relating to the destruction or return thereof, as the case may be); and

upon the occurrence, and at all times thereafter, of any Defective Registration (and without waiving Customer’s responsibility to avoid such circumstance), or if the operation of the Aircraft is no longer authorized by the Registration Requirements, Customer shall (A) neither operate nor permit or suffer the operation of the Aircraft without a currently effective and otherwise valid Registration Certificate (and shall cause the pilots to be made aware of the Defective Registration), and otherwise comply with the FARs and other Applicable Laws relating to such Defective Registration, (B) ground and store the Aircraft in a manner reasonably acceptable to Lender, and (C) inform the insurer or insurers thereof, and obtain and maintain adjustments to the insurance coverages required pursuant Section 4.6 of this Agreement which may be necessary or desirable to Lender so as to reflect any changes in the insurable risks relating to any Defective Registration.

#### **Security Interest; Power of Attorney; Inspection .**

**Grant of Security Interest.** As collateral security for the prompt and complete payment and performance as and when due of all of the Obligations and in order to induce Lender to enter into this Agreement and make the Loan to Customer in accordance with the terms hereof, Customer hereby grants, pledges and assigns to Lender a first priority security interest, collateral assignment, international interest, prospective international interest, security assignment and prospective security assignment, in, against, under and with respect to (the “ **Lender’s Lien** ”) all of Customer’s right, title and interest in, to and under all of the following collateral, whether now existing or hereafter acquired (collectively, the “ **Collateral** ”): (i) the Aircraft, including the Airframe, the Engines, each of the APU and Parts, and the Records; (ii) any and all present and future Third Party Agreements; (iii) any and all other associated rights secured by or associated with the Airframe and/or the Engines, together with any related international interests and prospective international interests; (iv) any collateral described in the other Loan Documents (including in any Operating Consent); and (v) all proceeds of the foregoing. By way of clarification and not limitation, the foregoing grant of the Lender’s Lien shall include, as applicable (and in each case, being validly registered and having first priority), an international interest in the Airframe and in each Engine. Notwithstanding the foregoing, (i) Customer shall not enter into any Third Party Agreements unless expressly permitted by Section 4.4 and (ii) Lender is not assuming, nor shall it be responsible for, any obligations, liabilities or duties of any kind whatsoever of Customer (and/or of any other Person) relating to the Collateral. Customer agrees that it shall perform and procure performance in accordance with any Third Party Agreement or other agreement or instrument giving rise to any associated rights that are or may become subjected to the Lender’s Lien.

#### **UCCs, Registrations, Etc.; Lender as Attorney-in-Fact.** Customer hereby irrevocably:

authorizes Lender to prepare and file any UCC financing statements, amendments, continuations, terminations, assignments and other filings, or take such other actions for the purpose of perfecting, affording first and exclusive priority to or otherwise relating to Lender’s Lien under this Agreement or the other Loan Documents;

consents to, and authorizes its professional user entity to consent to, the registration of each Registerable Interest requested by Lender or its Assignee, or otherwise required by the provisions of this Agreement or any of the other Loan Documents, including any subordination, amendment, assignment, discharge or undertaking permitted by the Cape Town Convention with respect thereto; and

constitutes and appoints Lender (including any Person acting on Lender’s behalf), as its true and lawful attorney-in-fact with full power and authority in the place and stead of Customer and in the name of Customer or in its own name, for the purpose of carrying out the terms of this Agreement; which authority shall include the following undertakings that may be exercisable by Lender in its sole discretion at any time, and from time to time, if an Event of Default is then existing or upon the occurrence of an Event of Loss: (i) in Customer’s name, file and/or record, such further instruments, filings and other documents, make, cause to be made and/or consent to all registrations with the International Registry, and take such further action, to establish and protect Lender’s rights, interests and remedies created, or intended to be created, pursuant to the Loan Documents; (ii) endorse Customer’s name on any checks, notes, drafts or any other payments or instruments, or set off, apply, or take such other actions with respect to any funds relating to the Collateral that come into Lender’s possession or control; and (iii) to settle, adjust, receive payment and make claim or proof of loss, and take such other actions relating to the Required Coverages. This appointment is coupled with an interest, is

irrevocable and shall terminate only upon indefeasible payment and performance in full of all of the Obligations. The powers conferred on Lender hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Lender shall be accountable only for amounts that it actually receives in good and indefeasible funds as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to Customer for any act or failure to act. Without limiting the foregoing, Customer agrees that within five (5) Business Days of Lender's request, Customer will enter into an irrevocable power-of-attorney authorizing Aviation Counsel or Lender's other designee as Customer's professional user entity and administrator for the purpose of discharging any Registerable Interests as and when directed to do so by Lender in connection with its exercise of its rights and remedies under the Loan Documents.

**Inspection.** Lender or its authorized representatives shall have the right, but not the duty, to inspect the Aircraft, any part thereof and/or the Records, at its own cost any reasonable time and from time to time, wherever located, upon reasonable prior notice to Customer; except that after the occurrence of a Default or an Event of Default, such inspection may be conducted at any time without prior notice and at Customer's sole expense, and it shall pay Lender promptly upon demand any inspection costs incurred by Lender. So long as no Default or Event of Default exists, any such inspections shall be conducted during normal business hours and without interruption of the use and operation of the Aircraft as permitted hereby. Upon the request of Lender, Customer shall promptly confirm to Lender the location of the Aircraft or any of the other Collateral.

**Events of Default.** The term "**Event of Default**", wherever used herein, shall mean:

Customer shall fail to pay any Obligation within ten (10) days after the same shall become due and payable (whether at the stated maturity, by acceleration, upon demand or otherwise); or

(i) any Customer Party shall default in the payment or performance of any indebtedness, liability or obligation to Lender or any Affiliate of Lender under any note, security agreement, lease, title retention or conditional sales agreement or any other instrument or agreement; or

(ii) any Customer Party shall fail to pay any Indebtedness (other than the Obligations) exceeding \$5,000,000.00, and such failure shall continue beyond any applicable grace period (or, with respect to trade Indebtedness which is not subject to a grace period, within ninety (90) days of the date such trade Indebtedness is incurred); or

(i) any of the Required Coverages are not kept in full force and effect, or a breach or violation shall exist with respect to any provisions thereof; or the Aircraft is operated in a manner, at a time or in or over or located at a place with respect to which such Required Coverages shall not be in effect; (ii) Customer shall fail to cause the Airframe or the Engines to be used, operated, maintained or otherwise kept in a condition so as to be in compliance with all Applicable Laws; or (iii) any Customer Party shall fail to comply with (A) any financial covenants as and to the extent set forth or incorporated in any Guaranty or in any of the other Loan Documents, or (B) any provision of any of the Loan Documents restricting Liens and other dispositions relating to either the Collateral or any rights or obligations under any of the Transaction Documents (including Section 4.4 hereof), or (iv) the occurrence of any Defective Registration; or

(i) any representation or warranty made by any Customer Party in any of the Loan Documents or in any related agreement, document or certificate shall prove to have been incorrect, misleading, or inaccurate in any material respect when made or given (or, if a continuing representation or warranty, at any time); or (ii) any Customer Party shall fail to (A) perform or observe any other agreement (other than those specifically referred to in this Section 6) required to be performed or observed by it under this Agreement or in any of the other Loan Documents, and such failure shall continue uncured for thirty (30) days after the earlier of written notice thereof from Lender to such Customer Party or such Customer Party's actual knowledge thereof (but such notice and cure period will not be applicable unless such breach is curable by practical means within such notice period) or (B) notify Lender of any Default or Event of Default within ten (10) Business Days of its occurrence; or

(i) any Customer Party shall (A) generally fail to pay its, or his or her debts as they become due, admit its, or his or her inability to pay its, or his or her debts or obligations generally as they fall due, or shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws or other insolvency laws, or an answer admitting the material allegations of such a petition filed against such Customer Party in any such proceeding; or (B) by voluntary petition, answer or consent, seek relief under the provisions of any other bankruptcy or other insolvency or similar law providing for the reorganization or liquidation of corporations, or providing for an assignment for the benefit of creditors, or providing for an agreement, composition, extension or adjustment with its, or his or her creditors; or (ii) a petition against any Customer Party in a proceeding under applicable bankruptcy laws or other insolvency laws, as now or hereafter in effect, shall be filed and shall not be withdrawn or dismissed within one hundred twenty (120) days thereafter, or if, under the provisions of any law providing for reorganization or liquidation of business entities that may apply to any Customer Party, any court of competent jurisdiction shall assume jurisdiction, custody or control of such Customer Party or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of one hundred eighty (180) days after the filing date; or

the occurrence of any of the following events with respect to any Customer Party: (A) it enters into any transaction of merger, consolidation or reorganization; (B) it ceases to do business as a going concern, liquidates, or dissolves, or sells, transfers or otherwise disposes of all or substantially all of its assets or properties (in one or more transactions); (C) it becomes the subject of, or engages in, a leveraged buy out; (D) it changes the form of organization of its business; (E) if it is privately owned as of the Closing Date, there is any substantial change in the ownership or control of its capital stock or membership interests such that the holder(s) that own or control one hundred percent (100%) of such equity interests as of the Closing Date no longer do so; or (F) if it is publicly held as of the Closing Date, any change so that it is no longer subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or no longer registered under Section 12 of the Securities Act of 1933, as amended; or

(i) the conviction of or guilty plea by any Customer Party with respect to any criminal act constituting a felony, (ii) any repudiation by any Customer Party of its obligation for the payment or performance of the Obligations, (iii) any allegation by any Customer Party or judicial determination that any of the Loan Documents is unenforceable in any material respect or (iv) a Default (as defined in any Guaranty) shall occur; or any event or condition constituting a breach or other default under any Operating Consent.

## **Remedies .**

**Acceleration; Termination of Commitment.** If any Event of Default shall occur, Lender, in its sole discretion, may (a) declare the Obligations to be immediately due and payable, and upon such declaration the Obligations (including, the unpaid principal amount of the Note, together with all accrued but unpaid interest thereon, any prepayment fees and all other amounts due and payable under or with respect to the Loan Documents), shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the other Loan Documents to the contrary notwithstanding, (b) terminate any then outstanding commitment whether to Customer or any Affiliate to make the Loan or any advance thereof, or any other financial accommodations, whether related to the Loan or otherwise, and/or (c) pursue and enforce any of Lender's rights and remedies under this Section 7; provided, however, if an Event of Default specified in Section 6 (e) above shall occur, the Obligations shall become immediately due and payable, all such commitments shall terminate, and Lender shall have all such other rights and remedies contemplated in the preceding clauses (a), (b) and (c), automatically, and without any notice or other action by Lender.

**Additional Remedies.** If an Event of Default occurs, in addition to all other rights and remedies granted to it in this Agreement and in the other Loan Documents, Lender may exercise all rights and remedies of a secured party under the UCC or as a creditor, chargee or security assignee under the Cape Town Convention (including any and all remedies thereunder requiring agreement by Customer), or otherwise available to

Lender under any other Applicable Law. Without limiting the generality of the foregoing, Customer agrees that upon the occurrence of an Event of Default, Lender, without demand or notice of any kind (except as specified below) to or upon Customer or any other Person, in its sole discretion, may exercise any one or more of the following remedies:

(i) peacefully enter the premises where the Aircraft, the Engines, or any other Collateral is located, take immediate possession of, remove (or disable in place), or otherwise take control or custody of the Airframe, the Engines or any other Collateral (whether or not then attached to the Airframe) by self-help, summary proceedings or otherwise without liability, (ii) preserve the Airframe, the Engines or the other Collateral, and their respective value (but without any obligation to do so), and immobilize or keep idle the Airframe or Engines, and/or (iii) use Customer's premises for storage without liability; and Customer agrees, at Lender's request, to assemble the Collateral, and make it available to Lender at such places as Lender shall reasonably select, whether at Customer's premises or elsewhere;

(i) terminate the right of any Interested Third Party, and any other third party to use, possess or control the Airframe, the Engines or any of the other Collateral, including under any Permitted Third Party Agreement or other Third Party Agreement, without regard as to the existence of any event of default thereunder, (ii) recover from, and/or cause Customer and any such Interested Third Party, and any other third party, to relinquish possession and return the Airframe, the Engines and any other Collateral pursuant to this Section 7, and/or (iii) exercise any and all other remedies under any Operating Consents in Customer's stead, to the extent provided for under, or otherwise available to Customer in connection with any related Permitted Third Party Agreement or such other Third Party Agreement;

(i) manage, sell, lease, assign or otherwise dispose of the Airframe, the Engines or any other Collateral, in whole or in part, whether or not in Lender's possession, in one or more parcels or transactions, at public or private sale or sales, with or without notice to Customer (except as required by Applicable Law, and in furtherance thereof, Lender agrees that it shall give Customer no less than ten (10) working days' prior notice of any proposed sale or lease of the Airframe or Engines, which Customer acknowledges as constituting "reasonable prior notice" for the purposes of the Cape Town Convention) at such prices as Lender may deem best, and/or (ii) purchase the Collateral, in whole or in part, upon any public sale or sales, and to the extent permitted by Applicable Law upon any private sale or sales, free of any right or equity of redemption in Customer, which right or equity of redemption is hereby expressly released;

(i) collect, receive, appropriate and realize upon the Collateral, or any part thereof, including by applying any deposit or other cash collateral, or collecting or receiving, appropriating and realizing upon any income, profits or other proceeds arising from the management or use of the Airframe, the Engines or any of the other Collateral, and applying the same (after deducting all taxes, costs, expenses and other reductions of every kind incurred in connection therewith) to the payment in whole or in part of the Obligations, in such order and manner as Lender may elect; and (ii) after making such application, (A) remitting to Customer or to such other Person any excess then remaining, as and to the extent Lender is required by Applicable Law to make such remittance and (B) demanding, collecting and receiving from Customer any deficiency then remaining (and Customer agrees that it shall remain liable for, and pay upon demand, the full amount of any such deficiency);

(i) demand and obtain from any court speedy relief pending final determination available at law (including, possession, control, custody or immobilization of the Airframe and Engines, or preservation of the Airframe and the Engines and their respective value), (ii) procure the deregistration and/or export and physical transfer of the Airframe from the territory in which it is then situated (including pursuant to an IDERA, if any, executed by Customer), and/or (iii) otherwise proceed at law or in equity, to enforce specifically Customer's performance or to recover damages; and/or

exercise any and all other rights and remedies under or with respect to the Loan Documents or Applicable Law, including the Cape Town Convention and the UCC.

No Waiver: Cumulative Remedies. No right or remedy is exclusive. Customer hereby acknowledges that none of the provisions of this Section 7, including any remedies set forth or referenced herein, is "manifestly unreasonable" for the purposes of the Cape Town Convention. Each may be used successively and cumulatively and in addition to any other right or remedy referred to above or otherwise available to Lender at law or in equity, but in no event shall Lender be entitled to recover any amount in excess of the maximum amount recoverable under Applicable Law with respect to any Event of Default. No express or implied waiver by Lender of any Default or Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default. The failure or delay of Lender in exercising any rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or reoccurrence of any such contingencies or similar contingencies, and any single or partial exercise of any particular right by Lender shall not exhaust the same or constitute a waiver of any other right provided for or otherwise referred to herein. After the occurrence of any Default or Event of Default, the acceptance by Lender of any payment or performance of any of the Obligations, including the payment of any installment of principal and/or interest or of any other sum owing hereunder or under the other Loan Documents shall not constitute a waiver of such Default or Event of Default, regardless of Lender's knowledge or lack of knowledge thereof at the time of acceptance of any such payment or performance and shall not constitute a reinstatement of any of the Loan Documents, unless Lender shall have agreed in writing to reinstate the same and waive the Default or Event of Default. To the extent permitted by Applicable Law, Customer waives any rights now or hereafter conferred thereby, that (a) limit or modify any of Lender's rights or remedies under this Agreement or any of the other Loan Documents, including the provisions of Article 13(2) of the Convention, or (b) would otherwise entitle Customer to (i) receive notices or demands as a condition to Lender's exercise of any rights or remedies, except as expressly required above or (ii) make claims, damages and demands against Lender arising out of the repossession, retention, sale or other disposition of the Collateral.

#### **MISCELLANEOUS**

Notices. All communications and notices provided for herein shall be in writing and shall be deemed to have been duly given or made (i) upon hand delivery, or (ii) upon delivery by an overnight delivery service, or (iii) when sent by telecopy (with customary confirmation of receipt of such telecopy) on the Business Day when sent or upon the next Business Day if sent on other than a Business Day.

#### Expenses and Fees; Indemnity; Performance of Customer's Obligations

Customer shall pay to Lender upon demand all reasonable fees, costs and expenses incurred by or on behalf of Lender at any time in connection with (i) the negotiation, preparation, execution, delivery and enforcement of the Loan Documents and the collection of the Obligations (both before and after the occurrence of a Default or Event of Default), (ii) the creation, preservation and protection of the Collateral and the perfection, first priority and enforcement of Lender's Lien, or (iii) Customer's exercise of any right granted under, or any amendment or other modification to any of, the Loan Documents. Such fees, costs and expenses shall include, without limitation, reasonable appraisal and inspection fees, the reasonable fees and expenses of Aviation Counsel and of Lender's counsel, consultants and brokers, UCC, FAA, International Registry and other applicable title, interest and lien searches, and reasonable costs and expenses relating to recovery, repossession, storage, insurance, transportation, repair, refurbishment, advertising, sale and other dispositions of the Aircraft or any of the other Collateral. Customer shall also pay all reasonable fees (including license, filing and registration fees), Impositions and other charges of whatever kind or nature that may be payable or determined to be payable in connection with (A) the execution, delivery, recording or performance of this Agreement or any of the other Loan Documents, or any modification thereof, and (B) the filings, registrations and other undertakings relating thereto. Notwithstanding the foregoing, as long as there are no more than two (2) revised drafts of any Loan Document provided by Customer or its counsel to Lender or Lender's counsel, Customer shall be responsible for not more than \$35,000.00 in the aggregate for the legal fees of outside counsel to Lender (including, Aviation Counsel) and appraisal, inspection, processing, credit verification, lien searches, FAA and International Registry fees and other fees incurred in connection with the initial negotiation, preparation and execution of this Agreement and the other Loan Documents executed and delivered on or

before the Closing Date (and the consummation of the closing contemplated to occur thereon); provided that in the event that the negotiation exceeds two (2) revised drafts of any Loan Document, then Customer shall pay for the actual amount of such out of pocket fees incurred by Lender relating to the drafting and negotiation in excess of such two (2) revised drafts. Lender shall apply the previously paid deposit amount of \$35,000.00 to such fees and shall refund to Customer the amount by which the deposit exceeds such fees.

Customer hereby further agrees, whether or not the transactions contemplated by this Agreement shall be consummated, to pay, indemnify, and hold Lender and its affiliates and all of the Lender's and such affiliates' respective directors, shareholders, members, officers, employees, agents, predecessors, attorneys-in-fact, lawyers, successors and assigns (Lender, its affiliates and all of such other parties and entities sometimes hereinafter collectively, the "**Indemnified Parties**") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, out of pocket costs, attorney's fees, expenses or disbursements of any kind or nature whatsoever ("**Claims**") arising with respect to or in connection with (i) the Airframe, the Engines, or any APUs or Parts, or any of the other Collateral, including (whether by or through Customer, Vendor, any Interested Third Party, or any other Person), the manufacture, inspection, ownership, lease, sublease, management, pooling, interchange, time sharing, chartering, possession, use, operation, maintenance, security, condition (whether prior to, upon or after delivery or acceptance of any of the same), repossession, storage, sale or other disposition of any of the same, or any accident in connection therewith, including Claims involving or alleging environmental damage, criminal acts, hijacking, acts of terrorism or similar acts, product liability or strict or absolute liability in tort, latent and other defects (whether or not discoverable) and for any other risk or matter, including any of the same that result in injuries, death, destruction, or other harm or loss to persons or property, or (ii) any of the Loan Documents, Third Party Agreements or other Transaction Documents, or the performance, breach (including any Default or Event of Default) or enforcement of any of the terms hereof or thereof, provided, that Customer shall have no obligation to indemnify an Indemnified Party with respect to Claims arising from the gross negligence or willful misconduct of such Indemnified Party (unless if imputed by Applicable Law). If any Claim is made against any Indemnified Party, the party receiving notice or otherwise becoming aware of such Claim shall promptly notify the other, but the failure of the party having knowledge of a Claim to so notify the other party shall not relieve Customer of any obligation hereunder.

If any Customer Party fails to perform or comply with any of its agreements contained herein or in the other Loan Documents, including, without limitation, its obligations to keep the Collateral free of Liens (other than the Permitted Liens), comply with Applicable Standards, or obtain the Required Coverages, Lender shall have the right, but shall not be obligated, to effect such performance or compliance, with such agreement. Any expenses of Lender incurred in connection with effecting such performance or compliance, together with interest thereon at the default rate of interest provided for in the Note from the date incurred until reimbursed, shall be payable by Customer to Lender promptly on demand and until such payment shall constitute part of the Obligations secured hereby. Any such action shall not be a cure or waiver of any Default or Event of Default hereunder.

Entire Agreement; Modifications. This Agreement and the other Loan Documents constitute the entire understanding and agreement of the parties hereto with respect to the matters contained herein and therein, and shall completely and fully supersede all other prior agreements (including any proposal letter, commitment letter, and/or term sheet), both written and oral, between Lender and Customer relating to the Obligations. Neither this Agreement, nor any terms hereof, may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of a change, waiver, discharge or termination is sought.

Construction of this Agreement and Related Matters. All representations and warranties made in this Agreement and in the other Loan Documents shall survive the execution and delivery of this Agreement and the making of the Loan hereunder. Customer's obligations contained in this Section 8 shall survive the payment and performance of the Obligations, the termination of this Agreement, and the release of the Collateral. This Agreement may be executed by the parties hereto on any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. The headings of the Sections hereof are for convenience only, are not part of this Agreement and shall not be deemed to affect the meaning or construction of any of the provisions hereof. Time is of the essence in the payment and performance of all of Customer's obligations under this Agreement. Any provision of this Agreement that may be determined to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective in such jurisdiction to the extent thereof without invalidating the remaining provisions of this Agreement, which shall remain in full force and effect.

Lender's Assignment. Lender, may at any time, with or without notice to Customer, freely grant a security interest in, sell, assign, participate or otherwise transfer (an "**Assignment**") all or any part of its interest in this Agreement and the other Loan Documents (including all associated rights associated with or secured thereby and the related international interests) or any amount due or to become due hereunder or thereunder, and Customer shall perform all of its obligations under the Loan Documents, to the extent so transferred, for the benefit of the beneficiary of such Assignment (such beneficiary, including any successors and assigns, an "**Assignee**"); provided, however, if such Assignee is not an Affiliate of Lender and if no Default or Event of Default exists, Lender will provide prior notice of any such Assignment to a third party. Customer hereby waives any right to assert, and agrees not to assert, against any Assignee any abatement, reduction, defense, setoff, recoupment, claim or counterclaim that Customer may have against Lender, provided that Lender remains fully responsible therefor. Upon the assumption by such Assignee of Lender's obligations hereunder, Lender shall be relieved of any such assumed obligations. Customer hereby consents to any such assignment, grant, sale or transfer, including, without limitation, for purposes of the Cape Town Convention. If so directed in writing, Customer shall pay all amounts due or to become due under the Loan Documents, including any of the same constituting associated rights or proceeds directly to the Assignee or any other party designated in writing by Lender or such Assignee. Customer acknowledges and agrees that Lender's right to enter into an Assignment is essential to Lender and, accordingly, waives any restrictions under Applicable Law with respect to an Assignment and any related remedies. Upon the request of Lender or any Assignee, Customer also agrees (a) to promptly execute and deliver, and cause to be executed and delivered by any Guarantor or any other Transaction Party, to Lender or to such Assignee an acknowledgment of assignment in form and substance satisfactory to the requesting party, an insurance certificate naming Assignee as additional insured and loss payee and otherwise evidencing the Required Coverages, an IDERA in favor of Assignee, and such other documents and assurances reasonably requested by Lender or Assignee, (b) to make, or cause to be made, all registrations (including all assignments and subordinations) and all amendments, extensions and discharges with the International Registry reasonably requested by Lender or Assignee (and give or obtain any necessary consent thereto, as well as renew any authorization required by the International Registry in connection therewith, including renewing its transacting user entity status and re-designating a professional user entity, if necessary in Lender's judgment), and (c) to comply with any and all other reasonable requirements of any such Assignee in connection with any such Assignment.

Jurisdiction. Customer and Lender each hereby irrevocably consents and agrees that any legal action, suit or proceeding arising out of or in any way in connection with this Agreement or any of the other Loan Documents may be instituted or brought in the courts of the State of New York or in the United States Courts for the Southern District of New York, as Customer or Lender may elect or in any other state or Federal court as Lender shall deem appropriate, and by execution and delivery of this Agreement, Customer and Lender each hereby irrevocably accepts and submits to, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of any such court, and to all proceedings in such courts. Customer and Lender each irrevocably consents to service of any summons and/or legal process by first class, certified United States air mail, postage prepaid, to Customer at the address set forth below its signature hereto, such method of service to constitute, in every respect, sufficient and effective service of process in any such legal action or proceeding. Nothing in this Agreement or in any of the other Loan Documents shall affect the right to service of process in any other manner permitted by law or limit the right of Lender to bring actions, suits or proceedings in the courts of any other jurisdiction. Customer and Lender each further agrees that final judgment against it in any such legal action,

suit or proceeding shall 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 shall be conclusive evidence of the fact and the amount of the liability. Notwithstanding anything in the foregoing to the contrary, Lender and Customer may bring a judicial proceeding in the Republic of Ireland, solely with respect to matters relating to the International Registry.

Governing Law; Binding Effect. This Agreement shall be construed and enforced in accordance with, and the rights of both parties shall be governed by, the internal laws of the State of New York (without regard to the conflict of laws principles of such state, except as to the effect of Title 14, Section 5-1401 of the New York General Obligations Law), including all matters of construction, validity, and performance. This Agreement shall be binding upon and inure to the benefit of Customer and Lender and their respective successors and assigns (but without limiting the provisions of Section 8.5); except that Customer may not assign or transfer its rights or obligations hereunder or under any other Loan Agreement, or any interest herein or therein; and any such purported or attempted assignment or transfer by Customer shall be null and void.

Customer's Capacity as Owner Trustee. TVPX Aircraft Solutions Inc. ("TVPX") is executing this Agreement, and the other Loan Documents solely in its capacity as Owner Trustee under the Trust Agreement and not in its individual capacity and in no case shall TVPX be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of the Customer hereunder, or under any Loan Document, all such liability, if any, being expressly waived by the parties hereto and any Person claiming by, through, or under such party. Under no circumstances shall TVPX be personally liable for the payment of any other amount stated to be due from the Customer hereunder, or under any Loan Document, or be personally liable for the breach or failure of any of Customer's representations, warranties, covenants, obligations, undertakings and agreements hereunder, or under any Loan Documents; provided, however, that the Customer (or any such successor owner trustee) shall be personally liable hereunder for its own gross negligence or willful misconduct or for its breach of its covenants, representations and warranties contained herein, or in any Loan Document, to the extent covenanted or made in its individual capacity.

Jury Waiver. CUSTOMER AND LENDER EACH HEREBY KNOWINGLY AND FREELY WAIVES THEIR RESPECTIVE RIGHTS TO A JURY TRIAL IN ANY ACTION, SUIT OR PROCEEDING RELATING TO, ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE NOTE OR ANY OF THE OTHER LOAN DOCUMENTS.

**[Signatures On Next Page]**

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Loan and Aircraft Security Agreement

IN WITNESS WHEREOF, the parties hereto have caused this Loan and Aircraft Security Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

BANC OF AMERICA LEASING & CAPITAL, LLC, Lender

TVPX AIRCRAFT SOLUTIONS INC., a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated July \_\_\_\_, 2017,  
Customer

By:  
Name:  
Title:  
Notice Address:

One Financial Plaza, 2nd Floor  
Providence, Rhode Island 02903  
Attention: Director of Aircraft Operations  
Telephone: 800-238-3737  
Facsimile: 401-278-7941

By:  
Name:  
Title:  
Notice Address:

39 East Eagle Ridge Drive, Ste. 201  
North Salt Lake, UT 84054  
Telephone: (801) 924-367  
Facsimile: (801) 877-0478

executed by the parties hereto on any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. The headings of the Sections hereof are for convenience only, are not part of this Agreement and shall not be deemed to affect the meaning or construction of any of the provisions hereof. Time is of the essence in the payment and performance of all of Customer's obligations under this Agreement. Any provision of this Agreement that may be determined to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective in such jurisdiction to the extent thereof without invalidating the remaining provisions of this Agreement, which shall remain in full force and effect.

5. Lender's Assignment. Lender, may at any time, with or without notice to Customer, freely grant a security interest in, sell, assign, participate or otherwise transfer (an " **Assignment** ") all or any part of its interest in this Agreement and the other Loan Documents (including all associated rights associated with or secured thereby and the related international interests) or any amount due or to become due hereunder or thereunder, and Customer shall perform all of its obligations under the Loan Documents, to the extent so transferred, for the benefit of the beneficiary of such Assignment (such beneficiary, including any successors and assigns, an " **Assignee** "); provided, however, if such Assignee is not an Affiliate of Lender and if no Default or Event of Default exists, Lender will provide prior notice of any such Assignment to a third party. Customer hereby waives any right to assert, and agrees not to assert, against any Assignee any abatement, reduction, defense, setoff, recoupment, claim or counterclaim that Customer may have against Lender, provided that Lender remains fully responsible therefor. Upon the assumption by such Assignee of Lender's obligations hereunder, Lender shall be relieved of any such assumed obligations. Customer hereby consents to any such assignment, grant, sale or transfer, including, without limitation, for purposes of the Cape Town Convention. If so directed in writing, Customer shall pay all amounts due or to become due under the Loan Documents, including any of the same constituting associated rights or proceeds directly to the Assignee or any other party designated in writing by Lender or such Assignee. Customer acknowledges and agrees that Lender's right to enter into an Assignment is essential to Lender and, accordingly, waives any restrictions under Applicable Law with respect to an Assignment and any related remedies. Upon the request of Lender or any Assignee, Customer also agrees (a) to promptly execute and deliver, and cause to be executed and delivered by any Guarantor or any other Transaction Party, to Lender or to such Assignee an acknowledgment of assignment in form and substance satisfactory to the requesting party, an insurance certificate naming Assignee as additional insured and loss payee and otherwise evidencing the Required Coverages, an IDERA in favor of Assignee, and such other documents and assurances reasonably requested by Lender or Assignee, (b) to make, or cause to be made, all registrations (including all assignments and subordinations) and all amendments, extensions and discharges with the International Registry reasonably requested by Lender or Assignee (and give or obtain any necessary consent thereto, as well as renew any authorization required by the International Registry in connection therewith, including renewing its transacting user entity status and re-designating a professional user entity, if necessary in Lender's judgment), and (c) to comply with any and all other reasonable requirements of any such Assignee in connection with any such Assignment.

6. Jurisdiction. Customer and Lender each hereby irrevocably consents and agrees that any legal action, suit or proceeding arising out of or in any way in connection with this Agreement or any of the other Loan Documents may be instituted or brought in the courts of the State of New York or in the United States Courts for the Southern District of New York, as Customer or Lender may elect or in any other state or Federal court as Lender shall deem appropriate, and by execution and delivery of this Agreement, Customer and Lender each hereby irrevocably accepts and submits to, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of any such court, and to all proceedings in such courts. Customer and Lender each irrevocably consents to service of any summons and/or legal process by first class, certified United States air mail, postage prepaid, to Customer at the address set forth below its signature hereto, such method of service to constitute, in every respect, sufficient and effective service of process in any such legal action or proceeding. Nothing in this Agreement or in any of the other Loan Documents shall affect the right to service of process in any other manner permitted by law or limit the right of Lender to bring actions, suits or proceedings in the courts of any other jurisdiction. Customer and Lender each further agrees that final judgment against it in any such legal action, suit or proceeding shall 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 shall be conclusive evidence of the fact and the amount of the liability. Notwithstanding anything in the foregoing to the contrary, Lender and Customer may bring a judicial proceeding in the Republic of Ireland, solely with respect to matters relating to the International Registry.

7. Governing Law; Binding Effect. This Agreement shall be construed and enforced in accordance with, and the rights of both parties shall be governed by, the internal laws of the State of New York (without regard to the conflict of laws principles of such state, except as to the effect of Title 14, Section 5-1401 of the New York General Obligations Law), including all matters of construction, validity, and performance. This Agreement shall be binding

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**LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)**

**THIS LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)** (together with all Addenda, Riders and Annexes hereto, this " **Agreement** ") is dated as of July 27, 2017 (the " **Closing Date** "), by and between **TVPX AIRCRAFT SOLUTIONS INC.**, a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated as of July 27, 2017 (" **Customer** ") and **BANC OF AMERICA LEASING & CAPITAL, LLC**, a Delaware limited liability company (" **Lender** ").

In consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

Capitalized and certain other terms used but not otherwise defined in this Agreement shall have the meanings ascribed to them in Annex A attached hereto and made a part hereof.

#### **Terms of Loan .**

**Loan and Use of Proceeds .** Subject to the terms and conditions of this Agreement, Lender agrees to make a loan to Customer in the principal amount set forth in Annex B attached hereto and made a part hereof (the “ **Loan** ”). Customer shall use the proceeds of the Loan to finance the costs of the acquisition of the Aircraft.

**Repayment and Prepayment .** The Customer's obligation to repay the Loan shall be evidenced by one or more Promissory Notes dated on and/or after the Closing Date, payable by Customer to the order of Lender in the original principal amount of the Loan (as amended, modified, restated, extended and renewed from time to time, the “ **Note** ”). The Loan shall bear interest and be repaid by Customer at the times and in the manner set forth in the Note. The Loan may be prepaid only in the manner and subject to terms and conditions set forth in the Note and, if applicable, Section 4.7 hereof.

**Conditions of Borrowing .** Lender's obligation to make the Loan shall be both subject to and conditioned upon the satisfaction of all of the conditions precedent specified in the Closing Terms Addendum attached to and made a part of this Agreement.

**Representations and Warranties .** In order to induce Lender to enter into this Agreement and to make the Loan herein provided for, Customer represents, warrants and covenants to Lender that:

(i) Customer (A) is duly qualified to do business in each jurisdiction in which the conduct of its business or the ownership or operation of its assets requires such qualification, including the jurisdiction of the Primary Hangar Location and wherever any of the Collateral may become located; (B) has the necessary authority and power to own and operate the Aircraft and its other assets and to transact the business in which it is engaged; (C) is a “citizen of the United States” within the meaning of the Transportation Code; and (D) has the form of business organization set forth in Annex B hereto and is and will remain duly organized, validly existing and in good standing under the laws of the state of its organization set forth in Annex B hereto, its federal tax identification number is as set forth in Annex B hereto, and its state-issued organizational identification number (if any), chief executive office and principal place of business address are all as set forth on Annex B hereto; and (ii) its name as shown in the preamble of this Agreement is its exact legal name as shown on its charter, by-laws, articles of organization or operating agreement, as applicable, each as amended as of the Closing Date;

(i) Customer's execution and delivery of, and performance of its obligations under and with respect to, each of the Loan Documents (including its borrowing the amounts constituting the Loan, granting the Lender's Lien against the Aircraft and other Collateral and participating in the other transactions contemplated herein and therein), (A) have been duly authorized by all necessary action on the part of Customer consistent with its form of organization, (B) do not contravene or constitute a default under any Applicable Law, any of Customer's Organizational Documents, or any agreement, indenture, or other instrument to which Customer is a party or by which it may be bound, (C) do not require the approval of or notice to (1) any Governmental Authority, except for the filings and registrations specified in the Closing Terms Addendum, all of which shall have been duly effected prior to or concurrently with Lender making the Loan, or (2) any other party (including any trustees or holders of indebtedness), and (D) will not result in the creation or imposition of any Lien on any of the assets of Customer other than the Lender's Lien created hereby and by the other Loan Documents with respect to the Collateral; (ii) each of the Transaction Documents referenced in the Closing Terms Addendum to which Customer is a party has been duly executed and delivered by an authorized representative of the Customer, and constitutes the legal, valid and binding obligation of the Customer, enforceable against it in accordance with the respective terms of such Transaction Documents (including, without limitation, the grant of the Lender's Lien); and (iii) without limiting the foregoing, upon Lender's advancing the Loan on the Closing Date, (A) Customer will have satisfied or complied with all conditions precedent and requirements as set forth in the Loan Documents required to have been satisfied or complied with concurrently with or prior to such advance and (B) no Default or Event of Default shall be then existing;

there are no proceedings pending or, so far as the officers, managers, or members of Customer know, threatened against or affecting Customer or any of its property before any Governmental Authority that could impair Customer's title to the Aircraft or any of the other Collateral, or that, if decided adversely, could materially affect the financial condition or operations of Customer or its ability to perform its obligations under any of the Loan Documents;

(i) Customer has, and shall continue to have, good and marketable title to the Collateral, free and clear of Liens, except Permitted Liens; (ii) the Lender's Lien in the Airframe, the Engines and the other Collateral is and shall remain validly created and perfected, and has and shall continue to have first priority over any other Liens pursuant to all Applicable Laws; and (iii) all filings, recordings, registrations or other actions necessary or desirable in order to vest such title in Customer, and establish, perfect and give first priority to Lender's Lien and other rights and interests in, against or with respect to the Collateral, have been duly effected, and all Impositions in connection therewith have been duly paid;

without limiting any of the other representations and warranties in this Agreement, for the purposes of the Cape Town Convention and any other Applicable Law, (i) upon the conclusion of the sale of the Aircraft to Customer, and Customer's grants and assignments, and (if constituting a lease) any Permitted Third Party Agreement, contemplated in the Loan Documents or other Transaction Documents, Customer and (if a lessee) any Interested Third Party shall be situated in, and Customer will cause the Aircraft to be duly registered in, the United States of America (which is a contracting state), (ii) with respect to any of the Transaction Documents relating to the Airframe or Engine, each of the respective parties thereto has power to dispose of the Airframe and Engine, as contemplated therein by way of the relevant Transaction Document, and (iii) the Purchase Documents qualify as a “contract of sale”, and (if constituting a lease) any Permitted Third Party Agreement and the Loan Documents are effective to constitute international interests in the Airframe and Engine and security assignments of the related associated rights and transfer of the related international interests, as contemplated therein, and each such Registerable Interest will be effective against third parties upon registration at the International Registry, without any further filings or registrations (except as contemplated in the Loan Documents);

(i) the Aircraft (A) has been delivered to Customer, is in Customer's possession and is, as of the Closing Date, unconditionally, irrevocably and fully accepted by Customer, (B) has been inspected by Customer to its complete satisfaction and, without limiting the foregoing, (1) has been found to be in good working order, repair and condition and fully equipped to operate for its intended purpose, and (2) is in conformity with the requirements of the Purchase Agreement and the Applicable Standards, (C) is, or will be at the time of the funding of the Loan, currently certified under existing FAA rules and regulations and any other Applicable Laws and is airworthy in all respects, and (D) is and will remain primarily hangared at the Primary Hangar Location; and (ii) without limiting the foregoing, (A) solely as between Lender and Customer (and without prejudicing Customer's rights against Vendor or any other third party, which rights are not being disclaimed hereby), Customer has no pending claims and has no knowledge of any facts upon which a future claim may be based, against any prior owner, the seller, manufacturer or supplier of the Aircraft or any of the other Collateral, for breach of warranty or otherwise, and (B) all of the information contained in Annex C, including the registration number of the Aircraft, and the serial numbers, manufacturer and model numbers of the Airframe, Engines, and APU, are true and accurate in all respects; and

(h) the Aircraft (i) is currently capable of being certified under existing FAA rules and regulations and completely airworthy in all respects, (ii) will undergo an inspection by a Designated Airworthiness Representative of the FAA (“ **DAR** ”) on the Closing Date and (iii) an FAA Standard Airworthiness Certificate (AC Form 8100-2) shall be issued for the Aircraft no later than two (2) Business Days after the Closing Date.

**Covenants .** Customer covenants and agrees that from and after the Closing Date and so long as any of the Obligations are outstanding:

Notices; Financial Information; and Further Assurances. Customer will, at its sole expense:

promptly give written notice to Lender of (i) the occurrence of any Default or Event of Default; (ii) the occurrence of any Event of Loss or event of which Customer may be aware that could become an Event of Loss; (iii) the commencement or written threat of any material litigation or proceedings affecting Customer or any material litigation or proceedings affecting the Aircraft or any of the other Collateral, or the ability of Customer to comply with its obligations under the Loan Documents; and (iv) any material dispute between Customer or any Interested Third Party and any Governmental Authority or other party that involves the Aircraft or any of the other Collateral or that might materially interfere with the normal business operations of Customer;

cause Guarantor to comply with the financial reporting requirements set forth in the Guaranty and promptly furnish to Lender any such financial and other information regarding the Customer or Guarantor or any of its Affiliates as Lender may from time to time reasonably request; and

promptly execute and deliver to Lender such further instruments, UCC and FAA filings (including an IDERA) and other documents, make, cause to be made and/or consent to all registrations (including any discharges and subordinations, or as to the prospective or actual sale of, and any international interest in, the Engines) with the International Registry, and take such further action, as Lender may from time to time reasonably request in order to further carry out the intent and purpose of the Loan Documents and to establish, protect and enforce the rights, interests, remedies and Liens (including the first priority thereof) created, or intended to be created, in favor of Lender thereby.

General Obligations. (a) Customer agrees that it shall (i) duly observe and conform to all requirements of Applicable Law relating to the conduct of its business and/or the Aircraft, (ii) remain a "citizen of the United States" within the meaning of the Transportation Code, (iii) obtain and keep in full force and effect (A) all rights, franchises, licenses and permits that are necessary to the proper conduct of its business, and (B) all approvals by any Governmental Authority required with respect to the performance of its obligations under the Loan Documents and the operation of the Aircraft and its business, (iv) cause the Aircraft to remain primarily hangared at the Primary Hangar Location, and duly registered in Customer's name under the Transportation Code (including, by making all necessary reports, re-registering its ownership of the Aircraft, and taking all other actions required by Applicable Law), and (v) pay and perform all of its obligations and liabilities when due. (b) Customer agrees that (i) it shall not change its presently existing legal name or its form or state of organization on or after the date of this Agreement, without Lender's prior written consent, (ii) if its presently existing state organizational identification number changes, or if Customer currently has no such state organizational number but is subsequently issued such a number, on or at any time after the date of this Agreement, Customer shall immediately notify Lender thereof, and (iii) it shall not change the presently existing mailing, chief executive office and/or principal place of business address on or after the date of this Agreement without giving Lender thirty (30) days written notice of the same.

Taxes. (a) Customer will file or cause to be filed with all appropriate taxing authorities all Federal, state and local income tax returns that are required to be filed and all registrations, declarations, returns and other documentation with respect to any personal property taxes (or any other taxes in the nature of or imposed in lieu of property taxes) due or to become due with respect to the Aircraft or any of the other Collateral. (b) Customer will pay (or cause to be paid) (i) on or before the date when due all taxes as shown on said returns and all taxes assessed, billed or otherwise payable with respect to the Aircraft or the other Collateral directly to the appropriate taxing authorities; and (ii) when due all license and/or registration or filing fees, assessments, governmental charges and sales, use, property, excise, privilege, value added and other taxes (including any related interest or penalties) or other charges or fees now or hereafter imposed by any governmental body or agency upon Customer or the Aircraft or any of the other Collateral, with respect to the landing, airport use, manufacturing, ordering, shipment, purchase, ownership, delivery, installation, leasing, chartering, operation, possession, use or disposition of the Aircraft or any of the other Collateral, or any interest therein (the items referred to in (i) and (ii) above being referred to herein collectively, as "**Impositions**").

No Disposition of Collateral or Liens; Title and Security Interest.

Customer shall not sell, assign, enter into any Third Party Agreement, convey, mortgage, exchange or otherwise transfer or relinquish possession of (including by any seizure or other taking by any foreign or domestic governmental authority) or dispose of the Airframe or Engines, any Part, any related associated rights, international interests or prospective international interests, any proceeds or any of the other Collateral, or attempt or offer to do, or suffer or permit any of the foregoing. Customer shall be permitted, however, to deliver possession of the Airframe, the Engines, or any APU or Part to another Person for testing, service, repair, maintenance, overhaul, alteration or modification, and to enter into Permitted Third Party Agreements, in each case, if and to the extent consistent with the provisions of the Loan Documents. Customer will warrant and defend its good and marketable title to the Airframe, the Engines and the other Collateral, and the validity, perfection and first priority of Lender's Lien in the Collateral, against all other Liens, claims and demands whatsoever, except Permitted Liens; and without limiting the foregoing, Customer will (i) not create, assume or suffer to exist any Liens on or with respect to the Airframe, the Engines, or any of the other Collateral, or Customer's interest therein (other than Permitted Liens); and (ii) promptly take such action as directed by Lender to duly discharge any such unpermitted Liens.

So long as no Default or Event of Default is then existing, Customer may enter into and remain a party to Third Party Agreements, in each such case, subject to the satisfaction of, and compliance by Customer and each Interested Third Party with, all of the following throughout the term of such arrangement: (i) Each such Interested Third Party shall (A) be and remain solvent, and (unless an individual) organized under the laws of a state within the United States; and (B) if engaged by Customer with the prior written consent of Lender as a manager and/or charter operator (including the Manager pursuant to the Management Agreement), while so engaged, (1) have a recognized favorable reputation as a manager and/or charter operator, as the case may be, of aircraft similar to the Aircraft, (2) be providing management and/or charter operation services for other aircraft owners similar to the services contemplated therein, and (3) if and at all times while conducting any charter operations (x) have and maintain a valid Part 135 Certificate evidencing its authority to conduct such operations, (y) list the Aircraft on its operations specifications, and (z) comply with all Applicable Standards pertaining to such charter operations. (ii) Any operation of the Aircraft pursuant to any such Third Party Agreement shall be limited to (A) if by Customer, Parent Guarantor or any Affiliate of Parent Guarantor, any time sharing agreements (as defined in Section 91.501(c)(1)) complying with Part 91 of the FARs and all other Applicable Standards, (B) if by a manager and/or a charter operator with Lender's prior written consent, pursuant to and in full compliance with the requirements of Part 135 of the FARs and all other Applicable Standards, or (C) if such Third Party Agreement is a "dry lease" by Customer, as lessor, to Parent Guarantor or an Affiliate of Parent Guarantor or other Interested Third Party permitted pursuant hereto, as lessee, operation by such lessee complying with (1) Part 91 and any other applicable provision of the FARs, and all other Applicable Standards, and (2) the provisions hereof and of the other Loan Documents pertinent to the operation of the Aircraft (whether by Customer or any permitted Interested Third Party). (iii) The related Third Party Agreement shall (A) be and remain, subject and subordinate to Lender's Lien in and with respect to the Collateral, and Lender's rights and remedies under the Loan Documents (and such subordination shall be expressly acknowledged therein), (B) not convey any Lien on, or other property interest in or against the Airframe, the Engines or any of the other Collateral, except for a Permitted Lien (but, without giving effect to clause (a) of the definition of such term), (C) not permit any further sublease or disposition of or unpermitted Lien against the Aircraft or any of the other Collateral by any of the Interested Parties thereto or any other Person, or any change in registration or unpermitted change in hangaring of the Aircraft, (D) not contain provisions that are inconsistent with the provisions of any of the Loan Documents or cause Customer to breach any of its representations, warranties or agreements under any of the Loan Documents, (E) be in conformity with all requirements of the FARs and other Applicable Laws, and (F) otherwise conform to any Operating Consent required by Lender with respect thereto. (iv) (A) Customer shall have specified such Third Party Agreement on Annex B if existing on the Closing Date, or if not then existing shall require Lender's prior written consent and at least thirty (30) Business Days' prior written

notice of its intention to enter into a Third Party Agreement and (B) no later than the effective date thereof Customer shall comply with, and at all times thereafter remain in compliance with, any related requirements by Lender, including (1) entering into, and causing any related Interested Third Parties to enter into, an Operating Consent, (2) causing Lender to be covered by the Required Coverages (which, for the purposes hereof, may include insurance coverages obtained and maintained by an Interested Third Party, conforming to the insurance requirements herein and in any of the other Loan Documents), and (3) entering into or delivering, or causing to be entered into and delivered, all such other documents, filings and assurances, making or causing to be made such filings and registrations, and taking or causing to be taken all such other actions, in each case as may be required by Lender and (4) paying or reimbursing Lender for any related costs or expenses. (v) Lender shall have the right, but not the obligation, to (A) require reasonable evidence that any Interested Third Party satisfies the requirements provided herein, and (B) review any such Third Party Agreement, as from time to time supplemented and amended, to determine its conformity with the provisions hereof, but without assuming any responsibility with respect thereto. (vi) Customer shall neither make, nor permit to be made, any filing or registration with respect to any Permitted Third Party Agreement, unless so directed by Lender pursuant to Section 5.2 or otherwise. Notwithstanding the foregoing limitations Parent Guarantor or any Affiliate shall be permitted to conduct the carriage of Parent Guarantor or any Affiliate and/or their respective guests pursuant to 14 CFR Section 91.501(b)(4), affiliated group operations pursuant to 14 CFR Section 91.501(b)(5) and/or (6), demonstration flights pursuant to 14 CFR Section 91.501(b)(3), time sharing or interchange operations pursuant to 14 CFR Section 91.501(b)(6), the carriage of customers pursuant to 14 CFR Section 91.501(b)(9) and/or the carriage of candidates in Federal elections conducted pursuant to 14 CFR Section 91.321.

With respect to any Third Party Agreements complying with all of the provisions of Section 4.4(b) (each a “ **Permitted Third Party Agreement** ”), although certain of the duties and obligations of Customer under the Loan Documents may be performed by one or more of the Interested Third Parties, (i) no such Permitted Third Party Agreement shall reduce any of Customer’s obligations, or Lender’s rights, under any of the Loan Documents, (ii) all of Customer’s obligations under the Loan Documents shall be and remain primary and continue in full force and effect as the obligations of a principal and not of a guarantor or surety, and (iii) Lender is not waiving the right to require full and timely performance of any such obligations in strict accordance with the provisions hereof and of the other Loan Documents. By way of clarification and not limitation, with respect to any provisions of this Agreement or any of the other Loan Documents requiring Customer to take or refrain from taking an action relating to the Aircraft or any of the other Collateral, such provision may also be read to mean that Customer shall cause the same to be done in accordance therewith, if at that time the Aircraft or such other Collateral is in the possession or control of an Interested Third Party pursuant to a Permitted Third Party Agreement.

Use of Aircraft; Maintenance; Modifications; Security.

Customer will operate the Aircraft or shall cause the Aircraft to be operated under and in compliance with Part 91 and any other applicable provision of the FARs, and all other Applicable Standards. Unless otherwise expressly permitted hereunder, (i) Customer shall not operate or permit the Aircraft to be operated for air taxi operations or otherwise under Part 135 of the FARs; and (ii) Customer, an Affiliate or other Interested Third Party shall at all times have, and maintain, “operational control” of the Aircraft (as such term is then interpreted by the FAA or such other applicable Governmental Authority), and no other Person shall operate the Aircraft. The Aircraft at all times will be operated by duly qualified pilots having satisfied all requirements established and specified by the FAA, the TSA, any other applicable Governmental Authority and the Required Coverages.

the Aircraft may be flown temporarily to any country in the world, provided that the Aircraft (i) shall at all times be based in the continental United States; and (ii) shall not be flown, operated, used or located in, to or over any such country or area (temporarily or otherwise) (A) that is excluded from the Required Coverages (or specifically not covered by such insurance), (B) with which the U.S. does not maintain favorable diplomatic relations (which is any country or jurisdiction not marked with an “\*” on the list maintained by the U.S. Department of State, at <http://www.state.gov/s/inr/rls/4250.htm> or any replacement or equivalent website maintained by the U.S. Department of State), provided that the prohibition in this clause (B) does not prohibit the operation of the Aircraft on an approved and assigned air traffic control route (if and so long as such use is otherwise in compliance with the provisions of the this Agreement and does not violate any insurance policies in effect with respect to the Aircraft) , (C) to the extent that payment of any claim under the Required Coverages directly or indirectly arising or resulting from or connected with any such flight, operation, use or location would be prohibited under any trade or other economic sanction or embargo by the United States of America, or (D) in violation of any of the Loan Documents or any Applicable Standards. Customer shall adopt, implement and comply with all security measures required by any Applicable Law, or by any Required Coverages, or that are necessary or appropriate for the proper protection of the Aircraft (whether on the ground or in flight) against theft, vandalism, hijacking, destruction, bombing, terrorism or similar acts.

Customer agrees that, with respect to the Airframe, the Engines, each APU and each Part, Customer will at its own expense, (i) maintain, inspect, service, repair, overhaul and test the same in accordance with Applicable Standards; (ii) make any alterations or modifications that may at any time be required to comply with Applicable Standards, and to cause the Aircraft to remain airworthy; (iii) furnish all required parts, replacements, mechanisms, devices and servicing so that the condition and operating efficiency thereof will at all times be no less than its condition and operating efficiency as and when delivered to Customer, ordinary wear and tear from proper use alone excepted; (iv) promptly replace all Parts (A) which become worn out, lost, stolen, taken, destroyed, damaged beyond repair or permanently rendered or declared unfit for use for any reason whatsoever, or (B) if not previously replaced pursuant to clause (A), as and when required by any Applicable Standards, including any applicable life limits; and (v) maintain (in English) all Records in accordance with Applicable Standards; and (vi) enroll and maintain the Engines in an Engine Maintenance Program and the APU in an APU Maintenance Program or shall cause the foregoing to be done. All maintenance procedures shall be performed by properly trained, licensed, and certified maintenance sources and personnel utilizing replacement parts approved by the FAA and the manufacturer of (as applicable) the Airframe, the Engines, or any APU or Part. Without limiting the foregoing, Customer shall comply with all mandatory service bulletins and airworthiness directives by causing compliance to such bulletins and/or directives to be completed through corrective modification in lieu of operating manual restrictions.

Customer will not make, authorize or permit any improvement, change, addition or alteration to the Aircraft that will impair the originally intended function or use of the Aircraft, diminish the value of the Aircraft as it existed immediately prior thereto, or violate any Applicable Standard. All repairs, parts, replacements, mechanisms and devices added by Customer or on its behalf shall immediately, without further act, become part of the Aircraft and subject to the Lender’s Lien granted under this Agreement.

Insurance.

Customer agrees to maintain or cause to be maintained at all times, at its sole cost and expense, with insurers of recognized reputation and responsibility satisfactory to Lender (but in no event having an A.M. Best or comparable agency rating of less than “A-”):

(A) comprehensive aircraft liability insurance against bodily injury or property damage claims including, without limitation, contractual liability, premises liability, death and property damage liability, public and passenger legal liability coverage, and sudden accident pollution coverage, in an amount not less than \$200,000,000.00 for 20 or more seats, or if the Aircraft will be chartered, or \$100,000,000.00 for 10 or more seats, or \$50,000,000.00 for fewer than 10 seats for each single occurrence, and (B) personal injury liability in an amount not less than

\$25,000,000.00; but, in no event shall the amounts of coverage required by sub-clauses (A) and (B) be less than the coverage amounts as may then be required by Applicable Law;

“all-risk” ground, taxiing, and flight hull insurance on an agreed-value basis, covering the Aircraft, provided that such insurance shall at all times be in an amount not less than the greater of (1) the full replacement value of the Aircraft (as determined by Lender), or (2) the unpaid principal amount of the Note (each such amount re-determined as of each anniversary of the date hereof for the next succeeding year throughout the term of this Agreement); and

war risk and allied perils (including confiscation, appropriation, expropriation, terrorism and hijacking insurance) in the amounts required in paragraphs (i) and (ii), as applicable.

Any policies of insurance carried in accordance with this Section 4.6 and any policies taken out in substitution or replacement of any such policies shall (i) be endorsed to name Lender as an additional insured as its interests may appear (but without responsibility for premiums), (ii) provide, with respect to insurance carried in accordance with Section 4.6(a)(ii) or (a)(iii) above, that any amount payable thereunder shall be paid directly to Lender as sole loss payee and not to Lender and Customer jointly, (iii) provide for thirty (30) days’ (seven (7) days’ in the case of war, hijacking and allied perils) prior written notice by such insurer of cancellation, material change, or non-renewal, (iv) include a severability of interest clause providing that such policy shall operate in the same manner as if there were a separate policy covering each insured, (v) waive any right of set-off against Lender, and any rights of subrogation against Lender, (vi) provide that in respect of the interests of Lender in such policies, that the insurance shall not be invalidated by any action or inaction of Customer or any other Person operating or in possession of the Aircraft, regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by or binding upon Customer or any other Person operating or in possession of the Aircraft, and (vii) be primary, not subject to any co-insurance clause and shall be without right of contribution from any other insurance.

Customer shall not self-insure (by deductible, premium adjustment, or risk retention arrangement of any kind) with respect to any of the risks required to be insured pursuant to this Section 4.6. Customer agrees that it shall obtain and maintain such other insurance coverages, or cause adjustments to be made to the scope, amount or other aspects of the existing insurance coverages, promptly upon Lender’s request, as and when Lender deems such additional insurance coverages or modifications to be appropriate in light of any changes in Applicable Law, prudent industry practices, the insurance market, Customer’s anticipated use of the Aircraft or other pertinent circumstances. All of the coverages required herein shall be in full force and effect worldwide throughout any geographical areas to, in or over which the Aircraft is operated. All insurance proceeds payable under the requisite policies shall be payable in U.S. Dollars.

At least ten (10) days prior to the policy expiration date for any insurance coverage required by this Section 4.6, Customer shall furnish to Lender evidence (having the form and substance consistent with Section 1(f) of the Closing Terms Addendum) of the renewal or replacement of such coverage, complying with the terms hereof, for a twelve (12) month or greater period commencing from and after such expiration date.

#### Event of Loss; Loaner Engines.

Upon the occurrence of any Event of Loss with respect to the Aircraft and/or the Airframe, Customer shall notify Lender of any such Event of Loss within five (5) days of the date thereof. Customer shall pay the then Outstanding Balance promptly upon its receipt of insurance proceeds relating to such Event of Loss, but in no event later than ninety (90) days after the occurrence of such Event of Loss (irrespective as to whether any or all of such proceeds have been received). Upon Lender’s receipt in good and indefeasible funds of all of the amounts required to be paid pursuant to the preceding sentence (whether by applying Customer’s payment of such amounts, or any such insurance proceeds, or both) the Aircraft shall be released from the Lender’s Lien, and Lender shall remit to Customer any such insurance proceeds so received by Lender, to the extent then remaining.

Upon an Event of Loss with respect to an Engine or any APU (as applicable, a “ **Lost Item** ”) under circumstances in which there has not occurred an Event of Loss with respect to the Airframe, Customer shall, within one hundred twenty (120) days after the occurrence of such Event of Loss, replace such Lost Item, with a Permitted Replacement. Any engine or auxiliary power unit constituting a “ **Permitted Replacement** ” for a Lost Item shall (i) be of the same make and model number as the Lost Item, (ii) be free and clear of all Liens and (iii) have a value, utility and useful life at least equal to, and be in as good an operating condition as, the Lost Item, assuming such Lost Item was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss. Customer, at its own cost and expense, shall (i) furnish Lender with such documents to evidence such conveyance, (ii) cause the Permitted Replacement to be subject to the Lender’s Lien under this Agreement, and (iii) take such other actions as may be required by Lender to cause the Lender’s Lien therein to be validly created, perfected and have first priority, including as evidenced on the FAA Registry, the International Registry, and any other recording office. Each such Permitted Replacement shall, after such conveyance, be deemed an “Engine” or “APU” (as defined herein), as applicable, and shall be deemed part of the same Aircraft as was the Lost Item replaced thereby.

In the event an Engine is damaged and is being repaired, or is being inspected or overhauled, Customer, at its option, may temporarily substitute another engine during the period of such repair or overhaul, so long as such engine is of the same make and model as the Engine being repaired or overhauled, is free and clear of any Lien that might impair Lender’s rights or interests in the Airframe and is maintained in accordance herewith (any such substitute engine being hereinafter referred to as a “ **Loaner Engine** ”). Customer shall (i) cause such Loaner Engine to be installed and removed, as applicable, by a maintenance facility certified by the FAA and manufacturer with respect to the Aircraft, and (ii) cause the repaired or overhauled original Engine to be reinstalled on the Airframe promptly upon completion of the repair or overhaul, but in no event later than the earlier of one hundred twenty (120) days after removal or the occurrence of an Event of Default.

So long as no Default has occurred and is continuing, and no Event of Default or Event of Loss with respect to the Aircraft has occurred, any loss or damage proceeds of the Required Coverages received by Lender shall be released promptly by Lender to Customer to reimburse Customer for paying the costs actually incurred with respect to repairs made to the Aircraft so as to restore it to the condition required by this Agreement, or for the purchase of a Permitted Replacement pursuant to Section 4.7(b), or shall be disbursed by Lender as otherwise required by this Agreement.

Aircraft Registration. On or before the Closing Date, and at all times thereafter, so long as any of the Obligations are outstanding, Customer shall remain solely responsible pursuant to the applicable provisions of this Agreement to cause (i) the Aircraft to be effectively and otherwise validly registered in Customer’s name on the Registry, and (ii) the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft, in each case, accordance with the Registration Requirements; and without limiting the foregoing, or any other provision of this Agreement, Customer shall:

cause the Registration Certificate to be maintained within the Aircraft and cause the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft; including by (A) notifying Lender immediately of any event or circumstance with respect to which the Registration Requirements require further action by Customer, the Registry or any other Governmental Authority or other Person, (B) immediately upon receipt, placing the original, replacement or renewal Registration Certificate on the Aircraft prior to the expiration or other invalidation of any previously issued Registration Certificate (whether the certificate or any other document constituting the Registration Certificate as defined herein) under the Registration Requirements, and (C) complying with any and all of the other Registration Requirements relating to such Registration Certificate, and to the Registration Certificate replaced thereby (including any of the same relating to the destruction or return thereof, as the case may be); and



within such notice period) or (B) notify Lender of any Default or Event of Default within ten (10) Business Days of its occurrence; or

(i) any Customer Party shall (A) generally fail to pay its, or his or her debts as they become due, admit its, or his or her inability to pay its, or his or her debts or obligations generally as they fall due, or shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws or other insolvency laws, or an answer admitting the material allegations of such a petition filed against such Customer Party in any such proceeding; or (B) by voluntary petition, answer or consent, seek relief under the provisions of any other bankruptcy or other insolvency or similar law providing for the reorganization or liquidation of corporations, or providing for an assignment for the benefit of creditors, or providing for an agreement, composition, extension or adjustment with its, or his or her creditors; or (ii) a petition against any Customer Party in a proceeding under applicable bankruptcy laws or other insolvency laws, as now or hereafter in effect, shall be filed and shall not be withdrawn or dismissed within one hundred twenty (120) days thereafter, or if, under the provisions of any law providing for reorganization or liquidation of business entities that may apply to any Customer Party, any court of competent jurisdiction shall assume jurisdiction, custody or control of such Customer Party or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of one hundred eighty (180) days after the filing date; or

the occurrence of any of the following events with respect to any Customer Party: (A) it enters into any transaction of merger, consolidation or reorganization; (B) it ceases to do business as a going concern, liquidates, or dissolves, or sells, transfers or otherwise disposes of all or substantially all of its assets or properties (in one or more transactions); (C) it becomes the subject of, or engages in, a leveraged buy out; (D) it changes the form of organization of its business; (E) if it is privately owned as of the Closing Date, there is any substantial change in the ownership or control of its capital stock or membership interests such that the holder(s) that own or control one hundred percent (100%) of such equity interests as of the Closing Date no longer do so; or (F) if it is publicly held as of the Closing Date, any change so that it is no longer subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or no longer registered under Section 12 of the Securities Act of 1933, as amended; or

(i) the conviction of or guilty plea by any Customer Party with respect to any criminal act constituting a felony, (ii) any repudiation by any Customer Party of its obligation for the payment or performance of the Obligations, (iii) any allegation by any Customer Party or judicial determination that any of the Loan Documents is unenforceable in any material respect or (iv) a Default (as defined in any Guaranty) shall occur; or any event or condition constituting a breach or other default under any Operating Consent.

## **Remedies .**

Acceleration; Termination of Commitment . If any Event of Default shall occur, Lender, in its sole discretion, may (a) declare the Obligations to be immediately due and payable, and upon such declaration the Obligations (including, the unpaid principal amount of the Note, together with all accrued but unpaid interest thereon, any prepayment fees and all other amounts due and payable under or with respect to the Loan Documents), shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the other Loan Documents to the contrary notwithstanding, (b) terminate any then outstanding commitment whether to Customer or any Affiliate to make the Loan or any advance thereof, or any other financial accommodations, whether related to the Loan or otherwise, and/or (c) pursue and enforce any of Lender's rights and remedies under this Section 7; provided, however, if an Event of Default specified in Section 6 (e) above shall occur, the Obligations shall become immediately due and payable, all such commitments shall terminate, and Lender shall have all such other rights and remedies contemplated in the preceding clauses (a), (b) and (c), automatically, and without any notice or other action by Lender.

Additional Remedies . If an Event of Default occurs, in addition to all other rights and remedies granted to it in this Agreement and in the other Loan Documents, Lender may exercise all rights and remedies of a secured party under the UCC or as a creditor, chargee or security assignee under the Cape Town Convention (including any and all remedies thereunder requiring agreement by Customer), or otherwise available to Lender under any other Applicable Law. Without limiting the generality of the foregoing, Customer agrees that upon the occurrence of an Event of Default, Lender, without demand or notice of any kind (except as specified below) to or upon Customer or any other Person, in its sole discretion, may exercise any one or more of the following remedies:

(i) peacefully enter the premises where the Aircraft, the Engines, or any other Collateral is located, take immediate possession of, remove (or disable in place), or otherwise take control or custody of the Airframe, the Engines or any other Collateral (whether or not then attached to the Airframe) by self-help, summary proceedings or otherwise without liability, (ii) preserve the Airframe, the Engines or the other Collateral, and their respective value (but without any obligation to do so), and immobilize or keep idle the Airframe or Engines, and/or (iii) use Customer's premises for storage without liability; and Customer agrees, at Lender's request, to assemble the Collateral, and make it available to Lender at such places as Lender shall reasonably select, whether at Customer's premises or elsewhere;

(i) terminate the right of any Interested Third Party, and any other third party to use, possess or control the Airframe, the Engines or any of the other Collateral, including under any Permitted Third Party Agreement or other Third Party Agreement, without regard as to the existence of any event of default thereunder, (ii) recover from, and/or cause Customer and any such Interested Third Party, and any other third party, to relinquish possession and return the Airframe, the Engines and any other Collateral pursuant to this Section 7, and/or (iii) exercise any and all other remedies under any Operating Consents in Customer's stead, to the extent provided for under, or otherwise available to Customer in connection with any related Permitted Third Party Agreement or such other Third Party Agreement;

(i) manage, sell, lease, assign or otherwise dispose of the Airframe, the Engines or any other Collateral, in whole or in part, whether or not in Lender's possession, in one or more parcels or transactions, at public or private sale or sales, with or without notice to Customer (except as required by Applicable Law, and in furtherance thereof, Lender agrees that it shall give Customer no less than ten (10) working days' prior notice of any proposed sale or lease of the Airframe or Engines, which Customer acknowledges as constituting "reasonable prior notice" for the purposes of the Cape Town Convention) at such prices as Lender may deem best, and/or (ii) purchase the Collateral, in whole or in part, upon any public sale or sales, and to the extent permitted by Applicable Law upon any private sale or sales, free of any right or equity of redemption in Customer, which right or equity of redemption is hereby expressly released;

(i) collect, receive, appropriate and realize upon the Collateral, or any part thereof, including by applying any deposit or other cash collateral, or collecting or receiving, appropriating and realizing upon any income, profits or other proceeds arising from the management or use of the Airframe, the Engines or any of the other Collateral, and applying the same (after deducting all taxes, costs, expenses and other reductions of every kind incurred in connection therewith) to the payment in whole or in part of the Obligations, in such order and manner as Lender may elect; and (ii) after making such application, (A) remitting to Customer or to such other Person any excess then remaining, as and to the extent Lender is required by Applicable Law to make such remittance and (B) demanding, collecting and receiving from Customer any deficiency then remaining (and Customer agrees that it shall remain liable for, and pay upon demand, the full amount of any such deficiency);

(i) demand and obtain from any court speedy relief pending final determination available at law (including, possession, control, custody or immobilization of the Airframe and Engines, or preservation of the Airframe and the Engines and their respective value), (ii) procure the deregistration and/or export and physical transfer of the Airframe from the territory in which it is then situated (including pursuant to an IDERA, if any, executed by Customer), and/or (iii) otherwise proceed at law or in equity, to enforce specifically Customer's performance or to recover damages; and/or

exercise any and all other rights and remedies under or with respect to the Loan Documents or Applicable Law, including the Cape Town Convention and the UCC.

No Waiver: Cumulative Remedies . No right or remedy is exclusive. Customer hereby acknowledges that none of the provisions of this Section 7, including any remedies set forth or referenced herein, is "manifestly unreasonable" for the purposes of the Cape Town Convention. Each may be used successively and cumulatively and in addition to any other right or remedy referred to above or otherwise available to Lender at law or in equity, but in no event shall Lender be entitled to recover any amount in excess of the maximum amount recoverable under Applicable Law with respect to any Event of Default. No express or implied waiver by Lender of any Default or Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default. The failure or delay of Lender in exercising any rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or reoccurrence of any such contingencies or similar contingencies, and any single or partial exercise of any particular right by Lender shall not exhaust the same or constitute a waiver of any other right provided for or otherwise referred to herein. After the occurrence of any Default or Event of Default, the acceptance by Lender of any payment or performance of any of the Obligations, including the payment of any installment of principal and/or interest or of any other sum owing hereunder or under the other Loan Documents shall not constitute a waiver of such Default or Event of Default, regardless of Lender's knowledge or lack of knowledge thereof at the time of acceptance of any such payment or performance and shall not constitute a reinstatement of any of the Loan Documents, unless Lender shall have agreed in writing to reinstate the same and waive the Default or Event of Default. To the extent permitted by Applicable Law, Customer waives any rights now or hereafter conferred thereby, that (a) limit or modify any of Lender's rights or remedies under this Agreement or any of the other Loan Documents, including the provisions of Article 13(2) of the Convention, or (b) would otherwise entitle Customer to (i) receive notices or demands as a condition to Lender's exercise of any rights or remedies, except as expressly required above or (ii) make claims, damages and demands against Lender arising out of the repossession, retention, sale or other disposition of the Collateral.

#### **MISCELLANEOUS**

Notices . All communications and notices provided for herein shall be in writing and shall be deemed to have been duly given or made (i) upon hand delivery, or (ii) upon delivery by an overnight delivery service, or (iii) when sent by telecopy (with customary confirmation of receipt of such telecopy) on the Business Day when sent or upon the next Business Day if sent on other than a Business Day.

#### Expenses and Fees; Indemnity; Performance of Customer's Obligations .

Customer shall pay to Lender upon demand all reasonable fees, costs and expenses incurred by or on behalf of Lender at any time in connection with (i) the negotiation, preparation, execution, delivery and enforcement of the Loan Documents and the collection of the Obligations (both before and after the occurrence of a Default or Event of Default), (ii) the creation, preservation and protection of the Collateral and the perfection, first priority and enforcement of Lender's Lien, or (iii) Customer's exercise of any right granted under, or any amendment or other modification to any of, the Loan Documents. Such fees, costs and expenses shall include, without limitation, reasonable appraisal and inspection fees, the reasonable fees and expenses of Aviation Counsel and of Lender's counsel, consultants and brokers, UCC, FAA, International Registry and other applicable title, interest and lien searches, and reasonable costs and expenses relating to recovery, repossession, storage, insurance, transportation, repair, refurbishment, advertising, sale and other dispositions of the Aircraft or any of the other Collateral. Customer shall also pay all reasonable fees (including license, filing and registration fees), Impositions and other charges of whatever kind or nature that may be payable or determined to be payable in connection with (A) the execution, delivery, recording or performance of this Agreement or any of the other Loan Documents, or any modification thereof, and (B) the filings, registrations and other undertakings relating thereto. Notwithstanding the foregoing, as long as there are no more than two (2) revised drafts of any Loan Document provided by Customer or its counsel to Lender or Lender's counsel, Customer shall be responsible for not more than \$35,000.00 in the aggregate for the legal fees of outside counsel to Lender (including, Aviation Counsel) and appraisal, inspection, processing, credit verification, lien searches, FAA and International Registry fees and other fees incurred in connection with the initial negotiation, preparation and execution of this Agreement and the other Loan Documents executed and delivered on or before the Closing Date (and the consummation of the closing contemplated to occur thereon); provided that in the event that the negotiation exceeds two (2) revised drafts of any Loan Document, then Customer shall pay for the actual amount of such out of pocket fees incurred by Lender relating to the drafting and negotiation in excess of such two (2) revised drafts. Lender shall apply the previously paid deposit amount of \$35,000.00 to such fees and shall refund to Customer the amount by which the deposit exceeds such fees.

Customer hereby further agrees, whether or not the transactions contemplated by this Agreement shall be consummated, to pay, indemnify, and hold Lender and its affiliates and all of the Lender's and such affiliates' respective directors, shareholders, members, officers, employees, agents, predecessors, attorneys-in-fact, lawyers, successors and assigns (Lender, its affiliates and all of such other parties and entities sometimes hereinafter collectively, the "**Indemnified Parties** ") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, out of pocket costs, attorney's fees, expenses or disbursements of any kind or nature whatsoever ("**Claims** ") arising with respect to or in connection with (i) the Airframe, the Engines, or any APUs or Parts, or any of the other Collateral, including (whether by or through Customer, Vendor, any Interested Third Party, or any other Person), the manufacture, inspection, ownership, lease, sublease, management, pooling, interchange, time sharing, chartering, possession, use, operation, maintenance, security, condition (whether prior to, upon or after delivery or acceptance of any of the same), repossession, storage, sale or other disposition of any of the same, or any accident in connection therewith, including Claims involving or alleging environmental damage, criminal acts, hijacking, acts of terrorism or similar acts, product liability or strict or absolute liability in tort, latent and other defects (whether or not discoverable) and for any other risk or matter, including any of the same that result in injuries, death, destruction, or other harm or loss to persons or property, or (ii) any of the Loan Documents, Third Party Agreements or other Transaction Documents, or the performance, breach (including any Default or Event of Default) or enforcement of any of the terms hereof or thereof, provided, that Customer shall have no obligation to indemnify an Indemnified Party with respect to Claims arising from the gross negligence or willful misconduct of such Indemnified Party (unless if imputed by Applicable Law). If any Claim is made against any Indemnified Party, the party receiving notice or otherwise becoming aware of such Claim shall promptly notify the other, but the failure of the party having knowledge of a Claim to so notify the other party shall not relieve Customer of any obligation hereunder.

If any Customer Party fails to perform or comply with any of its agreements contained herein or in the other Loan Documents, including, without limitation, its obligations to keep the Collateral free of Liens (other than the Permitted Liens), comply with Applicable Standards, or obtain the Required Coverages, Lender shall have the right, but shall not be obligated, to effect such performance or compliance, with such agreement. Any expenses of Lender incurred in connection with effecting such performance or compliance, together with interest thereon at the default rate of interest provided for in the Note from the date incurred until reimbursed, shall be payable by Customer to Lender promptly on demand and until such payment shall constitute part of the Obligations secured hereby. Any such action shall not be a cure or waiver of any Default or Event of Default hereunder.

Entire Agreement; Modifications . This Agreement and the other Loan Documents constitute the entire understanding and agreement of the parties hereto with respect to the matters contained herein and therein, and shall completely and fully supersede all other prior agreements (including any proposal letter, commitment letter, and/or term sheet), both written and oral, between Lender and Customer relating to the Obligations. Neither this Agreement, nor any terms hereof, may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of a change, waiver, discharge or termination is sought.

Construction of this Agreement and Related Matters . All representations and warranties made in this Agreement and in the other Loan Documents shall survive the execution and delivery of this Agreement and the making of the Loan hereunder. Customer's obligations contained in this Section 8 shall survive the payment and performance of the Obligations, the termination of this Agreement, and the release of the Collateral.

This Agreement may be executed by the parties hereto on any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. The headings of the Sections hereof are for convenience only, are not part of this Agreement and shall not be deemed to affect the meaning or construction of any of the provisions hereof. Time is of the essence in the payment and performance of all of Customer's obligations under this Agreement. Any provision of this Agreement that may be determined to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective in such jurisdiction to the extent thereof without invalidating the remaining provisions of this Agreement, which shall remain in full force and effect.

**Lender's Assignment.** Lender, may at any time, with or without notice to Customer, freely grant a security interest in, sell, assign, participate or otherwise transfer (an "Assignment") all or any part of its interest in this Agreement and the other Loan Documents (including all associated rights associated with or secured thereby and the related international interests) or any amount due or to become due hereunder or thereunder, and Customer shall perform all of its obligations under the Loan Documents, to the extent so transferred, for the benefit of the beneficiary of such Assignment (such beneficiary, including any successors and assigns, an "Assignee"); provided, however, if such Assignee is not an Affiliate of Lender and if no Default or Event of Default exists, Lender will provide prior notice of any such Assignment to a third party. Customer hereby waives any right to assert, and agrees not to assert, against any Assignee any abatement, reduction, defense, setoff, recoupment, claim or counterclaim that Customer may have against Lender, provided that Lender remains fully responsible therefor. Upon the assumption by such Assignee of Lender's obligations hereunder, Lender shall be relieved of any such assumed obligations. Customer hereby consents to any such assignment, grant, sale or transfer, including, without limitation, for purposes of the Cape Town Convention. If so directed in writing, Customer shall pay all amounts due or to become due under the Loan Documents, including any of the same constituting associated rights or proceeds directly to the Assignee or any other party designated in writing by Lender or such Assignee. Customer acknowledges and agrees that Lender's right to enter into an Assignment is essential to Lender and, accordingly, waives any restrictions under Applicable Law with respect to an Assignment and any related remedies. Upon the request of Lender or any Assignee, Customer also agrees (a) to promptly execute and deliver, and cause to be executed and delivered by any Guarantor or any other Transaction Party, to Lender or to such Assignee an acknowledgment of assignment in form and substance satisfactory to the requesting party, an insurance certificate naming Assignee as additional insured and loss payee and otherwise evidencing the Required Coverages, an IDERA in favor of Assignee, and such other documents and assurances reasonably requested by Lender or Assignee, (b) to make, or cause to be made, all registrations (including all assignments and subordinations) and all amendments, extensions and discharges with the International Registry reasonably requested by Lender or Assignee (and give or obtain any necessary consent thereto, as well as renew any authorization required by the International Registry in connection therewith, including renewing its transacting user entity status and re-designating a professional user entity, if necessary in Lender's judgment), and (c) to comply with any and all other reasonable requirements of any such Assignee in connection with any such Assignment.

**Jurisdiction.** Customer and Lender each hereby irrevocably consents and agrees that any legal action, suit or proceeding arising out of or in any way in connection with this Agreement or any of the other Loan Documents may be instituted or brought in the courts of the State of New York or in the United States Courts for the Southern District of New York, as Customer or Lender may elect or in any other state or Federal court as Lender shall deem appropriate, and by execution and delivery of this Agreement, Customer and Lender each hereby irrevocably accepts and submits to, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of any such court, and to all proceedings in such courts. Customer and Lender each irrevocably consents to service of any summons and/or legal process by first class, certified United States air mail, postage prepaid, to Customer at the address set forth below its signature hereto, such method of service to constitute, in every respect, sufficient and effective service of process in any such legal action or proceeding. Nothing in this Agreement or in any of the other Loan Documents shall affect the right to service of process in any other manner permitted by law or limit the right of Lender to bring actions, suits or proceedings in the courts of any other jurisdiction. Customer and Lender each further agrees that final judgment against it in any such legal action, suit or proceeding shall 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 shall be conclusive evidence of the fact and the amount of the liability. Notwithstanding anything in the foregoing to the contrary, Lender and Customer may bring a judicial proceeding in the Republic of Ireland, solely with respect to matters relating to the International Registry.

**Governing Law; Binding Effect.** This Agreement shall be construed and enforced in accordance with, and the rights of both parties shall be governed by, the internal laws of the State of New York (without regard to the conflict of laws principles of such state, except as to the effect of Title 14, Section 5-1401 of the New York General Obligations Law), including all matters of construction, validity, and performance. This Agreement shall be binding upon and inure to the benefit of Customer and Lender and their respective successors and assigns (but without limiting the provisions of Section 8.5); except that Customer may not assign or transfer its rights or obligations hereunder or under any other Loan Agreement, or any interest herein or therein; and any such purported or attempted assignment or transfer by Customer shall be null and void.

**Customer's Capacity as Owner Trustee.** TVPX Aircraft Solutions Inc. ("TVPX") is executing this Agreement, and the other Loan Documents solely in its capacity as Owner Trustee under the Trust Agreement and not in its individual capacity and in no case shall TVPX be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of the Customer hereunder, or under any Loan Document, all such liability, if any, being expressly waived by the parties hereto and any Person claiming by, through, or under such party. Under no circumstances shall TVPX be personally liable for the payment of any other amount stated to be due from the Customer hereunder, or under any Loan Document, or be personally liable for the breach or failure of any of Customer's representations, warranties, covenants, obligations, undertakings and agreements hereunder, or under any Loan Documents; provided, however, that the Customer (or any such successor owner trustee) shall be personally liable hereunder for its own gross negligence or willful misconduct or for its breach of its covenants, representations and warranties contained herein, or in any Loan Document, to the extent covenanted or made in its individual capacity.

**Jury Waiver.** CUSTOMER AND LENDER EACH HEREBY KNOWINGLY AND FREELY WAIVES THEIR RESPECTIVE RIGHTS TO A JURY TRIAL IN ANY ACTION, SUIT OR PROCEEDING RELATING TO, ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE NOTE OR ANY OF THE OTHER LOAN DOCUMENTS.

**[Signatures On Next Page]**

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Loan and Aircraft Security Agreement

IN WITNESS WHEREOF, the parties hereto have caused this Loan and Aircraft Security Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

BANC OF AMERICA LEASING & CAPITAL, LLC, Lender

TVPX AIRCRAFT SOLUTIONS INC., a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated July \_\_\_\_, 2017,

Customer

By:  
Name:  
Title:  
Notice Address:

One Financial Plaza, 2nd Floor  
Providence, Rhode Island 02903  
Attention: Director of Aircraft Operations  
Telephone: 800-238-3737  
Facsimile: 401-278-7941

By:  
Name:  
Title:

Notice Address:

39 East Eagle Ridge Drive, Ste. 201  
North Salt Lake, UT 84054  
Telephone: (801) 924-367  
Facsimile: (801) 877-0478

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### LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)

**THIS LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)** (together with all Addenda, Riders and Annexes hereto, this “**Agreement**”) is dated as of July 27, 2017 (the “**Closing Date**”), by and between **TVPX AIRCRAFT SOLUTIONS INC.**, a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated as of July 27, 2017 (“**Customer**”) and **BANC OF AMERICA LEASING & CAPITAL, LLC**, a Delaware limited liability company (“**Lender**”).

In consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

Capitalized and certain other terms used but not otherwise defined in this Agreement shall have the meanings ascribed to them in Annex A attached hereto and made a part hereof.

#### Terms of Loan .

Loan and Use of Proceeds . Subject to the terms and conditions of this Agreement, Lender agrees to make a loan to Customer in the principal amount set forth in Annex B attached hereto and made a part hereof (the “**Loan**”). Customer shall use the proceeds of the Loan to finance the costs of the acquisition of the Aircraft.

Repayment and Prepayment . The Customer’s obligation to repay the Loan shall be evidenced by one or more Promissory Notes dated on and/or after the Closing Date, payable by Customer to the order of Lender in the original principal amount of the Loan (as amended, modified, restated, extended and renewed from time to time, the “**Note**”). The Loan shall bear interest and be repaid by Customer at the times and in the manner set forth in the Note. The Loan may be prepaid only in the manner and subject to terms and conditions set forth in the Note and, if applicable, Section 4.7 hereof.

Conditions of Borrowing . Lender’s obligation to make the Loan shall be both subject to and conditioned upon the satisfaction of all of the conditions precedent specified in the Closing Terms Addendum attached to and made a part of this Agreement.

Representations and Warranties . In order to induce Lender to enter into this Agreement and to make the Loan herein provided for, Customer represents, warrants and covenants to Lender that:

(i) Customer (A) is duly qualified to do business in each jurisdiction in which the conduct of its business or the ownership or operation of its assets requires such qualification, including the jurisdiction of the Primary Hangar Location and wherever any of the Collateral may become located; (B) has the necessary authority and power to own and operate the Aircraft and its other assets and to transact the business in which it is engaged; (C) is a “citizen of the United States” within the meaning of the Transportation Code; and (D) has the form of business organization set forth in Annex B hereto and is and will remain duly organized, validly existing and in good standing under the laws of the state of its organization set forth in Annex B hereto, its federal tax identification number is as set forth in Annex B hereto, and its state-issued organizational identification number (if any), chief executive office and principal place of business address are all as set forth on Annex B hereto; and (ii) its name as shown in the preamble of this Agreement is its exact legal name as shown on its charter, by-laws, articles of organization or operating agreement, as applicable, each as amended as of the Closing Date;

(i) Customer’s execution and delivery of, and performance of its obligations under and with respect to, each of the Loan Documents (including its borrowing the amounts constituting the Loan, granting the Lender’s Lien against the Aircraft and other Collateral and participating in the other transactions contemplated herein and therein), (A) have been duly authorized by all necessary action on the part of Customer consistent with its form of organization, (B) do not contravene or constitute a default under any Applicable Law, any of Customer’s Organizational Documents, or any agreement, indenture, or other instrument to which Customer is a party or by which it may be bound, (C) do not require the approval of or notice to (1) any Governmental Authority, except for the filings and registrations specified in the Closing Terms Addendum, all of which shall have been duly effected prior to or concurrently with Lender making the Loan, or (2) any other party (including any trustees or holders of indebtedness), and (D) will not result in the creation or imposition of any Lien on any of the assets of Customer other than the Lender’s Lien created hereby and by the other Loan Documents with respect to the Collateral; (ii) each of the Transaction Documents referenced in the Closing Terms Addendum to which Customer is a party has been duly executed and delivered by an authorized representative of the Customer, and constitutes the legal, valid and binding obligation of the Customer, enforceable against it in accordance with the respective terms of such Transaction Documents (including, without limitation, the grant of the Lender’s Lien); and (iii) without limiting the foregoing, upon Lender’s advancing the Loan on the Closing Date, (A) Customer will have satisfied or complied with all conditions precedent and requirements as set forth in the Loan Documents required to have been

satisfied or complied with concurrently with or prior to such advance and (B) no Default or Event of Default shall be then existing;

there are no proceedings pending or, so far as the officers, managers, or members of Customer know, threatened against or affecting Customer or any of its property before any Governmental Authority that could impair Customer's title to the Aircraft or any of the other Collateral, or that, if decided adversely, could materially affect the financial condition or operations of Customer or its ability to perform its obligations under any of the Loan Documents;

(i) Customer has, and shall continue to have, good and marketable title to the Collateral, free and clear of Liens, except Permitted Liens; (ii) the Lender's Lien in the Airframe, the Engines and the other Collateral is and shall remain validly created and perfected, and has and shall continue to have first priority over any other Liens pursuant to all Applicable Laws; and (iii) all filings, recordings, registrations or other actions necessary or desirable in order to vest such title in Customer, and establish, perfect and give first priority to Lender's Lien and other rights and interests in, against or with respect to the Collateral, have been duly effected, and all Impositions in connection therewith have been duly paid;

without limiting any of the other representations and warranties in this Agreement, for the purposes of the Cape Town Convention and any other Applicable Law, (i) upon the conclusion of the sale of the Aircraft to Customer, and Customer's grants and assignments, and (if constituting a lease) any Permitted Third Party Agreement, contemplated in the Loan Documents or other Transaction Documents, Customer and (if a lessee) any Interested Third Party shall be situated in, and Customer will cause the Aircraft to be duly registered in, the United States of America (which is a contracting state), (ii) with respect to any of the Transaction Documents relating to the Airframe or Engine, each of the respective parties thereto has power to dispose of the Airframe and Engine, as contemplated therein by way of the relevant Transaction Document, and (iii) the Purchase Documents qualify as a "contract of sale", and (if constituting a lease) any Permitted Third Party Agreement and the Loan Documents are effective to constitute international interests in the Airframe and Engine and security assignments of the related associated rights and transfer of the related international interests, as contemplated therein, and each such Registerable Interest will be effective against third parties upon registration at the International Registry, without any further filings or registrations (except as contemplated in the Loan Documents);

(i) the Aircraft (A) has been delivered to Customer, is in Customer's possession and is, as of the Closing Date, unconditionally, irrevocably and fully accepted by Customer, (B) has been inspected by Customer to its complete satisfaction and, without limiting the foregoing, (1) has been found to be in good working order, repair and condition and fully equipped to operate for its intended purpose, and (2) is in conformity with the requirements of the Purchase Agreement and the Applicable Standards, (C) is, or will be at the time of the funding of the Loan, currently certified under existing FAA rules and regulations and any other Applicable Laws and is airworthy in all respects, and (D) is and will remain primarily hangared at the Primary Hangar Location; and (ii) without limiting the foregoing, (A) solely as between Lender and Customer (and without prejudicing Customer's rights against Vendor or any other third party, which rights are not being disclaimed hereby), Customer has no pending claims and has no knowledge of any facts upon which a future claim may be based, against any prior owner, the seller, manufacturer or supplier of the Aircraft or any of the other Collateral, for breach of warranty or otherwise, and (B) all of the information contained in Annex C, including the registration number of the Aircraft, and the serial numbers, manufacturer and model numbers of the Airframe, Engines, and APU, are true and accurate in all respects; and

(h) the Aircraft (i) is currently capable of being certified under existing FAA rules and regulations and completely airworthy in all respects, (ii) will undergo an inspection by a Designated Airworthiness Representative of the FAA ("DAR") on the Closing Date and (iii) an FAA Standard Airworthiness Certificate (AC Form 8100-2) shall be issued for the Aircraft no later than two (2) Business Days after the Closing Date.

**Covenants** . Customer covenants and agrees that from and after the Closing Date and so long as any of the Obligations are outstanding:

Notices; Financial Information; and Further Assurances . Customer will, at its sole expense:

promptly give written notice to Lender of (i) the occurrence of any Default or Event of Default; (ii) the occurrence of any Event of Loss or event of which Customer may be aware that could become an Event of Loss; (iii) the commencement or written threat of any material litigation or proceedings affecting Customer or any material litigation or proceedings affecting the Aircraft or any of the other Collateral, or the ability of Customer to comply with its obligations under the Loan Documents; and (iv) any material dispute between Customer or any Interested Third Party and any Governmental Authority or other party that involves the Aircraft or any of the other Collateral or that might materially interfere with the normal business operations of Customer;

cause Guarantor to comply with the financial reporting requirements set forth in the Guaranty and promptly furnish to Lender any such financial and other information regarding the Customer or Guarantor or any of its Affiliates as Lender may from time to time reasonably request; and

promptly execute and deliver to Lender such further instruments, UCC and FAA filings (including an IDERA) and other documents, make, cause to be made and/or consent to all registrations (including any discharges and subordinations, or as to the prospective or actual sale of, and any international interest in, the Engines) with the International Registry, and take such further action, as Lender may from time to time reasonably request in order to further carry out the intent and purpose of the Loan Documents and to establish, protect and enforce the rights, interests, remedies and Liens (including the first priority thereof) created, or intended to be created, in favor of Lender thereby.

General Obligations . (a) Customer agrees that it shall (i) duly observe and conform to all requirements of Applicable Law relating to the conduct of its business and/or the Aircraft, (ii) remain a "citizen of the United States" within the meaning of the Transportation Code, (iii) obtain and keep in full force and effect (A) all rights, franchises, licenses and permits that are necessary to the proper conduct of its business, and (B) all approvals by any Governmental Authority required with respect to the performance of its obligations under the Loan Documents and the operation of the Aircraft and its business, (iv) cause the Aircraft to remain primarily hangared at the Primary Hangar Location, and duly registered in Customer's name under the Transportation Code (including, by making all necessary reports, re-registering its ownership of the Aircraft, and taking all other actions required by Applicable Law), and (v) pay and perform all of its obligations and liabilities when due. (b) Customer agrees that (i) it shall not change its presently existing legal name or its form or state of organization on or after the date of this Agreement, without Lender's prior written consent, (ii) if its presently existing state organizational identification number changes, or if Customer currently has no such state organizational number but is subsequently issued such a number, on or at any time after the date of this Agreement, Customer shall immediately notify Lender thereof, and (iii) it shall not change the presently existing mailing, chief executive office and/or principal place of business address on or after the date of this Agreement without giving Lender thirty (30) days written notice of the same.

Taxes . (a) Customer will file or cause to be filed with all appropriate taxing authorities all Federal, state and local income tax returns that are required to be filed and all registrations, declarations, returns and other documentation with respect to any personal property taxes (or any other taxes in the nature of or imposed in lieu of property taxes) due or to become due with respect to the Aircraft or any of the other Collateral. (b) Customer will pay (or cause to be paid) (i) on or before the date when due all taxes as shown on said returns and all taxes assessed, billed or otherwise payable with respect to the Aircraft or the other Collateral directly to the appropriate taxing authorities; and (ii) when due all license and/or registration or filing fees, assessments, governmental charges and sales, use, property, excise, privilege, value added and other taxes (including any related interest or penalties) or other charges or fees now or hereafter imposed by any governmental body or agency upon Customer or the Aircraft or any of the other Collateral, with respect to the landing, airport use, manufacturing, ordering, shipment, purchase, ownership, delivery, installation, leasing, chartering, operation, possession, use or disposition of the Aircraft or any of the other Collateral, or any interest therein (the items referred to in (i) and (ii) above being referred to herein collectively, as "Impositions").

No Disposition of Collateral or Liens; Title and Security Interest .

Customer shall not sell, assign, enter into any Third Party Agreement, convey, mortgage, exchange or otherwise transfer or relinquish possession of (including by any seizure or other taking by any foreign or domestic governmental authority) or dispose of the Airframe or Engines, any Part, any related associated rights, international interests or prospective international interests, any proceeds or any of the other Collateral, or attempt or offer to do, or suffer or permit any of the foregoing. Customer shall be permitted, however, to deliver possession of the Airframe, the Engines, or any APU or Part to another Person for testing, service, repair, maintenance, overhaul, alteration or modification, and to enter into Permitted Third Party Agreements, in each case, if and to the extent consistent with the provisions of the Loan Documents. Customer will warrant and defend its good and marketable title to the Airframe, the Engines and the other Collateral, and the validity, perfection and first priority of Lender's Lien in the Collateral, against all other Liens, claims and demands whatsoever, except Permitted Liens; and without limiting the foregoing, Customer will (i) not create, assume or suffer to exist any Liens on or with respect to the Airframe, the Engines, or any of the other Collateral, or Customer's interest therein (other than Permitted Liens); and (ii) promptly take such action as directed by Lender to duly discharge any such unpermitted Liens.

So long as no Default or Event of Default is then existing, Customer may enter into and remain a party to Third Party Agreements, in each such case, subject to the satisfaction of, and compliance by Customer and each Interested Third Party with, all of the following throughout the term of such arrangement: (i) Each such Interested Third Party shall (A) be and remain solvent, and (unless an individual) organized under the laws of a state within the United States; and (B) if engaged by Customer with the prior written consent of Lender as a manager and/or charter operator (including the Manager pursuant to the Management Agreement), while so engaged, (1) have a recognized favorable reputation as a manager and/or charter operator, as the case may be, of aircraft similar to the Aircraft, (2) be providing management and/or charter operation services for other aircraft owners similar to the services contemplated therein, and (3) if and at all times while conducting any charter operations (x) have and maintain a valid Part 135 Certificate evidencing its authority to conduct such operations, (y) list the Aircraft on its operations specifications, and (z) comply with all Applicable Standards pertaining to such charter operations. (ii) Any operation of the Aircraft pursuant to any such Third Party Agreement shall be limited to (A) if by Customer, Parent Guarantor or any Affiliate of Parent Guarantor, any time sharing agreements (as defined in Section 91.501(c)(1)) complying with Part 91 of the FARs and all other Applicable Standards, (B) if by a manager and/or a charter operator with Lender's prior written consent, pursuant to and in full compliance with the requirements of Part 135 of the FARs and all other Applicable Standards, or (C) if such Third Party Agreement is a "dry lease" by Customer, as lessor, to Parent Guarantor or an Affiliate of Parent Guarantor or other Interested Third Party permitted pursuant hereto, as lessee, operation by such lessee complying with (1) Part 91 and any other applicable provision of the FARs, and all other Applicable Standards, and (2) the provisions hereof and of the other Loan Documents pertinent to the operation of the Aircraft (whether by Customer or any permitted Interested Third Party). (iii) The related Third Party Agreement shall (A) be and remain, subject and subordinate to Lender's Lien in and with respect to the Collateral, and Lender's rights and remedies under the Loan Documents (and such subordination shall be expressly acknowledged therein), (B) not convey any Lien on, or other property interest in or against the Airframe, the Engines or any of the other Collateral, except for a Permitted Lien (but, without giving effect to clause (a) of the definition of such term), (C) not permit any further sublease or disposition of or unpermitted Lien against the Aircraft or any of the other Collateral by any of the Interested Parties thereto or any other Person, or any change in registration or unpermitted change in hanging of the Aircraft, (D) not contain provisions that are inconsistent with the provisions of any of the Loan Documents or cause Customer to breach any of its representations, warranties or agreements under any of the Loan Documents, (E) be in conformity with all requirements of the FARs and other Applicable Laws, and (F) otherwise conform to any Operating Consent required by Lender with respect thereto. (iv) (A) Customer shall have specified such Third Party Agreement on Annex B if existing on the Closing Date, or if not then existing shall require Lender's prior written consent and at least thirty (30) Business Days' prior written notice of its intention to enter into a Third Party Agreement and (B) no later than the effective date thereof Customer shall comply with, and at all times thereafter remain in compliance with, any related requirements by Lender, including (1) entering into, and causing any related Interested Third Parties to enter into, an Operating Consent, (2) causing Lender to be covered by the Required Coverages (which, for the purposes hereof, may include insurance coverages obtained and maintained by an Interested Third Party, conforming to the insurance requirements herein and in any of the other Loan Documents), and (3) entering into or delivering, or causing to be entered into and delivered, all such other documents, filings and assurances, making or causing to be made such filings and registrations, and taking or causing to be taken all such other actions, in each case as may be required by Lender and (4) paying or reimbursing Lender for any related costs or expenses. (v) Lender shall have the right, but not the obligation, to (A) require reasonable evidence that any Interested Third Party satisfies the requirements provided herein, and (B) review any such Third Party Agreement, as from time to time supplemented and amended, to determine its conformity with the provisions hereof, but without assuming any responsibility with respect thereto. (vi) Customer shall neither make, nor permit to be made, any filing or registration with respect to any Permitted Third Party Agreement, unless so directed by Lender pursuant to Section 5.2 or otherwise. Notwithstanding the foregoing limitations Parent Guarantor or any Affiliate shall be permitted to conduct the carriage of Parent Guarantor or any Affiliate and/or their respective guests pursuant to 14 CFR Section 91.501(b)(4), affiliated group operations pursuant to 14 CFR Section 91.501(b)(5) and/or (6), demonstration flights pursuant to 14 CFR Section 91.501(b)(3), time sharing or interchange operations pursuant to 14 CFR Section 91.501(b)(6), the carriage of customers pursuant to 14 CFR Section 91.501(b)(9) and/or the carriage of candidates in Federal elections conducted pursuant to 14 CFR Section 91.321.

With respect to any Third Party Agreements complying with all of the provisions of Section 4.4(b) (each a "**Permitted Third Party Agreement**"), although certain of the duties and obligations of Customer under the Loan Documents may be performed by one or more of the Interested Third Parties, (i) no such Permitted Third Party Agreement shall reduce any of Customer's obligations, or Lender's rights, under any of the Loan Documents, (ii) all of Customer's obligations under the Loan Documents shall be and remain primary and continue in full force and effect as the obligations of a principal and not of a guarantor or surety, and (iii) Lender is not waiving the right to require full and timely performance of any such obligations in strict accordance with the provisions hereof and of the other Loan Documents. By way of clarification and not limitation, with respect to any provisions of this Agreement or any of the other Loan Documents requiring Customer to take or refrain from taking an action relating to the Aircraft or any of the other Collateral, such provision may also be read to mean that Customer shall cause the same to be done in accordance therewith, if at that time the Aircraft or such other Collateral is in the possession or control of an Interested Third Party pursuant to a Permitted Third Party Agreement.

#### Use of Aircraft; Maintenance; Modifications; Security .

Customer will operate the Aircraft or shall cause the Aircraft to be operated under and in compliance with Part 91 and any other applicable provision of the FARs, and all other Applicable Standards. Unless otherwise expressly permitted hereunder, (i) Customer shall not operate or permit the Aircraft to be operated for air taxi operations or otherwise under Part 135 of the FARs; and (ii) Customer, an Affiliate or other Interested Third Party shall at all times have, and maintain, "operational control" of the Aircraft (as such term is then interpreted by the FAA or such other applicable Governmental Authority), and no other Person shall operate the Aircraft. The Aircraft at all times will be operated by duly qualified pilots having satisfied all requirements established and specified by the FAA, the TSA, any other applicable Governmental Authority and the Required Coverages.

the Aircraft may be flown temporarily to any country in the world, provided that the Aircraft (i) shall at all times be based in the continental United States; and (ii) shall not be flown, operated, used or located in, to or over any such country or area (temporarily or otherwise) (A) that is excluded from the Required Coverages (or specifically not covered by such

insurance), (B) with which the U.S. does not maintain favorable diplomatic relations (which is any country or jurisdiction not marked with an “\*” on the list maintained by the U.S. Department of State, at <http://www.state.gov/s/inr/rls/4250.htm> or any replacement or equivalent website maintained by the U.S. Department of State), provided that the prohibition in this clause (B) does not prohibit the operation of the Aircraft on an approved and assigned air traffic control route (if and so long as such use is otherwise in compliance with the provisions of the this Agreement and does not violate any insurance policies in effect with respect to the Aircraft), (C) to the extent that payment of any claim under the Required Coverages directly or indirectly arising or resulting from or connected with any such flight, operation, use or location would be prohibited under any trade or other economic sanction or embargo by the United States of America, or (D) in violation of any of the Loan Documents or any Applicable Standards. Customer shall adopt, implement and comply with all security measures required by any Applicable Law, or by any Required Coverages, or that are necessary or appropriate for the proper protection of the Aircraft (whether on the ground or in flight) against theft, vandalism, hijacking, destruction, bombing, terrorism or similar acts.

Customer agrees that, with respect to the Airframe, the Engines, each APU and each Part, Customer will at its own expense, (i) maintain, inspect, service, repair, overhaul and test the same in accordance with Applicable Standards; (ii) make any alterations or modifications that may at any time be required to comply with Applicable Standards, and to cause the Aircraft to remain airworthy; (iii) furnish all required parts, replacements, mechanisms, devices and servicing so that the condition and operating efficiency thereof will at all times be no less than its condition and operating efficiency as and when delivered to Customer, ordinary wear and tear from proper use alone excepted; (iv) promptly replace all Parts (A) which become worn out, lost, stolen, taken, destroyed, damaged beyond repair or permanently rendered or declared unfit for use for any reason whatsoever, or (B) if not previously replaced pursuant to clause (A), as and when required by any Applicable Standards, including any applicable life limits; and (v) maintain (in English) all Records in accordance with Applicable Standards; and (vi) enroll and maintain the Engines in an Engine Maintenance Program and the APU in an APU Maintenance Program or shall cause the foregoing to be done. All maintenance procedures shall be performed by properly trained, licensed, and certified maintenance sources and personnel utilizing replacement parts approved by the FAA and the manufacturer of (as applicable) the Airframe, the Engines, or any APU or Part. Without limiting the foregoing, Customer shall comply with all mandatory service bulletins and airworthiness directives by causing compliance to such bulletins and/or directives to be completed through corrective modification in lieu of operating manual restrictions.

Customer will not make, authorize or permit any improvement, change, addition or alteration to the Aircraft that will impair the originally intended function or use of the Aircraft, diminish the value of the Aircraft as it existed immediately prior thereto, or violate any Applicable Standard. All repairs, parts, replacements, mechanisms and devices added by Customer or on its behalf shall immediately, without further act, become part of the Aircraft and subject to the Lender's Lien granted under this Agreement.

#### Insurance.

Customer agrees to maintain or cause to be maintained at all times, at its sole cost and expense, with insurers of recognized reputation and responsibility satisfactory to Lender (but in no event having an A.M. Best or comparable agency rating of less than “A-”):

(A) comprehensive aircraft liability insurance against bodily injury or property damage claims including, without limitation, contractual liability, premises liability, death and property damage liability, public and passenger legal liability coverage, and sudden accident pollution coverage, in an amount not less than \$200,000,000.00 for 20 or more seats, or if the Aircraft will be chartered, or \$100,000,000.00 for 10 or more seats, or \$50,000,000.00 for fewer than 10 seats for each single occurrence, and (B) personal injury liability in an amount not less than \$25,000,000.00; but, in no event shall the amounts of coverage required by sub-clauses (A) and (B) be less than the coverage amounts as may then be required by Applicable Law;

“all-risk” ground, taxiing, and flight hull insurance on an agreed-value basis, covering the Aircraft, provided that such insurance shall at all times be in an amount not less than the greater of (1) the full replacement value of the Aircraft (as determined by Lender), or (2) the unpaid principal amount of the Note (each such amount re-determined as of each anniversary of the date hereof for the next succeeding year throughout the term of this Agreement); and

war risk and allied perils (including confiscation, appropriation, expropriation, terrorism and hijacking insurance) in the amounts required in paragraphs (i) and (ii), as applicable.

Any policies of insurance carried in accordance with this Section 4.6 and any policies taken out in substitution or replacement of any such policies shall (i) be endorsed to name Lender as an additional insured as its interests may appear (but without responsibility for premiums), (ii) provide, with respect to insurance carried in accordance with Section 4.6(a)(ii) or (a)(iii) above, that any amount payable thereunder shall be paid directly to Lender as sole loss payee and not to Lender and Customer jointly, (iii) provide for thirty (30) days' (seven (7) days' in the case of war, hijacking and allied perils) prior written notice by such insurer of cancellation, material change, or non-renewal, (iv) include a severability of interest clause providing that such policy shall operate in the same manner as if there were a separate policy covering each insured, (v) waive any right of set-off against Lender, and any rights of subrogation against Lender, (vi) provide that in respect of the interests of Lender in such policies, that the insurance shall not be invalidated by any action or inaction of Customer or any other Person operating or in possession of the Aircraft, regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by or binding upon Customer or any other Person operating or in possession of the Aircraft, and (vii) be primary, not subject to any co-insurance clause and shall be without right of contribution from any other insurance.

Customer shall not self-insure (by deductible, premium adjustment, or risk retention arrangement of any kind) with respect to any of the risks required to be insured pursuant to this Section 4.6. Customer agrees that it shall obtain and maintain such other insurance coverages, or cause adjustments to be made to the scope, amount or other aspects of the existing insurance coverages, promptly upon Lender's request, as and when Lender deems such additional insurance coverages or modifications to be appropriate in light of any changes in Applicable Law, prudent industry practices, the insurance market, Customer's anticipated use of the Aircraft or other pertinent circumstances. All of the coverages required herein shall be in full force and effect worldwide throughout any geographical areas to, in or over which the Aircraft is operated. All insurance proceeds payable under the requisite policies shall be payable in U.S. Dollars.

At least ten (10) days prior to the policy expiration date for any insurance coverage required by this Section 4.6, Customer shall furnish to Lender evidence (having the form and substance consistent with Section 1(f) of the Closing Terms Addendum) of the renewal or replacement of such coverage, complying with the terms hereof, for a twelve (12) month or greater period commencing from and after such expiration date.

#### Event of Loss: Loaner Engines.

Upon the occurrence of any Event of Loss with respect to the Aircraft and/or the Airframe, Customer shall notify Lender of any such Event of Loss within five (5) days of the date thereof. Customer shall pay the then Outstanding Balance promptly upon its receipt of insurance proceeds relating to such Event of Loss, but in no event later than ninety (90) days after the occurrence of such Event of Loss (irrespective as to whether any or all of such proceeds have been received). Upon Lender's receipt in good and indefeasible funds of all of the amounts required to be paid pursuant to the preceding sentence (whether by applying Customer's payment of such amounts, or any such insurance proceeds, or both) the Aircraft shall be released from the Lender's Lien, and Lender shall remit to Customer any such insurance proceeds so received by Lender, to the extent then remaining.

Upon an Event of Loss with respect to an Engine or any APU (as applicable, a “ **Lost Item** ”) under circumstances in which there has not occurred an Event of Loss with respect to the Airframe, Customer shall, within one hundred twenty (120) days after the occurrence of such Event of Loss, replace such Lost Item, with a Permitted Replacement. Any engine or auxiliary power unit constituting a “ **Permitted Replacement** ” for a Lost Item shall (i) be of the same make and model number as the Lost Item, (ii) be free and clear of all Liens and (iii) have a value, utility and useful life at least equal to, and be in as good an operating condition as, the Lost Item, assuming such Lost Item was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss. Customer, at its own cost and expense, shall (i) furnish Lender with such documents to evidence such conveyance, (ii) cause the Permitted Replacement to be subject to the Lender’s Lien under this Agreement, and (iii) take such other actions as may be required by Lender to cause the Lender’s Lien therein to be validly created, perfected and have first priority, including as evidenced on the FAA Registry, the International Registry, and any other recording office. Each such Permitted Replacement shall, after such conveyance, be deemed an “Engine” or “APU” (as defined herein), as applicable, and shall be deemed part of the same Aircraft as was the Lost Item replaced thereby.

In the event an Engine is damaged and is being repaired, or is being inspected or overhauled, Customer, at its option, may temporarily substitute another engine during the period of such repair or overhaul, so long as such engine is of the same make and model as the Engine being repaired or overhauled, is free and clear of any Lien that might impair Lender’s rights or interests in the Airframe and is maintained in accordance herewith (any such substitute engine being hereinafter referred to as a “ **Loaner Engine** ”). Customer shall (i) cause such Loaner Engine to be installed and removed, as applicable, by a maintenance facility certified by the FAA and manufacturer with respect to the Aircraft, and (ii) cause the repaired or overhauled original Engine to be reinstalled on the Airframe promptly upon completion of the repair or overhaul, but in no event later than the earlier of one hundred twenty (120) days after removal or the occurrence of an Event of Default.

So long as no Default has occurred and is continuing, and no Event of Default or Event of Loss with respect to the Aircraft has occurred, any loss or damage proceeds of the Required Coverages received by Lender shall be released promptly by Lender to Customer to reimburse Customer for paying the costs actually incurred with respect to repairs made to the Aircraft so as to restore it to the condition required by this Agreement, or for the purchase of a Permitted Replacement pursuant to Section 4.7(b), or shall be disbursed by Lender as otherwise required by this Agreement.

**Aircraft Registration.** On or before the Closing Date, and at all times thereafter, so long as any of the Obligations are outstanding, Customer shall remain solely responsible pursuant to the applicable provisions of this Agreement to cause (i) the Aircraft to be effectively and otherwise validly registered in Customer’s name on the Registry, and (ii) the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft, in each case, accordance with the Registration Requirements; and without limiting the foregoing, or any other provision of this Agreement, Customer shall:

cause the Registration Certificate to be maintained within the Aircraft and cause the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft; including by (A) notifying Lender immediately of any event or circumstance with respect to which the Registration Requirements require further action by Customer, the Registry or any other Governmental Authority or other Person, (B) immediately upon receipt, placing the original, replacement or renewal Registration Certificate on the Aircraft prior to the expiration or other invalidation of any previously issued Registration Certificate (whether the certificate or any other document constituting the Registration Certificate as defined herein) under the Registration Requirements, and (C) complying with any and all of the other Registration Requirements relating to such Registration Certificate, and to the Registration Certificate replaced thereby (including any of the same relating to the destruction or return thereof, as the case may be); and

upon the occurrence, and at all times thereafter, of any Defective Registration (and without waiving Customer’s responsibility to avoid such circumstance), or if the operation of the Aircraft is no longer authorized by the Registration Requirements, Customer shall (A) neither operate nor permit or suffer the operation of the Aircraft without a currently effective and otherwise valid Registration Certificate (and shall cause the pilots to be made aware of the Defective Registration), and otherwise comply with the FARs and other Applicable Laws relating to such Defective Registration, (B) ground and store the Aircraft in a manner reasonably acceptable to Lender, and (C) inform the insurer or insurers thereof, and obtain and maintain adjustments to the insurance coverages required pursuant Section 4.6 of this Agreement which may be necessary or desirable to Lender so as to reflect any changes in the insurable risks relating to any Defective Registration.

#### **Security Interest; Power of Attorney; Inspection .**

**Grant of Security Interest.** As collateral security for the prompt and complete payment and performance as and when due of all of the Obligations and in order to induce Lender to enter into this Agreement and make the Loan to Customer in accordance with the terms hereof, Customer hereby grants, pledges and assigns to Lender a first priority security interest, collateral assignment, international interest, prospective international interest, security assignment and prospective security assignment, in, against, under and with respect to (the “ **Lender’s Lien** ”) all of Customer’s right, title and interest in, to and under all of the following collateral, whether now existing or hereafter acquired (collectively, the “ **Collateral** ”): (i) the Aircraft, including the Airframe, the Engines, each of the APU and Parts, and the Records; (ii) any and all present and future Third Party Agreements; (iii) any and all other associated rights secured by or associated with the Airframe and/or the Engines, together with any related international interests and prospective international interests; (iv) any collateral described in the other Loan Documents (including in any Operating Consent); and (v) all proceeds of the foregoing. By way of clarification and not limitation, the foregoing grant of the Lender’s Lien shall include, as applicable (and in each case, being validly registered and having first priority), an international interest in the Airframe and in each Engine. Notwithstanding the foregoing, (i) Customer shall not enter into any Third Party Agreements unless expressly permitted by Section 4.4 and (ii) Lender is not assuming, nor shall it be responsible for, any obligations, liabilities or duties of any kind whatsoever of Customer (and/or of any other Person) relating to the Collateral. Customer agrees that it shall perform and procure performance in accordance with any Third Party Agreement or other agreement or instrument giving rise to any associated rights that are or may become subjected to the Lender’s Lien.

#### **UCCs, Registrations, Etc.; Lender as Attorney-in-Fact.** Customer hereby irrevocably:

authorizes Lender to prepare and file any UCC financing statements, amendments, continuations, terminations, assignments and other filings, or take such other actions for the purpose of perfecting, affording first and exclusive priority to or otherwise relating to Lender’s Lien under this Agreement or the other Loan Documents;

consents to, and authorizes its professional user entity to consent to, the registration of each Registerable Interest requested by Lender or its Assignee, or otherwise required by the provisions of this Agreement or any of the other Loan Documents, including any subordination, amendment, assignment, discharge or undertaking permitted by the Cape Town Convention with respect thereto; and

constitutes and appoints Lender (including any Person acting on Lender’s behalf), as its true and lawful attorney-in-fact with full power and authority in the place and stead of Customer and in the name of Customer or in its own name, for the purpose of carrying out the terms of this Agreement; which authority shall include the following undertakings that may be exercisable by Lender in its sole discretion at any time, and from time to time, if an Event of Default is then existing or upon the occurrence of an Event of Loss: (i) in Customer’s name, file and/or record, such further instruments, filings and other documents, make, cause to be made and/or consent to all registrations with the International Registry, and take such further action, to establish and protect Lender’s rights, interests and remedies created, or intended to be created, pursuant to the Loan Documents; (ii) endorse Customer’s name on any checks, notes, drafts or any other payments or instruments, or set off, apply, or take such other actions with respect to any funds relating to the Collateral that come into Lender’s possession or control; and (iii) to settle, adjust, receive payment and make claim or proof of loss, and take such other actions relating to the Required Coverages. This appointment is coupled with an interest, is

irrevocable and shall terminate only upon indefeasible payment and performance in full of all of the Obligations. The powers conferred on Lender hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Lender shall be accountable only for amounts that it actually receives in good and indefeasible funds as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to Customer for any act or failure to act. Without limiting the foregoing, Customer agrees that within five (5) Business Days of Lender's request, Customer will enter into an irrevocable power-of-attorney authorizing Aviation Counsel or Lender's other designee as Customer's professional user entity and administrator for the purpose of discharging any Registerable Interests as and when directed to do so by Lender in connection with its exercise of its rights and remedies under the Loan Documents.

**Inspection.** Lender or its authorized representatives shall have the right, but not the duty, to inspect the Aircraft, any part thereof and/or the Records, at its own cost any reasonable time and from time to time, wherever located, upon reasonable prior notice to Customer; except that after the occurrence of a Default or an Event of Default, such inspection may be conducted at any time without prior notice and at Customer's sole expense, and it shall pay Lender promptly upon demand any inspection costs incurred by Lender. So long as no Default or Event of Default exists, any such inspections shall be conducted during normal business hours and without interruption of the use and operation of the Aircraft as permitted hereby. Upon the request of Lender, Customer shall promptly confirm to Lender the location of the Aircraft or any of the other Collateral.

**Events of Default.** The term "**Event of Default**", wherever used herein, shall mean:

Customer shall fail to pay any Obligation within ten (10) days after the same shall become due and payable (whether at the stated maturity, by acceleration, upon demand or otherwise); or

(i) any Customer Party shall default in the payment or performance of any indebtedness, liability or obligation to Lender or any Affiliate of Lender under any note, security agreement, lease, title retention or conditional sales agreement or any other instrument or agreement; or

(ii) any Customer Party shall fail to pay any Indebtedness (other than the Obligations) exceeding \$5,000,000.00, and such failure shall continue beyond any applicable grace period (or, with respect to trade Indebtedness which is not subject to a grace period, within ninety (90) days of the date such trade Indebtedness is incurred); or

(i) any of the Required Coverages are not kept in full force and effect, or a breach or violation shall exist with respect to any provisions thereof; or the Aircraft is operated in a manner, at a time or in or over or located at a place with respect to which such Required Coverages shall not be in effect; (ii) Customer shall fail to cause the Airframe or the Engines to be used, operated, maintained or otherwise kept in a condition so as to be in compliance with all Applicable Laws; or (iii) any Customer Party shall fail to comply with (A) any financial covenants as and to the extent set forth or incorporated in any Guaranty or in any of the other Loan Documents, or (B) any provision of any of the Loan Documents restricting Liens and other dispositions relating to either the Collateral or any rights or obligations under any of the Transaction Documents (including Section 4.4 hereof), or (iv) the occurrence of any Defective Registration; or

(i) any representation or warranty made by any Customer Party in any of the Loan Documents or in any related agreement, document or certificate shall prove to have been incorrect, misleading, or inaccurate in any material respect when made or given (or, if a continuing representation or warranty, at any time); or (ii) any Customer Party shall fail to (A) perform or observe any other agreement (other than those specifically referred to in this Section 6) required to be performed or observed by it under this Agreement or in any of the other Loan Documents, and such failure shall continue uncured for thirty (30) days after the earlier of written notice thereof from Lender to such Customer Party or such Customer Party's actual knowledge thereof (but such notice and cure period will not be applicable unless such breach is curable by practical means within such notice period) or (B) notify Lender of any Default or Event of Default within ten (10) Business Days of its occurrence; or

(i) any Customer Party shall (A) generally fail to pay its, or his or her debts as they become due, admit its, or his or her inability to pay its, or his or her debts or obligations generally as they fall due, or shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws or other insolvency laws, or an answer admitting the material allegations of such a petition filed against such Customer Party in any such proceeding; or (B) by voluntary petition, answer or consent, seek relief under the provisions of any other bankruptcy or other insolvency or similar law providing for the reorganization or liquidation of corporations, or providing for an assignment for the benefit of creditors, or providing for an agreement, composition, extension or adjustment with its, or his or her creditors; or (ii) a petition against any Customer Party in a proceeding under applicable bankruptcy laws or other insolvency laws, as now or hereafter in effect, shall be filed and shall not be withdrawn or dismissed within one hundred twenty (120) days thereafter, or if, under the provisions of any law providing for reorganization or liquidation of business entities that may apply to any Customer Party, any court of competent jurisdiction shall assume jurisdiction, custody or control of such Customer Party or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of one hundred eighty (180) days after the filing date; or

the occurrence of any of the following events with respect to any Customer Party: (A) it enters into any transaction of merger, consolidation or reorganization; (B) it ceases to do business as a going concern, liquidates, or dissolves, or sells, transfers or otherwise disposes of all or substantially all of its assets or properties (in one or more transactions); (C) it becomes the subject of, or engages in, a leveraged buy out; (D) it changes the form of organization of its business; (E) if it is privately owned as of the Closing Date, there is any substantial change in the ownership or control of its capital stock or membership interests such that the holder(s) that own or control one hundred percent (100%) of such equity interests as of the Closing Date no longer do so; or (F) if it is publicly held as of the Closing Date, any change so that it is no longer subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or no longer registered under Section 12 of the Securities Act of 1933, as amended; or

(i) the conviction of or guilty plea by any Customer Party with respect to any criminal act constituting a felony, (ii) any repudiation by any Customer Party of its obligation for the payment or performance of the Obligations, (iii) any allegation by any Customer Party or judicial determination that any of the Loan Documents is unenforceable in any material respect or (iv) a Default (as defined in any Guaranty) shall occur; or any event or condition constituting a breach or other default under any Operating Consent.

## **Remedies .**

**Acceleration; Termination of Commitment.** If any Event of Default shall occur, Lender, in its sole discretion, may (a) declare the Obligations to be immediately due and payable, and upon such declaration the Obligations (including, the unpaid principal amount of the Note, together with all accrued but unpaid interest thereon, any prepayment fees and all other amounts due and payable under or with respect to the Loan Documents), shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the other Loan Documents to the contrary notwithstanding, (b) terminate any then outstanding commitment whether to Customer or any Affiliate to make the Loan or any advance thereof, or any other financial accommodations, whether related to the Loan or otherwise, and/or (c) pursue and enforce any of Lender's rights and remedies under this Section 7; provided, however, if an Event of Default specified in Section 6 (e) above shall occur, the Obligations shall become immediately due and payable, all such commitments shall terminate, and Lender shall have all such other rights and remedies contemplated in the preceding clauses (a), (b) and (c), automatically, and without any notice or other action by Lender.

**Additional Remedies.** If an Event of Default occurs, in addition to all other rights and remedies granted to it in this Agreement and in the other Loan Documents, Lender may exercise all rights and remedies of a secured party under the UCC or as a creditor, chargee or security assignee under the Cape Town Convention (including any and all remedies thereunder requiring agreement by Customer), or otherwise available to

Lender under any other Applicable Law. Without limiting the generality of the foregoing, Customer agrees that upon the occurrence of an Event of Default, Lender, without demand or notice of any kind (except as specified below) to or upon Customer or any other Person, in its sole discretion, may exercise any one or more of the following remedies:

(i) peacefully enter the premises where the Aircraft, the Engines, or any other Collateral is located, take immediate possession of, remove (or disable in place), or otherwise take control or custody of the Airframe, the Engines or any other Collateral (whether or not then attached to the Airframe) by self-help, summary proceedings or otherwise without liability, (ii) preserve the Airframe, the Engines or the other Collateral, and their respective value (but without any obligation to do so), and immobilize or keep idle the Airframe or Engines, and/or (iii) use Customer's premises for storage without liability; and Customer agrees, at Lender's request, to assemble the Collateral, and make it available to Lender at such places as Lender shall reasonably select, whether at Customer's premises or elsewhere;

(i) terminate the right of any Interested Third Party, and any other third party to use, possess or control the Airframe, the Engines or any of the other Collateral, including under any Permitted Third Party Agreement or other Third Party Agreement, without regard as to the existence of any event of default thereunder, (ii) recover from, and/or cause Customer and any such Interested Third Party, and any other third party, to relinquish possession and return the Airframe, the Engines and any other Collateral pursuant to this Section 7, and/or (iii) exercise any and all other remedies under any Operating Consents in Customer's stead, to the extent provided for under, or otherwise available to Customer in connection with any related Permitted Third Party Agreement or such other Third Party Agreement;

(i) manage, sell, lease, assign or otherwise dispose of the Airframe, the Engines or any other Collateral, in whole or in part, whether or not in Lender's possession, in one or more parcels or transactions, at public or private sale or sales, with or without notice to Customer (except as required by Applicable Law, and in furtherance thereof, Lender agrees that it shall give Customer no less than ten (10) working days' prior notice of any proposed sale or lease of the Airframe or Engines, which Customer acknowledges as constituting "reasonable prior notice" for the purposes of the Cape Town Convention) at such prices as Lender may deem best, and/or (ii) purchase the Collateral, in whole or in part, upon any public sale or sales, and to the extent permitted by Applicable Law upon any private sale or sales, free of any right or equity of redemption in Customer, which right or equity of redemption is hereby expressly released;

(i) collect, receive, appropriate and realize upon the Collateral, or any part thereof, including by applying any deposit or other cash collateral, or collecting or receiving, appropriating and realizing upon any income, profits or other proceeds arising from the management or use of the Airframe, the Engines or any of the other Collateral, and applying the same (after deducting all taxes, costs, expenses and other reductions of every kind incurred in connection therewith) to the payment in whole or in part of the Obligations, in such order and manner as Lender may elect; and (ii) after making such application, (A) remitting to Customer or to such other Person any excess then remaining, as and to the extent Lender is required by Applicable Law to make such remittance and (B) demanding, collecting and receiving from Customer any deficiency then remaining (and Customer agrees that it shall remain liable for, and pay upon demand, the full amount of any such deficiency);

(i) demand and obtain from any court speedy relief pending final determination available at law (including, possession, control, custody or immobilization of the Airframe and Engines, or preservation of the Airframe and the Engines and their respective value), (ii) procure the deregistration and/or export and physical transfer of the Airframe from the territory in which it is then situated (including pursuant to an IDERA, if any, executed by Customer), and/or (iii) otherwise proceed at law or in equity, to enforce specifically Customer's performance or to recover damages; and/or

exercise any and all other rights and remedies under or with respect to the Loan Documents or Applicable Law, including the Cape Town Convention and the UCC.

No Waiver: Cumulative Remedies. No right or remedy is exclusive. Customer hereby acknowledges that none of the provisions of this Section 7, including any remedies set forth or referenced herein, is "manifestly unreasonable" for the purposes of the Cape Town Convention. Each may be used successively and cumulatively and in addition to any other right or remedy referred to above or otherwise available to Lender at law or in equity, but in no event shall Lender be entitled to recover any amount in excess of the maximum amount recoverable under Applicable Law with respect to any Event of Default. No express or implied waiver by Lender of any Default or Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default. The failure or delay of Lender in exercising any rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or reoccurrence of any such contingencies or similar contingencies, and any single or partial exercise of any particular right by Lender shall not exhaust the same or constitute a waiver of any other right provided for or otherwise referred to herein. After the occurrence of any Default or Event of Default, the acceptance by Lender of any payment or performance of any of the Obligations, including the payment of any installment of principal and/or interest or of any other sum owing hereunder or under the other Loan Documents shall not constitute a waiver of such Default or Event of Default, regardless of Lender's knowledge or lack of knowledge thereof at the time of acceptance of any such payment or performance and shall not constitute a reinstatement of any of the Loan Documents, unless Lender shall have agreed in writing to reinstate the same and waive the Default or Event of Default. To the extent permitted by Applicable Law, Customer waives any rights now or hereafter conferred thereby, that (a) limit or modify any of Lender's rights or remedies under this Agreement or any of the other Loan Documents, including the provisions of Article 13(2) of the Convention, or (b) would otherwise entitle Customer to (i) receive notices or demands as a condition to Lender's exercise of any rights or remedies, except as expressly required above or (ii) make claims, damages and demands against Lender arising out of the repossession, retention, sale or other disposition of the Collateral.

#### **MISCELLANEOUS**

Notices. All communications and notices provided for herein shall be in writing and shall be deemed to have been duly given or made (i) upon hand delivery, or (ii) upon delivery by an overnight delivery service, or (iii) when sent by telecopy (with customary confirmation of receipt of such telecopy) on the Business Day when sent or upon the next Business Day if sent on other than a Business Day.

#### Expenses and Fees; Indemnity; Performance of Customer's Obligations

Customer shall pay to Lender upon demand all reasonable fees, costs and expenses incurred by or on behalf of Lender at any time in connection with (i) the negotiation, preparation, execution, delivery and enforcement of the Loan Documents and the collection of the Obligations (both before and after the occurrence of a Default or Event of Default), (ii) the creation, preservation and protection of the Collateral and the perfection, first priority and enforcement of Lender's Lien, or (iii) Customer's exercise of any right granted under, or any amendment or other modification to any of, the Loan Documents. Such fees, costs and expenses shall include, without limitation, reasonable appraisal and inspection fees, the reasonable fees and expenses of Aviation Counsel and of Lender's counsel, consultants and brokers, UCC, FAA, International Registry and other applicable title, interest and lien searches, and reasonable costs and expenses relating to recovery, repossession, storage, insurance, transportation, repair, refurbishment, advertising, sale and other dispositions of the Aircraft or any of the other Collateral. Customer shall also pay all reasonable fees (including license, filing and registration fees), Impositions and other charges of whatever kind or nature that may be payable or determined to be payable in connection with (A) the execution, delivery, recording or performance of this Agreement or any of the other Loan Documents, or any modification thereof, and (B) the filings, registrations and other undertakings relating thereto. Notwithstanding the foregoing, as long as there are no more than two (2) revised drafts of any Loan Document provided by Customer or its counsel to Lender or Lender's counsel, Customer shall be responsible for not more than \$35,000.00 in the aggregate for the legal fees of outside counsel to Lender (including, Aviation Counsel) and appraisal, inspection, processing, credit verification, lien searches, FAA and International Registry fees and other fees incurred in connection with the initial negotiation, preparation and execution of this Agreement and the other Loan Documents executed and delivered on or

before the Closing Date (and the consummation of the closing contemplated to occur thereon); provided that in the event that the negotiation exceeds two (2) revised drafts of any Loan Document, then Customer shall pay for the actual amount of such out of pocket fees incurred by Lender relating to the drafting and negotiation in excess of such two (2) revised drafts. Lender shall apply the previously paid deposit amount of \$35,000.00 to such fees and shall refund to Customer the amount by which the deposit exceeds such fees.

Customer hereby further agrees, whether or not the transactions contemplated by this Agreement shall be consummated, to pay, indemnify, and hold Lender and its affiliates and all of the Lender's and such affiliates' respective directors, shareholders, members, officers, employees, agents, predecessors, attorneys-in-fact, lawyers, successors and assigns (Lender, its affiliates and all of such other parties and entities sometimes hereinafter collectively, the "**Indemnified Parties**") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, out of pocket costs, attorney's fees, expenses or disbursements of any kind or nature whatsoever ("**Claims**") arising with respect to or in connection with (i) the Airframe, the Engines, or any APUs or Parts, or any of the other Collateral, including (whether by or through Customer, Vendor, any Interested Third Party, or any other Person), the manufacture, inspection, ownership, lease, sublease, management, pooling, interchange, time sharing, chartering, possession, use, operation, maintenance, security, condition (whether prior to, upon or after delivery or acceptance of any of the same), repossession, storage, sale or other disposition of any of the same, or any accident in connection therewith, including Claims involving or alleging environmental damage, criminal acts, hijacking, acts of terrorism or similar acts, product liability or strict or absolute liability in tort, latent and other defects (whether or not discoverable) and for any other risk or matter, including any of the same that result in injuries, death, destruction, or other harm or loss to persons or property, or (ii) any of the Loan Documents, Third Party Agreements or other Transaction Documents, or the performance, breach (including any Default or Event of Default) or enforcement of any of the terms hereof or thereof, provided, that Customer shall have no obligation to indemnify an Indemnified Party with respect to Claims arising from the gross negligence or willful misconduct of such Indemnified Party (unless if imputed by Applicable Law). If any Claim is made against any Indemnified Party, the party receiving notice or otherwise becoming aware of such Claim shall promptly notify the other, but the failure of the party having knowledge of a Claim to so notify the other party shall not relieve Customer of any obligation hereunder.

If any Customer Party fails to perform or comply with any of its agreements contained herein or in the other Loan Documents, including, without limitation, its obligations to keep the Collateral free of Liens (other than the Permitted Liens), comply with Applicable Standards, or obtain the Required Coverages, Lender shall have the right, but shall not be obligated, to effect such performance or compliance, with such agreement. Any expenses of Lender incurred in connection with effecting such performance or compliance, together with interest thereon at the default rate of interest provided for in the Note from the date incurred until reimbursed, shall be payable by Customer to Lender promptly on demand and until such payment shall constitute part of the Obligations secured hereby. Any such action shall not be a cure or waiver of any Default or Event of Default hereunder.

Entire Agreement; Modifications. This Agreement and the other Loan Documents constitute the entire understanding and agreement of the parties hereto with respect to the matters contained herein and therein, and shall completely and fully supersede all other prior agreements (including any proposal letter, commitment letter, and/or term sheet), both written and oral, between Lender and Customer relating to the Obligations. Neither this Agreement, nor any terms hereof, may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of a change, waiver, discharge or termination is sought.

Construction of this Agreement and Related Matters. All representations and warranties made in this Agreement and in the other Loan Documents shall survive the execution and delivery of this Agreement and the making of the Loan hereunder. Customer's obligations contained in this Section 8 shall survive the payment and performance of the Obligations, the termination of this Agreement, and the release of the Collateral. This Agreement may be executed by the parties hereto on any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. The headings of the Sections hereof are for convenience only, are not part of this Agreement and shall not be deemed to affect the meaning or construction of any of the provisions hereof. Time is of the essence in the payment and performance of all of Customer's obligations under this Agreement. Any provision of this Agreement that may be determined to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective in such jurisdiction to the extent thereof without invalidating the remaining provisions of this Agreement, which shall remain in full force and effect.

Lender's Assignment. Lender, may at any time, with or without notice to Customer, freely grant a security interest in, sell, assign, participate or otherwise transfer (an "**Assignment**") all or any part of its interest in this Agreement and the other Loan Documents (including all associated rights associated with or secured thereby and the related international interests) or any amount due or to become due hereunder or thereunder, and Customer shall perform all of its obligations under the Loan Documents, to the extent so transferred, for the benefit of the beneficiary of such Assignment (such beneficiary, including any successors and assigns, an "**Assignee**"); provided, however, if such Assignee is not an Affiliate of Lender and if no Default or Event of Default exists, Lender will provide prior notice of any such Assignment to a third party. Customer hereby waives any right to assert, and agrees not to assert, against any Assignee any abatement, reduction, defense, setoff, recoupment, claim or counterclaim that Customer may have against Lender, provided that Lender remains fully responsible therefor. Upon the assumption by such Assignee of Lender's obligations hereunder, Lender shall be relieved of any such assumed obligations. Customer hereby consents to any such assignment, grant, sale or transfer, including, without limitation, for purposes of the Cape Town Convention. If so directed in writing, Customer shall pay all amounts due or to become due under the Loan Documents, including any of the same constituting associated rights or proceeds directly to the Assignee or any other party designated in writing by Lender or such Assignee. Customer acknowledges and agrees that Lender's right to enter into an Assignment is essential to Lender and, accordingly, waives any restrictions under Applicable Law with respect to an Assignment and any related remedies. Upon the request of Lender or any Assignee, Customer also agrees (a) to promptly execute and deliver, and cause to be executed and delivered by any Guarantor or any other Transaction Party, to Lender or to such Assignee an acknowledgment of assignment in form and substance satisfactory to the requesting party, an insurance certificate naming Assignee as additional insured and loss payee and otherwise evidencing the Required Coverages, an IDERA in favor of Assignee, and such other documents and assurances reasonably requested by Lender or Assignee, (b) to make, or cause to be made, all registrations (including all assignments and subordinations) and all amendments, extensions and discharges with the International Registry reasonably requested by Lender or Assignee (and give or obtain any necessary consent thereto, as well as renew any authorization required by the International Registry in connection therewith, including renewing its transacting user entity status and re-designating a professional user entity, if necessary in Lender's judgment), and (c) to comply with any and all other reasonable requirements of any such Assignee in connection with any such Assignment.

Jurisdiction. Customer and Lender each hereby irrevocably consents and agrees that any legal action, suit or proceeding arising out of or in any way in connection with this Agreement or any of the other Loan Documents may be instituted or brought in the courts of the State of New York or in the United States Courts for the Southern District of New York, as Customer or Lender may elect or in any other state or Federal court as Lender shall deem appropriate, and by execution and delivery of this Agreement, Customer and Lender each hereby irrevocably accepts and submits to, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of any such court, and to all proceedings in such courts. Customer and Lender each irrevocably consents to service of any summons and/or legal process by first class, certified United States air mail, postage prepaid, to Customer at the address set forth below its signature hereto, such method of service to constitute, in every respect, sufficient and effective service of process in any such legal action or proceeding. Nothing in this Agreement or in any of the other Loan Documents shall affect the right to service of process in any other manner permitted by law or limit the right of Lender to bring actions, suits or proceedings in the courts of any other jurisdiction. Customer and Lender each further agrees that final judgment against it in any such legal action,

suit or proceeding shall 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 shall be conclusive evidence of the fact and the amount of the liability. Notwithstanding anything in the foregoing to the contrary, Lender and Customer may bring a judicial proceeding in the Republic of Ireland, solely with respect to matters relating to the International Registry.

Governing Law; Binding Effect. This Agreement shall be construed and enforced in accordance with, and the rights of both parties shall be governed by, the internal laws of the State of New York (without regard to the conflict of laws principles of such state, except as to the effect of Title 14, Section 5-1401 of the New York General Obligations Law), including all matters of construction, validity, and performance. This Agreement shall be binding upon and inure to the benefit of Customer and Lender and their respective successors and assigns (but without limiting the provisions of Section 8.5); except that Customer may not assign or transfer its rights or obligations hereunder or under any other Loan Agreement, or any interest herein or therein; and any such purported or attempted assignment or transfer by Customer shall be null and void.

Customer's Capacity as Owner Trustee. TVPX Aircraft Solutions Inc. ("TVPX") is executing this Agreement, and the other Loan Documents solely in its capacity as Owner Trustee under the Trust Agreement and not in its individual capacity and in no case shall TVPX be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of the Customer hereunder, or under any Loan Document, all such liability, if any, being expressly waived by the parties hereto and any Person claiming by, through, or under such party. Under no circumstances shall TVPX be personally liable for the payment of any other amount stated to be due from the Customer hereunder, or under any Loan Document, or be personally liable for the breach or failure of any of Customer's representations, warranties, covenants, obligations, undertakings and agreements hereunder, or under any Loan Documents; provided, however, that the Customer (or any such successor owner trustee) shall be personally liable hereunder for its own gross negligence or willful misconduct or for its breach of its covenants, representations and warranties contained herein, or in any Loan Document, to the extent covenanted or made in its individual capacity.

Jury Waiver. CUSTOMER AND LENDER EACH HEREBY KNOWINGLY AND FREELY WAIVES THEIR RESPECTIVE RIGHTS TO A JURY TRIAL IN ANY ACTION, SUIT OR PROCEEDING RELATING TO, ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE NOTE OR ANY OF THE OTHER LOAN DOCUMENTS.

**[Signatures On Next Page]**

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Loan and Aircraft Security Agreement

IN WITNESS WHEREOF, the parties hereto have caused this Loan and Aircraft Security Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

BANC OF AMERICA LEASING & CAPITAL, LLC, Lender

TVPX AIRCRAFT SOLUTIONS INC., a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated July \_\_\_\_, 2017,  
Customer

By:  
Name:  
Title:  
Notice Address:

One Financial Plaza, 2nd Floor  
Providence, Rhode Island 02903  
Attention: Director of Aircraft Operations  
Telephone: 800-238-3737  
Facsimile: 401-278-7941

By:  
Name:  
Title:  
Notice Address:

39 East Eagle Ridge Drive, Ste. 201  
North Salt Lake, UT 84054  
Telephone: (801) 924-367  
Facsimile: (801) 877-0478

upon and inure to the benefit of Customer and Lender and their respective successors and assigns (but without limiting the provisions of Section 8.5); except that Customer may not assign or transfer its rights or obligations hereunder or under any other Loan Agreement, or any interest herein or therein; and any such purported or attempted assignment or transfer by Customer shall be null and void.

8. Customer's Capacity as Owner Trustee. TVPX Aircraft Solutions Inc. ("TVPX") is executing this Agreement, and the other Loan Documents solely in its capacity as Owner Trustee under the Trust Agreement and not in its individual capacity and in no case shall TVPX be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of the Customer hereunder, or under any Loan Document, all such liability, if any, being expressly waived by the parties hereto and any Person claiming by, through, or under such party. Under no circumstances shall TVPX be personally liable for the payment of any other amount stated to be due from the Customer hereunder, or under any Loan Document, or be personally liable for the breach or failure of any of Customer's representations, warranties, covenants, obligations, undertakings and agreements hereunder, or under any Loan Documents; provided, however, that the Customer (or any such successor owner trustee) shall be personally liable hereunder for its own gross negligence or willful misconduct or for its breach of its covenants, representations and warranties contained herein, or in any Loan Document, to the extent covenanted or made in its individual capacity.

9. Jury Waiver. CUSTOMER AND LENDER EACH HEREBY KNOWINGLY AND FREELY WAIVES THEIR RESPECTIVE RIGHTS TO A JURY TRIAL IN ANY ACTION, SUIT OR PROCEEDING RELATING TO, ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE NOTE OR ANY OF THE OTHER LOAN DOCUMENTS.

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#### LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)

**THIS LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)** (together with all Addenda, Riders and Annexes hereto, this "**Agreement**") is dated as of July 27, 2017 (the "**Closing Date**"), by and between **TVPX AIRCRAFT SOLUTIONS INC.**, a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated as of July 27, 2017 ("**Customer**") and **BANC OF AMERICA LEASING & CAPITAL, LLC**, a Delaware limited liability company ("**Lender**").

In consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

Capitalized and certain other terms used but not otherwise defined in this Agreement shall have the meanings ascribed to them in Annex A attached hereto and made a part hereof.

#### Terms of Loan .

Loan and Use of Proceeds. Subject to the terms and conditions of this Agreement, Lender agrees to make a loan to Customer in the principal amount set forth in Annex B attached hereto and made a part hereof (the "**Loan**"). Customer shall use the proceeds of the Loan to finance the costs of the acquisition of the Aircraft.

Repayment and Prepayment. The Customer's obligation to repay the Loan shall be evidenced by one or more Promissory Notes dated on and/or after the Closing Date, payable by Customer to the order of Lender in the original principal amount of the Loan (as amended, modified, restated, extended and renewed from time to time, the "**Note**"). The Loan shall bear interest and be repaid by Customer at the times and in the manner set forth in the Note. The Loan may be prepaid only in the manner and subject to terms and conditions set forth in the Note and, if applicable, Section 4.7 hereof.

**Conditions of Borrowing**. Lender's obligation to make the Loan shall be both subject to and conditioned upon the satisfaction of all of the conditions precedent specified in the Closing Terms Addendum attached to and made a part of this Agreement.

**Representations and Warranties**. In order to induce Lender to enter into this Agreement and to make the Loan herein provided for, Customer represents, warrants and covenants to Lender that:

(i) Customer (A) is duly qualified to do business in each jurisdiction in which the conduct of its business or the ownership or operation of its assets requires such qualification, including the jurisdiction of the Primary Hangar Location and wherever any of the Collateral may become located; (B) has the necessary authority and power to own and operate the Aircraft and its other assets and to transact the business in which it is engaged; (C) is a "citizen of the United States" within the meaning of the Transportation Code; and (D) has the form of business organization set forth in Annex B hereto and is and will remain duly organized, validly existing and in good standing under the laws of the state of its organization set forth in Annex B hereto, its federal tax identification number is as set forth in Annex B hereto, and its state-issued organizational identification number (if any), chief executive office and principal place of business address are all as set forth on Annex B hereto; and (ii) its name as shown in the preamble of this Agreement is its exact legal name as shown on its charter, by-laws, articles of organization or operating agreement, as applicable, each as amended as of the Closing Date;

(i) Customer's execution and delivery of, and performance of its obligations under and with respect to, each of the Loan Documents (including its borrowing the amounts constituting the Loan, granting the Lender's Lien against the Aircraft and other Collateral and participating in the other transactions contemplated herein and therein), (A) have been duly authorized by all necessary action on the part of Customer consistent with its form of organization, (B) do not contravene or constitute a default under any Applicable Law, any of Customer's Organizational Documents, or

any agreement, indenture, or other instrument to which Customer is a party or by which it may be bound, (C) do not require the approval of or notice to (1) any Governmental Authority, except for the filings and registrations specified in the Closing Terms Addendum, all of which shall have been duly effected prior to or concurrently with Lender making the Loan, or (2) any other party (including any trustees or holders of indebtedness), and (D) will not result in the creation or imposition of any Lien on any of the assets of Customer other than the Lender's Lien created hereby and by the other Loan Documents with respect to the Collateral; (ii) each of the Transaction Documents referenced in the Closing Terms Addendum to which Customer is a party has been duly executed and delivered by an authorized representative of the Customer, and constitutes the legal, valid and binding obligation of the Customer, enforceable against it in accordance with the respective terms of such Transaction Documents (including, without limitation, the grant of the Lender's Lien); and (iii) without limiting the foregoing, upon Lender's advancing the Loan on the Closing Date, (A) Customer will have satisfied or complied with all conditions precedent and requirements as set forth in the Loan Documents required to have been satisfied or complied with concurrently with or prior to such advance and (B) no Default or Event of Default shall be then existing;

there are no proceedings pending or, so far as the officers, managers, or members of Customer know, threatened against or affecting Customer or any of its property before any Governmental Authority that could impair Customer's title to the Aircraft or any of the other Collateral, or that, if decided adversely, could materially affect the financial condition or operations of Customer or its ability to perform its obligations under any of the Loan Documents;

(i) Customer has, and shall continue to have, good and marketable title to the Collateral, free and clear of Liens, except Permitted Liens; (ii) the Lender's Lien in the Airframe, the Engines and the other Collateral is and shall remain validly created and perfected, and has and shall continue to have first priority over any other Liens pursuant to all Applicable Laws; and (iii) all filings, recordings, registrations or other actions necessary or desirable in order to vest such title in Customer, and establish, perfect and give first priority to Lender's Lien and other rights and interests in, against or with respect to the Collateral, have been duly effected, and all Impositions in connection therewith have been duly paid;

without limiting any of the other representations and warranties in this Agreement, for the purposes of the Cape Town Convention and any other Applicable Law, (i) upon the conclusion of the sale of the Aircraft to Customer, and Customer's grants and assignments, and (if constituting a lease) any Permitted Third Party Agreement, contemplated in the Loan Documents or other Transaction Documents, Customer and (if a lessee) any Interested Third Party shall be situated in, and Customer will cause the Aircraft to be duly registered in, the United States of America (which is a contracting state), (ii) with respect to any of the Transaction Documents relating to the Airframe or Engine, each of the respective parties thereto has power to dispose of the Airframe and Engine, as contemplated therein by way of the relevant Transaction Document, and (iii) the Purchase Documents qualify as a "contract of sale", and (if constituting a lease) any Permitted Third Party Agreement and the Loan Documents are effective to constitute international interests in the Airframe and Engine and security assignments of the related associated rights and transfer of the related international interests, as contemplated therein, and each such Registerable Interest will be effective against third parties upon registration at the International Registry, without any further filings or registrations (except as contemplated in the Loan Documents);

(i) the Aircraft (A) has been delivered to Customer, is in Customer's possession and is, as of the Closing Date, unconditionally, irrevocably and fully accepted by Customer, (B) has been inspected by Customer to its complete satisfaction and, without limiting the foregoing, (1) has been found to be in good working order, repair and condition and fully equipped to operate for its intended purpose, and (2) is in conformity with the requirements of the Purchase Agreement and the Applicable Standards, (C) is, or will be at the time of the funding of the Loan, currently certified under existing FAA rules and regulations and any other Applicable Laws and is airworthy in all respects, and (D) is and will remain primarily hangared at the Primary Hangar Location; and (ii) without limiting the foregoing, (A) solely as between Lender and Customer (and without prejudicing Customer's rights against Vendor or any other third party, which rights are not being disclaimed hereby), Customer has no pending claims and has no knowledge of any facts upon which a future claim may be based, against any prior owner, the seller, manufacturer or supplier of the Aircraft or any of the other Collateral, for breach of warranty or otherwise, and (B) all of the information contained in Annex C, including the registration number of the Aircraft, and the serial numbers, manufacturer and model numbers of the Airframe, Engines, and APU, are true and accurate in all respects; and

(h) the Aircraft (i) is currently capable of being certified under existing FAA rules and regulations and completely airworthy in all respects, (ii) will undergo an inspection by a Designated Airworthiness Representative of the FAA ("DAR") on the Closing Date and (iii) an FAA Standard Airworthiness Certificate (AC Form 8100-2) shall be issued for the Aircraft no later than two (2) Business Days after the Closing Date.

**Covenants**. Customer covenants and agrees that from and after the Closing Date and so long as any of the Obligations are outstanding:

Notices; Financial Information; and Further Assurances. Customer will, at its sole expense:

promptly give written notice to Lender of (i) the occurrence of any Default or Event of Default; (ii) the occurrence of any Event of Loss or event of which Customer may be aware that could become an Event of Loss; (iii) the commencement or written threat of any material litigation or proceedings affecting Customer or any material litigation or proceedings affecting the Aircraft or any of the other Collateral, or the ability of Customer to comply with its obligations under the Loan Documents; and (iv) any material dispute between Customer or any Interested Third Party and any Governmental Authority or other party that involves the Aircraft or any of the other Collateral or that might materially interfere with the normal business operations of Customer;

cause Guarantor to comply with the financial reporting requirements set forth in the Guaranty and promptly furnish to Lender any such financial and other information regarding the Customer or Guarantor or any of its Affiliates as Lender may from time to time reasonably request; and

promptly execute and deliver to Lender such further instruments, UCC and FAA filings (including an IDERA) and other documents, make, cause to be made and/or consent to all registrations (including any discharges and subordinations, or as to the prospective or actual sale of, and any international interest in, the Engines) with the International Registry, and take such further action, as Lender may from time to time reasonably request in order to further carry out the intent and purpose of the Loan Documents and to establish, protect and enforce the rights, interests, remedies and Liens (including the first priority thereof) created, or intended to be created, in favor of Lender thereby.

General Obligations. (a) Customer agrees that it shall (i) duly observe and conform to all requirements of Applicable Law relating to the conduct of its business and/or the Aircraft, (ii) remain a "citizen of the United States" within the meaning of the Transportation Code, (iii) obtain and keep in full force and effect (A) all rights, franchises, licenses and permits that are necessary to the proper conduct of its business, and (B) all approvals by any Governmental Authority required with respect to the performance of its obligations under the Loan Documents and the operation of the Aircraft and its business, (iv) cause the Aircraft to remain primarily hangared at the Primary Hangar Location, and duly registered in Customer's name under the Transportation Code (including, by making all necessary reports, re-registering its ownership of the Aircraft, and taking all other actions required by Applicable Law), and (v) pay and perform all of its obligations and liabilities when due. (b) Customer agrees that (i) it shall not change its presently existing legal name or its form or state of organization on or after the date of this Agreement, without Lender's prior written consent, (ii) if its presently existing state organizational identification number changes, or if Customer currently has no such state organizational number but is subsequently issued such a number, on or at any time after the date of this Agreement, Customer shall immediately notify Lender thereof, and (iii) it shall not change the presently existing mailing, chief executive office and/or principal place of business address on or after the date of this Agreement without giving Lender thirty (30) days written notice of the same.

Taxes. (a) Customer will file or cause to be filed with all appropriate taxing authorities all Federal, state and local income tax returns that are required to be filed and all registrations, declarations, returns and other documentation with respect to any personal property taxes (or any other

taxes in the nature of or imposed in lieu of property taxes) due or to become due with respect to the Aircraft or any of the other Collateral. (b) Customer will pay (or cause to be paid) (i) on or before the date when due all taxes as shown on said returns and all taxes assessed, billed or otherwise payable with respect to the Aircraft or the other Collateral directly to the appropriate taxing authorities; and (ii) when due all license and/or registration or filing fees, assessments, governmental charges and sales, use, property, excise, privilege, value added and other taxes (including any related interest or penalties) or other charges or fees now or hereafter imposed by any governmental body or agency upon Customer or the Aircraft or any of the other Collateral, with respect to the landing, airport use, manufacturing, ordering, shipment, purchase, ownership, delivery, installation, leasing, chartering, operation, possession, use or disposition of the Aircraft or any of the other Collateral, or any interest therein (the items referred to in (i) and (ii) above being referred to herein collectively, as “**Impositions**”).

No Disposition of Collateral or Liens; Title and Security Interest.

Customer shall not sell, assign, enter into any Third Party Agreement, convey, mortgage, exchange or otherwise transfer or relinquish possession of (including by any seizure or other taking by any foreign or domestic governmental authority) or dispose of the Airframe or Engines, any Part, any related associated rights, international interests or prospective international interests, any proceeds or any of the other Collateral, or attempt or offer to do, or suffer or permit any of the foregoing. Customer shall be permitted, however, to deliver possession of the Airframe, the Engines, or any APU or Part to another Person for testing, service, repair, maintenance, overhaul, alteration or modification, and to enter into Permitted Third Party Agreements, in each case, if and to the extent consistent with the provisions of the Loan Documents. Customer will warrant and defend its good and marketable title to the Airframe, the Engines and the other Collateral, and the validity, perfection and first priority of Lender's Lien in the Collateral, against all other Liens, claims and demands whatsoever, except Permitted Liens; and without limiting the foregoing, Customer will (i) not create, assume or suffer to exist any Liens on or with respect to the Airframe, the Engines, or any of the other Collateral, or Customer's interest therein (other than Permitted Liens); and (ii) promptly take such action as directed by Lender to duly discharge any such unpermitted Liens.

So long as no Default or Event of Default is then existing, Customer may enter into and remain a party to Third Party Agreements, in each such case, subject to the satisfaction of, and compliance by Customer and each Interested Third Party with, all of the following throughout the term of such arrangement: (i) Each such Interested Third Party shall (A) be and remain solvent, and (unless an individual) organized under the laws of a state within the United States; and (B) if engaged by Customer with the prior written consent of Lender as a manager and/or charter operator (including the Manager pursuant to the Management Agreement), while so engaged, (1) have a recognized favorable reputation as a manager and/or charter operator, as the case may be, of aircraft similar to the Aircraft, (2) be providing management and/or charter operation services for other aircraft owners similar to the services contemplated therein, and (3) if and at all times while conducting any charter operations (x) have and maintain a valid Part 135 Certificate evidencing its authority to conduct such operations, (y) list the Aircraft on its operations specifications, and (z) comply with all Applicable Standards pertaining to such charter operations. (ii) Any operation of the Aircraft pursuant to any such Third Party Agreement shall be limited to (A) if by Customer, Parent Guarantor or any Affiliate of Parent Guarantor, any time sharing agreements (as defined in Section 91.501(c)(1)) complying with Part 91 of the FARs and all other Applicable Standards, (B) if by a manager and/or a charter operator with Lender's prior written consent, pursuant to and in full compliance with the requirements of Part 135 of the FARs and all other Applicable Standards, or (C) if such Third Party Agreement is a “dry lease” by Customer, as lessor, to Parent Guarantor or an Affiliate of Parent Guarantor or other Interested Third Party permitted pursuant hereto, as lessee, operation by such lessee complying with (1) Part 91 and any other applicable provision of the FARs, and all other Applicable Standards, and (2) the provisions hereof and of the other Loan Documents pertinent to the operation of the Aircraft (whether by Customer or any permitted Interested Third Party). (iii) The related Third Party Agreement shall (A) be and remain, subject and subordinate to Lender's Lien in and with respect to the Collateral, and Lender's rights and remedies under the Loan Documents (and such subordination shall be expressly acknowledged therein), (B) not convey any Lien on, or other property interest in or against the Airframe, the Engines or any of the other Collateral, except for a Permitted Lien (but, without giving effect to clause (a) of the definition of such term), (C) not permit any further sublease or disposition of or unpermitted Lien against the Aircraft or any of the other Collateral by any of the Interested Parties thereto or any other Person, or any change in registration or unpermitted change in hangaring of the Aircraft, (D) not contain provisions that are inconsistent with the provisions of any of the Loan Documents or cause Customer to breach any of its representations, warranties or agreements under any of the Loan Documents, (E) be in conformity with all requirements of the FARs and other Applicable Laws, and (F) otherwise conform to any Operating Consent required by Lender with respect thereto. (iv) (A) Customer shall have specified such Third Party Agreement on Annex B if existing on the Closing Date, or if not then existing shall require Lender's prior written consent and at least thirty (30) Business Days' prior written notice of its intention to enter into a Third Party Agreement and (B) no later than the effective date thereof Customer shall comply with, and at all times thereafter remain in compliance with, any related requirements by Lender, including (1) entering into, and causing any related Interested Third Parties to enter into, an Operating Consent, (2) causing Lender to be covered by the Required Coverages (which, for the purposes hereof, may include insurance coverages obtained and maintained by an Interested Third Party, conforming to the insurance requirements herein and in any of the other Loan Documents), and (3) entering into or delivering, or causing to be entered into and delivered, all such other documents, filings and assurances, making or causing to be made such filings and registrations, and taking or causing to be taken all such other actions, in each case as may be required by Lender and (4) paying or reimbursing Lender for any related costs or expenses. (v) Lender shall have the right, but not the obligation, to (A) require reasonable evidence that any Interested Third Party satisfies the requirements provided herein, and (B) review any such Third Party Agreement, as from time to time supplemented and amended, to determine its conformity with the provisions hereof, but without assuming any responsibility with respect thereto. (vi) Customer shall neither make, nor permit to be made, any filing or registration with respect to any Permitted Third Party Agreement, unless so directed by Lender pursuant to Section 5.2 or otherwise. Notwithstanding the foregoing limitations Parent Guarantor or any Affiliate shall be permitted to conduct the carriage of Parent Guarantor or any Affiliate and/or their respective guests pursuant to 14 CFR Section 91.501(b)(4), affiliated group operations pursuant to 14 CFR Section 91.501(b)(5) and/or (6), demonstration flights pursuant to 14 CFR Section 91.501(b)(3), time sharing or interchange operations pursuant to 14 CFR Section 91.501(b)(6), the carriage of customers pursuant to 14 CFR Section 91.501(b)(9) and/or the carriage of candidates in Federal elections conducted pursuant to 14 CFR Section 91.321.

With respect to any Third Party Agreements complying with all of the provisions of Section 4.4(b) (each a “**Permitted Third Party Agreement**”), although certain of the duties and obligations of Customer under the Loan Documents may be performed by one or more of the Interested Third Parties, (i) no such Permitted Third Party Agreement shall reduce any of Customer's obligations, or Lender's rights, under any of the Loan Documents, (ii) all of Customer's obligations under the Loan Documents shall be and remain primary and continue in full force and effect as the obligations of a principal and not of a guarantor or surety, and (iii) Lender is not waiving the right to require full and timely performance of any such obligations in strict accordance with the provisions hereof and of the other Loan Documents. By way of clarification and not limitation, with respect to any provisions of this Agreement or any of the other Loan Documents requiring Customer to take or refrain from taking an action relating to the Aircraft or any of the other Collateral, such provision may also be read to mean that Customer shall cause the same to be done in accordance therewith, if at that time the Aircraft or such other Collateral is in the possession or control of an Interested Third Party pursuant to a Permitted Third Party Agreement.

Use of Aircraft; Maintenance; Modifications; Security.

Customer will operate the Aircraft or shall cause the Aircraft to be operated under and in compliance with Part 91 and any other applicable provision of the FARs, and all other Applicable Standards. Unless otherwise expressly permitted hereunder, (i) Customer shall not

operate or permit the Aircraft to be operated for air taxi operations or otherwise under Part 135 of the FARs; and (ii) Customer, an Affiliate or other Interested Third Party shall at all times have, and maintain, "operational control" of the Aircraft (as such term is then interpreted by the FAA or such other applicable Governmental Authority), and no other Person shall operate the Aircraft. The Aircraft at all times will be operated by duly qualified pilots having satisfied all requirements established and specified by the FAA, the TSA, any other applicable Governmental Authority and the Required Coverages.

the Aircraft may be flown temporarily to any country in the world, provided that the Aircraft (i) shall at all times be based in the continental United States; and (ii) shall not be flown, operated, used or located in, to or over any such country or area (temporarily or otherwise) (A) that is excluded from the Required Coverages (or specifically not covered by such insurance), (B) with which the U.S. does not maintain favorable diplomatic relations (which is any country or jurisdiction not marked with an "\*" on the list maintained by the U.S. Department of State, at <http://www.state.gov/s/inr/rls/4250.htm> or any replacement or equivalent website maintained by the U.S. Department of State), provided that the prohibition in this clause (B) does not prohibit the operation of the Aircraft on an approved and assigned air traffic control route (if and so long as such use is otherwise in compliance with the provisions of the this Agreement and does not violate any insurance policies in effect with respect to the Aircraft), (C) to the extent that payment of any claim under the Required Coverages directly or indirectly arising or resulting from or connected with any such flight, operation, use or location would be prohibited under any trade or other economic sanction or embargo by the United States of America, or (D) in violation of any of the Loan Documents or any Applicable Standards. Customer shall adopt, implement and comply with all security measures required by any Applicable Law, or by any Required Coverages, or that are necessary or appropriate for the proper protection of the Aircraft (whether on the ground or in flight) against theft, vandalism, hijacking, destruction, bombing, terrorism or similar acts.

Customer agrees that, with respect to the Airframe, the Engines, each APU and each Part, Customer will at its own expense, (i) maintain, inspect, service, repair, overhaul and test the same in accordance with Applicable Standards; (ii) make any alterations or modifications that may at any time be required to comply with Applicable Standards, and to cause the Aircraft to remain airworthy; (iii) furnish all required parts, replacements, mechanisms, devices and servicing so that the condition and operating efficiency thereof will at all times be no less than its condition and operating efficiency as and when delivered to Customer, ordinary wear and tear from proper use alone excepted; (iv) promptly replace all Parts (A) which become worn out, lost, stolen, taken, destroyed, damaged beyond repair or permanently rendered or declared unfit for use for any reason whatsoever, or (B) if not previously replaced pursuant to clause (A), as and when required by any Applicable Standards, including any applicable life limits; and (v) maintain (in English) all Records in accordance with Applicable Standards; and (vi) enroll and maintain the Engines in an Engine Maintenance Program and the APU in an APU Maintenance Program or shall cause the foregoing to be done. All maintenance procedures shall be performed by properly trained, licensed, and certified maintenance sources and personnel utilizing replacement parts approved by the FAA and the manufacturer of (as applicable) the Airframe, the Engines, or any APU or Part. Without limiting the foregoing, Customer shall comply with all mandatory service bulletins and airworthiness directives by causing compliance to such bulletins and/or directives to be completed through corrective modification in lieu of operating manual restrictions.

Customer will not make, authorize or permit any improvement, change, addition or alteration to the Aircraft that will impair the originally intended function or use of the Aircraft, diminish the value of the Aircraft as it existed immediately prior thereto, or violate any Applicable Standard. All repairs, parts, replacements, mechanisms and devices added by Customer or on its behalf shall immediately, without further act, become part of the Aircraft and subject to the Lender's Lien granted under this Agreement.

#### Insurance.

Customer agrees to maintain or cause to be maintained at all times, at its sole cost and expense, with insurers of recognized reputation and responsibility satisfactory to Lender (but in no event having an A.M. Best or comparable agency rating of less than "A-"):

(A) comprehensive aircraft liability insurance against bodily injury or property damage claims including, without limitation, contractual liability, premises liability, death and property damage liability, public and passenger legal liability coverage, and sudden accident pollution coverage, in an amount not less than \$200,000,000.00 for 20 or more seats, or if the Aircraft will be chartered, or \$100,000,000.00 for 10 or more seats, or \$50,000,000.00 for fewer than 10 seats for each single occurrence, and (B) personal injury liability in an amount not less than \$25,000,000.00; but, in no event shall the amounts of coverage required by sub-clauses (A) and (B) be less than the coverage amounts as may then be required by Applicable Law;

"all-risk" ground, taxiing, and flight hull insurance on an agreed-value basis, covering the Aircraft, provided that such insurance shall at all times be in an amount not less than the greater of (1) the full replacement value of the Aircraft (as determined by Lender), or (2) the unpaid principal amount of the Note (each such amount re-determined as of each anniversary of the date hereof for the next succeeding year throughout the term of this Agreement); and

war risk and allied perils (including confiscation, appropriation, expropriation, terrorism and hijacking insurance) in the amounts required in paragraphs (i) and (ii), as applicable.

Any policies of insurance carried in accordance with this Section 4.6 and any policies taken out in substitution or replacement of any such policies shall (i) be endorsed to name Lender as an additional insured as its interests may appear (but without responsibility for premiums), (ii) provide, with respect to insurance carried in accordance with Section 4.6(a)(ii) or (a)(iii) above, that any amount payable thereunder shall be paid directly to Lender as sole loss payee and not to Lender and Customer jointly, (iii) provide for thirty (30) days' (seven (7) days' in the case of war, hijacking and allied perils) prior written notice by such insurer of cancellation, material change, or non-renewal, (iv) include a severability of interest clause providing that such policy shall operate in the same manner as if there were a separate policy covering each insured, (v) waive any right of set-off against Lender, and any rights of subrogation against Lender, (vi) provide that in respect of the interests of Lender in such policies, that the insurance shall not be invalidated by any action or inaction of Customer or any other Person operating or in possession of the Aircraft, regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by or binding upon Customer or any other Person operating or in possession of the Aircraft, and (vii) be primary, not subject to any co-insurance clause and shall be without right of contribution from any other insurance.

Customer shall not self-insure (by deductible, premium adjustment, or risk retention arrangement of any kind) with respect to any of the risks required to be insured pursuant to this Section 4.6. Customer agrees that it shall obtain and maintain such other insurance coverages, or cause adjustments to be made to the scope, amount or other aspects of the existing insurance coverages, promptly upon Lender's request, as and when Lender deems such additional insurance coverages or modifications to be appropriate in light of any changes in Applicable Law, prudent industry practices, the insurance market, Customer's anticipated use of the Aircraft or other pertinent circumstances. All of the coverages required herein shall be in full force and effect worldwide throughout any geographical areas to, in or over which the Aircraft is operated. All insurance proceeds payable under the requisite policies shall be payable in U.S. Dollars.

At least ten (10) days prior to the policy expiration date for any insurance coverage required by this Section 4.6, Customer shall furnish to Lender evidence (having the form and substance consistent with Section 1(f) of the Closing Terms Addendum) of the renewal or replacement of such coverage, complying with the terms hereof, for a twelve (12) month or greater period commencing from and after such

expiration date.

Event of Loss: Loaner Engines.

Upon the occurrence of any Event of Loss with respect to the Aircraft and/or the Airframe, Customer shall notify Lender of any such Event of Loss within five (5) days of the date thereof. Customer shall pay the then Outstanding Balance promptly upon its receipt of insurance proceeds relating to such Event of Loss, but in no event later than ninety (90) days after the occurrence of such Event of Loss (irrespective as to whether any or all of such proceeds have been received). Upon Lender's receipt in good and indefeasible funds of all of the amounts required to be paid pursuant to the preceding sentence (whether by applying Customer's payment of such amounts, or any such insurance proceeds, or both) the Aircraft shall be released from the Lender's Lien, and Lender shall remit to Customer any such insurance proceeds so received by Lender, to the extent then remaining.

Upon an Event of Loss with respect to an Engine or any APU (as applicable, a " **Lost Item** ") under circumstances in which there has not occurred an Event of Loss with respect to the Airframe, Customer shall, within one hundred twenty (120) days after the occurrence of such Event of Loss, replace such Lost Item, with a Permitted Replacement. Any engine or auxiliary power unit constituting a " **Permitted Replacement** " for a Lost Item shall (i) be of the same make and model number as the Lost Item, (ii) be free and clear of all Liens and (iii) have a value, utility and useful life at least equal to, and be in as good an operating condition as, the Lost Item, assuming such Lost Item was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss. Customer, at its own cost and expense, shall (i) furnish Lender with such documents to evidence such conveyance, (ii) cause the Permitted Replacement to be subject to the Lender's Lien under this Agreement, and (iii) take such other actions as may be required by Lender to cause the Lender's Lien therein to be validly created, perfected and have first priority, including as evidenced on the FAA Registry, the International Registry, and any other recording office. Each such Permitted Replacement shall, after such conveyance, be deemed an "Engine" or "APU" (as defined herein), as applicable, and shall be deemed part of the same Aircraft as was the Lost Item replaced thereby.

In the event an Engine is damaged and is being repaired, or is being inspected or overhauled, Customer, at its option, may temporarily substitute another engine during the period of such repair or overhaul, so long as such engine is of the same make and model as the Engine being repaired or overhauled, is free and clear of any Lien that might impair Lender's rights or interests in the Airframe and is maintained in accordance herewith (any such substitute engine being hereinafter referred to as a " **Loaner Engine** "). Customer shall (i) cause such Loaner Engine to be installed and removed, as applicable, by a maintenance facility certified by the FAA and manufacturer with respect to the Aircraft, and (ii) cause the repaired or overhauled original Engine to be reinstalled on the Airframe promptly upon completion of the repair or overhaul, but in no event later than the earlier of one hundred twenty (120) days after removal or the occurrence of an Event of Default.

So long as no Default has occurred and is continuing, and no Event of Default or Event of Loss with respect to the Aircraft has occurred, any loss or damage proceeds of the Required Coverages received by Lender shall be released promptly by Lender to Customer to reimburse Customer for paying the costs actually incurred with respect to repairs made to the Aircraft so as to restore it to the condition required by this Agreement, or for the purchase of a Permitted Replacement pursuant to Section 4.7(b), or shall be disbursed by Lender as otherwise required by this Agreement.

Aircraft Registration. On or before the Closing Date, and at all times thereafter, so long as any of the Obligations are outstanding, Customer shall remain solely responsible pursuant to the applicable provisions of this Agreement to cause (i) the Aircraft to be effectively and otherwise validly registered in Customer's name on the Registry, and (ii) the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft, in each case, accordance with the Registration Requirements; and without limiting the foregoing, or any other provision of this Agreement, Customer shall:

cause the Registration Certificate to be maintained within the Aircraft and cause the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft; including by (A) notifying Lender immediately of any event or circumstance with respect to which the Registration Requirements require further action by Customer, the Registry or any other Governmental Authority or other Person, (B) immediately upon receipt, placing the original, replacement or renewal Registration Certificate on the Aircraft prior to the expiration or other invalidation of any previously issued Registration Certificate (whether the certificate or any other document constituting the Registration Certificate as defined herein) under the Registration Requirements, and (C) complying with any and all of the other Registration Requirements relating to such Registration Certificate, and to the Registration Certificate replaced thereby (including any of the same relating to the destruction or return thereof, as the case may be); and

upon the occurrence, and at all times thereafter, of any Defective Registration (and without waiving Customer's responsibility to avoid such circumstance), or if the operation of the Aircraft is no longer authorized by the Registration Requirements, Customer shall (A) neither operate nor permit or suffer the operation of the Aircraft without a currently effective and otherwise valid Registration Certificate (and shall cause the pilots to be made aware of the Defective Registration), and otherwise comply with the FARs and other Applicable Laws relating to such Defective Registration, (B) ground and store the Aircraft in a manner reasonably acceptable to Lender, and (C) inform the insurer or insurers thereof, and obtain and maintain adjustments to the insurance coverages required pursuant Section 4.6 of this Agreement which may be necessary or desirable to Lender so as to reflect any changes in the insurable risks relating to any Defective Registration.

**Security Interest; Power of Attorney; Inspection .**

Grant of Security Interest. As collateral security for the prompt and complete payment and performance as and when due of all of the Obligations and in order to induce Lender to enter into this Agreement and make the Loan to Customer in accordance with the terms hereof, Customer hereby grants, pledges and assigns to Lender a first priority security interest, collateral assignment, international interest, prospective international interest, security assignment and prospective security assignment, in, against, under and with respect to (the " **Lender's Lien** ") all of Customer's right, title and interest in, to and under all of the following collateral, whether now existing or hereafter acquired (collectively, the " **Collateral** "): (i) the Aircraft, including the Airframe, the Engines, each of the APU and Parts, and the Records; (ii) any and all present and future Third Party Agreements; (iii) any and all other associated rights secured by or associated with the Airframe and/or the Engines, together with any related international interests and prospective international interests; (iv) any collateral described in the other Loan Documents (including in any Operating Consent); and (v) all proceeds of the foregoing. By way of clarification and not limitation, the foregoing grant of the Lender's Lien shall include, as applicable (and in each case, being validly registered and having first priority), an international interest in the Airframe and in each Engine. Notwithstanding the foregoing, (i) Customer shall not enter into any Third Party Agreements unless expressly permitted by Section 4.4 and (ii) Lender is not assuming, nor shall it be responsible for, any obligations, liabilities or duties of any kind whatsoever of Customer (and/or of any other Person) relating to the Collateral. Customer agrees that it shall perform and procure performance in accordance with any Third Party Agreement or other agreement or instrument giving rise to any associated rights that are or may become subjected to the Lender's Lien.

UCCs, Registrations, Etc.; Lender as Attorney-in-Fact. Customer hereby irrevocably:

authorizes Lender to prepare and file any UCC financing statements, amendments, continuations, terminations, assignments and other filings, or take such other actions for the purpose of perfecting, affording first and exclusive priority to or otherwise relating to Lender's Lien under this Agreement or the other Loan Documents;

consents to, and authorizes its professional user entity to consent to, the registration of each Registerable Interest requested by Lender or its Assignee, or otherwise required by the provisions of this Agreement or any of the other Loan Documents, including any subordination, amendment, assignment, discharge or undertaking permitted by the Cape Town Convention with respect thereto; and

constitutes and appoints Lender (including any Person acting on Lender's behalf), as its true and lawful attorney-in-fact with full power and authority in the place and stead of Customer and in the name of Customer or in its own name, for the purpose of carrying out the terms of this Agreement; which authority shall include the following undertakings that may be exercisable by Lender in its sole discretion at any time, and from time to time, if an Event of Default is then existing or upon the occurrence of an Event of Loss: (i) in Customer's name, file and/or record, such further instruments, filings and other documents, make, cause to be made and/or consent to all registrations with the International Registry, and take such further action, to establish and protect Lender's rights, interests and remedies created, or intended to be created, pursuant to the Loan Documents; (ii) endorse Customer's name on any checks, notes, drafts or any other payments or instruments, or set off, apply, or take such other actions with respect to any funds relating to the Collateral that come into Lender's possession or control; and (iii) to settle, adjust, receive payment and make claim or proof of loss, and take such other actions relating to the Required Coverages. This appointment is coupled with an interest, is irrevocable and shall terminate only upon indefeasible payment and performance in full of all of the Obligations. The powers conferred on Lender hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Lender shall be accountable only for amounts that it actually receives in good and indefeasible funds as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to Customer for any act or failure to act. Without limiting the foregoing, Customer agrees that within five (5) Business Days of Lender's request, Customer will enter into an irrevocable power-of-attorney authorizing Aviation Counsel or Lender's other designee as Customer's professional user entity and administrator for the purpose of discharging any Registerable Interests as and when directed to do so by Lender in connection with its exercise of its rights and remedies under the Loan Documents.

**Inspection.** Lender or its authorized representatives shall have the right, but not the duty, to inspect the Aircraft, any part thereof and/or the Records, at its own cost any reasonable time and from time to time, wherever located, upon reasonable prior notice to Customer; except that after the occurrence of a Default or an Event of Default, such inspection may be conducted at any time without prior notice and at Customer's sole expense, and it shall pay Lender promptly upon demand any inspection costs incurred by Lender. So long as no Default or Event of Default exists, any such inspections shall be conducted during normal business hours and without interruption of the use and operation of the Aircraft as permitted hereby. Upon the request of Lender, Customer shall promptly confirm to Lender the location of the Aircraft or any of the other Collateral.

**Events of Default.** The term "**Event of Default**", wherever used herein, shall mean:

Customer shall fail to pay any Obligation within ten (10) days after the same shall become due and payable (whether at the stated maturity, by acceleration, upon demand or otherwise); or

(i) any Customer Party shall default in the payment or performance of any indebtedness, liability or obligation to Lender or any Affiliate of Lender under any note, security agreement, lease, title retention or conditional sales agreement or any other instrument or agreement; or (ii) any Customer Party shall fail to pay any Indebtedness (other than the Obligations) exceeding \$5,000,000.00, and such failure shall continue beyond any applicable grace period (or, with respect to trade Indebtedness which is not subject to a grace period, within ninety (90) days of the date such trade Indebtedness is incurred); or

(i) any of the Required Coverages are not kept in full force and effect, or a breach or violation shall exist with respect to any provisions thereof; or the Aircraft is operated in a manner, at a time or in or over or located at a place with respect to which such Required Coverages shall not be in effect; (ii) Customer shall fail to cause the Airframe or the Engines to be used, operated, maintained or otherwise kept in a condition so as to be in compliance with all Applicable Laws; or (iii) any Customer Party shall fail to comply with (A) any financial covenants as and to the extent set forth or incorporated in any Guaranty or in any of the other Loan Documents, or (B) any provision of any of the Loan Documents restricting Liens and other dispositions relating to either the Collateral or any rights or obligations under any of the Transaction Documents (including Section 4.4 hereof), or (iv) the occurrence of any Defective Registration; or

(i) any representation or warranty made by any Customer Party in any of the Loan Documents or in any related agreement, document or certificate shall prove to have been incorrect, misleading, or inaccurate in any material respect when made or given (or, if a continuing representation or warranty, at any time); or (ii) any Customer Party shall fail to (A) perform or observe any other agreement (other than those specifically referred to in this Section 6) required to be performed or observed by it under this Agreement or in any of the other Loan Documents, and such failure shall continue uncured for thirty (30) days after the earlier of written notice thereof from Lender to such Customer Party or such Customer Party's actual knowledge thereof (but such notice and cure period will not be applicable unless such breach is curable by practical means within such notice period) or (B) notify Lender of any Default or Event of Default within ten (10) Business Days of its occurrence; or

(i) any Customer Party shall (A) generally fail to pay its, or his or her debts as they become due, admit its, or his or her inability to pay its, or his or her debts or obligations generally as they fall due, or shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws or other insolvency laws, or an answer admitting the material allegations of such a petition filed against such Customer Party in any such proceeding; or (B) by voluntary petition, answer or consent, seek relief under the provisions of any other bankruptcy or other insolvency or similar law providing for the reorganization or liquidation of corporations, or providing for an assignment for the benefit of creditors, or providing for an agreement, composition, extension or adjustment with its, or his or her creditors; or (ii) a petition against any Customer Party in a proceeding under applicable bankruptcy laws or other insolvency laws, as now or hereafter in effect, shall be filed and shall not be withdrawn or dismissed within one hundred twenty (120) days thereafter, or if, under the provisions of any law providing for reorganization or liquidation of business entities that may apply to any Customer Party, any court of competent jurisdiction shall assume jurisdiction, custody or control of such Customer Party or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of one hundred eighty (180) days after the filing date; or

the occurrence of any of the following events with respect to any Customer Party: (A) it enters into any transaction of merger, consolidation or reorganization; (B) it ceases to do business as a going concern, liquidates, or dissolves, or sells, transfers or otherwise disposes of all or substantially all of its assets or properties (in one or more transactions); (C) it becomes the subject of, or engages in, a leveraged buy out; (D) it changes the form of organization of its business; (E) if it is privately owned as of the Closing Date, there is any substantial change in the ownership or control of its capital stock or membership interests such that the holder(s) that own or control one hundred percent (100%) of such equity interests as of the Closing Date no longer do so; or (F) if it is publicly held as of the Closing Date, any change so that it is no longer subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or no longer registered under Section 12 of the Securities Act of 1933, as amended; or

(i) the conviction of or guilty plea by any Customer Party with respect to any criminal act constituting a felony, (ii) any repudiation by any Customer Party of its obligation for the payment or performance of the Obligations, (iii) any allegation by any Customer Party or judicial determination that any of the Loan Documents is unenforceable in any material respect or (iv) a Default (as defined in any Guaranty) shall occur; or any event or condition constituting a breach or other default under any Operating Consent.

## **Remedies.**

**Acceleration; Termination of Commitment.** If any Event of Default shall occur, Lender, in its sole discretion, may (a) declare the Obligations to be immediately due and payable, and upon such declaration the Obligations (including, the unpaid principal amount of the Note, together with all accrued but unpaid interest thereon, any prepayment fees and all other amounts due and payable under or with respect to the Loan Documents), shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly

waived, anything contained herein or in the other Loan Documents to the contrary notwithstanding, (b) terminate any then outstanding commitment whether to Customer or any Affiliate to make the Loan or any advance thereof, or any other financial accommodations, whether related to the Loan or otherwise, and/or (c) pursue and enforce any of Lender's rights and remedies under this Section 7; provided, however, if an Event of Default specified in Section 6 (e) above shall occur, the Obligations shall become immediately due and payable, all such commitments shall terminate, and Lender shall have all such other rights and remedies contemplated in the preceding clauses (a), (b) and (c), automatically, and without any notice or other action by Lender.

Additional Remedies. If an Event of Default occurs, in addition to all other rights and remedies granted to it in this Agreement and in the other Loan Documents, Lender may exercise all rights and remedies of a secured party under the UCC or as a creditor, chargee or security assignee under the Cape Town Convention (including any and all remedies thereunder requiring agreement by Customer), or otherwise available to Lender under any other Applicable Law. Without limiting the generality of the foregoing, Customer agrees that upon the occurrence of an Event of Default, Lender, without demand or notice of any kind (except as specified below) to or upon Customer or any other Person, in its sole discretion, may exercise any one or more of the following remedies:

(i) peacefully enter the premises where the Aircraft, the Engines, or any other Collateral is located, take immediate possession of, remove (or disable in place), or otherwise take control or custody of the Airframe, the Engines or any other Collateral (whether or not then attached to the Airframe) by self-help, summary proceedings or otherwise without liability, (ii) preserve the Airframe, the Engines or the other Collateral, and their respective value (but without any obligation to do so), and immobilize or keep idle the Airframe or Engines, and/or (iii) use Customer's premises for storage without liability; and Customer agrees, at Lender's request, to assemble the Collateral, and make it available to Lender at such places as Lender shall reasonably select, whether at Customer's premises or elsewhere;

(i) terminate the right of any Interested Third Party, and any other third party to use, possess or control the Airframe, the Engines or any of the other Collateral, including under any Permitted Third Party Agreement or other Third Party Agreement, without regard as to the existence of any event of default thereunder, (ii) recover from, and/or cause Customer and any such Interested Third Party, and any other third party, to relinquish possession and return the Airframe, the Engines and any other Collateral pursuant to this Section 7, and/or (iii) exercise any and all other remedies under any Operating Consents in Customer's stead, to the extent provided for under, or otherwise available to Customer in connection with any related Permitted Third Party Agreement or such other Third Party Agreement;

(i) manage, sell, lease, assign or otherwise dispose of the Airframe, the Engines or any other Collateral, in whole or in part, whether or not in Lender's possession, in one or more parcels or transactions, at public or private sale or sales, with or without notice to Customer (except as required by Applicable Law, and in furtherance thereof, Lender agrees that it shall give Customer no less than ten (10) working days' prior notice of any proposed sale or lease of the Airframe or Engines, which Customer acknowledges as constituting "reasonable prior notice" for the purposes of the Cape Town Convention) at such prices as Lender may deem best, and/or (ii) purchase the Collateral, in whole or in part, upon any public sale or sales, and to the extent permitted by Applicable Law upon any private sale or sales, free of any right or equity of redemption in Customer, which right or equity of redemption is hereby expressly released;

(i) collect, receive, appropriate and realize upon the Collateral, or any part thereof, including by applying any deposit or other cash collateral, or collecting or receiving, appropriating and realizing upon any income, profits or other proceeds arising from the management or use of the Airframe, the Engines or any of the other Collateral, and applying the same (after deducting all taxes, costs, expenses and other reductions of every kind incurred in connection therewith) to the payment in whole or in part of the Obligations, in such order and manner as Lender may elect; and (ii) after making such application, (A) remitting to Customer or to such other Person any excess then remaining, as and to the extent Lender is required by Applicable Law to make such remittance and (B) demanding, collecting and receiving from Customer any deficiency then remaining (and Customer agrees that it shall remain liable for, and pay upon demand, the full amount of any such deficiency);

(i) demand and obtain from any court speedy relief pending final determination available at law (including, possession, control, custody or immobilization of the Airframe and Engines, or preservation of the Airframe and the Engines and their respective value), (ii) procure the deregistration and/or export and physical transfer of the Airframe from the territory in which it is then situated (including pursuant to an IDERA, if any, executed by Customer), and/or (iii) otherwise proceed at law or in equity, to enforce specifically Customer's performance or to recover damages; and/or

exercise any and all other rights and remedies under or with respect to the Loan Documents or Applicable Law, including the Cape Town Convention and the UCC.

No Waiver: Cumulative Remedies. No right or remedy is exclusive. Customer hereby acknowledges that none of the provisions of this Section 7, including any remedies set forth or referenced herein, is "manifestly unreasonable" for the purposes of the Cape Town Convention. Each may be used successively and cumulatively and in addition to any other right or remedy referred to above or otherwise available to Lender at law or in equity, but in no event shall Lender be entitled to recover any amount in excess of the maximum amount recoverable under Applicable Law with respect to any Event of Default. No express or implied waiver by Lender of any Default or Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default. The failure or delay of Lender in exercising any rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or reoccurrence of any such contingencies or similar contingencies, and any single or partial exercise of any particular right by Lender shall not exhaust the same or constitute a waiver of any other right provided for or otherwise referred to herein. After the occurrence of any Default or Event of Default, the acceptance by Lender of any payment or performance of any of the Obligations, including the payment of any installment of principal and/or interest or of any other sum owing hereunder or under the other Loan Documents shall not constitute a waiver of such Default or Event of Default, regardless of Lender's knowledge or lack of knowledge thereof at the time of acceptance of any such payment or performance and shall not constitute a reinstatement of any of the Loan Documents, unless Lender shall have agreed in writing to reinstate the same and waive the Default or Event of Default. To the extent permitted by Applicable Law, Customer waives any rights now or hereafter conferred thereby, that (a) limit or modify any of Lender's rights or remedies under this Agreement or any of the other Loan Documents, including the provisions of Article 13(2) of the Convention, or (b) would otherwise entitle Customer to (i) receive notices or demands as a condition to Lender's exercise of any rights or remedies, except as expressly required above or (ii) make claims, damages and demands against Lender arising out of the repossession, retention, sale or other disposition of the Collateral.

#### **MISCELLANEOUS**

Notices. All communications and notices provided for herein shall be in writing and shall be deemed to have been duly given or made (i) upon hand delivery, or (ii) upon delivery by an overnight delivery service, or (iii) when sent by telecopy (with customary confirmation of receipt of such telecopy) on the Business Day when sent or upon the next Business Day if sent on other than a Business Day.

#### Expenses and Fees; Indemnity; Performance of Customer's Obligations

Customer shall pay to Lender upon demand all reasonable fees, costs and expenses incurred by or on behalf of Lender at any time in connection with (i) the negotiation, preparation, execution, delivery and enforcement of the Loan Documents and the collection of the Obligations (both before and after the occurrence of a Default or Event of Default), (ii) the creation, preservation and protection of the Collateral and the perfection, first priority and enforcement of Lender's Lien, or (iii) Customer's exercise of any right granted under, or any amendment or other modification to any of, the Loan Documents. Such fees, costs and expenses shall include, without limitation, reasonable appraisal and inspection fees, the reasonable fees and expenses of Aviation Counsel and of Lender's counsel, consultants and brokers, UCC, FAA, International Registry

and other applicable title, interest and lien searches, and reasonable costs and expenses relating to recovery, repossession, storage, insurance, transportation, repair, refurbishment, advertising, sale and other dispositions of the Aircraft or any of the other Collateral. Customer shall also pay all reasonable fees (including license, filing and registration fees), Impositions and other charges of whatever kind or nature that may be payable or determined to be payable in connection with (A) the execution, delivery, recording or performance of this Agreement or any of the other Loan Documents, or any modification thereof, and (B) the filings, registrations and other undertakings relating thereto. Notwithstanding the foregoing, as long as there are no more than two (2) revised drafts of any Loan Document provided by Customer or its counsel to Lender or Lender's counsel, Customer shall be responsible for not more than \$35,000.00 in the aggregate for the legal fees of outside counsel to Lender (including, Aviation Counsel) and appraisal, inspection, processing, credit verification, lien searches, FAA and International Registry fees and other fees incurred in connection with the initial negotiation, preparation and execution of this Agreement and the other Loan Documents executed and delivered on or before the Closing Date (and the consummation of the closing contemplated to occur thereon); provided that in the event that the negotiation exceeds two (2) revised drafts of any Loan Document, then Customer shall pay for the actual amount of such out of pocket fees incurred by Lender relating to the drafting and negotiation in excess of such two (2) revised drafts. Lender shall apply the previously paid deposit amount of \$35,000.00 to such fees and shall refund to Customer the amount by which the deposit exceeds such fees.

Customer hereby further agrees, whether or not the transactions contemplated by this Agreement shall be consummated, to pay, indemnify, and hold Lender and its affiliates and all of the Lender's and such affiliates' respective directors, shareholders, members, officers, employees, agents, predecessors, attorneys-in-fact, lawyers, successors and assigns (Lender, its affiliates and all of such other parties and entities sometimes hereinafter collectively, the "**Indemnified Parties**") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, out of pocket costs, attorney's fees, expenses or disbursements of any kind or nature whatsoever ("**Claims**") arising with respect to or in connection with (i) the Airframe, the Engines, or any APUs or Parts, or any of the other Collateral, including (whether by or through Customer, Vendor, any Interested Third Party, or any other Person), the manufacture, inspection, ownership, lease, sublease, management, pooling, interchange, time sharing, chartering, possession, use, operation, maintenance, security, condition (whether prior to, upon or after delivery or acceptance of any of the same), repossession, storage, sale or other disposition of any of the same, or any accident in connection therewith, including Claims involving or alleging environmental damage, criminal acts, hijacking, acts of terrorism or similar acts, product liability or strict or absolute liability in tort, latent and other defects (whether or not discoverable) and for any other risk or matter, including any of the same that result in injuries, death, destruction, or other harm or loss to persons or property, or (ii) any of the Loan Documents, Third Party Agreements or other Transaction Documents, or the performance, breach (including any Default or Event of Default) or enforcement of any of the terms hereof or thereof, provided, that Customer shall have no obligation to indemnify an Indemnified Party with respect to Claims arising from the gross negligence or willful misconduct of such Indemnified Party (unless if imputed by Applicable Law). If any Claim is made against any Indemnified Party, the party receiving notice or otherwise becoming aware of such Claim shall promptly notify the other, but the failure of the party having knowledge of a Claim to so notify the other party shall not relieve Customer of any obligation hereunder.

If any Customer Party fails to perform or comply with any of its agreements contained herein or in the other Loan Documents, including, without limitation, its obligations to keep the Collateral free of Liens (other than the Permitted Liens), comply with Applicable Standards, or obtain the Required Coverages, Lender shall have the right, but shall not be obligated, to effect such performance or compliance, with such agreement. Any expenses of Lender incurred in connection with effecting such performance or compliance, together with interest thereon at the default rate of interest provided for in the Note from the date incurred until reimbursed, shall be payable by Customer to Lender promptly on demand and until such payment shall constitute part of the Obligations secured hereby. Any such action shall not be a cure or waiver of any Default or Event of Default hereunder.

Entire Agreement; Modifications. This Agreement and the other Loan Documents constitute the entire understanding and agreement of the parties hereto with respect to the matters contained herein and therein, and shall completely and fully supersede all other prior agreements (including any proposal letter, commitment letter, and/or term sheet), both written and oral, between Lender and Customer relating to the Obligations. Neither this Agreement, nor any terms hereof, may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of a change, waiver, discharge or termination is sought.

Construction of this Agreement and Related Matters. All representations and warranties made in this Agreement and in the other Loan Documents shall survive the execution and delivery of this Agreement and the making of the Loan hereunder. Customer's obligations contained in this Section 8 shall survive the payment and performance of the Obligations, the termination of this Agreement, and the release of the Collateral. This Agreement may be executed by the parties hereto on any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. The headings of the Sections hereof are for convenience only, are not part of this Agreement and shall not be deemed to affect the meaning or construction of any of the provisions hereof. Time is of the essence in the payment and performance of all of Customer's obligations under this Agreement. Any provision of this Agreement that may be determined to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective in such jurisdiction to the extent thereof without invalidating the remaining provisions of this Agreement, which shall remain in full force and effect.

Lender's Assignment. Lender, may at any time, with or without notice to Customer, freely grant a security interest in, sell, assign, participate or otherwise transfer (an "**Assignment**") all or any part of its interest in this Agreement and the other Loan Documents (including all associated rights associated with or secured thereby and the related international interests) or any amount due or to become due hereunder or thereunder, and Customer shall perform all of its obligations under the Loan Documents, to the extent so transferred, for the benefit of the beneficiary of such Assignment (such beneficiary, including any successors and assigns, an "**Assignee**"); provided, however, if such Assignee is not an Affiliate of Lender and if no Default or Event of Default exists, Lender will provide prior notice of any such Assignment to a third party. Customer hereby waives any right to assert, and agrees not to assert, against any Assignee any abatement, reduction, defense, setoff, recoupment, claim or counterclaim that Customer may have against Lender, provided that Lender remains fully responsible therefor. Upon the assumption by such Assignee of Lender's obligations hereunder, Lender shall be relieved of any such assumed obligations. Customer hereby consents to any such assignment, grant, sale or transfer, including, without limitation, for purposes of the Cape Town Convention. If so directed in writing, Customer shall pay all amounts due or to become due under the Loan Documents, including any of the same constituting associated rights or proceeds directly to the Assignee or any other party designated in writing by Lender or such Assignee. Customer acknowledges and agrees that Lender's right to enter into an Assignment is essential to Lender and, accordingly, waives any restrictions under Applicable Law with respect to an Assignment and any related remedies. Upon the request of Lender or any Assignee, Customer also agrees (a) to promptly execute and deliver, and cause to be executed and delivered by any Guarantor or any other Transaction Party, to Lender or to such Assignee an acknowledgment of assignment in form and substance satisfactory to the requesting party, an insurance certificate naming Assignee as additional insured and loss payee and otherwise evidencing the Required Coverages, an IDERA in favor of Assignee, and such other documents and assurances reasonably requested by Lender or Assignee, (b) to make, or cause to be made, all registrations (including all assignments and subordinations) and all amendments, extensions and discharges with the International Registry reasonably requested by Lender or Assignee (and give or obtain any necessary consent thereto, as well as renew any authorization required by the International Registry in connection therewith, including renewing its transacting user entity status and re-designating a professional user entity, if necessary in Lender's judgment), and (c) to comply with any and all other reasonable requirements of any such Assignee in connection with any such Assignment.

Jurisdiction. Customer and Lender each hereby irrevocably consents and agrees that any legal action, suit or proceeding arising out of or in

any way in connection with this Agreement or any of the other Loan Documents may be instituted or brought in the courts of the State of New York or in the United States Courts for the Southern District of New York, as Customer or Lender may elect or in any other state or Federal court as Lender shall deem appropriate, and by execution and delivery of this Agreement, Customer and Lender each hereby irrevocably accepts and submits to, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of any such court, and to all proceedings in such courts. Customer and Lender each irrevocably consents to service of any summons and/or legal process by first class, certified United States air mail, postage prepaid, to Customer at the address set forth below its signature hereto, such method of service to constitute, in every respect, sufficient and effective service of process in any such legal action or proceeding. Nothing in this Agreement or in any of the other Loan Documents shall affect the right to service of process in any other manner permitted by law or limit the right of Lender to bring actions, suits or proceedings in the courts of any other jurisdiction. Customer and Lender each further agrees that final judgment against it in any such legal action, suit or proceeding shall 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 shall be conclusive evidence of the fact and the amount of the liability. Notwithstanding anything in the foregoing to the contrary, Lender and Customer may bring a judicial proceeding in the Republic of Ireland, solely with respect to matters relating to the International Registry.

Governing Law; Binding Effect. This Agreement shall be construed and enforced in accordance with, and the rights of both parties shall be governed by, the internal laws of the State of New York (without regard to the conflict of laws principles of such state, except as to the effect of Title 14, Section 5-1401 of the New York General Obligations Law), including all matters of construction, validity, and performance. This Agreement shall be binding upon and inure to the benefit of Customer and Lender and their respective successors and assigns (but without limiting the provisions of Section 8.5); except that Customer may not assign or transfer its rights or obligations hereunder or under any other Loan Agreement, or any interest herein or therein; and any such purported or attempted assignment or transfer by Customer shall be null and void.

Customer's Capacity as Owner Trustee. TVPX Aircraft Solutions Inc. ("TVPX") is executing this Agreement, and the other Loan Documents solely in its capacity as Owner Trustee under the Trust Agreement and not in its individual capacity and in no case shall TVPX be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of the Customer hereunder, or under any Loan Document, all such liability, if any, being expressly waived by the parties hereto and any Person claiming by, through, or under such party. Under no circumstances shall TVPX be personally liable for the payment of any other amount stated to be due from the Customer hereunder, or under any Loan Document, or be personally liable for the breach or failure of any of Customer's representations, warranties, covenants, obligations, undertakings and agreements hereunder, or under any Loan Documents; provided, however, that the Customer (or any such successor owner trustee) shall be personally liable hereunder for its own gross negligence or willful misconduct or for its breach of its covenants, representations and warranties contained herein, or in any Loan Document, to the extent covenanted or made in its individual capacity.

Jury Waiver. CUSTOMER AND LENDER EACH HEREBY KNOWINGLY AND FREELY WAIVES THEIR RESPECTIVE RIGHTS TO A JURY TRIAL IN ANY ACTION, SUIT OR PROCEEDING RELATING TO, ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE NOTE OR ANY OF THE OTHER LOAN DOCUMENTS.

**[Signatures On Next Page]**

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Loan and Aircraft Security Agreement

IN WITNESS WHEREOF, the parties hereto have caused this Loan and Aircraft Security Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

BANC OF AMERICA LEASING & CAPITAL, LLC, Lender

TVPX AIRCRAFT SOLUTIONS INC., a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated July \_\_\_\_, 2017, Customer

By:  
Name:  
Title:  
Notice Address:

One Financial Plaza, 2nd Floor  
Providence, Rhode Island 02903  
Attention: Director of Aircraft Operations  
Telephone: 800-238-3737  
Facsimile: 401-278-7941

By:  
Name:  
Title:  
Notice Address:

39 East Eagle Ridge Drive, Ste. 201  
North Salt Lake, UT 84054  
Telephone: (801) 924-367  
Facsimile: (801) 877-0478

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**Agreement**”) is dated as of July 27, 2017 (the “**Closing Date**”), by and between **TVPX AIRCRAFT SOLUTIONS INC.**, a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated as of July 27, 2017 (“**Customer**”) and **BANC OF AMERICA LEASING & CAPITAL, LLC**, a Delaware limited liability company (“**Lender**”).

In consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

Capitalized and certain other terms used but not otherwise defined in this Agreement shall have the meanings ascribed to them in Annex A attached hereto and made a part hereof.

#### **Terms of Loan .**

**Loan and Use of Proceeds** . Subject to the terms and conditions of this Agreement, Lender agrees to make a loan to Customer in the principal amount set forth in Annex B attached hereto and made a part hereof (the “**Loan**”). Customer shall use the proceeds of the Loan to finance the costs of the acquisition of the Aircraft.

**Repayment and Prepayment** . The Customer’s obligation to repay the Loan shall be evidenced by one or more Promissory Notes dated on and/or after the Closing Date, payable by Customer to the order of Lender in the original principal amount of the Loan (as amended, modified, restated, extended and renewed from time to time, the “**Note**”). The Loan shall bear interest and be repaid by Customer at the times and in the manner set forth in the Note. The Loan may be prepaid only in the manner and subject to terms and conditions set forth in the Note and, if applicable, Section 4.7 hereof.

**Conditions of Borrowing** . Lender’s obligation to make the Loan shall be both subject to and conditioned upon the satisfaction of all of the conditions precedent specified in the Closing Terms Addendum attached to and made a part of this Agreement.

**Representations and Warranties** . In order to induce Lender to enter into this Agreement and to make the Loan herein provided for, Customer represents, warrants and covenants to Lender that:

(i) Customer (A) is duly qualified to do business in each jurisdiction in which the conduct of its business or the ownership or operation of its assets requires such qualification, including the jurisdiction of the Primary Hangar Location and wherever any of the Collateral may become located; (B) has the necessary authority and power to own and operate the Aircraft and its other assets and to transact the business in which it is engaged; (C) is a “citizen of the United States” within the meaning of the Transportation Code; and (D) has the form of business organization set forth in Annex B hereto and is and will remain duly organized, validly existing and in good standing under the laws of the state of its organization set forth in Annex B hereto, its federal tax identification number is as set forth in Annex B hereto, and its state-issued organizational identification number (if any), chief executive office and principal place of business address are all as set forth on Annex B hereto; and (ii) its name as shown in the preamble of this Agreement is its exact legal name as shown on its charter, by-laws, articles of organization or operating agreement, as applicable, each as amended as of the Closing Date;

(i) Customer’s execution and delivery of, and performance of its obligations under and with respect to, each of the Loan Documents (including its borrowing the amounts constituting the Loan, granting the Lender’s Lien against the Aircraft and other Collateral and participating in the other transactions contemplated herein and therein), (A) have been duly authorized by all necessary action on the part of Customer consistent with its form of organization, (B) do not contravene or constitute a default under any Applicable Law, any of Customer’s Organizational Documents, or any agreement, indenture, or other instrument to which Customer is a party or by which it may be bound, (C) do not require the approval of or notice to (1) any Governmental Authority, except for the filings and registrations specified in the Closing Terms Addendum, all of which shall have been duly effected prior to or concurrently with Lender making the Loan, or (2) any other party (including any trustees or holders of indebtedness), and (D) will not result in the creation or imposition of any Lien on any of the assets of Customer other than the Lender’s Lien created hereby and by the other Loan Documents with respect to the Collateral; (ii) each of the Transaction Documents referenced in the Closing Terms Addendum to which Customer is a party has been duly executed and delivered by an authorized representative of the Customer, and constitutes the legal, valid and binding obligation of the Customer, enforceable against it in accordance with the respective terms of such Transaction Documents (including, without limitation, the grant of the Lender’s Lien); and (iii) without limiting the foregoing, upon Lender’s advancing the Loan on the Closing Date, (A) Customer will have satisfied or complied with all conditions precedent and requirements as set forth in the Loan Documents required to have been satisfied or complied with concurrently with or prior to such advance and (B) no Default or Event of Default shall be then existing;

there are no proceedings pending or, so far as the officers, managers, or members of Customer know, threatened against or affecting Customer or any of its property before any Governmental Authority that could impair Customer’s title to the Aircraft or any of the other Collateral, or that, if decided adversely, could materially affect the financial condition or operations of Customer or its ability to perform its obligations under any of the Loan Documents;

(i) Customer has, and shall continue to have, good and marketable title to the Collateral, free and clear of Liens, except Permitted Liens; (ii) the Lender’s Lien in the Airframe, the Engines and the other Collateral is and shall remain validly created and perfected, and has and shall continue to have first priority over any other Liens pursuant to all Applicable Laws; and (iii) all filings, recordings, registrations or other actions necessary or desirable in order to vest such title in Customer, and establish, perfect and give first priority to Lender’s Lien and other rights and interests in, against or with respect to the Collateral, have been duly effected, and all Impositions in connection therewith have been duly paid;

without limiting any of the other representations and warranties in this Agreement, for the purposes of the Cape Town Convention and any other Applicable Law, (i) upon the conclusion of the sale of the Aircraft to Customer, and Customer’s grants and assignments, and (if constituting a lease) any Permitted Third Party Agreement, contemplated in the Loan Documents or other Transaction Documents, Customer and (if a lessee) any Interested Third Party shall be situated in, and Customer will cause the Aircraft to be duly registered in, the United States of America (which is a contracting state), (ii) with respect to any of the Transaction Documents relating to the Airframe or Engine, each of the respective parties thereto has power to dispose of the Airframe and Engine, as contemplated therein by way of the relevant Transaction Document, and (iii) the Purchase Documents qualify as a “contract of sale”, and (if constituting a lease) any Permitted Third Party Agreement and the Loan Documents are effective to constitute international interests in the Airframe and Engine and security assignments of the related associated rights and transfer of the related international interests, as contemplated therein, and each such Registerable Interest will be effective against third parties upon registration at the International Registry, without any further filings or registrations (except as contemplated in the Loan Documents);

(i) the Aircraft (A) has been delivered to Customer, is in Customer’s possession and is, as of the Closing Date, unconditionally, irrevocably and fully accepted by Customer, (B) has been inspected by Customer to its complete satisfaction and, without limiting the foregoing, (1) has been found to be in good working order, repair and condition and fully equipped to operate for its intended purpose, and (2) is in conformity with the requirements of the Purchase Agreement and the Applicable Standards, (C) is, or will be at the time of the funding of the Loan, currently certified under existing FAA rules and regulations and any other Applicable Laws and is airworthy in all respects, and (D) is and will remain primarily hangared at the Primary Hangar Location; and (ii) without limiting the foregoing, (A) solely as between Lender and Customer (and without prejudicing Customer’s rights against Vendor or any other third party, which rights are not being disclaimed hereby), Customer has no pending claims and has no knowledge of any facts upon which a future claim may be based, against any prior owner, the seller, manufacturer or supplier of the Aircraft or any of the other Collateral, for breach of warranty or otherwise, and (B) all of the information contained in Annex C, including the

registration number of the Aircraft, and the serial numbers, manufacturer and model numbers of the Airframe, Engines, and APU, are true and accurate in all respects; and

(h) the Aircraft (i) is currently capable of being certified under existing FAA rules and regulations and completely airworthy in all respects, (ii) will undergo an inspection by a Designated Airworthiness Representative of the FAA (“**DAR**”) on the Closing Date and (iii) an FAA Standard Airworthiness Certificate (AC Form 8100-2) shall be issued for the Aircraft no later than two (2) Business Days after the Closing Date.

**Covenants** . Customer covenants and agrees that from and after the Closing Date and so long as any of the Obligations are outstanding:

Notices; Financial Information; and Further Assurances . Customer will, at its sole expense:

promptly give written notice to Lender of (i) the occurrence of any Default or Event of Default; (ii) the occurrence of any Event of Loss or event of which Customer may be aware that could become an Event of Loss; (iii) the commencement or written threat of any material litigation or proceedings affecting Customer or any material litigation or proceedings affecting the Aircraft or any of the other Collateral, or the ability of Customer to comply with its obligations under the Loan Documents; and (iv) any material dispute between Customer or any Interested Third Party and any Governmental Authority or other party that involves the Aircraft or any of the other Collateral or that might materially interfere with the normal business operations of Customer;

cause Guarantor to comply with the financial reporting requirements set forth in the Guaranty and promptly furnish to Lender any such financial and other information regarding the Customer or Guarantor or any of its Affiliates as Lender may from time to time reasonably request; and

promptly execute and deliver to Lender such further instruments, UCC and FAA filings (including an IDERA) and other documents, make, cause to be made and/or consent to all registrations (including any discharges and subordinations, or as to the prospective or actual sale of, and any international interest in, the Engines) with the International Registry, and take such further action, as Lender may from time to time reasonably request in order to further carry out the intent and purpose of the Loan Documents and to establish, protect and enforce the rights, interests, remedies and Liens (including the first priority thereof) created, or intended to be created, in favor of Lender thereby.

General Obligations . (a) Customer agrees that it shall (i) duly observe and conform to all requirements of Applicable Law relating to the conduct of its business and/or the Aircraft, (ii) remain a “citizen of the United States” within the meaning of the Transportation Code, (iii) obtain and keep in full force and effect (A) all rights, franchises, licenses and permits that are necessary to the proper conduct of its business, and (B) all approvals by any Governmental Authority required with respect to the performance of its obligations under the Loan Documents and the operation of the Aircraft and its business, (iv) cause the Aircraft to remain primarily hangared at the Primary Hangar Location, and duly registered in Customer’s name under the Transportation Code (including, by making all necessary reports, re-registering its ownership of the Aircraft, and taking all other actions required by Applicable Law), and (v) pay and perform all of its obligations and liabilities when due. (b) Customer agrees that (i) it shall not change its presently existing legal name or its form or state of organization on or after the date of this Agreement, without Lender’s prior written consent, (ii) if its presently existing state organizational identification number changes, or if Customer currently has no such state organizational number but is subsequently issued such a number, on or at any time after the date of this Agreement, Customer shall immediately notify Lender thereof, and (iii) it shall not change the presently existing mailing, chief executive office and/or principal place of business address on or after the date of this Agreement without giving Lender thirty (30) days written notice of the same.

Taxes . (a) Customer will file or cause to be filed with all appropriate taxing authorities all Federal, state and local income tax returns that are required to be filed and all registrations, declarations, returns and other documentation with respect to any personal property taxes (or any other taxes in the nature of or imposed in lieu of property taxes) due or to become due with respect to the Aircraft or any of the other Collateral. (b) Customer will pay (or cause to be paid) (i) on or before the date when due all taxes as shown on said returns and all taxes assessed, billed or otherwise payable with respect to the Aircraft or the other Collateral directly to the appropriate taxing authorities; and (ii) when due all license and/or registration or filing fees, assessments, governmental charges and sales, use, property, excise, privilege, value added and other taxes (including any related interest or penalties) or other charges or fees now or hereafter imposed by any governmental body or agency upon Customer or the Aircraft or any of the other Collateral, with respect to the landing, airport use, manufacturing, ordering, shipment, purchase, ownership, delivery, installation, leasing, chartering, operation, possession, use or disposition of the Aircraft or any of the other Collateral, or any interest therein (the items referred to in (i) and (ii) above being referred to herein collectively, as “**Impositions**”).

No Disposition of Collateral or Liens; Title and Security Interest .

Customer shall not sell, assign, enter into any Third Party Agreement, convey, mortgage, exchange or otherwise transfer or relinquish possession of (including by any seizure or other taking by any foreign or domestic governmental authority) or dispose of the Airframe or Engines, any Part, any related associated rights, international interests or prospective international interests, any proceeds or any of the other Collateral, or attempt or offer to do, or suffer or permit any of the foregoing. Customer shall be permitted, however, to deliver possession of the Airframe, the Engines, or any APU or Part to another Person for testing, service, repair, maintenance, overhaul, alteration or modification, and to enter into Permitted Third Party Agreements, in each case, if and to the extent consistent with the provisions of the Loan Documents. Customer will warrant and defend its good and marketable title to the Airframe, the Engines and the other Collateral, and the validity, perfection and first priority of Lender’s Lien in the Collateral, against all other Liens, claims and demands whatsoever, except Permitted Liens; and without limiting the foregoing, Customer will (i) not create, assume or suffer to exist any Liens on or with respect to the Airframe, the Engines, or any of the other Collateral, or Customer’s interest therein (other than Permitted Liens); and (ii) promptly take such action as directed by Lender to duly discharge any such unpermitted Liens.

So long as no Default or Event of Default is then existing, Customer may enter into and remain a party to Third Party Agreements, in each such case, subject to the satisfaction of, and compliance by Customer and each Interested Third Party with, all of the following throughout the term of such arrangement: (i) Each such Interested Third Party shall (A) be and remain solvent, and (unless an individual) organized under the laws of a state within the United States; and (B) if engaged by Customer with the prior written consent of Lender as a manager and/or charter operator (including the Manager pursuant to the Management Agreement), while so engaged, (1) have a recognized favorable reputation as a manager and/or charter operator, as the case may be, of aircraft similar to the Aircraft, (2) be providing management and/or charter operation services for other aircraft owners similar to the services contemplated therein, and (3) if and at all times while conducting any charter operations (x) have and maintain a valid Part 135 Certificate evidencing its authority to conduct such operations, (y) list the Aircraft on its operations specifications, and (z) comply with all Applicable Standards pertaining to such charter operations. (ii) Any operation of the Aircraft pursuant to any such Third Party Agreement shall be limited to (A) if by Customer, Parent Guarantor or any Affiliate of Parent Guarantor, any time sharing agreements (as defined in Section 91.501(c)(1)) complying with Part 91 of the FARs and all other Applicable Standards, (B) if by a manager and/or a charter operator with Lender’s prior written consent, pursuant to and in full compliance with the requirements of Part 135 of the FARs and all other Applicable Standards, or (C) if such Third Party Agreement is a “dry lease” by Customer, as lessor, to Parent Guarantor or an Affiliate of Parent Guarantor or other Interested Third Party permitted pursuant hereto, as lessee, operation by such lessee complying with (1) Part 91 and any other applicable provision of the FARs, and all other Applicable Standards, and (2) the provisions hereof and of the other Loan Documents pertinent to the operation of the Aircraft (whether by Customer or any permitted Interested Third Party). (iii) The related Third Party Agreement shall (A) be and remain, subject and subordinate to Lender’s Lien in and with respect to the Collateral, and Lender’s rights and remedies under the Loan Documents (and such subordination shall be expressly acknowledged therein), (B) not convey any Lien on, or other property interest in or against the Airframe,

the Engines or any of the other Collateral, except for a Permitted Lien (but, without giving effect to clause (a) of the definition of such term), (C) not permit any further sublease or disposition of or unpermitted Lien against the Aircraft or any of the other Collateral by any of the Interested Parties thereto or any other Person, or any change in registration or unpermitted change in hangaring of the Aircraft, (D) not contain provisions that are inconsistent with the provisions of any of the Loan Documents or cause Customer to breach any of its representations, warranties or agreements under any of the Loan Documents, (E) be in conformity with all requirements of the FARs and other Applicable Laws, and (F) otherwise conform to any Operating Consent required by Lender with respect thereto. (iv) (A) Customer shall have specified such Third Party Agreement on Annex B if existing on the Closing Date, or if not then existing shall require Lender's prior written consent and at least thirty (30) Business Days' prior written notice of its intention to enter into a Third Party Agreement and (B) no later than the effective date thereof Customer shall comply with, and at all times thereafter remain in compliance with, any related requirements by Lender, including (1) entering into, and causing any related Interested Third Parties to enter into, an Operating Consent, (2) causing Lender to be covered by the Required Coverages (which, for the purposes hereof, may include insurance coverages obtained and maintained by an Interested Third Party, conforming to the insurance requirements herein and in any of the other Loan Documents), and (3) entering into or delivering, or causing to be entered into and delivered, all such other documents, filings and assurances, making or causing to be made such filings and registrations, and taking or causing to be taken all such other actions, in each case as may be required by Lender and (4) paying or reimbursing Lender for any related costs or expenses. (v) Lender shall have the right, but not the obligation, to (A) require reasonable evidence that any Interested Third Party satisfies the requirements provided herein, and (B) review any such Third Party Agreement, as from time to time supplemented and amended, to determine its conformity with the provisions hereof, but without assuming any responsibility with respect thereto. (vi) Customer shall neither make, nor permit to be made, any filing or registration with respect to any Permitted Third Party Agreement, unless so directed by Lender pursuant to Section 5.2 or otherwise. Notwithstanding the foregoing limitations Parent Guarantor or any Affiliate shall be permitted to conduct the carriage of Parent Guarantor or any Affiliate and/or their respective guests pursuant to 14 CFR Section 91.501(b)(4), affiliated group operations pursuant to 14 CFR Section 91.501(b)(5) and/or (6), demonstration flights pursuant to 14 CFR Section 91.501(b)(3), time sharing or interchange operations pursuant to 14 CFR Section 91.501(b)(6), the carriage of customers pursuant to 14 CFR Section 91.501(b)(9) and/or the carriage of candidates in Federal elections conducted pursuant to 14 CFR Section 91.321.

With respect to any Third Party Agreements complying with all of the provisions of Section 4.4(b) (each a "**Permitted Third Party Agreement**"), although certain of the duties and obligations of Customer under the Loan Documents may be performed by one or more of the Interested Third Parties, (i) no such Permitted Third Party Agreement shall reduce any of Customer's obligations, or Lender's rights, under any of the Loan Documents, (ii) all of Customer's obligations under the Loan Documents shall be and remain primary and continue in full force and effect as the obligations of a principal and not of a guarantor or surety, and (iii) Lender is not waiving the right to require full and timely performance of any such obligations in strict accordance with the provisions hereof and of the other Loan Documents. By way of clarification and not limitation, with respect to any provisions of this Agreement or any of the other Loan Documents requiring Customer to take or refrain from taking an action relating to the Aircraft or any of the other Collateral, such provision may also be read to mean that Customer shall cause the same to be done in accordance therewith, if at that time the Aircraft or such other Collateral is in the possession or control of an Interested Third Party pursuant to a Permitted Third Party Agreement.

#### Use of Aircraft; Maintenance; Modifications; Security.

Customer will operate the Aircraft or shall cause the Aircraft to be operated under and in compliance with Part 91 and any other applicable provision of the FARs, and all other Applicable Standards. Unless otherwise expressly permitted hereunder, (i) Customer shall not operate or permit the Aircraft to be operated for air taxi operations or otherwise under Part 135 of the FARs; and (ii) Customer, an Affiliate or other Interested Third Party shall at all times have, and maintain, "operational control" of the Aircraft (as such term is then interpreted by the FAA or such other applicable Governmental Authority), and no other Person shall operate the Aircraft. The Aircraft at all times will be operated by duly qualified pilots having satisfied all requirements established and specified by the FAA, the TSA, any other applicable Governmental Authority and the Required Coverages.

the Aircraft may be flown temporarily to any country in the world, provided that the Aircraft (i) shall at all times be based in the continental United States; and (ii) shall not be flown, operated, used or located in, to or over any such country or area (temporarily or otherwise) (A) that is excluded from the Required Coverages (or specifically not covered by such insurance), (B) with which the U.S. does not maintain favorable diplomatic relations (which is any country or jurisdiction not marked with an "\*" on the list maintained by the U.S. Department of State, at <http://www.state.gov/s/inr/rls/4250.htm> or any replacement or equivalent website maintained by the U.S. Department of State), provided that the prohibition in this clause (B) does not prohibit the operation of the Aircraft on an approved and assigned air traffic control route (if and so long as such use is otherwise in compliance with the provisions of the this Agreement and does not violate any insurance policies in effect with respect to the Aircraft), (C) to the extent that payment of any claim under the Required Coverages directly or indirectly arising or resulting from or connected with any such flight, operation, use or location would be prohibited under any trade or other economic sanction or embargo by the United States of America, or (D) in violation of any of the Loan Documents or any Applicable Standards. Customer shall adopt, implement and comply with all security measures required by any Applicable Law, or by any Required Coverages, or that are necessary or appropriate for the proper protection of the Aircraft (whether on the ground or in flight) against theft, vandalism, hijacking, destruction, bombing, terrorism or similar acts.

Customer agrees that, with respect to the Airframe, the Engines, each APU and each Part, Customer will at its own expense, (i) maintain, inspect, service, repair, overhaul and test the same in accordance with Applicable Standards; (ii) make any alterations or modifications that may at any time be required to comply with Applicable Standards, and to cause the Aircraft to remain airworthy; (iii) furnish all required parts, replacements, mechanisms, devices and servicing so that the condition and operating efficiency thereof will at all times be no less than its condition and operating efficiency as and when delivered to Customer, ordinary wear and tear from proper use alone excepted; (iv) promptly replace all Parts (A) which become worn out, lost, stolen, taken, destroyed, damaged beyond repair or permanently rendered or declared unfit for use for any reason whatsoever, or (B) if not previously replaced pursuant to clause (A), as and when required by any Applicable Standards, including any applicable life limits; and (v) maintain (in English) all Records in accordance with Applicable Standards; and (vi) enroll and maintain the Engines in an Engine Maintenance Program and the APU in an APU Maintenance Program or shall cause the foregoing to be done. All maintenance procedures shall be performed by properly trained, licensed, and certified maintenance sources and personnel utilizing replacement parts approved by the FAA and the manufacturer of (as applicable) the Airframe, the Engines, or any APU or Part. Without limiting the foregoing, Customer shall comply with all mandatory service bulletins and airworthiness directives by causing compliance to such bulletins and/or directives to be completed through corrective modification in lieu of operating manual restrictions.

Customer will not make, authorize or permit any improvement, change, addition or alteration to the Aircraft that will impair the originally intended function or use of the Aircraft, diminish the value of the Aircraft as it existed immediately prior thereto, or violate any Applicable Standard. All repairs, parts, replacements, mechanisms and devices added by Customer or on its behalf shall immediately, without further act, become part of the Aircraft and subject to the Lender's Lien granted under this Agreement.

## Insurance.

Customer agrees to maintain or cause to be maintained at all times, at its sole cost and expense, with insurers of recognized reputation and responsibility satisfactory to Lender (but in no event having an A.M. Best or comparable agency rating of less than "A-"):

(A) comprehensive aircraft liability insurance against bodily injury or property damage claims including, without limitation, contractual liability, premises liability, death and property damage liability, public and passenger legal liability coverage, and sudden accident pollution coverage, in an amount not less than \$200,000,000.00 for 20 or more seats, or if the Aircraft will be chartered, or \$100,000,000.00 for 10 or more seats, or \$50,000,000.00 for fewer than 10 seats for each single occurrence, and (B) personal injury liability in an amount not less than \$25,000,000.00; but, in no event shall the amounts of coverage required by sub-clauses (A) and (B) be less than the coverage amounts as may then be required by Applicable Law;

"all-risk" ground, taxiing, and flight hull insurance on an agreed-value basis, covering the Aircraft, provided that such insurance shall at all times be in an amount not less than the greater of (1) the full replacement value of the Aircraft (as determined by Lender), or (2) the unpaid principal amount of the Note (each such amount re-determined as of each anniversary of the date hereof for the next succeeding year throughout the term of this Agreement); and

war risk and allied perils (including confiscation, appropriation, expropriation, terrorism and hijacking insurance) in the amounts required in paragraphs (i) and (ii), as applicable.

Any policies of insurance carried in accordance with this Section 4.6 and any policies taken out in substitution or replacement of any such policies shall (i) be endorsed to name Lender as an additional insured as its interests may appear (but without responsibility for premiums), (ii) provide, with respect to insurance carried in accordance with Section 4.6(a)(ii) or (a)(iii) above, that any amount payable thereunder shall be paid directly to Lender as sole loss payee and not to Lender and Customer jointly, (iii) provide for thirty (30) days' (seven (7) days' in the case of war, hijacking and allied perils) prior written notice by such insurer of cancellation, material change, or non-renewal, (iv) include a severability of interest clause providing that such policy shall operate in the same manner as if there were a separate policy covering each insured, (v) waive any right of set-off against Lender, and any rights of subrogation against Lender, (vi) provide that in respect of the interests of Lender in such policies, that the insurance shall not be invalidated by any action or inaction of Customer or any other Person operating or in possession of the Aircraft, regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by or binding upon Customer or any other Person operating or in possession of the Aircraft, and (vii) be primary, not subject to any co-insurance clause and shall be without right of contribution from any other insurance.

Customer shall not self-insure (by deductible, premium adjustment, or risk retention arrangement of any kind) with respect to any of the risks required to be insured pursuant to this Section 4.6. Customer agrees that it shall obtain and maintain such other insurance coverages, or cause adjustments to be made to the scope, amount or other aspects of the existing insurance coverages, promptly upon Lender's request, as and when Lender deems such additional insurance coverages or modifications to be appropriate in light of any changes in Applicable Law, prudent industry practices, the insurance market, Customer's anticipated use of the Aircraft or other pertinent circumstances. All of the coverages required herein shall be in full force and effect worldwide throughout any geographical areas to, in or over which the Aircraft is operated. All insurance proceeds payable under the requisite policies shall be payable in U.S. Dollars.

At least ten (10) days prior to the policy expiration date for any insurance coverage required by this Section 4.6, Customer shall furnish to Lender evidence (having the form and substance consistent with Section 1(f) of the Closing Terms Addendum) of the renewal or replacement of such coverage, complying with the terms hereof, for a twelve (12) month or greater period commencing from and after such expiration date.

## Event of Loss; Loaner Engines.

Upon the occurrence of any Event of Loss with respect to the Aircraft and/or the Airframe, Customer shall notify Lender of any such Event of Loss within five (5) days of the date thereof. Customer shall pay the then Outstanding Balance promptly upon its receipt of insurance proceeds relating to such Event of Loss, but in no event later than ninety (90) days after the occurrence of such Event of Loss (irrespective as to whether any or all of such proceeds have been received). Upon Lender's receipt in good and indefeasible funds of all of the amounts required to be paid pursuant to the preceding sentence (whether by applying Customer's payment of such amounts, or any such insurance proceeds, or both) the Aircraft shall be released from the Lender's Lien, and Lender shall remit to Customer any such insurance proceeds so received by Lender, to the extent then remaining.

Upon an Event of Loss with respect to an Engine or any APU (as applicable, a " **Lost Item** ") under circumstances in which there has not occurred an Event of Loss with respect to the Airframe, Customer shall, within one hundred twenty (120) days after the occurrence of such Event of Loss, replace such Lost Item, with a Permitted Replacement. Any engine or auxiliary power unit constituting a " **Permitted Replacement** " for a Lost Item shall (i) be of the same make and model number as the Lost Item, (ii) be free and clear of all Liens and (iii) have a value, utility and useful life at least equal to, and be in as good an operating condition as, the Lost Item, assuming such Lost Item was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss. Customer, at its own cost and expense, shall (i) furnish Lender with such documents to evidence such conveyance, (ii) cause the Permitted Replacement to be subject to the Lender's Lien under this Agreement, and (iii) take such other actions as may be required by Lender to cause the Lender's Lien therein to be validly created, perfected and have first priority, including as evidenced on the FAA Registry, the International Registry, and any other recording office. Each such Permitted Replacement shall, after such conveyance, be deemed an "Engine" or "APU" (as defined herein), as applicable, and shall be deemed part of the same Aircraft as was the Lost Item replaced thereby.

In the event an Engine is damaged and is being repaired, or is being inspected or overhauled, Customer, at its option, may temporarily substitute another engine during the period of such repair or overhaul, so long as such engine is of the same make and model as the Engine being repaired or overhauled, is free and clear of any Lien that might impair Lender's rights or interests in the Airframe and is maintained in accordance herewith (any such substitute engine being hereinafter referred to as a " **Loaner Engine** "). Customer shall (i) cause such Loaner Engine to be installed and removed, as applicable, by a maintenance facility certified by the FAA and manufacturer with respect to the Aircraft, and (ii) cause the repaired or overhauled original Engine to be reinstalled on the Airframe promptly upon completion of the repair or overhaul, but in no event later than the earlier of one hundred twenty (120) days after removal or the occurrence of an Event of Default.

So long as no Default has occurred and is continuing, and no Event of Default or Event of Loss with respect to the Aircraft has occurred, any loss or damage proceeds of the Required Coverages received by Lender shall be released promptly by Lender to Customer to reimburse Customer for paying the costs actually incurred with respect to repairs made to the Aircraft so as to restore it to the condition required by this Agreement, or for the purchase of a Permitted Replacement pursuant to Section 4.7(b), or shall be disbursed by Lender as otherwise required by this Agreement.

Aircraft Registration. On or before the Closing Date, and at all times thereafter, so long as any of the Obligations are outstanding, Customer shall remain solely responsible pursuant to the applicable provisions of this Agreement to cause (i) the Aircraft to be effectively and otherwise validly registered in Customer's name on the Registry, and (ii) the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft, in each case, accordance with the Registration Requirements; and without limiting the foregoing, or any other provision of this Agreement, Customer shall:

cause the Registration Certificate to be maintained within the Aircraft and cause the U.S. registration number then currently

assigned to the Aircraft to remain authorized for use by Customer on the Aircraft; including by (A) notifying Lender immediately of any event or circumstance with respect to which the Registration Requirements require further action by Customer, the Registry or any other Governmental Authority or other Person, (B) immediately upon receipt, placing the original, replacement or renewal Registration Certificate on the Aircraft prior to the expiration or other invalidation of any previously issued Registration Certificate (whether the certificate or any other document constituting the Registration Certificate as defined herein) under the Registration Requirements, and (C) complying with any and all of the other Registration Requirements relating to such Registration Certificate, and to the Registration Certificate replaced thereby (including any of the same relating to the destruction or return thereof, as the case may be); and

upon the occurrence, and at all times thereafter, of any Defective Registration (and without waiving Customer's responsibility to avoid such circumstance), or if the operation of the Aircraft is no longer authorized by the Registration Requirements, Customer shall (A) neither operate nor permit or suffer the operation of the Aircraft without a currently effective and otherwise valid Registration Certificate (and shall cause the pilots to be made aware of the Defective Registration), and otherwise comply with the FARs and other Applicable Laws relating to such Defective Registration, (B) ground and store the Aircraft in a manner reasonably acceptable to Lender, and (C) inform the insurer or insurers thereof, and obtain and maintain adjustments to the insurance coverages required pursuant Section 4.6 of this Agreement which may be necessary or desirable to Lender so as to reflect any changes in the insurable risks relating to any Defective Registration.

**Security Interest; Power of Attorney; Inspection .**

Grant of Security Interest. As collateral security for the prompt and complete payment and performance as and when due of all of the Obligations and in order to induce Lender to enter into this Agreement and make the Loan to Customer in accordance with the terms hereof, Customer hereby grants, pledges and assigns to Lender a first priority security interest, collateral assignment, international interest, prospective international interest, security assignment and prospective security assignment, in, against, under and with respect to (the " **Lender's Lien** ") all of Customer's right, title and interest in, to and under all of the following collateral, whether now existing or hereafter acquired (collectively, the " **Collateral** "): (i) the Aircraft, including the Airframe, the Engines, each of the APU and Parts, and the Records; (ii) any and all present and future Third Party Agreements; (iii) any and all other associated rights secured by or associated with the Airframe and/or the Engines, together with any related international interests and prospective international interests; (iv) any collateral described in the other Loan Documents (including in any Operating Consent); and (v) all proceeds of the foregoing. By way of clarification and not limitation, the foregoing grant of the Lender's Lien shall include, as applicable (and in each case, being validly registered and having first priority), an international interest in the Airframe and in each Engine. Notwithstanding the foregoing, (i) Customer shall not enter into any Third Party Agreements unless expressly permitted by Section 4.4 and (ii) Lender is not assuming, nor shall it be responsible for, any obligations, liabilities or duties of any kind whatsoever of Customer (and/or of any other Person) relating to the Collateral. Customer agrees that it shall perform and procure performance in accordance with any Third Party Agreement or other agreement or instrument giving rise to any associated rights that are or may become subjected to the Lender's Lien.

UCCs, Registrations, Etc.; Lender as Attorney-in-Fact. Customer hereby irrevocably:

authorizes Lender to prepare and file any UCC financing statements, amendments, continuations, terminations, assignments and other filings, or take such other actions for the purpose of perfecting, affording first and exclusive priority to or otherwise relating to Lender's Lien under this Agreement or the other Loan Documents;

consents to, and authorizes its professional user entity to consent to, the registration of each Registerable Interest requested by Lender or its Assignee, or otherwise required by the provisions of this Agreement or any of the other Loan Documents, including any subordination, amendment, assignment, discharge or undertaking permitted by the Cape Town Convention with respect thereto; and

constitutes and appoints Lender (including any Person acting on Lender's behalf), as its true and lawful attorney-in-fact with full power and authority in the place and stead of Customer and in the name of Customer or in its own name, for the purpose of carrying out the terms of this Agreement; which authority shall include the following undertakings that may be exercisable by Lender in its sole discretion at any time, and from time to time, if an Event of Default is then existing or upon the occurrence of an Event of Loss: (i) in Customer's name, file and/or record, such further instruments, filings and other documents, make, cause to be made and/or consent to all registrations with the International Registry, and take such further action, to establish and protect Lender's rights, interests and remedies created, or intended to be created, pursuant to the Loan Documents; (ii) endorse Customer's name on any checks, notes, drafts or any other payments or instruments, or set off, apply, or take such other actions with respect to any funds relating to the Collateral that come into Lender's possession or control; and (iii) to settle, adjust, receive payment and make claim or proof of loss, and take such other actions relating to the Required Coverages. This appointment is coupled with an interest, is irrevocable and shall terminate only upon indefeasible payment and performance in full of all of the Obligations. The powers conferred on Lender hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Lender shall be accountable only for amounts that it actually receives in good and indefeasible funds as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to Customer for any act or failure to act. Without limiting the foregoing, Customer agrees that within five (5) Business Days of Lender's request, Customer will enter into an irrevocable power-of-attorney authorizing Aviation Counsel or Lender's other designee as Customer's professional user entity and administrator for the purpose of discharging any Registerable Interests as and when directed to do so by Lender in connection with its exercise of its rights and remedies under the Loan Documents.

Inspection. Lender or its authorized representatives shall have the right, but not the duty, to inspect the Aircraft, any part thereof and/or the Records, at its own cost any reasonable time and from time to time, wherever located, upon reasonable prior notice to Customer; except that after the occurrence of a Default or an Event of Default, such inspection may be conducted at any time without prior notice and at Customer's sole expense, and it shall pay Lender promptly upon demand any inspection costs incurred by Lender. So long as no Default or Event of Default exists, any such inspections shall be conducted during normal business hours and without interruption of the use and operation of the Aircraft as permitted hereby. Upon the request of Lender, Customer shall promptly confirm to Lender the location of the Aircraft or any of the other Collateral.

**Events of Default .** The term " **Event of Default** ", wherever used herein, shall mean:

Customer shall fail to pay any Obligation within ten (10) days after the same shall become due and payable (whether at the stated maturity, by acceleration, upon demand or otherwise); or

(i) any Customer Party shall default in the payment or performance of any indebtedness, liability or obligation to Lender or any Affiliate of Lender under any note, security agreement, lease, title retention or conditional sales agreement or any other instrument or agreement; or (ii) any Customer Party shall fail to pay any Indebtedness (other than the Obligations) exceeding \$5,000,000.00, and such failure shall continue beyond any applicable grace period (or, with respect to trade Indebtedness which is not subject to a grace period, within ninety (90) days of the date such trade Indebtedness is incurred); or

(i) any of the Required Coverages are not kept in full force and effect, or a breach or violation shall exist with respect to any provisions thereof; or the Aircraft is operated in a manner, at a time or in or over or located at a place with respect to which such Required Coverages shall not be in effect; (ii) Customer shall fail to cause the Airframe or the Engines to be used, operated, maintained or otherwise kept in a condition so as to be in compliance with all Applicable Laws; or (iii) any Customer Party shall fail to comply with (A) any financial covenants as and to the extent set forth or incorporated in any Guaranty or in any of the other Loan Documents, or (B) any provision of any of the Loan Documents restricting Liens and other dispositions relating to either the Collateral or any rights or obligations under any of the Transaction Documents (including

Section 4.4 hereof), or (iv) the occurrence of any Defective Registration; or

(i) any representation or warranty made by any Customer Party in any of the Loan Documents or in any related agreement, document or certificate shall prove to have been incorrect, misleading, or inaccurate in any material respect when made or given (or, if a continuing representation or warranty, at any time); or (ii) any Customer Party shall fail to (A) perform or observe any other agreement (other than those specifically referred to in this Section 6) required to be performed or observed by it under this Agreement or in any of the other Loan Documents, and such failure shall continue uncured for thirty (30) days after the earlier of written notice thereof from Lender to such Customer Party or such Customer Party's actual knowledge thereof (but such notice and cure period will not be applicable unless such breach is curable by practical means within such notice period) or (B) notify Lender of any Default or Event of Default within ten (10) Business Days of its occurrence; or

(i) any Customer Party shall (A) generally fail to pay its, or his or her debts as they become due, admit its, or his or her inability to pay its, or his or her debts or obligations generally as they fall due, or shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws or other insolvency laws, or an answer admitting the material allegations of such a petition filed against such Customer Party in any such proceeding; or (B) by voluntary petition, answer or consent, seek relief under the provisions of any other bankruptcy or other insolvency or similar law providing for the reorganization or liquidation of corporations, or providing for an assignment for the benefit of creditors, or providing for an agreement, composition, extension or adjustment with its, or his or her creditors; or (ii) a petition against any Customer Party in a proceeding under applicable bankruptcy laws or other insolvency laws, as now or hereafter in effect, shall be filed and shall not be withdrawn or dismissed within one hundred twenty (120) days thereafter, or if, under the provisions of any law providing for reorganization or liquidation of business entities that may apply to any Customer Party, any court of competent jurisdiction shall assume jurisdiction, custody or control of such Customer Party or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of one hundred eighty (180) days after the filing date; or

the occurrence of any of the following events with respect to any Customer Party: (A) it enters into any transaction of merger, consolidation or reorganization; (B) it ceases to do business as a going concern, liquidates, or dissolves, or sells, transfers or otherwise disposes of all or substantially all of its assets or properties (in one or more transactions); (C) it becomes the subject of, or engages in, a leveraged buy out; (D) it changes the form of organization of its business; (E) if it is privately owned as of the Closing Date, there is any substantial change in the ownership or control of its capital stock or membership interests such that the holder(s) that own or control one hundred percent (100%) of such equity interests as of the Closing Date no longer do so; or (F) if it is publicly held as of the Closing Date, any change so that it is no longer subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or no longer registered under Section 12 of the Securities Act of 1933, as amended; or

(i) the conviction of or guilty plea by any Customer Party with respect to any criminal act constituting a felony, (ii) any repudiation by any Customer Party of its obligation for the payment or performance of the Obligations, (iii) any allegation by any Customer Party or judicial determination that any of the Loan Documents is unenforceable in any material respect or (iv) a Default (as defined in any Guaranty) shall occur; or any event or condition constituting a breach or other default under any Operating Consent.

#### **Remedies .**

Acceleration; Termination of Commitment . If any Event of Default shall occur, Lender, in its sole discretion, may (a) declare the Obligations to be immediately due and payable, and upon such declaration the Obligations (including, the unpaid principal amount of the Note, together with all accrued but unpaid interest thereon, any prepayment fees and all other amounts due and payable under or with respect to the Loan Documents), shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the other Loan Documents to the contrary notwithstanding, (b) terminate any then outstanding commitment whether to Customer or any Affiliate to make the Loan or any advance thereof, or any other financial accommodations, whether related to the Loan or otherwise, and/or (c) pursue and enforce any of Lender's rights and remedies under this Section 7; provided, however, if an Event of Default specified in Section 6 (e) above shall occur, the Obligations shall become immediately due and payable, all such commitments shall terminate, and Lender shall have all such other rights and remedies contemplated in the preceding clauses (a), (b) and (c), automatically, and without any notice or other action by Lender.

Additional Remedies . If an Event of Default occurs, in addition to all other rights and remedies granted to it in this Agreement and in the other Loan Documents, Lender may exercise all rights and remedies of a secured party under the UCC or as a creditor, chargee or security assignee under the Cape Town Convention (including any and all remedies thereunder requiring agreement by Customer), or otherwise available to Lender under any other Applicable Law. Without limiting the generality of the foregoing, Customer agrees that upon the occurrence of an Event of Default, Lender, without demand or notice of any kind (except as specified below) to or upon Customer or any other Person, in its sole discretion, may exercise any one or more of the following remedies:

(i) peacefully enter the premises where the Aircraft, the Engines, or any other Collateral is located, take immediate possession of, remove (or disable in place), or otherwise take control or custody of the Airframe, the Engines or any other Collateral (whether or not then attached to the Airframe) by self-help, summary proceedings or otherwise without liability, (ii) preserve the Airframe, the Engines or the other Collateral, and their respective value (but without any obligation to do so), and immobilize or keep idle the Airframe or Engines, and/or (iii) use Customer's premises for storage without liability; and Customer agrees, at Lender's request, to assemble the Collateral, and make it available to Lender at such places as Lender shall reasonably select, whether at Customer's premises or elsewhere;

(i) terminate the right of any Interested Third Party, and any other third party to use, possess or control the Airframe, the Engines or any of the other Collateral, including under any Permitted Third Party Agreement or other Third Party Agreement, without regard as to the existence of any event of default thereunder, (ii) recover from, and/or cause Customer and any such Interested Third Party, and any other third party, to relinquish possession and return the Airframe, the Engines and any other Collateral pursuant to this Section 7, and/or (iii) exercise any and all other remedies under any Operating Consents in Customer's stead, to the extent provided for under, or otherwise available to Customer in connection with any related Permitted Third Party Agreement or such other Third Party Agreement;

(i) manage, sell, lease, assign or otherwise dispose of the Airframe, the Engines or any other Collateral, in whole or in part, whether or not in Lender's possession, in one or more parcels or transactions, at public or private sale or sales, with or without notice to Customer (except as required by Applicable Law, and in furtherance thereof, Lender agrees that it shall give Customer no less than ten (10) working days' prior notice of any proposed sale or lease of the Airframe or Engines, which Customer acknowledges as constituting "reasonable prior notice" for the purposes of the Cape Town Convention) at such prices as Lender may deem best, and/or (ii) purchase the Collateral, in whole or in part, upon any public sale or sales, and to the extent permitted by Applicable Law upon any private sale or sales, free of any right or equity of redemption in Customer, which right or equity of redemption is hereby expressly released;

(i) collect, receive, appropriate and realize upon the Collateral, or any part thereof, including by applying any deposit or other cash collateral, or collecting or receiving, appropriating and realizing upon any income, profits or other proceeds arising from the management or use of the Airframe, the Engines or any of the other Collateral, and applying the same (after deducting all taxes, costs, expenses and other reductions of every kind incurred in connection therewith) to the payment in whole or in part of the Obligations, in such order and manner as Lender may elect; and (ii) after making such application, (A) remitting to Customer or to such other Person any excess then remaining, as and to the extent Lender is required by Applicable Law to make such remittance and (B) demanding, collecting and receiving from Customer any deficiency then remaining (and Customer agrees that it shall remain liable for, and pay upon demand, the full amount of any such deficiency);

(i) demand and obtain from any court speedy relief pending final determination available at law (including, possession, control, custody or immobilization of the Airframe and Engines, or preservation of the Airframe and the Engines and their respective value), (ii) procure the deregistration and/or export and physical transfer of the Airframe from the territory in which it is then situated (including pursuant to an IDERA, if any, executed by Customer), and/or (iii) otherwise proceed at law or in equity, to enforce specifically Customer's performance or to recover damages; and/or

exercise any and all other rights and remedies under or with respect to the Loan Documents or Applicable Law, including the Cape Town Convention and the UCC.

**No Waiver: Cumulative Remedies.** No right or remedy is exclusive. Customer hereby acknowledges that none of the provisions of this Section 7, including any remedies set forth or referenced herein, is "manifestly unreasonable" for the purposes of the Cape Town Convention. Each may be used successively and cumulatively and in addition to any other right or remedy referred to above or otherwise available to Lender at law or in equity, but in no event shall Lender be entitled to recover any amount in excess of the maximum amount recoverable under Applicable Law with respect to any Event of Default. No express or implied waiver by Lender of any Default or Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default. The failure or delay of Lender in exercising any rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or reoccurrence of any such contingencies or similar contingencies, and any single or partial exercise of any particular right by Lender shall not exhaust the same or constitute a waiver of any other right provided for or otherwise referred to herein. After the occurrence of any Default or Event of Default, the acceptance by Lender of any payment or performance of any of the Obligations, including the payment of any installment of principal and/or interest or of any other sum owing hereunder or under the other Loan Documents shall not constitute a waiver of such Default or Event of Default, regardless of Lender's knowledge or lack of knowledge thereof at the time of acceptance of any such payment or performance and shall not constitute a reinstatement of any of the Loan Documents, unless Lender shall have agreed in writing to reinstate the same and waive the Default or Event of Default. To the extent permitted by Applicable Law, Customer waives any rights now or hereafter conferred thereby, that (a) limit or modify any of Lender's rights or remedies under this Agreement or any of the other Loan Documents, including the provisions of Article 13(2) of the Convention, or (b) would otherwise entitle Customer to (i) receive notices or demands as a condition to Lender's exercise of any rights or remedies, except as expressly required above or (ii) make claims, damages and demands against Lender arising out of the repossession, retention, sale or other disposition of the Collateral.

#### **MISCELLANEOUS**

**Notices.** All communications and notices provided for herein shall be in writing and shall be deemed to have been duly given or made (i) upon hand delivery, or (ii) upon delivery by an overnight delivery service, or (iii) when sent by telecopy (with customary confirmation of receipt of such telecopy) on the Business Day when sent or upon the next Business Day if sent on other than a Business Day.

#### **Expenses and Fees; Indemnity; Performance of Customer's Obligations.**

Customer shall pay to Lender upon demand all reasonable fees, costs and expenses incurred by or on behalf of Lender at any time in connection with (i) the negotiation, preparation, execution, delivery and enforcement of the Loan Documents and the collection of the Obligations (both before and after the occurrence of a Default or Event of Default), (ii) the creation, preservation and protection of the Collateral and the perfection, first priority and enforcement of Lender's Lien, or (iii) Customer's exercise of any right granted under, or any amendment or other modification to any of, the Loan Documents. Such fees, costs and expenses shall include, without limitation, reasonable appraisal and inspection fees, the reasonable fees and expenses of Aviation Counsel and of Lender's counsel, consultants and brokers, UCC, FAA, International Registry and other applicable title, interest and lien searches, and reasonable costs and expenses relating to recovery, repossession, storage, insurance, transportation, repair, refurbishment, advertising, sale and other dispositions of the Aircraft or any of the other Collateral. Customer shall also pay all reasonable fees (including license, filing and registration fees), Impositions and other charges of whatever kind or nature that may be payable or determined to be payable in connection with (A) the execution, delivery, recording or performance of this Agreement or any of the other Loan Documents, or any modification thereof, and (B) the filings, registrations and other undertakings relating thereto. Notwithstanding the foregoing, as long as there are no more than two (2) revised drafts of any Loan Document provided by Customer or its counsel to Lender or Lender's counsel, Customer shall be responsible for not more than \$35,000.00 in the aggregate for the legal fees of outside counsel to Lender (including, Aviation Counsel) and appraisal, inspection, processing, credit verification, lien searches, FAA and International Registry fees and other fees incurred in connection with the initial negotiation, preparation and execution of this Agreement and the other Loan Documents executed and delivered on or before the Closing Date (and the consummation of the closing contemplated to occur thereon); provided that in the event that the negotiation exceeds two (2) revised drafts of any Loan Document, then Customer shall pay for the actual amount of such out of pocket fees incurred by Lender relating to the drafting and negotiation in excess of such two (2) revised drafts. Lender shall apply the previously paid deposit amount of \$35,000.00 to such fees and shall refund to Customer the amount by which the deposit exceeds such fees.

Customer hereby further agrees, whether or not the transactions contemplated by this Agreement shall be consummated, to pay, indemnify, and hold Lender and its affiliates and all of the Lender's and such affiliates' respective directors, shareholders, members, officers, employees, agents, predecessors, attorneys-in-fact, lawyers, successors and assigns (Lender, its affiliates and all of such other parties and entities sometimes hereinafter collectively, the "**Indemnified Parties**") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, out of pocket costs, attorney's fees, expenses or disbursements of any kind or nature whatsoever ("**Claims**") arising with respect to or in connection with (i) the Airframe, the Engines, or any APUs or Parts, or any of the other Collateral, including (whether by or through Customer, Vendor, any Interested Third Party, or any other Person), the manufacture, inspection, ownership, lease, sublease, management, pooling, interchange, time sharing, chartering, possession, use, operation, maintenance, security, condition (whether prior to, upon or after delivery or acceptance of any of the same), repossession, storage, sale or other disposition of any of the same, or any accident in connection therewith, including Claims involving or alleging environmental damage, criminal acts, hijacking, acts of terrorism or similar acts, product liability or strict or absolute liability in tort, latent and other defects (whether or not discoverable) and for any other risk or matter, including any of the same that result in injuries, death, destruction, or other harm or loss to persons or property, or (ii) any of the Loan Documents, Third Party Agreements or other Transaction Documents, or the performance, breach (including any Default or Event of Default) or enforcement of any of the terms hereof or thereof, provided, that Customer shall have no obligation to indemnify an Indemnified Party with respect to Claims arising from the gross negligence or willful misconduct of such Indemnified Party (unless if imputed by Applicable Law). If any Claim is made against any Indemnified Party, the party receiving notice or otherwise becoming aware of such Claim shall promptly notify the other, but the failure of the party having knowledge of a Claim to so notify the other party shall not relieve Customer of any obligation hereunder.

If any Customer Party fails to perform or comply with any of its agreements contained herein or in the other Loan Documents, including, without limitation, its obligations to keep the Collateral free of Liens (other than the Permitted Liens), comply with Applicable Standards, or obtain the Required Coverages, Lender shall have the right, but shall not be obligated, to effect such performance or compliance, with such agreement. Any expenses of Lender incurred in connection with effecting such performance or compliance, together with interest thereon at the default rate of interest provided for in the Note from the date incurred until reimbursed, shall be payable by Customer to Lender promptly on demand and until such payment shall constitute part of the Obligations secured hereby. Any such action shall not be a cure or waiver of any Default or Event of Default hereunder.

**Entire Agreement; Modifications.** This Agreement and the other Loan Documents constitute the entire understanding and agreement of the

parties hereto with respect to the matters contained herein and therein, and shall completely and fully supersede all other prior agreements (including any proposal letter, commitment letter, and/or term sheet), both written and oral, between Lender and Customer relating to the Obligations. Neither this Agreement, nor any terms hereof, may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of a change, waiver, discharge or termination is sought.

Construction of this Agreement and Related Matters. All representations and warranties made in this Agreement and in the other Loan Documents shall survive the execution and delivery of this Agreement and the making of the Loan hereunder. Customer's obligations contained in this Section 8 shall survive the payment and performance of the Obligations, the termination of this Agreement, and the release of the Collateral. This Agreement may be executed by the parties hereto on any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. The headings of the Sections hereof are for convenience only, are not part of this Agreement and shall not be deemed to affect the meaning or construction of any of the provisions hereof. Time is of the essence in the payment and performance of all of Customer's obligations under this Agreement. Any provision of this Agreement that may be determined to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective in such jurisdiction to the extent thereof without invalidating the remaining provisions of this Agreement, which shall remain in full force and effect.

Lender's Assignment. Lender, may at any time, with or without notice to Customer, freely grant a security interest in, sell, assign, participate or otherwise transfer (an "**Assignment**") all or any part of its interest in this Agreement and the other Loan Documents (including all associated rights associated with or secured thereby and the related international interests) or any amount due or to become due hereunder or thereunder, and Customer shall perform all of its obligations under the Loan Documents, to the extent so transferred, for the benefit of the beneficiary of such Assignment (such beneficiary, including any successors and assigns, an "**Assignee**"); provided, however, if such Assignee is not an Affiliate of Lender and if no Default or Event of Default exists, Lender will provide prior notice of any such Assignment to a third party. Customer hereby waives any right to assert, and agrees not to assert, against any Assignee any abatement, reduction, defense, setoff, recoupment, claim or counterclaim that Customer may have against Lender, provided that Lender remains fully responsible therefor. Upon the assumption by such Assignee of Lender's obligations hereunder, Lender shall be relieved of any such assumed obligations. Customer hereby consents to any such assignment, grant, sale or transfer, including, without limitation, for purposes of the Cape Town Convention. If so directed in writing, Customer shall pay all amounts due or to become due under the Loan Documents, including any of the same constituting associated rights or proceeds directly to the Assignee or any other party designated in writing by Lender or such Assignee. Customer acknowledges and agrees that Lender's right to enter into an Assignment is essential to Lender and, accordingly, waives any restrictions under Applicable Law with respect to an Assignment and any related remedies. Upon the request of Lender or any Assignee, Customer also agrees (a) to promptly execute and deliver, and cause to be executed and delivered by any Guarantor or any other Transaction Party, to Lender or to such Assignee an acknowledgment of assignment in form and substance satisfactory to the requesting party, an insurance certificate naming Assignee as additional insured and loss payee and otherwise evidencing the Required Coverages, an IDERA in favor of Assignee, and such other documents and assurances reasonably requested by Lender or Assignee, (b) to make, or cause to be made, all registrations (including all assignments and subordinations) and all amendments, extensions and discharges with the International Registry reasonably requested by Lender or Assignee (and give or obtain any necessary consent thereto, as well as renew any authorization required by the International Registry in connection therewith, including renewing its transacting user entity status and re-designating a professional user entity, if necessary in Lender's judgment), and (c) to comply with any and all other reasonable requirements of any such Assignee in connection with any such Assignment.

Jurisdiction. Customer and Lender each hereby irrevocably consents and agrees that any legal action, suit or proceeding arising out of or in any way in connection with this Agreement or any of the other Loan Documents may be instituted or brought in the courts of the State of New York or in the United States Courts for the Southern District of New York, as Customer or Lender may elect or in any other state or Federal court as Lender shall deem appropriate, and by execution and delivery of this Agreement, Customer and Lender each hereby irrevocably accepts and submits to, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of any such court, and to all proceedings in such courts. Customer and Lender each irrevocably consents to service of any summons and/or legal process by first class, certified United States air mail, postage prepaid, to Customer at the address set forth below its signature hereto, such method of service to constitute, in every respect, sufficient and effective service of process in any such legal action or proceeding. Nothing in this Agreement or in any of the other Loan Documents shall affect the right to service of process in any other manner permitted by law or limit the right of Lender to bring actions, suits or proceedings in the courts of any other jurisdiction. Customer and Lender each further agrees that final judgment against it in any such legal action, suit or proceeding shall 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 shall be conclusive evidence of the fact and the amount of the liability. Notwithstanding anything in the foregoing to the contrary, Lender and Customer may bring a judicial proceeding in the Republic of Ireland, solely with respect to matters relating to the International Registry.

Governing Law; Binding Effect. This Agreement shall be construed and enforced in accordance with, and the rights of both parties shall be governed by, the internal laws of the State of New York (without regard to the conflict of laws principles of such state, except as to the effect of Title 14, Section 5-1401 of the New York General Obligations Law), including all matters of construction, validity, and performance. This Agreement shall be binding upon and inure to the benefit of Customer and Lender and their respective successors and assigns (but without limiting the provisions of Section 8.5); except that Customer may not assign or transfer its rights or obligations hereunder or under any other Loan Agreement, or any interest herein or therein; and any such purported or attempted assignment or transfer by Customer shall be null and void.

Customer's Capacity as Owner Trustee. TVPX Aircraft Solutions Inc. ("TVPX") is executing this Agreement, and the other Loan Documents solely in its capacity as Owner Trustee under the Trust Agreement and not in its individual capacity and in no case shall TVPX be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of the Customer hereunder, or under any Loan Document, all such liability, if any, being expressly waived by the parties hereto and any Person claiming by, through, or under such party. Under no circumstances shall TVPX be personally liable for the payment of any other amount stated to be due from the Customer hereunder, or under any Loan Document, or be personally liable for the breach or failure of any of Customer's representations, warranties, covenants, obligations, undertakings and agreements hereunder, or under any Loan Documents; provided, however, that the Customer (or any such successor owner trustee) shall be personally liable hereunder for its own gross negligence or willful misconduct or for its breach of its covenants, representations and warranties contained herein, or in any Loan Document, to the extent covenanted or made in its individual capacity.

Jury Waiver. CUSTOMER AND LENDER EACH HEREBY KNOWINGLY AND FREELY WAIVES THEIR RESPECTIVE RIGHTS TO A JURY TRIAL IN ANY ACTION, SUIT OR PROCEEDING RELATING TO, ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE NOTE OR ANY OF THE OTHER LOAN DOCUMENTS.

**[Signatures On Next Page]**

IN WITNESS WHEREOF, the parties hereto have caused this Loan and Aircraft Security Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

BANC OF AMERICA LEASING & CAPITAL, LLC, Lender

TVPX AIRCRAFT SOLUTIONS INC., a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated July \_\_\_\_, 2017,  
Customer

By:  
Name:  
Title:  
Notice Address:

One Financial Plaza, 2nd Floor  
Providence, Rhode Island 02903  
Attention: Director of Aircraft Operations  
Telephone: 800-238-3737  
Facsimile: 401-278-7941

By:  
Name:  
Title:  
Notice Address:

39 East Eagle Ridge Drive, Ste. 201  
North Salt Lake, UT 84054  
Telephone: (801) 924-367  
Facsimile: (801) 877-0478

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IN WITNESS WHEREOF, the parties hereto have caused this Loan and Aircraft Security Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

BANC OF AMERICA LEASING & CAPITAL, LLC, Lender

TVPX AIRCRAFT SOLUTIONS INC., a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated July 27, 2017, Customer

By: /s/ Ann Marie Cardi  
Name: Ann Marie Cardi  
Title: Assistant Vice President  
Notice Address:

By: /s/ Brett King  
Name: Brett King  
Title: Senior Vice President

Notice Address:

One Financial Plaza, 2nd Floor  
Providence, Rhode Island 02903  
Attention: Director of Aircraft Operations  
Telephone: 800-238-3737  
Facsimile: 401-278-7941

39 East Eagle Ridge Drive, Ste. 201  
North Salt Lake, UT 84054  
Telephone: (801) 924-367  
Facsimile: (801) 877-0478

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**LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)**

**THIS LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)** (together with all Addenda, Riders and Annexes hereto, this "Agreement") is dated as of July 27, 2017 (the "Closing Date"), by and between **TVPX AIRCRAFT SOLUTIONS INC.**, a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated as of July 27, 2017 ("Customer") and **BANC OF AMERICA LEASING & CAPITAL, LLC**, a Delaware limited liability company ("Lender").

In consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

Capitalized and certain other terms used but not otherwise defined in this Agreement shall have the meanings ascribed to them in Annex A attached hereto and made a part hereof.

**Terms of Loan .**

Loan and Use of Proceeds . Subject to the terms and conditions of this Agreement, Lender agrees to make a loan to Customer in the principal amount set forth in Annex B attached hereto and made a part hereof (the "Loan"). Customer shall use the proceeds of the Loan to finance the costs of the acquisition of the Aircraft.

Repayment and Prepayment . The Customer's obligation to repay the Loan shall be evidenced by one or more Promissory Notes dated on and/or after the Closing Date, payable by Customer to the order of Lender in the original principal amount of the Loan (as amended, modified, restated, extended and renewed from time to time, the "Note"). The Loan shall bear interest and be repaid by Customer at the times and in the manner set forth in the Note. The Loan may be prepaid only in the manner and subject to terms and conditions set forth in the Note and, if applicable, Section 4.7 hereof.

**Conditions of Borrowing** . Lender's obligation to make the Loan shall be both subject to and conditioned upon the satisfaction of all of the conditions precedent specified in the Closing Terms Addendum attached to and made a part of this Agreement.

**Representations and Warranties** . In order to induce Lender to enter into this Agreement and to make the Loan herein provided for, Customer represents, warrants and covenants to Lender that:

- (i) Customer (A) is duly qualified to do business in each jurisdiction in which the conduct of its business or the ownership or operation of its assets requires such qualification, including the jurisdiction of the Primary Hangar Location and wherever any of the Collateral may become located;
- (B) has the necessary authority and power to own and operate the Aircraft and its other assets and to transact the business in which it is engaged;
- (C) is a "citizen of the United States" within the meaning of the Transportation Code; and (D) has the form of business organization set forth in Annex B hereto and is and will remain duly organized, validly existing and in good standing under the laws of the state of its organization set forth in Annex B hereto, its federal tax identification number is as set forth in Annex B hereto, and its state-issued organizational identification number (if any), chief executive office and principal place of business address are all as set forth on Annex B hereto; and (ii) its name as shown in the

preamble of this Agreement is its exact legal name as shown on its charter, by-laws, articles of organization or operating agreement, as applicable, each as amended as of the Closing Date;

(i) Customer's execution and delivery of, and performance of its obligations under and with respect to, each of the Loan Documents (including its borrowing the amounts constituting the Loan, granting the Lender's Lien against the Aircraft and other Collateral and participating in the other transactions contemplated herein and therein), (A) have been duly authorized by all necessary action on the part of Customer consistent with its form of organization, (B) do not contravene or constitute a default under any Applicable Law, any of Customer's Organizational Documents, or any agreement, indenture, or other instrument to which Customer is a party or by which it may be bound, (C) do not require the approval of or notice to (1) any Governmental Authority, except for the filings and registrations specified in the Closing Terms Addendum, all of which shall have been duly effected prior to or concurrently with Lender making the Loan, or (2) any other party (including any trustees or holders of indebtedness), and (D) will not result in the creation or imposition of any Lien on any of the assets of Customer other than the Lender's Lien created hereby and by the other Loan Documents with respect to the Collateral; (ii) each of the Transaction Documents referenced in the Closing Terms Addendum to which Customer is a party has been duly executed and delivered by an authorized representative of the Customer, and constitutes the legal, valid and binding obligation of the Customer, enforceable against it in accordance with the respective terms of such Transaction Documents (including, without limitation, the grant of the Lender's Lien); and (iii) without limiting the foregoing, upon Lender's advancing the Loan on the Closing Date, (A) Customer will have satisfied or complied with all conditions precedent and requirements as set forth in the Loan Documents required to have been satisfied or complied with concurrently with or prior to such advance and (B) no Default or Event of Default shall be then existing;

there are no proceedings pending or, so far as the officers, managers, or members of Customer know, threatened against or affecting Customer or any of its property before any Governmental Authority that could impair Customer's title to the Aircraft or any of the other Collateral, or that, if decided adversely, could materially affect the financial condition or operations of Customer or its ability to perform its obligations under any of the Loan Documents;

(i) Customer has, and shall continue to have, good and marketable title to the Collateral, free and clear of Liens, except Permitted Liens; (ii) the Lender's Lien in the Airframe, the Engines and the other Collateral is and shall remain validly created and perfected, and has and shall continue to have first priority over any other Liens pursuant to all Applicable Laws; and (iii) all filings, recordings, registrations or other actions necessary or desirable in order to vest such title in Customer, and establish, perfect and give first priority to Lender's Lien and other rights and interests in, against or with respect to the Collateral, have been duly effected, and all Impositions in connection therewith have been duly paid;

without limiting any of the other representations and warranties in this Agreement, for the purposes of the Cape Town Convention and any other Applicable Law, (i) upon the conclusion of the sale of the Aircraft to Customer, and Customer's grants and assignments, and (if constituting a lease) any Permitted Third Party Agreement, contemplated in the Loan Documents or other Transaction Documents, Customer and (if a lessee) any Interested Third Party shall be situated in, and Customer will cause the Aircraft to be duly registered in, the United States of America (which is a contracting state), (ii) with respect to any of the Transaction Documents relating to the Airframe or Engine, each of the respective parties thereto has power to dispose of the Airframe and Engine, as contemplated therein by way of the relevant Transaction Document, and (iii) the Purchase Documents qualify as a "contract of sale", and (if constituting a lease) any Permitted Third Party Agreement and the Loan Documents are effective to constitute international interests in the Airframe and Engine and security assignments of the related associated rights and transfer of the related international interests, as contemplated therein, and each such Registerable Interest will be effective against third parties upon registration at the International Registry, without any further filings or registrations (except as contemplated in the Loan Documents);

(i) the Aircraft (A) has been delivered to Customer, is in Customer's possession and is, as of the Closing Date, unconditionally, irrevocably and fully accepted by Customer, (B) has been inspected by Customer to its complete satisfaction and, without limiting the foregoing, (1) has been found to be in good working order, repair and condition and fully equipped to operate for its intended purpose, and (2) is in conformity with the requirements of the Purchase Agreement and the Applicable Standards, (C) is, or will be at the time of the funding of the Loan, currently certified under existing FAA rules and regulations and any other Applicable Laws and is airworthy in all respects, and (D) is and will remain primarily hangared at the Primary Hangar Location; and (ii) without limiting the foregoing, (A) solely as between Lender and Customer (and without prejudicing Customer's rights against Vendor or any other third party, which rights are not being disclaimed hereby), Customer has no pending claims and has no knowledge of any facts upon which a future claim may be based, against any prior owner, the seller, manufacturer or supplier of the Aircraft or any of the other Collateral, for breach of warranty or otherwise, and (B) all of the information contained in Annex C, including the registration number of the Aircraft, and the serial numbers, manufacturer and model numbers of the Airframe, Engines, and APU, are true and accurate in all respects; and

(h) the Aircraft (i) is currently capable of being certified under existing FAA rules and regulations and completely airworthy in all respects, (ii) will undergo an inspection by a Designated Airworthiness Representative of the FAA ("DAR") on the Closing Date and (iii) an FAA Standard Airworthiness Certificate (AC Form 8100-2) shall be issued for the Aircraft no later than two (2) Business Days after the Closing Date.

**Covenants** . Customer covenants and agrees that from and after the Closing Date and so long as any of the Obligations are outstanding:

Notices; Financial Information; and Further Assurances . Customer will, at its sole expense:

promptly give written notice to Lender of (i) the occurrence of any Default or Event of Default; (ii) the occurrence of any Event of Loss or event of which Customer may be aware that could become an Event of Loss; (iii) the commencement or written threat of any material litigation or proceedings affecting Customer or any material litigation or proceedings affecting the Aircraft or any of the other Collateral, or the ability of Customer to comply with its obligations under the Loan Documents; and (iv) any material dispute between Customer or any Interested Third Party and any Governmental Authority or other party that involves the Aircraft or any of the other Collateral or that might materially interfere with the normal business operations of Customer;

cause Guarantor to comply with the financial reporting requirements set forth in the Guaranty and promptly furnish to Lender any such financial and other information regarding the Customer or Guarantor or any of its Affiliates as Lender may from time to time reasonably request; and

promptly execute and deliver to Lender such further instruments, UCC and FAA filings (including an IDERA) and other documents, make, cause to be made and/or consent to all registrations (including any discharges and subordinations, or as to the prospective or actual sale of, and any international interest in, the Engines) with the International Registry, and take such further action, as Lender may from time to time reasonably request in order to further carry out the intent and purpose of the Loan Documents and to establish, protect and enforce the rights, interests, remedies and Liens (including the first priority thereof) created, or intended to be created, in favor of Lender thereby.

General Obligations . (a) Customer agrees that it shall (i) duly observe and conform to all requirements of Applicable Law relating to the conduct of its business and/or the Aircraft, (ii) remain a "citizen of the United States" within the meaning of the Transportation Code, (iii) obtain and keep in full force and effect (A) all rights, franchises, licenses and permits that are necessary to the proper conduct of its business, and (B) all approvals by any Governmental Authority required with respect to the performance of its obligations under the Loan Documents and the operation of the Aircraft and its business, (iv) cause the Aircraft to remain primarily hangared at the Primary Hangar Location, and duly registered in Customer's name under the Transportation Code (including, by making all necessary reports, re-registering its ownership of the Aircraft, and taking all other actions required by Applicable Law), and (v) pay and perform all of its obligations and liabilities when due. (b) Customer agrees that (i) it shall not change its presently existing legal name or its form or state of organization on or after the date of this Agreement, without Lender's prior written

consent, (ii) if its presently existing state organizational identification number changes, or if Customer currently has no such state organizational number but is subsequently issued such a number, on or at any time after the date of this Agreement, Customer shall immediately notify Lender thereof, and (iii) it shall not change the presently existing mailing, chief executive office and/or principal place of business address on or after the date of this Agreement without giving Lender thirty (30) days written notice of the same.

**Taxes.** (a) Customer will file or cause to be filed with all appropriate taxing authorities all Federal, state and local income tax returns that are required to be filed and all registrations, declarations, returns and other documentation with respect to any personal property taxes (or any other taxes in the nature of or imposed in lieu of property taxes) due or to become due with respect to the Aircraft or any of the other Collateral. (b) Customer will pay (or cause to be paid) (i) on or before the date when due all taxes as shown on said returns and all taxes assessed, billed or otherwise payable with respect to the Aircraft or the other Collateral directly to the appropriate taxing authorities; and (ii) when due all license and/or registration or filing fees, assessments, governmental charges and sales, use, property, excise, privilege, value added and other taxes (including any related interest or penalties) or other charges or fees now or hereafter imposed by any governmental body or agency upon Customer or the Aircraft or any of the other Collateral, with respect to the landing, airport use, manufacturing, ordering, shipment, purchase, ownership, delivery, installation, leasing, chartering, operation, possession, use or disposition of the Aircraft or any of the other Collateral, or any interest therein (the items referred to in (i) and (ii) above being referred to herein collectively, as “**Impositions**”).

**No Disposition of Collateral or Liens: Title and Security Interest.**

Customer shall not sell, assign, enter into any Third Party Agreement, convey, mortgage, exchange or otherwise transfer or relinquish possession of (including by any seizure or other taking by any foreign or domestic governmental authority) or dispose of the Airframe or Engines, any Part, any related associated rights, international interests or prospective international interests, any proceeds or any of the other Collateral, or attempt or offer to do, or suffer or permit any of the foregoing. Customer shall be permitted, however, to deliver possession of the Airframe, the Engines, or any APU or Part to another Person for testing, service, repair, maintenance, overhaul, alteration or modification, and to enter into Permitted Third Party Agreements, in each case, if and to the extent consistent with the provisions of the Loan Documents. Customer will warrant and defend its good and marketable title to the Airframe, the Engines and the other Collateral, and the validity, perfection and first priority of Lender's Lien in the Collateral, against all other Liens, claims and demands whatsoever, except Permitted Liens; and without limiting the foregoing, Customer will (i) not create, assume or suffer to exist any Liens on or with respect to the Airframe, the Engines, or any of the other Collateral, or Customer's interest therein (other than Permitted Liens); and (ii) promptly take such action as directed by Lender to duly discharge any such unpermitted Liens.

So long as no Default or Event of Default is then existing, Customer may enter into and remain a party to Third Party Agreements, in each such case, subject to the satisfaction of, and compliance by Customer and each Interested Third Party with, all of the following throughout the term of such arrangement: (i) Each such Interested Third Party shall (A) be and remain solvent, and (unless an individual) organized under the laws of a state within the United States; and (B) if engaged by Customer with the prior written consent of Lender as a manager and/or charter operator (including the Manager pursuant to the Management Agreement), while so engaged, (1) have a recognized favorable reputation as a manager and/or charter operator, as the case may be, of aircraft similar to the Aircraft, (2) be providing management and/or charter operation services for other aircraft owners similar to the services contemplated therein, and (3) if and at all times while conducting any charter operations (x) have and maintain a valid Part 135 Certificate evidencing its authority to conduct such operations, (y) list the Aircraft on its operations specifications, and (z) comply with all Applicable Standards pertaining to such charter operations. (ii) Any operation of the Aircraft pursuant to any such Third Party Agreement shall be limited to (A) if by Customer, Parent Guarantor or any Affiliate of Parent Guarantor, any time sharing agreements (as defined in Section 91.501(c)(1)) complying with Part 91 of the FARs and all other Applicable Standards, (B) if by a manager and/or a charter operator with Lender's prior written consent, pursuant to and in full compliance with the requirements of Part 135 of the FARs and all other Applicable Standards, or (C) if such Third Party Agreement is a “dry lease” by Customer, as lessor, to Parent Guarantor or an Affiliate of Parent Guarantor or other Interested Third Party permitted pursuant hereto, as lessee, operation by such lessee complying with (1) Part 91 and any other applicable provision of the FARs, and all other Applicable Standards, and (2) the provisions hereof and of the other Loan Documents pertinent to the operation of the Aircraft (whether by Customer or any permitted Interested Third Party). (iii) The related Third Party Agreement shall (A) be and remain, subject and subordinate to Lender's Lien in and with respect to the Collateral, and Lender's rights and remedies under the Loan Documents (and such subordination shall be expressly acknowledged therein), (B) not convey any Lien on, or other property interest in or against the Airframe, the Engines or any of the other Collateral, except for a Permitted Lien (but, without giving effect to clause (a) of the definition of such term), (C) not permit any further sublease or disposition of or unpermitted Lien against the Aircraft or any of the other Collateral by any of the Interested Parties thereto or any other Person, or any change in registration or unpermitted change in hangaring of the Aircraft, (D) not contain provisions that are inconsistent with the provisions of any of the Loan Documents or cause Customer to breach any of its representations, warranties or agreements under any of the Loan Documents, (E) be in conformity with all requirements of the FARs and other Applicable Laws, and (F) otherwise conform to any Operating Consent required by Lender with respect thereto. (iv) (A) Customer shall have specified such Third Party Agreement on **Annex B** if existing on the Closing Date, or if not then existing shall require Lender's prior written consent and at least thirty (30) Business Days' prior written notice of its intention to enter into a Third Party Agreement and (B) no later than the effective date thereof Customer shall comply with, and at all times thereafter remain in compliance with, any related requirements by Lender, including (1) entering into, and causing any related Interested Third Parties to enter into, an Operating Consent, (2) causing Lender to be covered by the Required Coverages (which, for the purposes hereof, may include insurance coverages obtained and maintained by an Interested Third Party, conforming to the insurance requirements herein and in any of the other Loan Documents), and (3) entering into or delivering, or causing to be entered into and delivered, all such other documents, filings and assurances, making or causing to be made such filings and registrations, and taking or causing to be taken all such other actions, in each case as may be required by Lender and (4) paying or reimbursing Lender for any related costs or expenses. (v) Lender shall have the right, but not the obligation, to (A) require reasonable evidence that any Interested Third Party satisfies the requirements provided herein, and (B) review any such Third Party Agreement, as from time to time supplemented and amended, to determine its conformity with the provisions hereof, but without assuming any responsibility with respect thereto. (vi) Customer shall neither make, nor permit to be made, any filing or registration with respect to any Permitted Third Party Agreement, unless so directed by Lender pursuant to Section 5.2 or otherwise. Notwithstanding the foregoing limitations Parent Guarantor or any Affiliate shall be permitted to conduct the carriage of Parent Guarantor or any Affiliate and/or their respective guests pursuant to 14 CFR Section 91.501(b)(4), affiliated group operations pursuant to 14 CFR Section 91.501(b)(5) and/or (6), demonstration flights pursuant to 14 CFR Section 91.501(b)(3), time sharing or interchange operations pursuant to 14 CFR Section 91.501(b)(6), the carriage of customers pursuant to 14 CFR Section 91.501(b)(9) and/or the carriage of candidates in Federal elections conducted pursuant to 14 CFR Section 91.321.

With respect to any Third Party Agreements complying with all of the provisions of Section 4.4(b) (each a “**Permitted Third Party Agreement**”), although certain of the duties and obligations of Customer under the Loan Documents may be performed by one or more of the Interested Third Parties, (i) no such Permitted Third Party Agreement shall reduce any of Customer's obligations, or Lender's rights, under any of the Loan Documents, (ii) all of Customer's obligations under the Loan Documents shall be and remain primary and continue in full force and effect as the obligations of a principal and not of a guarantor or surety, and (iii) Lender is not waiving the right to require full and timely performance of any such obligations in strict accordance with the provisions hereof and of the other Loan Documents. By way of clarification and not limitation, with respect to any provisions of this Agreement or any of the other Loan Documents requiring Customer to take or refrain from taking an action relating

to the Aircraft or any of the other Collateral, such provision may also be read to mean that Customer shall cause the same to be done in accordance therewith, if at that time the Aircraft or such other Collateral is in the possession or control of an Interested Third Party pursuant to a Permitted Third Party Agreement.

Use of Aircraft; Maintenance; Modifications; Security.

Customer will operate the Aircraft or shall cause the Aircraft to be operated under and in compliance with Part 91 and any other applicable provision of the FARs, and all other Applicable Standards. Unless otherwise expressly permitted hereunder, (i) Customer shall not operate or permit the Aircraft to be operated for air taxi operations or otherwise under Part 135 of the FARs; and (ii) Customer, an Affiliate or other Interested Third Party shall at all times have, and maintain, "operational control" of the Aircraft (as such term is then interpreted by the FAA or such other applicable Governmental Authority), and no other Person shall operate the Aircraft. The Aircraft at all times will be operated by duly qualified pilots having satisfied all requirements established and specified by the FAA, the TSA, any other applicable Governmental Authority and the Required Coverages.

the Aircraft may be flown temporarily to any country in the world, provided that the Aircraft (i) shall at all times be based in the continental United States; and (ii) shall not be flown, operated, used or located in, to or over any such country or area (temporarily or otherwise) (A) that is excluded from the Required Coverages (or specifically not covered by such insurance), (B) with which the U.S. does not maintain favorable diplomatic relations (which is any country or jurisdiction not marked with an "\*" on the list maintained by the U.S. Department of State, at <http://www.state.gov/s/inr/rls/4250.htm> or any replacement or equivalent website maintained by the U.S. Department of State), provided that the prohibition in this clause (B) does not prohibit the operation of the Aircraft on an approved and assigned air traffic control route (if and so long as such use is otherwise in compliance with the provisions of the this Agreement and does not violate any insurance policies in effect with respect to the Aircraft), (C) to the extent that payment of any claim under the Required Coverages directly or indirectly arising or resulting from or connected with any such flight, operation, use or location would be prohibited under any trade or other economic sanction or embargo by the United States of America, or (D) in violation of any of the Loan Documents or any Applicable Standards. Customer shall adopt, implement and comply with all security measures required by any Applicable Law, or by any Required Coverages, or that are necessary or appropriate for the proper protection of the Aircraft (whether on the ground or in flight) against theft, vandalism, hijacking, destruction, bombing, terrorism or similar acts.

Customer agrees that, with respect to the Airframe, the Engines, each APU and each Part, Customer will at its own expense, (i) maintain, inspect, service, repair, overhaul and test the same in accordance with Applicable Standards; (ii) make any alterations or modifications that may at any time be required to comply with Applicable Standards, and to cause the Aircraft to remain airworthy; (iii) furnish all required parts, replacements, mechanisms, devices and servicing so that the condition and operating efficiency thereof will at all times be no less than its condition and operating efficiency as and when delivered to Customer, ordinary wear and tear from proper use alone excepted; (iv) promptly replace all Parts (A) which become worn out, lost, stolen, taken, destroyed, damaged beyond repair or permanently rendered or declared unfit for use for any reason whatsoever, or (B) if not previously replaced pursuant to clause (A), as and when required by any Applicable Standards, including any applicable life limits; and (v) maintain (in English) all Records in accordance with Applicable Standards; and (vi) enroll and maintain the Engines in an Engine Maintenance Program and the APU in an APU Maintenance Program or shall cause the foregoing to be done. All maintenance procedures shall be performed by properly trained, licensed, and certified maintenance sources and personnel utilizing replacement parts approved by the FAA and the manufacturer of (as applicable) the Airframe, the Engines, or any APU or Part. Without limiting the foregoing, Customer shall comply with all mandatory service bulletins and airworthiness directives by causing compliance to such bulletins and/or directives to be completed through corrective modification in lieu of operating manual restrictions.

Customer will not make, authorize or permit any improvement, change, addition or alteration to the Aircraft that will impair the originally intended function or use of the Aircraft, diminish the value of the Aircraft as it existed immediately prior thereto, or violate any Applicable Standard. All repairs, parts, replacements, mechanisms and devices added by Customer or on its behalf shall immediately, without further act, become part of the Aircraft and subject to the Lender's Lien granted under this Agreement.

Insurance.

Customer agrees to maintain or cause to be maintained at all times, at its sole cost and expense, with insurers of recognized reputation and responsibility satisfactory to Lender (but in no event having an A.M. Best or comparable agency rating of less than "A-"):

(A) comprehensive aircraft liability insurance against bodily injury or property damage claims including, without limitation, contractual liability, premises liability, death and property damage liability, public and passenger legal liability coverage, and sudden accident pollution coverage, in an amount not less than \$200,000,000.00 for 20 or more seats, or if the Aircraft will be chartered, or \$100,000,000.00 for 10 or more seats, or \$50,000,000.00 for fewer than 10 seats for each single occurrence, and (B) personal injury liability in an amount not less than \$25,000,000.00; but, in no event shall the amounts of coverage required by sub-clauses (A) and (B) be less than the coverage amounts as may then be required by Applicable Law;

"all-risk" ground, taxiing, and flight hull insurance on an agreed-value basis, covering the Aircraft, provided that such insurance shall at all times be in an amount not less than the greater of (1) the full replacement value of the Aircraft (as determined by Lender), or (2) the unpaid principal amount of the Note (each such amount re-determined as of each anniversary of the date hereof for the next succeeding year throughout the term of this Agreement); and

war risk and allied perils (including confiscation, appropriation, expropriation, terrorism and hijacking insurance) in the amounts required in paragraphs (i) and (ii), as applicable.

Any policies of insurance carried in accordance with this Section 4.6 and any policies taken out in substitution or replacement of any such policies shall (i) be endorsed to name Lender as an additional insured as its interests may appear (but without responsibility for premiums), (ii) provide, with respect to insurance carried in accordance with Section 4.6(a)(ii) or (a)(iii) above, that any amount payable thereunder shall be paid directly to Lender as sole loss payee and not to Lender and Customer jointly, (iii) provide for thirty (30) days' (seven (7) days' in the case of war, hijacking and allied perils) prior written notice by such insurer of cancellation, material change, or non-renewal, (iv) include a severability of interest clause providing that such policy shall operate in the same manner as if there were a separate policy covering each insured, (v) waive any right of set-off against Lender, and any rights of subrogation against Lender, (vi) provide that in respect of the interests of Lender in such policies, that the insurance shall not be invalidated by any action or inaction of Customer or any other Person operating or in possession of the Aircraft, regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by or binding upon Customer or any other Person operating or in possession of the Aircraft, and (vii) be primary, not subject to any co-insurance clause and shall be without right of contribution from any other insurance.

Customer shall not self-insure (by deductible, premium adjustment, or risk retention arrangement of any kind) with respect to any of the risks required to be insured pursuant to this Section 4.6. Customer agrees that it shall obtain and maintain such other insurance coverages, or cause adjustments to be made to the scope, amount or other aspects of the existing insurance coverages, promptly upon Lender's request, as and when Lender deems such additional insurance coverages or modifications to be appropriate in light of any changes in Applicable Law, prudent

industry practices, the insurance market, Customer's anticipated use of the Aircraft or other pertinent circumstances. All of the coverages required herein shall be in full force and effect worldwide throughout any geographical areas to, in or over which the Aircraft is operated. All insurance proceeds payable under the requisite policies shall be payable in U.S. Dollars.

At least ten (10) days prior to the policy expiration date for any insurance coverage required by this Section 4.6, Customer shall furnish to Lender evidence (having the form and substance consistent with Section 1(f) of the Closing Terms Addendum) of the renewal or replacement of such coverage, complying with the terms hereof, for a twelve (12) month or greater period commencing from and after such expiration date.

Event of Loss: Loaner Engines.

Upon the occurrence of any Event of Loss with respect to the Aircraft and/or the Airframe, Customer shall notify Lender of any such Event of Loss within five (5) days of the date thereof. Customer shall pay the then Outstanding Balance promptly upon its receipt of insurance proceeds relating to such Event of Loss, but in no event later than ninety (90) days after the occurrence of such Event of Loss (irrespective as to whether any or all of such proceeds have been received). Upon Lender's receipt in good and indefeasible funds of all of the amounts required to be paid pursuant to the preceding sentence (whether by applying Customer's payment of such amounts, or any such insurance proceeds, or both) the Aircraft shall be released from the Lender's Lien, and Lender shall remit to Customer any such insurance proceeds so received by Lender, to the extent then remaining.

Upon an Event of Loss with respect to an Engine or any APU (as applicable, a "**Lost Item**") under circumstances in which there has not occurred an Event of Loss with respect to the Airframe, Customer shall, within one hundred twenty (120) days after the occurrence of such Event of Loss, replace such Lost Item, with a Permitted Replacement. Any engine or auxiliary power unit constituting a "**Permitted Replacement**" for a Lost Item shall (i) be of the same make and model number as the Lost Item, (ii) be free and clear of all Liens and (iii) have a value, utility and useful life at least equal to, and be in as good an operating condition as, the Lost Item, assuming such Lost Item was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss. Customer, at its own cost and expense, shall (i) furnish Lender with such documents to evidence such conveyance, (ii) cause the Permitted Replacement to be subject to the Lender's Lien under this Agreement, and (iii) take such other actions as may be required by Lender to cause the Lender's Lien therein to be validly created, perfected and have first priority, including as evidenced on the FAA Registry, the International Registry, and any other recording office. Each such Permitted Replacement shall, after such conveyance, be deemed an "Engine" or "APU" (as defined herein), as applicable, and shall be deemed part of the same Aircraft as was the Lost Item replaced thereby.

In the event an Engine is damaged and is being repaired, or is being inspected or overhauled, Customer, at its option, may temporarily substitute another engine during the period of such repair or overhaul, so long as such engine is of the same make and model as the Engine being repaired or overhauled, is free and clear of any Lien that might impair Lender's rights or interests in the Airframe and is maintained in accordance herewith (any such substitute engine being hereinafter referred to as a "**Loaner Engine**"). Customer shall (i) cause such Loaner Engine to be installed and removed, as applicable, by a maintenance facility certified by the FAA and manufacturer with respect to the Aircraft, and (ii) cause the repaired or overhauled original Engine to be reinstalled on the Airframe promptly upon completion of the repair or overhaul, but in no event later than the earlier of one hundred twenty (120) days after removal or the occurrence of an Event of Default.

So long as no Default has occurred and is continuing, and no Event of Default or Event of Loss with respect to the Aircraft has occurred, any loss or damage proceeds of the Required Coverages received by Lender shall be released promptly by Lender to Customer to reimburse Customer for paying the costs actually incurred with respect to repairs made to the Aircraft so as to restore it to the condition required by this Agreement, or for the purchase of a Permitted Replacement pursuant to Section 4.7(b), or shall be disbursed by Lender as otherwise required by this Agreement.

Aircraft Registration. On or before the Closing Date, and at all times thereafter, so long as any of the Obligations are outstanding, Customer shall remain solely responsible pursuant to the applicable provisions of this Agreement to cause (i) the Aircraft to be effectively and otherwise validly registered in Customer's name on the Registry, and (ii) the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft, in each case, accordance with the Registration Requirements; and without limiting the foregoing, or any other provision of this Agreement, Customer shall:

cause the Registration Certificate to be maintained within the Aircraft and cause the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft; including by (A) notifying Lender immediately of any event or circumstance with respect to which the Registration Requirements require further action by Customer, the Registry or any other Governmental Authority or other Person, (B) immediately upon receipt, placing the original, replacement or renewal Registration Certificate on the Aircraft prior to the expiration or other invalidation of any previously issued Registration Certificate (whether the certificate or any other document constituting the Registration Certificate as defined herein) under the Registration Requirements, and (C) complying with any and all of the other Registration Requirements relating to such Registration Certificate, and to the Registration Certificate replaced thereby (including any of the same relating to the destruction or return thereof, as the case may be); and

upon the occurrence, and at all times thereafter, of any Defective Registration (and without waiving Customer's responsibility to avoid such circumstance), or if the operation of the Aircraft is no longer authorized by the Registration Requirements, Customer shall (A) neither operate nor permit or suffer the operation of the Aircraft without a currently effective and otherwise valid Registration Certificate (and shall cause the pilots to be made aware of the Defective Registration), and otherwise comply with the FARs and other Applicable Laws relating to such Defective Registration, (B) ground and store the Aircraft in a manner reasonably acceptable to Lender, and (C) inform the insurer or insurers thereof, and obtain and maintain adjustments to the insurance coverages required pursuant Section 4.6 of this Agreement which may be necessary or desirable to Lender so as to reflect any changes in the insurable risks relating to any Defective Registration.

**Security Interest; Power of Attorney; Inspection .**

Grant of Security Interest. As collateral security for the prompt and complete payment and performance as and when due of all of the Obligations and in order to induce Lender to enter into this Agreement and make the Loan to Customer in accordance with the terms hereof, Customer hereby grants, pledges and assigns to Lender a first priority security interest, collateral assignment, international interest, prospective international interest, security assignment and prospective security assignment, in, against, under and with respect to (the "**Lender's Lien**") all of Customer's right, title and interest in, to and under all of the following collateral, whether now existing or hereafter acquired (collectively, the "**Collateral**"): (i) the Aircraft, including the Airframe, the Engines, each of the APU and Parts, and the Records; (ii) any and all present and future Third Party Agreements; (iii) any and all other associated rights secured by or associated with the Airframe and/or the Engines, together with any related international interests and prospective international interests; (iv) any collateral described in the other Loan Documents (including in any Operating Consent); and (v) all proceeds of the foregoing. By way of clarification and not limitation, the foregoing grant of the Lender's Lien shall include, as applicable (and in each case, being validly registered and having first priority), an international interest in the Airframe and in each Engine. Notwithstanding the foregoing, (i) Customer shall not enter into any Third Party Agreements unless expressly permitted by Section 4.4 and (ii) Lender is not assuming, nor shall it be responsible for, any obligations, liabilities or duties of any kind whatsoever of Customer (and/or of any other Person) relating to the Collateral. Customer agrees that it shall perform and procure performance in accordance with any Third Party Agreement or other agreement or instrument giving rise to any associated rights that are or may become subjected to the Lender's Lien.

UCCs, Registrations, Etc.: Lender as Attorney-in-Fact. Customer hereby irrevocably:

authorizes Lender to prepare and file any UCC financing statements, amendments, continuations, terminations, assignments and other filings, or take such other actions for the purpose of perfecting, affording first and exclusive priority to or otherwise relating to Lender's Lien under this Agreement or the other Loan Documents;

consents to, and authorizes its professional user entity to consent to, the registration of each Registerable Interest requested by Lender or its Assignee, or otherwise required by the provisions of this Agreement or any of the other Loan Documents, including any subordination, amendment, assignment, discharge or undertaking permitted by the Cape Town Convention with respect thereto; and

constitutes and appoints Lender (including any Person acting on Lender's behalf), as its true and lawful attorney-in-fact with full power and authority in the place and stead of Customer and in the name of Customer or in its own name, for the purpose of carrying out the terms of this Agreement; which authority shall include the following undertakings that may be exercisable by Lender in its sole discretion at any time, and from time to time, if an Event of Default is then existing or upon the occurrence of an Event of Loss: (i) in Customer's name, file and/or record, such further instruments, filings and other documents, make, cause to be made and/or consent to all registrations with the International Registry, and take such further action, to establish and protect Lender's rights, interests and remedies created, or intended to be created, pursuant to the Loan Documents; (ii) endorse Customer's name on any checks, notes, drafts or any other payments or instruments, or set off, apply, or take such other actions with respect to any funds relating to the Collateral that come into Lender's possession or control; and (iii) to settle, adjust, receive payment and make claim or proof of loss, and take such other actions relating to the Required Coverages. This appointment is coupled with an interest, is irrevocable and shall terminate only upon indefeasible payment and performance in full of all of the Obligations. The powers conferred on Lender hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Lender shall be accountable only for amounts that it actually receives in good and indefeasible funds as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to Customer for any act or failure to act. Without limiting the foregoing, Customer agrees that within five (5) Business Days of Lender's request, Customer will enter into an irrevocable power-of-attorney authorizing Aviation Counsel or Lender's other designee as Customer's professional user entity and administrator for the purpose of discharging any Registerable Interests as and when directed to do so by Lender in connection with its exercise of its rights and remedies under the Loan Documents.

**Inspection.** Lender or its authorized representatives shall have the right, but not the duty, to inspect the Aircraft, any part thereof and/or the Records, at its own cost any reasonable time and from time to time, wherever located, upon reasonable prior notice to Customer; except that after the occurrence of a Default or an Event of Default, such inspection may be conducted at any time without prior notice and at Customer's sole expense, and it shall pay Lender promptly upon demand any inspection costs incurred by Lender. So long as no Default or Event of Default exists, any such inspections shall be conducted during normal business hours and without interruption of the use and operation of the Aircraft as permitted hereby. Upon the request of Lender, Customer shall promptly confirm to Lender the location of the Aircraft or any of the other Collateral.

**Events of Default.** The term " **Event of Default** ", wherever used herein, shall mean:

Customer shall fail to pay any Obligation within ten (10) days after the same shall become due and payable (whether at the stated maturity, by acceleration, upon demand or otherwise); or

(i) any Customer Party shall default in the payment or performance of any indebtedness, liability or obligation to Lender or any Affiliate of Lender under any note, security agreement, lease, title retention or conditional sales agreement or any other instrument or agreement; or (ii) any Customer Party shall fail to pay any Indebtedness (other than the Obligations) exceeding \$5,000,000.00, and such failure shall continue beyond any applicable grace period (or, with respect to trade Indebtedness which is not subject to a grace period, within ninety (90) days of the date such trade Indebtedness is incurred); or

(i) any of the Required Coverages are not kept in full force and effect, or a breach or violation shall exist with respect to any provisions thereof; or the Aircraft is operated in a manner, at a time or in or over or located at a place with respect to which such Required Coverages shall not be in effect; (ii) Customer shall fail to cause the Airframe or the Engines to be used, operated, maintained or otherwise kept in a condition so as to be in compliance with all Applicable Laws; or (iii) any Customer Party shall fail to comply with (A) any financial covenants as and to the extent set forth or incorporated in any Guaranty or in any of the other Loan Documents, or (B) any provision of any of the Loan Documents restricting Liens and other dispositions relating to either the Collateral or any rights or obligations under any of the Transaction Documents (including Section 4.4 hereof), or (iv) the occurrence of any Defective Registration; or

(i) any representation or warranty made by any Customer Party in any of the Loan Documents or in any related agreement, document or certificate shall prove to have been incorrect, misleading, or inaccurate in any material respect when made or given (or, if a continuing representation or warranty, at any time); or (ii) any Customer Party shall fail to (A) perform or observe any other agreement (other than those specifically referred to in this Section 6) required to be performed or observed by it under this Agreement or in any of the other Loan Documents, and such failure shall continue uncured for thirty (30) days after the earlier of written notice thereof from Lender to such Customer Party or such Customer Party's actual knowledge thereof (but such notice and cure period will not be applicable unless such breach is curable by practical means within such notice period) or (B) notify Lender of any Default or Event of Default within ten (10) Business Days of its occurrence; or

(i) any Customer Party shall (A) generally fail to pay its, or his or her debts as they become due, admit its, or his or her inability to pay its, or his or her debts or obligations generally as they fall due, or shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws or other insolvency laws, or an answer admitting the material allegations of such a petition filed against such Customer Party in any such proceeding; or (B) by voluntary petition, answer or consent, seek relief under the provisions of any other bankruptcy or other insolvency or similar law providing for the reorganization or liquidation of corporations, or providing for an assignment for the benefit of creditors, or providing for an agreement, composition, extension or adjustment with its, or his or her creditors; or (ii) a petition against any Customer Party in a proceeding under applicable bankruptcy laws or other insolvency laws, as now or hereafter in effect, shall be filed and shall not be withdrawn or dismissed within one hundred twenty (120) days thereafter, or if, under the provisions of any law providing for reorganization or liquidation of business entities that may apply to any Customer Party, any court of competent jurisdiction shall assume jurisdiction, custody or control of such Customer Party or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of one hundred eighty (180) days after the filing date; or

the occurrence of any of the following events with respect to any Customer Party: (A) it enters into any transaction of merger, consolidation or reorganization; (B) it ceases to do business as a going concern, liquidates, or dissolves, or sells, transfers or otherwise disposes of all or substantially all of its assets or properties (in one or more transactions); (C) it becomes the subject of, or engages in, a leveraged buy out; (D) it changes the form of organization of its business; (E) if it is privately owned as of the Closing Date, there is any substantial change in the ownership or control of its capital stock or membership interests such that the holder(s) that own or control one hundred percent (100%) of such equity interests as of the Closing Date no longer do so; or (F) if it is publicly held as of the Closing Date, any change so that it is no longer subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or no longer registered under Section 12 of the Securities Act of 1933, as amended; or

(i) the conviction of or guilty plea by any Customer Party with respect to any criminal act constituting a felony, (ii) any repudiation by any Customer Party of its obligation for the payment or performance of the Obligations, (iii) any allegation by any Customer Party or judicial determination that any of the Loan Documents is unenforceable in any material respect or (iv) a Default (as defined in any Guaranty) shall occur; or

any event or condition constituting a breach or other default under any Operating Consent.

## **Remedies .**

**Acceleration; Termination of Commitment .** If any Event of Default shall occur, Lender, in its sole discretion, may (a) declare the Obligations to be immediately due and payable, and upon such declaration the Obligations (including, the unpaid principal amount of the Note, together with all accrued but unpaid interest thereon, any prepayment fees and all other amounts due and payable under or with respect to the Loan Documents), shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the other Loan Documents to the contrary notwithstanding, (b) terminate any then outstanding commitment whether to Customer or any Affiliate to make the Loan or any advance thereof, or any other financial accommodations, whether related to the Loan or otherwise, and/or (c) pursue and enforce any of Lender's rights and remedies under this Section 7; provided, however, if an Event of Default specified in Section 6 (e) above shall occur, the Obligations shall become immediately due and payable, all such commitments shall terminate, and Lender shall have all such other rights and remedies contemplated in the preceding clauses (a), (b) and (c), automatically, and without any notice or other action by Lender.

**Additional Remedies .** If an Event of Default occurs, in addition to all other rights and remedies granted to it in this Agreement and in the other Loan Documents, Lender may exercise all rights and remedies of a secured party under the UCC or as a creditor, chargee or security assignee under the Cape Town Convention (including any and all remedies thereunder requiring agreement by Customer), or otherwise available to Lender under any other Applicable Law. Without limiting the generality of the foregoing, Customer agrees that upon the occurrence of an Event of Default, Lender, without demand or notice of any kind (except as specified below) to or upon Customer or any other Person, in its sole discretion, may exercise any one or more of the following remedies:

(i) peacefully enter the premises where the Aircraft, the Engines, or any other Collateral is located, take immediate possession of, remove (or disable in place), or otherwise take control or custody of the Airframe, the Engines or any other Collateral (whether or not then attached to the Airframe) by self-help, summary proceedings or otherwise without liability, (ii) preserve the Airframe, the Engines or the other Collateral, and their respective value (but without any obligation to do so), and immobilize or keep idle the Airframe or Engines, and/or (iii) use Customer's premises for storage without liability; and Customer agrees, at Lender's request, to assemble the Collateral, and make it available to Lender at such places as Lender shall reasonably select, whether at Customer's premises or elsewhere;

(i) terminate the right of any Interested Third Party, and any other third party to use, possess or control the Airframe, the Engines or any of the other Collateral, including under any Permitted Third Party Agreement or other Third Party Agreement, without regard as to the existence of any event of default thereunder, (ii) recover from, and/or cause Customer and any such Interested Third Party, and any other third party, to relinquish possession and return the Airframe, the Engines and any other Collateral pursuant to this Section 7, and/or (iii) exercise any and all other remedies under any Operating Consents in Customer's stead, to the extent provided for under, or otherwise available to Customer in connection with any related Permitted Third Party Agreement or such other Third Party Agreement;

(i) manage, sell, lease, assign or otherwise dispose of the Airframe, the Engines or any other Collateral, in whole or in part, whether or not in Lender's possession, in one or more parcels or transactions, at public or private sale or sales, with or without notice to Customer (except as required by Applicable Law, and in furtherance thereof, Lender agrees that it shall give Customer no less than ten (10) working days' prior notice of any proposed sale or lease of the Airframe or Engines, which Customer acknowledges as constituting "reasonable prior notice" for the purposes of the Cape Town Convention) at such prices as Lender may deem best, and/or (ii) purchase the Collateral, in whole or in part, upon any public sale or sales, and to the extent permitted by Applicable Law upon any private sale or sales, free of any right or equity of redemption in Customer, which right or equity of redemption is hereby expressly released;

(i) collect, receive, appropriate and realize upon the Collateral, or any part thereof, including by applying any deposit or other cash collateral, or collecting or receiving, appropriating and realizing upon any income, profits or other proceeds arising from the management or use of the Airframe, the Engines or any of the other Collateral, and applying the same (after deducting all taxes, costs, expenses and other reductions of every kind incurred in connection therewith) to the payment in whole or in part of the Obligations, in such order and manner as Lender may elect; and (ii) after making such application, (A) remitting to Customer or to such other Person any excess then remaining, as and to the extent Lender is required by Applicable Law to make such remittance and (B) demanding, collecting and receiving from Customer any deficiency then remaining (and Customer agrees that it shall remain liable for, and pay upon demand, the full amount of any such deficiency);

(i) demand and obtain from any court speedy relief pending final determination available at law (including, possession, control, custody or immobilization of the Airframe and Engines, or preservation of the Airframe and the Engines and their respective value), (ii) procure the deregistration and/or export and physical transfer of the Airframe from the territory in which it is then situated (including pursuant to an IDERA, if any, executed by Customer), and/or (iii) otherwise proceed at law or in equity, to enforce specifically Customer's performance or to recover damages; and/or

exercise any and all other rights and remedies under or with respect to the Loan Documents or Applicable Law, including the Cape Town Convention and the UCC.

**No Waiver: Cumulative Remedies .** No right or remedy is exclusive. Customer hereby acknowledges that none of the provisions of this Section 7, including any remedies set forth or referenced herein, is "manifestly unreasonable" for the purposes of the Cape Town Convention. Each may be used successively and cumulatively and in addition to any other right or remedy referred to above or otherwise available to Lender at law or in equity, but in no event shall Lender be entitled to recover any amount in excess of the maximum amount recoverable under Applicable Law with respect to any Event of Default. No express or implied waiver by Lender of any Default or Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default. The failure or delay of Lender in exercising any rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or reoccurrence of any such contingencies or similar contingencies, and any single or partial exercise of any particular right by Lender shall not exhaust the same or constitute a waiver of any other right provided for or otherwise referred to herein. After the occurrence of any Default or Event of Default, the acceptance by Lender of any payment or performance of any of the Obligations, including the payment of any installment of principal and/or interest or of any other sum owing hereunder or under the other Loan Documents shall not constitute a waiver of such Default or Event of Default, regardless of Lender's knowledge or lack of knowledge thereof at the time of acceptance of any such payment or performance and shall not constitute a reinstatement of any of the Loan Documents, unless Lender shall have agreed in writing to reinstate the same and waive the Default or Event of Default. To the extent permitted by Applicable Law, Customer waives any rights now or hereafter conferred thereby, that (a) limit or modify any of Lender's rights or remedies under this Agreement or any of the other Loan Documents, including the provisions of Article 13(2) of the Convention, or (b) would otherwise entitle Customer to (i) receive notices or demands as a condition to Lender's exercise of any rights or remedies, except as expressly required above or (ii) make claims, damages and demands against Lender arising out of the repossession, retention, sale or other disposition of the Collateral.

## **MISCELLANEOUS .**

**Notices .** All communications and notices provided for herein shall be in writing and shall be deemed to have been duly given or made (i) upon hand delivery, or (ii) upon delivery by an overnight delivery service, or (iii) when sent by telecopy (with customary confirmation of receipt of such telecopy) on the Business Day when sent or upon the next Business Day if sent on other than a Business Day.

**Expenses and Fees; Indemnity; Performance of Customer's Obligations .**

Customer shall pay to Lender upon demand all reasonable fees, costs and expenses incurred by or on behalf of Lender at any time in connection with (i) the negotiation, preparation, execution, delivery and enforcement of the Loan Documents and the collection of the Obligations (both before and after the occurrence of a Default or Event of Default), (ii) the creation, preservation and protection of the Collateral and the perfection, first priority and enforcement of Lender's Lien, or (iii) Customer's exercise of any right granted under, or any amendment or other modification to any of, the Loan Documents. Such fees, costs and expenses shall include, without limitation, reasonable appraisal and inspection fees, the reasonable fees and expenses of Aviation Counsel and of Lender's counsel, consultants and brokers, UCC, FAA, International Registry and other applicable title, interest and lien searches, and reasonable costs and expenses relating to recovery, repossession, storage, insurance, transportation, repair, refurbishment, advertising, sale and other dispositions of the Aircraft or any of the other Collateral. Customer shall also pay all reasonable fees (including license, filing and registration fees), Impositions and other charges of whatever kind or nature that may be payable or determined to be payable in connection with (A) the execution, delivery, recording or performance of this Agreement or any of the other Loan Documents, or any modification thereof, and (B) the filings, registrations and other undertakings relating thereto. Notwithstanding the foregoing, as long as there are no more than two (2) revised drafts of any Loan Document provided by Customer or its counsel to Lender or Lender's counsel, Customer shall be responsible for not more than \$35,000.00 in the aggregate for the legal fees of outside counsel to Lender (including, Aviation Counsel) and appraisal, inspection, processing, credit verification, lien searches, FAA and International Registry fees and other fees incurred in connection with the initial negotiation, preparation and execution of this Agreement and the other Loan Documents executed and delivered on or before the Closing Date (and the consummation of the closing contemplated to occur thereon); provided that in the event that the negotiation exceeds two (2) revised drafts of any Loan Document, then Customer shall pay for the actual amount of such out of pocket fees incurred by Lender relating to the drafting and negotiation in excess of such two (2) revised drafts. Lender shall apply the previously paid deposit amount of \$35,000.00 to such fees and shall refund to Customer the amount by which the deposit exceeds such fees.

Customer hereby further agrees, whether or not the transactions contemplated by this Agreement shall be consummated, to pay, indemnify, and hold Lender and its affiliates and all of the Lender's and such affiliates' respective directors, shareholders, members, officers, employees, agents, predecessors, attorneys-in-fact, lawyers, successors and assigns (Lender, its affiliates and all of such other parties and entities sometimes hereinafter collectively, the "**Indemnified Parties**") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, out of pocket costs, attorney's fees, expenses or disbursements of any kind or nature whatsoever ("**Claims**") arising with respect to or in connection with (i) the Airframe, the Engines, or any APUs or Parts, or any of the other Collateral, including (whether by or through Customer, Vendor, any Interested Third Party, or any other Person), the manufacture, inspection, ownership, lease, sublease, management, pooling, interchange, time sharing, chartering, possession, use, operation, maintenance, security, condition (whether prior to, upon or after delivery or acceptance of any of the same), repossession, storage, sale or other disposition of any of the same, or any accident in connection therewith, including Claims involving or alleging environmental damage, criminal acts, hijacking, acts of terrorism or similar acts, product liability or strict or absolute liability in tort, latent and other defects (whether or not discoverable) and for any other risk or matter, including any of the same that result in injuries, death, destruction, or other harm or loss to persons or property, or (ii) any of the Loan Documents, Third Party Agreements or other Transaction Documents, or the performance, breach (including any Default or Event of Default) or enforcement of any of the terms hereof or thereof, provided, that Customer shall have no obligation to indemnify an Indemnified Party with respect to Claims arising from the gross negligence or willful misconduct of such Indemnified Party (unless if imputed by Applicable Law). If any Claim is made against any Indemnified Party, the party receiving notice or otherwise becoming aware of such Claim shall promptly notify the other, but the failure of the party having knowledge of a Claim to so notify the other party shall not relieve Customer of any obligation hereunder.

If any Customer Party fails to perform or comply with any of its agreements contained herein or in the other Loan Documents, including, without limitation, its obligations to keep the Collateral free of Liens (other than the Permitted Liens), comply with Applicable Standards, or obtain the Required Coverages, Lender shall have the right, but shall not be obligated, to effect such performance or compliance, with such agreement. Any expenses of Lender incurred in connection with effecting such performance or compliance, together with interest thereon at the default rate of interest provided for in the Note from the date incurred until reimbursed, shall be payable by Customer to Lender promptly on demand and until such payment shall constitute part of the Obligations secured hereby. Any such action shall not be a cure or waiver of any Default or Event of Default hereunder.

Entire Agreement; Modifications. This Agreement and the other Loan Documents constitute the entire understanding and agreement of the parties hereto with respect to the matters contained herein and therein, and shall completely and fully supersede all other prior agreements (including any proposal letter, commitment letter, and/or term sheet), both written and oral, between Lender and Customer relating to the Obligations. Neither this Agreement, nor any terms hereof, may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of a change, waiver, discharge or termination is sought.

Construction of this Agreement and Related Matters. All representations and warranties made in this Agreement and in the other Loan Documents shall survive the execution and delivery of this Agreement and the making of the Loan hereunder. Customer's obligations contained in this Section 8 shall survive the payment and performance of the Obligations, the termination of this Agreement, and the release of the Collateral. This Agreement may be executed by the parties hereto on any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. The headings of the Sections hereof are for convenience only, are not part of this Agreement and shall not be deemed to affect the meaning or construction of any of the provisions hereof. Time is of the essence in the payment and performance of all of Customer's obligations under this Agreement. Any provision of this Agreement that may be determined to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective in such jurisdiction to the extent thereof without invalidating the remaining provisions of this Agreement, which shall remain in full force and effect.

Lender's Assignment. Lender, may at any time, with or without notice to Customer, freely grant a security interest in, sell, assign, participate or otherwise transfer (an "**Assignment**") all or any part of its interest in this Agreement and the other Loan Documents (including all associated rights associated with or secured thereby and the related international interests) or any amount due or to become due hereunder or thereunder, and Customer shall perform all of its obligations under the Loan Documents, to the extent so transferred, for the benefit of the beneficiary of such Assignment (such beneficiary, including any successors and assigns, an "**Assignee**"); provided, however, if such Assignee is not an Affiliate of Lender and if no Default or Event of Default exists, Lender will provide prior notice of any such Assignment to a third party. Customer hereby waives any right to assert, and agrees not to assert, against any Assignee any abatement, reduction, defense, setoff, recoupment, claim or counterclaim that Customer may have against Lender, provided that Lender remains fully responsible therefor. Upon the assumption by such Assignee of Lender's obligations hereunder, Lender shall be relieved of any such assumed obligations. Customer hereby consents to any such assignment, grant, sale or transfer, including, without limitation, for purposes of the Cape Town Convention. If so directed in writing, Customer shall pay all amounts due or to become due under the Loan Documents, including any of the same constituting associated rights or proceeds directly to the Assignee or any other party designated in writing by Lender or such Assignee. Customer acknowledges and agrees that Lender's right to enter into an Assignment is essential to Lender and, accordingly, waives any restrictions under Applicable Law with respect to an Assignment and any related remedies. Upon the request of Lender or any Assignee, Customer also agrees (a) to promptly execute and deliver, and cause to be executed and delivered by any Guarantor or any other Transaction Party, to Lender or to such Assignee an acknowledgment of assignment in form and substance satisfactory to the requesting party, an insurance certificate naming Assignee as additional insured and loss payee and otherwise evidencing the Required Coverages, an IDERA in favor of Assignee, and such other documents and assurances reasonably requested by Lender or Assignee, (b)

to make, or cause to be made, all registrations (including all assignments and subordinations) and all amendments, extensions and discharges with the International Registry reasonably requested by Lender or Assignee (and give or obtain any necessary consent thereto, as well as renew any authorization required by the International Registry in connection therewith, including renewing its transacting user entity status and re-designating a professional user entity, if necessary in Lender's judgment), and (c) to comply with any and all other reasonable requirements of any such Assignee in connection with any such Assignment.

Jurisdiction. Customer and Lender each hereby irrevocably consents and agrees that any legal action, suit or proceeding arising out of or in any way in connection with this Agreement or any of the other Loan Documents may be instituted or brought in the courts of the State of New York or in the United States Courts for the Southern District of New York, as Customer or Lender may elect or in any other state or Federal court as Lender shall deem appropriate, and by execution and delivery of this Agreement, Customer and Lender each hereby irrevocably accepts and submits to, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of any such court, and to all proceedings in such courts. Customer and Lender each irrevocably consents to service of any summons and/or legal process by first class, certified United States air mail, postage prepaid, to Customer at the address set forth below its signature hereto, such method of service to constitute, in every respect, sufficient and effective service of process in any such legal action or proceeding. Nothing in this Agreement or in any of the other Loan Documents shall affect the right to service of process in any other manner permitted by law or limit the right of Lender to bring actions, suits or proceedings in the courts of any other jurisdiction. Customer and Lender each further agrees that final judgment against it in any such legal action, suit or proceeding shall 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 shall be conclusive evidence of the fact and the amount of the liability. Notwithstanding anything in the foregoing to the contrary, Lender and Customer may bring a judicial proceeding in the Republic of Ireland, solely with respect to matters relating to the International Registry.

Governing Law; Binding Effect. This Agreement shall be construed and enforced in accordance with, and the rights of both parties shall be governed by, the internal laws of the State of New York (without regard to the conflict of laws principles of such state, except as to the effect of Title 14, Section 5-1401 of the New York General Obligations Law), including all matters of construction, validity, and performance. This Agreement shall be binding upon and inure to the benefit of Customer and Lender and their respective successors and assigns (but without limiting the provisions of Section 8.5); except that Customer may not assign or transfer its rights or obligations hereunder or under any other Loan Agreement, or any interest herein or therein; and any such purported or attempted assignment or transfer by Customer shall be null and void.

Customer's Capacity as Owner Trustee. TVPX Aircraft Solutions Inc. ("TVPX") is executing this Agreement, and the other Loan Documents solely in its capacity as Owner Trustee under the Trust Agreement and not in its individual capacity and in no case shall TVPX be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of the Customer hereunder, or under any Loan Document, all such liability, if any, being expressly waived by the parties hereto and any Person claiming by, through, or under such party. Under no circumstances shall TVPX be personally liable for the payment of any other amount stated to be due from the Customer hereunder, or under any Loan Document, or be personally liable for the breach or failure of any of Customer's representations, warranties, covenants, obligations, undertakings and agreements hereunder, or under any Loan Documents; provided, however, that the Customer (or any such successor owner trustee) shall be personally liable hereunder for its own gross negligence or willful misconduct or for its breach of its covenants, representations and warranties contained herein, or in any Loan Document, to the extent covenanted or made in its individual capacity.

Jury Waiver. CUSTOMER AND LENDER EACH HEREBY KNOWINGLY AND FREELY WAIVES THEIR RESPECTIVE RIGHTS TO A JURY TRIAL IN ANY ACTION, SUIT OR PROCEEDING RELATING TO, ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE NOTE OR ANY OF THE OTHER LOAN DOCUMENTS.

**[Signatures On Next Page]**

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Loan and Aircraft Security Agreement

IN WITNESS WHEREOF, the parties hereto have caused this Loan and Aircraft Security Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

BANC OF AMERICA LEASING & CAPITAL, LLC, Lender

TVPX AIRCRAFT SOLUTIONS INC., a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated July \_\_\_\_, 2017, Customer

By:  
Name:  
Title:  
Notice Address:

By:  
Name:  
Title:  
Notice Address:

One Financial Plaza, 2nd Floor  
Providence, Rhode Island 02903  
Attention: Director of Aircraft Operations  
Telephone: 800-238-3737  
Facsimile: 401-278-7941

39 East Eagle Ridge Drive, Ste. 201  
North Salt Lake, UT 84054  
Telephone: (801) 924-367  
Facsimile: (801) 877-0478

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**LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)**

**THIS LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)** (together with all Addenda, Riders and Annexes hereto, this “**Agreement**”) is dated as of July 27, 2017 (the “**Closing Date**”), by and between **TVPX AIRCRAFT SOLUTIONS INC.**, a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated as of July 27, 2017 (“**Customer**”) and **BANC OF AMERICA LEASING & CAPITAL, LLC**, a Delaware limited liability company (“**Lender**”).

In consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

Capitalized and certain other terms used but not otherwise defined in this Agreement shall have the meanings ascribed to them in Annex A attached hereto and made a part hereof.

**Terms of Loan .**

**Loan and Use of Proceeds .** Subject to the terms and conditions of this Agreement, Lender agrees to make a loan to Customer in the principal amount set forth in Annex B attached hereto and made a part hereof (the “**Loan**”). Customer shall use the proceeds of the Loan to finance the costs of the acquisition of the Aircraft.

**Repayment and Prepayment .** The Customer’s obligation to repay the Loan shall be evidenced by one or more Promissory Notes dated on and/or after the Closing Date, payable by Customer to the order of Lender in the original principal amount of the Loan (as amended, modified, restated, extended and renewed from time to time, the “**Note**”). The Loan shall bear interest and be repaid by Customer at the times and in the manner set forth in the Note. The Loan may be prepaid only in the manner and subject to terms and conditions set forth in the Note and, if applicable, Section 4.7 hereof.

**Conditions of Borrowing .** Lender’s obligation to make the Loan shall be both subject to and conditioned upon the satisfaction of all of the conditions precedent specified in the Closing Terms Addendum attached to and made a part of this Agreement.

**Representations and Warranties .** In order to induce Lender to enter into this Agreement and to make the Loan herein provided for, Customer represents, warrants and covenants to Lender that:

(i) Customer (A) is duly qualified to do business in each jurisdiction in which the conduct of its business or the ownership or operation of its assets requires such qualification, including the jurisdiction of the Primary Hangar Location and wherever any of the Collateral may become located; (B) has the necessary authority and power to own and operate the Aircraft and its other assets and to transact the business in which it is engaged; (C) is a “citizen of the United States” within the meaning of the Transportation Code; and (D) has the form of business organization set forth in Annex B hereto and is and will remain duly organized, validly existing and in good standing under the laws of the state of its organization set forth in Annex B hereto, its federal tax identification number is as set forth in Annex B hereto, and its state-issued organizational identification number (if any), chief executive office and principal place of business address are all as set forth on Annex B hereto; and (ii) its name as shown in the preamble of this Agreement is its exact legal name as shown on its charter, by-laws, articles of organization or operating agreement, as applicable, each as amended as of the Closing Date;

(i) Customer’s execution and delivery of, and performance of its obligations under and with respect to, each of the Loan Documents (including its borrowing the amounts constituting the Loan, granting the Lender’s Lien against the Aircraft and other Collateral and participating in the other transactions contemplated herein and therein), (A) have been duly authorized by all necessary action on the part of Customer consistent with its form of organization, (B) do not contravene or constitute a default under any Applicable Law, any of Customer’s Organizational Documents, or any agreement, indenture, or other instrument to which Customer is a party or by which it may be bound, (C) do not require the approval of or notice to (1) any Governmental Authority, except for the filings and registrations specified in the Closing Terms Addendum, all of which shall have been duly effected prior to or concurrently with Lender making the Loan, or (2) any other party (including any trustees or holders of indebtedness), and (D) will not result in the creation or imposition of any Lien on any of the assets of Customer other than the Lender’s Lien created hereby and by the other Loan Documents with respect to the Collateral; (ii) each of the Transaction Documents referenced in the Closing Terms Addendum to which Customer is a party has been duly executed and delivered by an authorized representative of the Customer, and constitutes the legal, valid and binding obligation of the Customer, enforceable against it in accordance with the respective terms of such Transaction Documents (including, without limitation, the grant of the Lender’s Lien); and (iii) without limiting the foregoing, upon Lender’s advancing the Loan on the Closing Date, (A) Customer will have satisfied or complied with all conditions precedent and requirements as set forth in the Loan Documents required to have been satisfied or complied with concurrently with or prior to such advance and (B) no Default or Event of Default shall be then existing;

there are no proceedings pending or, so far as the officers, managers, or members of Customer know, threatened against or affecting Customer or any of its property before any Governmental Authority that could impair Customer’s title to the Aircraft or any of the other Collateral, or that, if decided adversely, could materially affect the financial condition or operations of Customer or its ability to perform its obligations under any of the Loan Documents;

(i) Customer has, and shall continue to have, good and marketable title to the Collateral, free and clear of Liens, except Permitted Liens; (ii) the Lender’s Lien in the Airframe, the Engines and the other Collateral is and shall remain validly created and perfected, and has and shall continue to have first priority over any other Liens pursuant to all Applicable Laws; and (iii) all filings, recordings, registrations or other actions necessary or desirable in order to vest such title in Customer, and establish, perfect and give first priority to Lender’s Lien and other rights and interests in, against or with respect to the Collateral, have been duly effected, and all Impositions in connection therewith have been duly paid;

without limiting any of the other representations and warranties in this Agreement, for the purposes of the Cape Town Convention and any other Applicable Law, (i) upon the conclusion of the sale of the Aircraft to Customer, and Customer’s grants and assignments, and (if constituting a lease) any Permitted Third Party Agreement, contemplated in the Loan Documents or other Transaction Documents, Customer and (if a lessee) any Interested Third Party shall be situated in, and Customer will cause the Aircraft to be duly registered in, the United States of America (which is a contracting state), (ii) with respect to any of the Transaction Documents relating to the Airframe or Engine, each of the respective parties thereto has power to dispose of the Airframe and Engine, as contemplated therein by way of the relevant Transaction Document, and (iii) the Purchase Documents qualify as a “contract of sale”, and (if constituting a lease) any Permitted Third Party Agreement and the Loan Documents are effective to constitute international interests in the Airframe and Engine and security assignments of the related associated rights and transfer of the related international interests, as contemplated therein, and each such Registerable Interest will be effective against third parties upon registration at the International Registry, without any further filings or registrations (except as contemplated in the Loan Documents);

(i) the Aircraft (A) has been delivered to Customer, is in Customer’s possession and is, as of the Closing Date, unconditionally, irrevocably and fully accepted by Customer, (B) has been inspected by Customer to its complete satisfaction and, without limiting the foregoing, (1) has been found to be in good working order, repair and condition and fully equipped to operate for its intended purpose, and (2) is in conformity with the

requirements of the Purchase Agreement and the Applicable Standards, (C) is, or will be at the time of the funding of the Loan, currently certified under existing FAA rules and regulations and any other Applicable Laws and is airworthy in all respects, and (D) is and will remain primarily hangared at the Primary Hangar Location; and (ii) without limiting the foregoing, (A) solely as between Lender and Customer (and without prejudicing Customer's rights against Vendor or any other third party, which rights are not being disclaimed hereby), Customer has no pending claims and has no knowledge of any facts upon which a future claim may be based, against any prior owner, the seller, manufacturer or supplier of the Aircraft or any of the other Collateral, for breach of warranty or otherwise, and (B) all of the information contained in Annex C, including the registration number of the Aircraft, and the serial numbers, manufacturer and model numbers of the Airframe, Engines, and APU, are true and accurate in all respects; and

(h) the Aircraft (i) is currently capable of being certified under existing FAA rules and regulations and completely airworthy in all respects, (ii) will undergo an inspection by a Designated Airworthiness Representative of the FAA ("DAR") on the Closing Date and (iii) an FAA Standard Airworthiness Certificate (AC Form 8100-2) shall be issued for the Aircraft no later than two (2) Business Days after the Closing Date.

**Covenants**. Customer covenants and agrees that from and after the Closing Date and so long as any of the Obligations are outstanding:

Notices; Financial Information; and Further Assurances. Customer will, at its sole expense:

promptly give written notice to Lender of (i) the occurrence of any Default or Event of Default; (ii) the occurrence of any Event of Loss or event of which Customer may be aware that could become an Event of Loss; (iii) the commencement or written threat of any material litigation or proceedings affecting Customer or any material litigation or proceedings affecting the Aircraft or any of the other Collateral, or the ability of Customer to comply with its obligations under the Loan Documents; and (iv) any material dispute between Customer or any Interested Third Party and any Governmental Authority or other party that involves the Aircraft or any of the other Collateral or that might materially interfere with the normal business operations of Customer;

cause Guarantor to comply with the financial reporting requirements set forth in the Guaranty and promptly furnish to Lender any such financial and other information regarding the Customer or Guarantor or any of its Affiliates as Lender may from time to time reasonably request; and

promptly execute and deliver to Lender such further instruments, UCC and FAA filings (including an IDERA) and other documents, make, cause to be made and/or consent to all registrations (including any discharges and subordinations, or as to the prospective or actual sale of, and any international interest in, the Engines) with the International Registry, and take such further action, as Lender may from time to time reasonably request in order to further carry out the intent and purpose of the Loan Documents and to establish, protect and enforce the rights, interests, remedies and Liens (including the first priority thereof) created, or intended to be created, in favor of Lender thereby.

General Obligations. (a) Customer agrees that it shall (i) duly observe and conform to all requirements of Applicable Law relating to the conduct of its business and/or the Aircraft, (ii) remain a "citizen of the United States" within the meaning of the Transportation Code, (iii) obtain and keep in full force and effect (A) all rights, franchises, licenses and permits that are necessary to the proper conduct of its business, and (B) all approvals by any Governmental Authority required with respect to the performance of its obligations under the Loan Documents and the operation of the Aircraft and its business, (iv) cause the Aircraft to remain primarily hangared at the Primary Hangar Location, and duly registered in Customer's name under the Transportation Code (including, by making all necessary reports, re-registering its ownership of the Aircraft, and taking all other actions required by Applicable Law), and (v) pay and perform all of its obligations and liabilities when due. (b) Customer agrees that (i) it shall not change its presently existing legal name or its form or state of organization on or after the date of this Agreement, without Lender's prior written consent, (ii) if its presently existing state organizational identification number changes, or if Customer currently has no such state organizational number but is subsequently issued such a number, on or at any time after the date of this Agreement, Customer shall immediately notify Lender thereof, and (iii) it shall not change the presently existing mailing, chief executive office and/or principal place of business address on or after the date of this Agreement without giving Lender thirty (30) days written notice of the same.

Taxes. (a) Customer will file or cause to be filed with all appropriate taxing authorities all Federal, state and local income tax returns that are required to be filed and all registrations, declarations, returns and other documentation with respect to any personal property taxes (or any other taxes in the nature of or imposed in lieu of property taxes) due or to become due with respect to the Aircraft or any of the other Collateral. (b) Customer will pay (or cause to be paid) (i) on or before the date when due all taxes as shown on said returns and all taxes assessed, billed or otherwise payable with respect to the Aircraft or the other Collateral directly to the appropriate taxing authorities; and (ii) when due all license and/or registration or filing fees, assessments, governmental charges and sales, use, property, excise, privilege, value added and other taxes (including any related interest or penalties) or other charges or fees now or hereafter imposed by any governmental body or agency upon Customer or the Aircraft or any of the other Collateral, with respect to the landing, airport use, manufacturing, ordering, shipment, purchase, ownership, delivery, installation, leasing, chartering, operation, possession, use or disposition of the Aircraft or any of the other Collateral, or any interest therein (the items referred to in (i) and (ii) above being referred to herein collectively, as "**Impositions**").

No Disposition of Collateral or Liens; Title and Security Interest.

Customer shall not sell, assign, enter into any Third Party Agreement, convey, mortgage, exchange or otherwise transfer or relinquish possession of (including by any seizure or other taking by any foreign or domestic governmental authority) or dispose of the Airframe or Engines, any Part, any related associated rights, international interests or prospective international interests, any proceeds or any of the other Collateral, or attempt or offer to do, or suffer or permit any of the foregoing. Customer shall be permitted, however, to deliver possession of the Airframe, the Engines, or any APU or Part to another Person for testing, service, repair, maintenance, overhaul, alteration or modification, and to enter into Permitted Third Party Agreements, in each case, if and to the extent consistent with the provisions of the Loan Documents. Customer will warrant and defend its good and marketable title to the Airframe, the Engines and the other Collateral, and the validity, perfection and first priority of Lender's Lien in the Collateral, against all other Liens, claims and demands whatsoever, except Permitted Liens; and without limiting the foregoing, Customer will (i) not create, assume or suffer to exist any Liens on or with respect to the Airframe, the Engines, or any of the other Collateral, or Customer's interest therein (other than Permitted Liens); and (ii) promptly take such action as directed by Lender to duly discharge any such unpermitted Liens.

So long as no Default or Event of Default is then existing, Customer may enter into and remain a party to Third Party Agreements, in each such case, subject to the satisfaction of, and compliance by Customer and each Interested Third Party with, all of the following throughout the term of such arrangement: (i) Each such Interested Third Party shall (A) be and remain solvent, and (unless an individual) organized under the laws of a state within the United States; and (B) if engaged by Customer with the prior written consent of Lender as a manager and/or charter operator (including the Manager pursuant to the Management Agreement), while so engaged, (1) have a recognized favorable reputation as a manager and/or charter operator, as the case may be, of aircraft similar to the Aircraft, (2) be providing management and/or charter operation services for other aircraft owners similar to the services contemplated therein, and (3) if and at all times while conducting any charter operations (x) have and maintain a valid Part 135 Certificate evidencing its authority to conduct such operations, (y) list the Aircraft on its operations specifications, and (z) comply with all Applicable Standards pertaining to such charter operations. (ii) Any operation of the Aircraft pursuant to any such Third Party Agreement shall be limited to (A) if by Customer, Parent Guarantor or any Affiliate of Parent Guarantor, any time sharing agreements (as defined in Section 91.501(c)(1)) complying with Part 91 of the FARs and all other Applicable Standards, (B) if by a manager and/or a charter operator with Lender's prior written consent, pursuant to and in full compliance with the requirements of Part 135 of the FARs and all other

Applicable Standards, or (C) if such Third Party Agreement is a "dry lease" by Customer, as lessor, to Parent Guarantor or an Affiliate of Parent Guarantor or other Interested Third Party permitted pursuant hereto, as lessee, operation by such lessee complying with (1) Part 91 and any other applicable provision of the FARs, and all other Applicable Standards, and (2) the provisions hereof and of the other Loan Documents pertinent to the operation of the Aircraft (whether by Customer or any permitted Interested Third Party). (iii) The related Third Party Agreement shall (A) be and remain, subject and subordinate to Lender's Lien in and with respect to the Collateral, and Lender's rights and remedies under the Loan Documents (and such subordination shall be expressly acknowledged therein), (B) not convey any Lien on, or other property interest in or against the Airframe, the Engines or any of the other Collateral, except for a Permitted Lien (but, without giving effect to clause (a) of the definition of such term), (C) not permit any further sublease or disposition of or unpermitted Lien against the Aircraft or any of the other Collateral by any of the Interested Parties thereto or any other Person, or any change in registration or unpermitted change in hangaring of the Aircraft, (D) not contain provisions that are inconsistent with the provisions of any of the Loan Documents or cause Customer to breach any of its representations, warranties or agreements under any of the Loan Documents, (E) be in conformity with all requirements of the FARs and other Applicable Laws, and (F) otherwise conform to any Operating Consent required by Lender with respect thereto. (iv) (A) Customer shall have specified such Third Party Agreement on Annex B if existing on the Closing Date, or if not then existing shall require Lender's prior written consent and at least thirty (30) Business Days' prior written notice of its intention to enter into a Third Party Agreement and (B) no later than the effective date thereof Customer shall comply with, and at all times thereafter remain in compliance with, any related requirements by Lender, including (1) entering into, and causing any related Interested Third Parties to enter into, an Operating Consent, (2) causing Lender to be covered by the Required Coverages (which, for the purposes hereof, may include insurance coverages obtained and maintained by an Interested Third Party, conforming to the insurance requirements herein and in any of the other Loan Documents), and (3) entering into or delivering, or causing to be entered into and delivered, all such other documents, filings and assurances, making or causing to be made such filings and registrations, and taking or causing to be taken all such other actions, in each case as may be required by Lender and (4) paying or reimbursing Lender for any related costs or expenses. (v) Lender shall have the right, but not the obligation, to (A) require reasonable evidence that any Interested Third Party satisfies the requirements provided herein, and (B) review any such Third Party Agreement, as from time to time supplemented and amended, to determine its conformity with the provisions hereof, but without assuming any responsibility with respect thereto. (vi) Customer shall neither make, nor permit to be made, any filing or registration with respect to any Permitted Third Party Agreement, unless so directed by Lender pursuant to Section 5.2 or otherwise. Notwithstanding the foregoing limitations Parent Guarantor or any Affiliate shall be permitted to conduct the carriage of Parent Guarantor or any Affiliate and/or their respective guests pursuant to 14 CFR Section 91.501(b)(4), affiliated group operations pursuant to 14 CFR Section 91.501(b)(5) and/or (6), demonstration flights pursuant to 14 CFR Section 91.501(b)(3), time sharing or interchange operations pursuant to 14 CFR Section 91.501(b)(6), the carriage of customers pursuant to 14 CFR Section 91.501(b)(9) and/or the carriage of candidates in Federal elections conducted pursuant to 14 CFR Section 91.321.

With respect to any Third Party Agreements complying with all of the provisions of Section 4.4(b) (each a "**Permitted Third Party Agreement**"), although certain of the duties and obligations of Customer under the Loan Documents may be performed by one or more of the Interested Third Parties, (i) no such Permitted Third Party Agreement shall reduce any of Customer's obligations, or Lender's rights, under any of the Loan Documents, (ii) all of Customer's obligations under the Loan Documents shall be and remain primary and continue in full force and effect as the obligations of a principal and not of a guarantor or surety, and (iii) Lender is not waiving the right to require full and timely performance of any such obligations in strict accordance with the provisions hereof and of the other Loan Documents. By way of clarification and not limitation, with respect to any provisions of this Agreement or any of the other Loan Documents requiring Customer to take or refrain from taking an action relating to the Aircraft or any of the other Collateral, such provision may also be read to mean that Customer shall cause the same to be done in accordance therewith, if at that time the Aircraft or such other Collateral is in the possession or control of an Interested Third Party pursuant to a Permitted Third Party Agreement.

Use of Aircraft; Maintenance; Modifications; Security.

Customer will operate the Aircraft or shall cause the Aircraft to be operated under and in compliance with Part 91 and any other applicable provision of the FARs, and all other Applicable Standards. Unless otherwise expressly permitted hereunder, (i) Customer shall not operate or permit the Aircraft to be operated for air taxi operations or otherwise under Part 135 of the FARs; and (ii) Customer, an Affiliate or other Interested Third Party shall at all times have, and maintain, "operational control" of the Aircraft (as such term is then interpreted by the FAA or such other applicable Governmental Authority), and no other Person shall operate the Aircraft. The Aircraft at all times will be operated by duly qualified pilots having satisfied all requirements established and specified by the FAA, the TSA, any other applicable Governmental Authority and the Required Coverages.

the Aircraft may be flown temporarily to any country in the world, provided that the Aircraft (i) shall at all times be based in the continental United States; and (ii) shall not be flown, operated, used or located in, to or over any such country or area (temporarily or otherwise) (A) that is excluded from the Required Coverages (or specifically not covered by such insurance), (B) with which the U.S. does not maintain favorable diplomatic relations (which is any country or jurisdiction not marked with an "\*" on the list maintained by the U.S. Department of State, at <http://www.state.gov/s/inr/rls/4250.htm> or any replacement or equivalent website maintained by the U.S. Department of State), provided that the prohibition in this clause (B) does not prohibit the operation of the Aircraft on an approved and assigned air traffic control route (if and so long as such use is otherwise in compliance with the provisions of the this Agreement and does not violate any insurance policies in effect with respect to the Aircraft), (C) to the extent that payment of any claim under the Required Coverages directly or indirectly arising or resulting from or connected with any such flight, operation, use or location would be prohibited under any trade or other economic sanction or embargo by the United States of America, or (D) in violation of any of the Loan Documents or any Applicable Standards. Customer shall adopt, implement and comply with all security measures required by any Applicable Law, or by any Required Coverages, or that are necessary or appropriate for the proper protection of the Aircraft (whether on the ground or in flight) against theft, vandalism, hijacking, destruction, bombing, terrorism or similar acts.

Customer agrees that, with respect to the Airframe, the Engines, each APU and each Part, Customer will at its own expense, (i) maintain, inspect, service, repair, overhaul and test the same in accordance with Applicable Standards; (ii) make any alterations or modifications that may at any time be required to comply with Applicable Standards, and to cause the Aircraft to remain airworthy; (iii) furnish all required parts, replacements, mechanisms, devices and servicing so that the condition and operating efficiency thereof will at all times be no less than its condition and operating efficiency as and when delivered to Customer, ordinary wear and tear from proper use alone excepted; (iv) promptly replace all Parts (A) which become worn out, lost, stolen, taken, destroyed, damaged beyond repair or permanently rendered or declared unfit for use for any reason whatsoever, or (B) if not previously replaced pursuant to clause (A), as and when required by any Applicable Standards, including any applicable life limits; and (v) maintain (in English) all Records in accordance with Applicable Standards; and (vi) enroll and maintain the Engines in an Engine Maintenance Program and the APU in an APU Maintenance Program or shall cause the foregoing to be done. All maintenance procedures shall be performed by properly trained, licensed, and certified maintenance sources and personnel utilizing replacement parts approved by the FAA and the manufacturer of (as applicable) the Airframe, the Engines, or any APU or Part. Without limiting the foregoing, Customer shall comply with all

mandatory service bulletins and airworthiness directives by causing compliance to such bulletins and/or directives to be completed through corrective modification in lieu of operating manual restrictions.

Customer will not make, authorize or permit any improvement, change, addition or alteration to the Aircraft that will impair the originally intended function or use of the Aircraft, diminish the value of the Aircraft as it existed immediately prior thereto, or violate any Applicable Standard. All repairs, parts, replacements, mechanisms and devices added by Customer or on its behalf shall immediately, without further act, become part of the Aircraft and subject to the Lender's Lien granted under this Agreement.

#### Insurance.

Customer agrees to maintain or cause to be maintained at all times, at its sole cost and expense, with insurers of recognized reputation and responsibility satisfactory to Lender (but in no event having an A.M. Best or comparable agency rating of less than "A-"):

(A) comprehensive aircraft liability insurance against bodily injury or property damage claims including, without limitation, contractual liability, premises liability, death and property damage liability, public and passenger legal liability coverage, and sudden accident pollution coverage, in an amount not less than \$200,000,000.00 for 20 or more seats, or if the Aircraft will be chartered, or \$100,000,000.00 for 10 or more seats, or \$50,000,000.00 for fewer than 10 seats for each single occurrence, and (B) personal injury liability in an amount not less than \$25,000,000.00; but, in no event shall the amounts of coverage required by sub-clauses (A) and (B) be less than the coverage amounts as may then be required by Applicable Law;

"all-risk" ground, taxiing, and flight hull insurance on an agreed-value basis, covering the Aircraft, provided that such insurance shall at all times be in an amount not less than the greater of (1) the full replacement value of the Aircraft (as determined by Lender), or (2) the unpaid principal amount of the Note (each such amount re-determined as of each anniversary of the date hereof for the next succeeding year throughout the term of this Agreement); and

war risk and allied perils (including confiscation, appropriation, expropriation, terrorism and hijacking insurance) in the amounts required in paragraphs (i) and (ii), as applicable.

Any policies of insurance carried in accordance with this Section 4.6 and any policies taken out in substitution or replacement of any such policies shall (i) be endorsed to name Lender as an additional insured as its interests may appear (but without responsibility for premiums), (ii) provide, with respect to insurance carried in accordance with Section 4.6(a)(ii) or (a)(iii) above, that any amount payable thereunder shall be paid directly to Lender as sole loss payee and not to Lender and Customer jointly, (iii) provide for thirty (30) days' (seven (7) days' in the case of war, hijacking and allied perils) prior written notice by such insurer of cancellation, material change, or non-renewal, (iv) include a severability of interest clause providing that such policy shall operate in the same manner as if there were a separate policy covering each insured, (v) waive any right of set-off against Lender, and any rights of subrogation against Lender, (vi) provide that in respect of the interests of Lender in such policies, that the insurance shall not be invalidated by any action or inaction of Customer or any other Person operating or in possession of the Aircraft, regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by or binding upon Customer or any other Person operating or in possession of the Aircraft, and (vii) be primary, not subject to any co-insurance clause and shall be without right of contribution from any other insurance.

Customer shall not self-insure (by deductible, premium adjustment, or risk retention arrangement of any kind) with respect to any of the risks required to be insured pursuant to this Section 4.6. Customer agrees that it shall obtain and maintain such other insurance coverages, or cause adjustments to be made to the scope, amount or other aspects of the existing insurance coverages, promptly upon Lender's request, as and when Lender deems such additional insurance coverages or modifications to be appropriate in light of any changes in Applicable Law, prudent industry practices, the insurance market, Customer's anticipated use of the Aircraft or other pertinent circumstances. All of the coverages required herein shall be in full force and effect worldwide throughout any geographical areas to, in or over which the Aircraft is operated. All insurance proceeds payable under the requisite policies shall be payable in U.S. Dollars.

At least ten (10) days prior to the policy expiration date for any insurance coverage required by this Section 4.6, Customer shall furnish to Lender evidence (having the form and substance consistent with Section 1(f) of the Closing Terms Addendum) of the renewal or replacement of such coverage, complying with the terms hereof, for a twelve (12) month or greater period commencing from and after such expiration date.

#### Event of Loss; Loaner Engines.

Upon the occurrence of any Event of Loss with respect to the Aircraft and/or the Airframe, Customer shall notify Lender of any such Event of Loss within five (5) days of the date thereof. Customer shall pay the then Outstanding Balance promptly upon its receipt of insurance proceeds relating to such Event of Loss, but in no event later than ninety (90) days after the occurrence of such Event of Loss (irrespective as to whether any or all of such proceeds have been received). Upon Lender's receipt in good and indefeasible funds of all of the amounts required to be paid pursuant to the preceding sentence (whether by applying Customer's payment of such amounts, or any such insurance proceeds, or both) the Aircraft shall be released from the Lender's Lien, and Lender shall remit to Customer any such insurance proceeds so received by Lender, to the extent then remaining.

Upon an Event of Loss with respect to an Engine or any APU (as applicable, a " **Lost Item** ") under circumstances in which there has not occurred an Event of Loss with respect to the Airframe, Customer shall, within one hundred twenty (120) days after the occurrence of such Event of Loss, replace such Lost Item, with a Permitted Replacement. Any engine or auxiliary power unit constituting a " **Permitted Replacement** " for a Lost Item shall (i) be of the same make and model number as the Lost Item, (ii) be free and clear of all Liens and (iii) have a value, utility and useful life at least equal to, and be in as good an operating condition as, the Lost Item, assuming such Lost Item was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss. Customer, at its own cost and expense, shall (i) furnish Lender with such documents to evidence such conveyance, (ii) cause the Permitted Replacement to be subject to the Lender's Lien under this Agreement, and (iii) take such other actions as may be required by Lender to cause the Lender's Lien therein to be validly created, perfected and have first priority, including as evidenced on the FAA Registry, the International Registry, and any other recording office. Each such Permitted Replacement shall, after such conveyance, be deemed an "Engine" or "APU" (as defined herein), as applicable, and shall be deemed part of the same Aircraft as was the Lost Item replaced thereby.

In the event an Engine is damaged and is being repaired, or is being inspected or overhauled, Customer, at its option, may temporarily substitute another engine during the period of such repair or overhaul, so long as such engine is of the same make and model as the Engine being repaired or overhauled, is free and clear of any Lien that might impair Lender's rights or interests in the Airframe and is maintained in accordance herewith (any such substitute engine being hereinafter referred to as a " **Loaner Engine** "). Customer shall (i) cause such Loaner Engine to be installed and removed, as applicable, by a maintenance facility certified by the FAA and manufacturer with respect to the Aircraft, and (ii) cause the repaired or overhauled original Engine to be reinstalled on the Airframe promptly upon completion of the repair or overhaul, but in no event later than the earlier of one hundred twenty (120) days after removal or the occurrence of an Event of Default.

So long as no Default has occurred and is continuing, and no Event of Default or Event of Loss with respect to the Aircraft has occurred, any loss or damage proceeds of the Required Coverages received by Lender shall be released promptly by Lender to Customer to reimburse Customer for paying the costs actually incurred with respect to repairs made to the Aircraft so as to restore it to the condition required by this Agreement, or for the purchase of a Permitted Replacement pursuant to Section 4.7(b), or shall be disbursed by Lender as otherwise required by this Agreement.



(i) any of the Required Coverages are not kept in full force and effect, or a breach or violation shall exist with respect to any provisions thereof; or the Aircraft is operated in a manner, at a time or in or over or located at a place with respect to which such Required Coverages shall not be in effect; (ii) Customer shall fail to cause the Airframe or the Engines to be used, operated, maintained or otherwise kept in a condition so as to be in compliance with all Applicable Laws; or (iii) any Customer Party shall fail to comply with (A) any financial covenants as and to the extent set forth or incorporated in any Guaranty or in any of the other Loan Documents, or (B) any provision of any of the Loan Documents restricting Liens and other dispositions relating to either the Collateral or any rights or obligations under any of the Transaction Documents (including Section 4.4 hereof), or (iv) the occurrence of any Defective Registration; or

(i) any representation or warranty made by any Customer Party in any of the Loan Documents or in any related agreement, document or certificate shall prove to have been incorrect, misleading, or inaccurate in any material respect when made or given (or, if a continuing representation or warranty, at any time); or (ii) any Customer Party shall fail to (A) perform or observe any other agreement (other than those specifically referred to in this Section 6) required to be performed or observed by it under this Agreement or in any of the other Loan Documents, and such failure shall continue uncured for thirty (30) days after the earlier of written notice thereof from Lender to such Customer Party or such Customer Party's actual knowledge thereof (but such notice and cure period will not be applicable unless such breach is curable by practical means within such notice period) or (B) notify Lender of any Default or Event of Default within ten (10) Business Days of its occurrence; or

(i) any Customer Party shall (A) generally fail to pay its, or his or her debts as they become due, admit its, or his or her inability to pay its, or his or her debts or obligations generally as they fall due, or shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws or other insolvency laws, or an answer admitting the material allegations of such a petition filed against such Customer Party in any such proceeding; or (B) by voluntary petition, answer or consent, seek relief under the provisions of any other bankruptcy or other insolvency or similar law providing for the reorganization or liquidation of corporations, or providing for an assignment for the benefit of creditors, or providing for an agreement, composition, extension or adjustment with its, or his or her creditors; or (ii) a petition against any Customer Party in a proceeding under applicable bankruptcy laws or other insolvency laws, as now or hereafter in effect, shall be filed and shall not be withdrawn or dismissed within one hundred twenty (120) days thereafter, or if, under the provisions of any law providing for reorganization or liquidation of business entities that may apply to any Customer Party, any court of competent jurisdiction shall assume jurisdiction, custody or control of such Customer Party or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of one hundred eighty (180) days after the filing date; or

the occurrence of any of the following events with respect to any Customer Party: (A) it enters into any transaction of merger, consolidation or reorganization; (B) it ceases to do business as a going concern, liquidates, or dissolves, or sells, transfers or otherwise disposes of all or substantially all of its assets or properties (in one or more transactions); (C) it becomes the subject of, or engages in, a leveraged buy out; (D) it changes the form of organization of its business; (E) if it is privately owned as of the Closing Date, there is any substantial change in the ownership or control of its capital stock or membership interests such that the holder(s) that own or control one hundred percent (100%) of such equity interests as of the Closing Date no longer do so; or (F) if it is publicly held as of the Closing Date, any change so that it is no longer subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or no longer registered under Section 12 of the Securities Act of 1933, as amended; or

(i) the conviction of or guilty plea by any Customer Party with respect to any criminal act constituting a felony, (ii) any repudiation by any Customer Party of its obligation for the payment or performance of the Obligations, (iii) any allegation by any Customer Party or judicial determination that any of the Loan Documents is unenforceable in any material respect or (iv) a Default (as defined in any Guaranty) shall occur; or any event or condition constituting a breach or other default under any Operating Consent.

## **Remedies .**

Acceleration; Termination of Commitment . If any Event of Default shall occur, Lender, in its sole discretion, may (a) declare the Obligations to be immediately due and payable, and upon such declaration the Obligations (including, the unpaid principal amount of the Note, together with all accrued but unpaid interest thereon, any prepayment fees and all other amounts due and payable under or with respect to the Loan Documents), shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the other Loan Documents to the contrary notwithstanding, (b) terminate any then outstanding commitment whether to Customer or any Affiliate to make the Loan or any advance thereof, or any other financial accommodations, whether related to the Loan or otherwise, and/or (c) pursue and enforce any of Lender's rights and remedies under this Section 7; provided, however, if an Event of Default specified in Section 6 (e) above shall occur, the Obligations shall become immediately due and payable, all such commitments shall terminate, and Lender shall have all such other rights and remedies contemplated in the preceding clauses (a), (b) and (c), automatically, and without any notice or other action by Lender.

Additional Remedies . If an Event of Default occurs, in addition to all other rights and remedies granted to it in this Agreement and in the other Loan Documents, Lender may exercise all rights and remedies of a secured party under the UCC or as a creditor, chargee or security assignee under the Cape Town Convention (including any and all remedies thereunder requiring agreement by Customer), or otherwise available to Lender under any other Applicable Law. Without limiting the generality of the foregoing, Customer agrees that upon the occurrence of an Event of Default, Lender, without demand or notice of any kind (except as specified below) to or upon Customer or any other Person, in its sole discretion, may exercise any one or more of the following remedies:

(i) peacefully enter the premises where the Aircraft, the Engines, or any other Collateral is located, take immediate possession of, remove (or disable in place), or otherwise take control or custody of the Airframe, the Engines or any other Collateral (whether or not then attached to the Airframe) by self-help, summary proceedings or otherwise without liability, (ii) preserve the Airframe, the Engines or the other Collateral, and their respective value (but without any obligation to do so), and immobilize or keep idle the Airframe or Engines, and/or (iii) use Customer's premises for storage without liability; and Customer agrees, at Lender's request, to assemble the Collateral, and make it available to Lender at such places as Lender shall reasonably select, whether at Customer's premises or elsewhere;

(i) terminate the right of any Interested Third Party, and any other third party to use, possess or control the Airframe, the Engines or any of the other Collateral, including under any Permitted Third Party Agreement or other Third Party Agreement, without regard as to the existence of any event of default thereunder, (ii) recover from, and/or cause Customer and any such Interested Third Party, and any other third party, to relinquish possession and return the Airframe, the Engines and any other Collateral pursuant to this Section 7, and/or (iii) exercise any and all other remedies under any Operating Consents in Customer's stead, to the extent provided for under, or otherwise available to Customer in connection with any related Permitted Third Party Agreement or such other Third Party Agreement;

(i) manage, sell, lease, assign or otherwise dispose of the Airframe, the Engines or any other Collateral, in whole or in part, whether or not in Lender's possession, in one or more parcels or transactions, at public or private sale or sales, with or without notice to Customer (except as required by Applicable Law, and in furtherance thereof, Lender agrees that it shall give Customer no less than ten (10) working days' prior notice of any proposed sale or lease of the Airframe or Engines, which Customer acknowledges as constituting "reasonable prior notice" for the purposes of the Cape Town Convention) at such prices as Lender may deem best, and/or (ii) purchase the Collateral, in whole or in part, upon any public sale or sales, and to the extent permitted by Applicable Law upon any private sale or sales, free of any right or equity of redemption in Customer, which right or equity of redemption is hereby expressly released;

(i) collect, receive, appropriate and realize upon the Collateral, or any part thereof, including by applying any deposit or other cash

collateral, or collecting or receiving, appropriating and realizing upon any income, profits or other proceeds arising from the management or use of the Airframe, the Engines or any of the other Collateral, and applying the same (after deducting all taxes, costs, expenses and other reductions of every kind incurred in connection therewith) to the payment in whole or in part of the Obligations, in such order and manner as Lender may elect; and (ii) after making such application, (A) remitting to Customer or to such other Person any excess then remaining, as and to the extent Lender is required by Applicable Law to make such remittance and (B) demanding, collecting and receiving from Customer any deficiency then remaining (and Customer agrees that it shall remain liable for, and pay upon demand, the full amount of any such deficiency);

(i) demand and obtain from any court speedy relief pending final determination available at law (including, possession, control, custody or immobilization of the Airframe and Engines, or preservation of the Airframe and the Engines and their respective value), (ii) procure the deregistration and/or export and physical transfer of the Airframe from the territory in which it is then situated (including pursuant to an IDERA, if any, executed by Customer), and/or (iii) otherwise proceed at law or in equity, to enforce specifically Customer's performance or to recover damages; and/or

exercise any and all other rights and remedies under or with respect to the Loan Documents or Applicable Law, including the Cape Town Convention and the UCC.

**No Waiver: Cumulative Remedies .** No right or remedy is exclusive. Customer hereby acknowledges that none of the provisions of this Section 7, including any remedies set forth or referenced herein, is "manifestly unreasonable" for the purposes of the Cape Town Convention. Each may be used successively and cumulatively and in addition to any other right or remedy referred to above or otherwise available to Lender at law or in equity, but in no event shall Lender be entitled to recover any amount in excess of the maximum amount recoverable under Applicable Law with respect to any Event of Default. No express or implied waiver by Lender of any Default or Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default. The failure or delay of Lender in exercising any rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or reoccurrence of any such contingencies or similar contingencies, and any single or partial exercise of any particular right by Lender shall not exhaust the same or constitute a waiver of any other right provided for or otherwise referred to herein. After the occurrence of any Default or Event of Default, the acceptance by Lender of any payment or performance of any of the Obligations, including the payment of any installment of principal and/or interest or of any other sum owing hereunder or under the other Loan Documents shall not constitute a waiver of such Default or Event of Default, regardless of Lender's knowledge or lack of knowledge thereof at the time of acceptance of any such payment or performance and shall not constitute a reinstatement of any of the Loan Documents, unless Lender shall have agreed in writing to reinstate the same and waive the Default or Event of Default. To the extent permitted by Applicable Law, Customer waives any rights now or hereafter conferred thereby, that (a) limit or modify any of Lender's rights or remedies under this Agreement or any of the other Loan Documents, including the provisions of Article 13(2) of the Convention, or (b) would otherwise entitle Customer to (i) receive notices or demands as a condition to Lender's exercise of any rights or remedies, except as expressly required above or (ii) make claims, damages and demands against Lender arising out of the repossession, retention, sale or other disposition of the Collateral.

#### **MISCELLANEOUS .**

**Notices .** All communications and notices provided for herein shall be in writing and shall be deemed to have been duly given or made (i) upon hand delivery, or (ii) upon delivery by an overnight delivery service, or (iii) when sent by telecopy (with customary confirmation of receipt of such telecopy) on the Business Day when sent or upon the next Business Day if sent on other than a Business Day.

#### **Expenses and Fees; Indemnity; Performance of Customer's Obligations .**

Customer shall pay to Lender upon demand all reasonable fees, costs and expenses incurred by or on behalf of Lender at any time in connection with (i) the negotiation, preparation, execution, delivery and enforcement of the Loan Documents and the collection of the Obligations (both before and after the occurrence of a Default or Event of Default), (ii) the creation, preservation and protection of the Collateral and the perfection, first priority and enforcement of Lender's Lien, or (iii) Customer's exercise of any right granted under, or any amendment or other modification to any of, the Loan Documents. Such fees, costs and expenses shall include, without limitation, reasonable appraisal and inspection fees, the reasonable fees and expenses of Aviation Counsel and of Lender's counsel, consultants and brokers, UCC, FAA, International Registry and other applicable title, interest and lien searches, and reasonable costs and expenses relating to recovery, repossession, storage, insurance, transportation, repair, refurbishment, advertising, sale and other dispositions of the Aircraft or any of the other Collateral. Customer shall also pay all reasonable fees (including license, filing and registration fees), Impositions and other charges of whatever kind or nature that may be payable or determined to be payable in connection with (A) the execution, delivery, recording or performance of this Agreement or any of the other Loan Documents, or any modification thereof, and (B) the filings, registrations and other undertakings relating thereto. Notwithstanding the foregoing, as long as there are no more than two (2) revised drafts of any Loan Document provided by Customer or its counsel to Lender or Lender's counsel, Customer shall be responsible for not more than \$35,000.00 in the aggregate for the legal fees of outside counsel to Lender (including, Aviation Counsel) and appraisal, inspection, processing, credit verification, lien searches, FAA and International Registry fees and other fees incurred in connection with the initial negotiation, preparation and execution of this Agreement and the other Loan Documents executed and delivered on or before the Closing Date (and the consummation of the closing contemplated to occur thereon); provided that in the event that the negotiation exceeds two (2) revised drafts of any Loan Document, then Customer shall pay for the actual amount of such out of pocket fees incurred by Lender relating to the drafting and negotiation in excess of such two (2) revised drafts. Lender shall apply the previously paid deposit amount of \$35,000.00 to such fees and shall refund to Customer the amount by which the deposit exceeds such fees.

Customer hereby further agrees, whether or not the transactions contemplated by this Agreement shall be consummated, to pay, indemnify, and hold Lender and its affiliates and all of the Lender's and such affiliates' respective directors, shareholders, members, officers, employees, agents, predecessors, attorneys-in-fact, lawyers, successors and assigns (Lender, its affiliates and all of such other parties and entities sometimes hereinafter collectively, the "**Indemnified Parties** ") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, out of pocket costs, attorney's fees, expenses or disbursements of any kind or nature whatsoever ("**Claims** ") arising with respect to or in connection with (i) the Airframe, the Engines, or any APUs or Parts, or any of the other Collateral, including (whether by or through Customer, Vendor, any Interested Third Party, or any other Person), the manufacture, inspection, ownership, lease, sublease, management, pooling, interchange, time sharing, chartering, possession, use, operation, maintenance, security, condition (whether prior to, upon or after delivery or acceptance of any of the same), repossession, storage, sale or other disposition of any of the same, or any accident in connection therewith, including Claims involving or alleging environmental damage, criminal acts, hijacking, acts of terrorism or similar acts, product liability or strict or absolute liability in tort, latent and other defects (whether or not discoverable) and for any other risk or matter, including any of the same that result in injuries, death, destruction, or other harm or loss to persons or property, or (ii) any of the Loan Documents, Third Party Agreements or other Transaction Documents, or the performance, breach (including any Default or Event of Default) or enforcement of any of the terms hereof or thereof, provided, that Customer shall have no obligation to indemnify an Indemnified Party with respect to Claims arising from the gross negligence or willful misconduct of such Indemnified Party (unless if imputed by Applicable Law). If any Claim is made against any Indemnified Party, the party receiving notice or otherwise becoming aware of such Claim shall promptly notify the other, but the failure of the party having knowledge of a Claim to so notify the other party shall not relieve Customer of any obligation hereunder.

If any Customer Party fails to perform or comply with any of its agreements contained herein or in the other Loan Documents, including, without limitation, its obligations to keep the Collateral free of Liens (other than the Permitted Liens), comply with Applicable Standards, or

obtain the Required Coverages, Lender shall have the right, but shall not be obligated, to effect such performance or compliance, with such agreement. Any expenses of Lender incurred in connection with effecting such performance or compliance, together with interest thereon at the default rate of interest provided for in the Note from the date incurred until reimbursed, shall be payable by Customer to Lender promptly on demand and until such payment shall constitute part of the Obligations secured hereby. Any such action shall not be a cure or waiver of any Default or Event of Default hereunder.

Entire Agreement; Modifications. This Agreement and the other Loan Documents constitute the entire understanding and agreement of the parties hereto with respect to the matters contained herein and therein, and shall completely and fully supersede all other prior agreements (including any proposal letter, commitment letter, and/or term sheet), both written and oral, between Lender and Customer relating to the Obligations. Neither this Agreement, nor any terms hereof, may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of a change, waiver, discharge or termination is sought.

Construction of this Agreement and Related Matters. All representations and warranties made in this Agreement and in the other Loan Documents shall survive the execution and delivery of this Agreement and the making of the Loan hereunder. Customer's obligations contained in this Section 8 shall survive the payment and performance of the Obligations, the termination of this Agreement, and the release of the Collateral. This Agreement may be executed by the parties hereto on any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. The headings of the Sections hereof are for convenience only, are not part of this Agreement and shall not be deemed to affect the meaning or construction of any of the provisions hereof. Time is of the essence in the payment and performance of all of Customer's obligations under this Agreement. Any provision of this Agreement that may be determined to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective in such jurisdiction to the extent thereof without invalidating the remaining provisions of this Agreement, which shall remain in full force and effect.

Lender's Assignment. Lender, may at any time, with or without notice to Customer, freely grant a security interest in, sell, assign, participate or otherwise transfer (an "**Assignment**") all or any part of its interest in this Agreement and the other Loan Documents (including all associated rights associated with or secured thereby and the related international interests) or any amount due or to become due hereunder or thereunder, and Customer shall perform all of its obligations under the Loan Documents, to the extent so transferred, for the benefit of the beneficiary of such Assignment (such beneficiary, including any successors and assigns, an "**Assignee**"); provided, however, if such Assignee is not an Affiliate of Lender and if no Default or Event of Default exists, Lender will provide prior notice of any such Assignment to a third party. Customer hereby waives any right to assert, and agrees not to assert, against any Assignee any abatement, reduction, defense, setoff, recoupment, claim or counterclaim that Customer may have against Lender, provided that Lender remains fully responsible therefor. Upon the assumption by such Assignee of Lender's obligations hereunder, Lender shall be relieved of any such assumed obligations. Customer hereby consents to any such assignment, grant, sale or transfer, including, without limitation, for purposes of the Cape Town Convention. If so directed in writing, Customer shall pay all amounts due or to become due under the Loan Documents, including any of the same constituting associated rights or proceeds directly to the Assignee or any other party designated in writing by Lender or such Assignee. Customer acknowledges and agrees that Lender's right to enter into an Assignment is essential to Lender and, accordingly, waives any restrictions under Applicable Law with respect to an Assignment and any related remedies. Upon the request of Lender or any Assignee, Customer also agrees (a) to promptly execute and deliver, and cause to be executed and delivered by any Guarantor or any other Transaction Party, to Lender or to such Assignee an acknowledgment of assignment in form and substance satisfactory to the requesting party, an insurance certificate naming Assignee as additional insured and loss payee and otherwise evidencing the Required Coverages, an IDERA in favor of Assignee, and such other documents and assurances reasonably requested by Lender or Assignee, (b) to make, or cause to be made, all registrations (including all assignments and subordinations) and all amendments, extensions and discharges with the International Registry reasonably requested by Lender or Assignee (and give or obtain any necessary consent thereto, as well as renew any authorization required by the International Registry in connection therewith, including renewing its transacting user entity status and re-designating a professional user entity, if necessary in Lender's judgment), and (c) to comply with any and all other reasonable requirements of any such Assignee in connection with any such Assignment.

Jurisdiction. Customer and Lender each hereby irrevocably consents and agrees that any legal action, suit or proceeding arising out of or in any way in connection with this Agreement or any of the other Loan Documents may be instituted or brought in the courts of the State of New York or in the United States Courts for the Southern District of New York, as Customer or Lender may elect or in any other state or Federal court as Lender shall deem appropriate, and by execution and delivery of this Agreement, Customer and Lender each hereby irrevocably accepts and submits to, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of any such court, and to all proceedings in such courts. Customer and Lender each irrevocably consents to service of any summons and/or legal process by first class, certified United States air mail, postage prepaid, to Customer at the address set forth below its signature hereto, such method of service to constitute, in every respect, sufficient and effective service of process in any such legal action or proceeding. Nothing in this Agreement or in any of the other Loan Documents shall affect the right to service of process in any other manner permitted by law or limit the right of Lender to bring actions, suits or proceedings in the courts of any other jurisdiction. Customer and Lender each further agrees that final judgment against it in any such legal action, suit or proceeding shall 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 shall be conclusive evidence of the fact and the amount of the liability. Notwithstanding anything in the foregoing to the contrary, Lender and Customer may bring a judicial proceeding in the Republic of Ireland, solely with respect to matters relating to the International Registry.

Governing Law; Binding Effect. This Agreement shall be construed and enforced in accordance with, and the rights of both parties shall be governed by, the internal laws of the State of New York (without regard to the conflict of laws principles of such state, except as to the effect of Title 14, Section 5-1401 of the New York General Obligations Law), including all matters of construction, validity, and performance. This Agreement shall be binding upon and inure to the benefit of Customer and Lender and their respective successors and assigns (but without limiting the provisions of Section 8.5); except that Customer may not assign or transfer its rights or obligations hereunder or under any other Loan Agreement, or any interest herein or therein; and any such purported or attempted assignment or transfer by Customer shall be null and void.

Customer's Capacity as Owner Trustee. TVPX Aircraft Solutions Inc. ("TVPX") is executing this Agreement, and the other Loan Documents solely in its capacity as Owner Trustee under the Trust Agreement and not in its individual capacity and in no case shall TVPX be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of the Customer hereunder, or under any Loan Document, all such liability, if any, being expressly waived by the parties hereto and any Person claiming by, through, or under such party. Under no circumstances shall TVPX be personally liable for the payment of any other amount stated to be due from the Customer hereunder, or under any Loan Document, or be personally liable for the breach or failure of any of Customer's representations, warranties, covenants, obligations, undertakings and agreements hereunder, or under any Loan Documents; provided, however, that the Customer (or any such successor owner trustee) shall be personally liable hereunder for its own gross negligence or willful misconduct or for its breach of its covenants, representations and warranties contained herein, or in any Loan Document, to the extent covenanted or made in its individual capacity.

Jury Waiver. CUSTOMER AND LENDER EACH HEREBY KNOWINGLY AND FREELY WAIVES THEIR RESPECTIVE RIGHTS TO A JURY TRIAL IN ANY ACTION, SUIT OR PROCEEDING RELATING TO, ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE NOTE OR ANY OF THE OTHER LOAN DOCUMENTS.

[Signatures On Next Page]

IN WITNESS WHEREOF, the parties hereto have caused this Loan and Aircraft Security Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

BANC OF AMERICA LEASING & CAPITAL, LLC, Lender

TVPX AIRCRAFT SOLUTIONS INC., a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated July \_\_\_\_, 2017, Customer

By:  
Name:  
Title:  
Notice Address:

One Financial Plaza, 2nd Floor  
Providence, Rhode Island 02903  
Attention: Director of Aircraft Operations  
Telephone: 800-238-3737  
Facsimile: 401-278-7941

By:  
Name:  
Title:  
Notice Address:

39 East Eagle Ridge Drive, Ste. 201  
North Salt Lake, UT 84054  
Telephone: (801) 924-367  
Facsimile: (801) 877-0478

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## Annex A

## DEFINITIONS

The following terms shall have the following meanings for all purposes of this Agreement:

A. **Rules of Interpretation**. (1) The following terms shall be construed as follows: (a) " **herein** ," " **hereof** ," " **hereunder** ," etc.: means in, of, under, etc. this Agreement as a whole (and not merely in, of, under, etc. the section or provision where the reference occurs); (b) " **including** ": means including without limitation unless such term is followed by the words " **and limited to** ," or similar words; and (c) " **or** ": means at least one, but not necessarily only one, of the alternatives enumerated. (2) Any defined term used in the singular preceded by " **any** " indicates any number of the members of the relevant class. (3) Except as otherwise indicated, all the agreements and instruments defined herein or in the Agreement shall mean such agreements and instruments as the same may from time to time be supplemented or amended, or as the terms thereof may be expressly waived or modified to the extent permitted by, and in accordance with, the terms thereof. (4) The terms defined herein and in the Agreement shall, for purposes of the Agreement and the addenda, annexes, schedules, and exhibits thereto, have the meanings assigned to them and shall include the plural as well as the singular as the context requires.

B. **CTC Terms**. Certain of the terms used in the Agreement (" **CTC Terms** ") have the meaning set forth in and/or intended by the " **Cape Town Convention** ", which term means, collectively, (i) the official English language text of the Convention on International Interests in Mobile Equipment, adopted on 16 November 2001 at a diplomatic conference held in Cape Town, South Africa, as the same may be amended or modified from time to time (the " **Convention** "), (ii) the official English language text of the Protocol to the Convention on International Interests in Mobile Equipment on Matters Specific to Aircraft Equipment, adopted on 16 November 2001 at a diplomatic conference held in Cape Town, South Africa, as the same may be amended or modified from time to time (the " **Protocol** "), and (iii) the related procedures and regulations for the International Registry of Mobile Assets located in Dublin, Ireland and established pursuant to the Cape Town Convention, along with any successor registry (the " **International Registry** "), issued by the applicable supervisory authority pursuant to the Convention and the Aircraft Protocol, as the same may be amended or modified from time to time. By way of example, but not limitation, these CTC Terms include, "administrator", "associated rights", "contract of sale", "sale", "prospective sale", "proceeds", "international interests", "prospective international interest", "security assignment", "transfer", "working days", "consent", "final consent", "priority search certificate", "professional user entity", "transacting user entity" and "contract"; except "proceeds" shall also have the meaning set forth below.

C. **Other Defined Terms**.

**Affiliate** shall mean, with respect to Lender or Customer, as applicable, any affiliated Person controlling, controlled by or under common control with such party, and for this purpose, 'control' means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of any such Person, whether through the legal or beneficial ownership of voting securities, by contract or otherwise.

**Aircraft** shall mean (i) the Airframe, (ii) the Engines, (iii) the APU and (iv) the Records, and all accessories, additions, accessions, alterations, modifications, Parts, repairs and attachments now or hereafter affixed thereto or used in connection therewith, and all Permitted Replacements and all other replacements, substitutions and exchanges (including trade-ins) for any of the foregoing.

**Aircraft Lease Agreement** shall mean all of the documents and agreements constituting the aircraft lease agreement referenced in Consent to Aircraft Lease Agreement.

**Airframe** shall mean (i) the airframe described in Annex C hereto, and shall not include the Engines, APU, and (ii) any and all related Parts.

**Applicable Law** shall mean all applicable laws, statutes, treaties, conventions, judgments, decrees, injunctions, writs and orders of any Governmental Authority and rules, regulations, orders, directives, licenses and permits of any Governmental Authority as amended and revised, and any judicial or administrative interpretation of any of the same, including the airworthiness certificate issued with respect to the Aircraft, the Cape Town Convention, the UCC, the Transportation Code, all TSA regulations, all FARs, airworthiness directives, and/or any of the same relating to the Collateral generally or to noise, the environment, security, public safety, insurance, taxes and other Impositions, exports or imports, anti-money laundering, anti-terrorism, economic sanctions or contraband.

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**LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)**

**THIS LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)** (together with all Addenda, Riders and Annexes hereto, this " **Agreement** ") is dated as of July 27, 2017 (the " **Closing Date** "), by and between **TVPX AIRCRAFT SOLUTIONS INC.**, a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated as of July 27, 2017 (" **Customer** ") and **BANC OF AMERICA LEASING & CAPITAL, LLC**, a Delaware limited liability company (" **Lender** ").

In consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which

are hereby acknowledged, the parties hereto agree as follows:

Capitalized and certain other terms used but not otherwise defined in this Agreement shall have the meanings ascribed to them in Annex A attached hereto and made a part hereof.

#### **Terms of Loan .**

Loan and Use of Proceeds . Subject to the terms and conditions of this Agreement, Lender agrees to make a loan to Customer in the principal amount set forth in Annex B attached hereto and made a part hereof (the “ **Loan** ”). Customer shall use the proceeds of the Loan to finance the costs of the acquisition of the Aircraft.

Repayment and Prepayment . The Customer’s obligation to repay the Loan shall be evidenced by one or more Promissory Notes dated on and/or after the Closing Date, payable by Customer to the order of Lender in the original principal amount of the Loan (as amended, modified, restated, extended and renewed from time to time, the “ **Note** ”). The Loan shall bear interest and be repaid by Customer at the times and in the manner set forth in the Note. The Loan may be prepaid only in the manner and subject to terms and conditions set forth in the Note and, if applicable, Section 4.7 hereof.

Conditions of Borrowing . Lender’s obligation to make the Loan shall be both subject to and conditioned upon the satisfaction of all of the conditions precedent specified in the Closing Terms Addendum attached to and made a part of this Agreement.

Representations and Warranties . In order to induce Lender to enter into this Agreement and to make the Loan herein provided for, Customer represents, warrants and covenants to Lender that:

(i) Customer (A) is duly qualified to do business in each jurisdiction in which the conduct of its business or the ownership or operation of its assets requires such qualification, including the jurisdiction of the Primary Hangar Location and wherever any of the Collateral may become located; (B) has the necessary authority and power to own and operate the Aircraft and its other assets and to transact the business in which it is engaged; (C) is a “citizen of the United States” within the meaning of the Transportation Code; and (D) has the form of business organization set forth in Annex B hereto and is and will remain duly organized, validly existing and in good standing under the laws of the state of its organization set forth in Annex B hereto, its federal tax identification number is as set forth in Annex B hereto, and its state-issued organizational identification number (if any), chief executive office and principal place of business address are all as set forth on Annex B hereto; and (ii) its name as shown in the preamble of this Agreement is its exact legal name as shown on its charter, by-laws, articles of organization or operating agreement, as applicable, each as amended as of the Closing Date;

(i) Customer’s execution and delivery of, and performance of its obligations under and with respect to, each of the Loan Documents (including its borrowing the amounts constituting the Loan, granting the Lender’s Lien against the Aircraft and other Collateral and participating in the other transactions contemplated herein and therein), (A) have been duly authorized by all necessary action on the part of Customer consistent with its form of organization, (B) do not contravene or constitute a default under any Applicable Law, any of Customer’s Organizational Documents, or any agreement, indenture, or other instrument to which Customer is a party or by which it may be bound, (C) do not require the approval of or notice to (1) any Governmental Authority, except for the filings and registrations specified in the Closing Terms Addendum, all of which shall have been duly effected prior to or concurrently with Lender making the Loan, or (2) any other party (including any trustees or holders of indebtedness), and (D) will not result in the creation or imposition of any Lien on any of the assets of Customer other than the Lender’s Lien created hereby and by the other Loan Documents with respect to the Collateral; (ii) each of the Transaction Documents referenced in the Closing Terms Addendum to which Customer is a party has been duly executed and delivered by an authorized representative of the Customer, and constitutes the legal, valid and binding obligation of the Customer, enforceable against it in accordance with the respective terms of such Transaction Documents (including, without limitation, the grant of the Lender’s Lien); and (iii) without limiting the foregoing, upon Lender’s advancing the Loan on the Closing Date, (A) Customer will have satisfied or complied with all conditions precedent and requirements as set forth in the Loan Documents required to have been satisfied or complied with concurrently with or prior to such advance and (B) no Default or Event of Default shall be then existing;

there are no proceedings pending or, so far as the officers, managers, or members of Customer know, threatened against or affecting Customer or any of its property before any Governmental Authority that could impair Customer’s title to the Aircraft or any of the other Collateral, or that, if decided adversely, could materially affect the financial condition or operations of Customer or its ability to perform its obligations under any of the Loan Documents;

(i) Customer has, and shall continue to have, good and marketable title to the Collateral, free and clear of Liens, except Permitted Liens; (ii) the Lender’s Lien in the Airframe, the Engines and the other Collateral is and shall remain validly created and perfected, and has and shall continue to have first priority over any other Liens pursuant to all Applicable Laws; and (iii) all filings, recordings, registrations or other actions necessary or desirable in order to vest such title in Customer, and establish, perfect and give first priority to Lender’s Lien and other rights and interests in, against or with respect to the Collateral, have been duly effected, and all Impositions in connection therewith have been duly paid;

without limiting any of the other representations and warranties in this Agreement, for the purposes of the Cape Town Convention and any other Applicable Law, (i) upon the conclusion of the sale of the Aircraft to Customer, and Customer’s grants and assignments, and (if constituting a lease) any Permitted Third Party Agreement, contemplated in the Loan Documents or other Transaction Documents, Customer and (if a lessee) any Interested Third Party shall be situated in, and Customer will cause the Aircraft to be duly registered in, the United States of America (which is a contracting state), (ii) with respect to any of the Transaction Documents relating to the Airframe or Engine, each of the respective parties thereto has power to dispose of the Airframe and Engine, as contemplated therein by way of the relevant Transaction Document, and (iii) the Purchase Documents qualify as a “contract of sale”, and (if constituting a lease) any Permitted Third Party Agreement and the Loan Documents are effective to constitute international interests in the Airframe and Engine and security assignments of the related associated rights and transfer of the related international interests, as contemplated therein, and each such Registerable Interest will be effective against third parties upon registration at the International Registry, without any further filings or registrations (except as contemplated in the Loan Documents);

(i) the Aircraft (A) has been delivered to Customer, is in Customer’s possession and is, as of the Closing Date, unconditionally, irrevocably and fully accepted by Customer, (B) has been inspected by Customer to its complete satisfaction and, without limiting the foregoing, (1) has been found to be in good working order, repair and condition and fully equipped to operate for its intended purpose, and (2) is in conformity with the requirements of the Purchase Agreement and the Applicable Standards, (C) is, or will be at the time of the funding of the Loan, currently certified under existing FAA rules and regulations and any other Applicable Laws and is airworthy in all respects, and (D) is and will remain primarily hangered at the Primary Hangar Location; and (ii) without limiting the foregoing, (A) solely as between Lender and Customer (and without prejudicing Customer’s rights against Vendor or any other third party, which rights are not being disclaimed hereby), Customer has no pending claims and has no knowledge of any facts upon which a future claim may be based, against any prior owner, the seller, manufacturer or supplier of the Aircraft or any of the other Collateral, for breach of warranty or otherwise, and (B) all of the information contained in Annex C, including the registration number of the Aircraft, and the serial numbers, manufacturer and model numbers of the Airframe, Engines, and APU, are true and accurate in all respects; and

(h) the Aircraft (i) is currently capable of being certified under existing FAA rules and regulations and completely airworthy in all respects, (ii) will undergo an inspection by a Designated Airworthiness Representative of the FAA (“ **DAR** ”) on the Closing Date and (iii) an FAA Standard Airworthiness Certificate (AC Form 8100-2) shall be issued for the Aircraft no later than two (2) Business Days after the Closing Date.

**Covenants** . Customer covenants and agrees that from and after the Closing Date and so long as any of the Obligations are outstanding:

Notices; Financial Information; and Further Assurances . Customer will, at its sole expense:

promptly give written notice to Lender of (i) the occurrence of any Default or Event of Default; (ii) the occurrence of any Event of Loss or event of which Customer may be aware that could become an Event of Loss; (iii) the commencement or written threat of any material litigation or proceedings affecting Customer or any material litigation or proceedings affecting the Aircraft or any of the other Collateral, or the ability of Customer to comply with its obligations under the Loan Documents; and (iv) any material dispute between Customer or any Interested Third Party and any Governmental Authority or other party that involves the Aircraft or any of the other Collateral or that might materially interfere with the normal business operations of Customer;

cause Guarantor to comply with the financial reporting requirements set forth in the Guaranty and promptly furnish to Lender any such financial and other information regarding the Customer or Guarantor or any of its Affiliates as Lender may from time to time reasonably request; and

promptly execute and deliver to Lender such further instruments, UCC and FAA filings (including an IDERA) and other documents, make, cause to be made and/or consent to all registrations (including any discharges and subordinations, or as to the prospective or actual sale of, and any international interest in, the Engines) with the International Registry, and take such further action, as Lender may from time to time reasonably request in order to further carry out the intent and purpose of the Loan Documents and to establish, protect and enforce the rights, interests, remedies and Liens (including the first priority thereof) created, or intended to be created, in favor of Lender thereby.

General Obligations . (a) Customer agrees that it shall (i) duly observe and conform to all requirements of Applicable Law relating to the conduct of its business and/or the Aircraft, (ii) remain a "citizen of the United States" within the meaning of the Transportation Code, (iii) obtain and keep in full force and effect (A) all rights, franchises, licenses and permits that are necessary to the proper conduct of its business, and (B) all approvals by any Governmental Authority required with respect to the performance of its obligations under the Loan Documents and the operation of the Aircraft and its business, (iv) cause the Aircraft to remain primarily hangared at the Primary Hangar Location, and duly registered in Customer's name under the Transportation Code (including, by making all necessary reports, re-registering its ownership of the Aircraft, and taking all other actions required by Applicable Law), and (v) pay and perform all of its obligations and liabilities when due. (b) Customer agrees that (i) it shall not change its presently existing legal name or its form or state of organization on or after the date of this Agreement, without Lender's prior written consent, (ii) if its presently existing state organizational identification number changes, or if Customer currently has no such state organizational number but is subsequently issued such a number, on or at any time after the date of this Agreement, Customer shall immediately notify Lender thereof, and (iii) it shall not change the presently existing mailing, chief executive office and/or principal place of business address on or after the date of this Agreement without giving Lender thirty (30) days written notice of the same.

Taxes . (a) Customer will file or cause to be filed with all appropriate taxing authorities all Federal, state and local income tax returns that are required to be filed and all registrations, declarations, returns and other documentation with respect to any personal property taxes (or any other taxes in the nature of or imposed in lieu of property taxes) due or to become due with respect to the Aircraft or any of the other Collateral. (b) Customer will pay (or cause to be paid) (i) on or before the date when due all taxes as shown on said returns and all taxes assessed, billed or otherwise payable with respect to the Aircraft or the other Collateral directly to the appropriate taxing authorities; and (ii) when due all license and/or registration or filing fees, assessments, governmental charges and sales, use, property, excise, privilege, value added and other taxes (including any related interest or penalties) or other charges or fees now or hereafter imposed by any governmental body or agency upon Customer or the Aircraft or any of the other Collateral, with respect to the landing, airport use, manufacturing, ordering, shipment, purchase, ownership, delivery, installation, leasing, chartering, operation, possession, use or disposition of the Aircraft or any of the other Collateral, or any interest therein (the items referred to in (i) and (ii) above being referred to herein collectively, as "**Impositions** ").

No Disposition of Collateral or Liens; Title and Security Interest .

Customer shall not sell, assign, enter into any Third Party Agreement, convey, mortgage, exchange or otherwise transfer or relinquish possession of (including by any seizure or other taking by any foreign or domestic governmental authority) or dispose of the Airframe or Engines, any Part, any related associated rights, international interests or prospective international interests, any proceeds or any of the other Collateral, or attempt or offer to do, or suffer or permit any of the foregoing. Customer shall be permitted, however, to deliver possession of the Airframe, the Engines, or any APU or Part to another Person for testing, service, repair, maintenance, overhaul, alteration or modification, and to enter into Permitted Third Party Agreements, in each case, if and to the extent consistent with the provisions of the Loan Documents. Customer will warrant and defend its good and marketable title to the Airframe, the Engines and the other Collateral, and the validity, perfection and first priority of Lender's Lien in the Collateral, against all other Liens, claims and demands whatsoever, except Permitted Liens; and without limiting the foregoing, Customer will (i) not create, assume or suffer to exist any Liens on or with respect to the Airframe, the Engines, or any of the other Collateral, or Customer's interest therein (other than Permitted Liens); and (ii) promptly take such action as directed by Lender to duly discharge any such unpermitted Liens.

So long as no Default or Event of Default is then existing, Customer may enter into and remain a party to Third Party Agreements, in each such case, subject to the satisfaction of, and compliance by Customer and each Interested Third Party with, all of the following throughout the term of such arrangement: (i) Each such Interested Third Party shall (A) be and remain solvent, and (unless an individual) organized under the laws of a state within the United States; and (B) if engaged by Customer with the prior written consent of Lender as a manager and/or charter operator (including the Manager pursuant to the Management Agreement), while so engaged, (1) have a recognized favorable reputation as a manager and/or charter operator, as the case may be, of aircraft similar to the Aircraft, (2) be providing management and/or charter operation services for other aircraft owners similar to the services contemplated therein, and (3) if and at all times while conducting any charter operations (x) have and maintain a valid Part 135 Certificate evidencing its authority to conduct such operations, (y) list the Aircraft on its operations specifications, and (z) comply with all Applicable Standards pertaining to such charter operations. (ii) Any operation of the Aircraft pursuant to any such Third Party Agreement shall be limited to (A) if by Customer, Parent Guarantor or any Affiliate of Parent Guarantor, any time sharing agreements (as defined in Section 91.501(c)(1)) complying with Part 91 of the FARs and all other Applicable Standards, (B) if by a manager and/or a charter operator with Lender's prior written consent, pursuant to and in full compliance with the requirements of Part 135 of the FARs and all other Applicable Standards, or (C) if such Third Party Agreement is a "dry lease" by Customer, as lessor, to Parent Guarantor or an Affiliate of Parent Guarantor or other Interested Third Party permitted pursuant hereto, as lessee, operation by such lessee complying with (1) Part 91 and any other applicable provision of the FARs, and all other Applicable Standards, and (2) the provisions hereof and of the other Loan Documents pertinent to the operation of the Aircraft (whether by Customer or any permitted Interested Third Party). (iii) The related Third Party Agreement shall (A) be and remain, subject and subordinate to Lender's Lien in and with respect to the Collateral, and Lender's rights and remedies under the Loan Documents (and such subordination shall be expressly acknowledged therein), (B) not convey any Lien on, or other property interest in or against the Airframe, the Engines or any of the other Collateral, except for a Permitted Lien (but, without giving effect to clause (a) of the definition of such term), (C) not permit any further sublease or disposition of or unpermitted Lien against the Aircraft or any of the other Collateral by any of the Interested Parties thereto or any other Person, or any change in registration or unpermitted change in hangaring of the Aircraft, (D) not contain provisions that are inconsistent with the provisions of any of the Loan Documents or cause Customer to breach any of its representations, warranties or agreements under any of the Loan Documents, (E) be in conformity with all requirements of the FARs and other Applicable Laws, and (F) otherwise conform to any Operating Consent required by Lender with respect thereto. (iv) (A) Customer shall have specified such Third Party Agreement on Annex B if

existing on the Closing Date, or if not then existing shall require Lender's prior written consent and at least thirty (30) Business Days' prior written notice of its intention to enter into a Third Party Agreement and (B) no later than the effective date thereof Customer shall comply with, and at all times thereafter remain in compliance with, any related requirements by Lender, including (1) entering into, and causing any related Interested Third Parties to enter into, an Operating Consent, (2) causing Lender to be covered by the Required Coverages (which, for the purposes hereof, may include insurance coverages obtained and maintained by an Interested Third Party, conforming to the insurance requirements herein and in any of the other Loan Documents), and (3) entering into or delivering, or causing to be entered into and delivered, all such other documents, filings and assurances, making or causing to be made such filings and registrations, and taking or causing to be taken all such other actions, in each case as may be required by Lender and (4) paying or reimbursing Lender for any related costs or expenses. (v) Lender shall have the right, but not the obligation, to (A) require reasonable evidence that any Interested Third Party satisfies the requirements provided herein, and (B) review any such Third Party Agreement, as from time to time supplemented and amended, to determine its conformity with the provisions hereof, but without assuming any responsibility with respect thereto. (vi) Customer shall neither make, nor permit to be made, any filing or registration with respect to any Permitted Third Party Agreement, unless so directed by Lender pursuant to Section 5.2 or otherwise. Notwithstanding the foregoing limitations Parent Guarantor or any Affiliate shall be permitted to conduct the carriage of Parent Guarantor or any Affiliate and/or their respective guests pursuant to 14 CFR Section 91.501(b)(4), affiliated group operations pursuant to 14 CFR Section 91.501(b)(5) and/or (6), demonstration flights pursuant to 14 CFR Section 91.501(b)(3), time sharing or interchange operations pursuant to 14 CFR Section 91.501(b)(6), the carriage of customers pursuant to 14 CFR Section 91.501(b)(9) and/or the carriage of candidates in Federal elections conducted pursuant to 14 CFR Section 91.321.

With respect to any Third Party Agreements complying with all of the provisions of Section 4.4(b) (each a "**Permitted Third Party Agreement**"), although certain of the duties and obligations of Customer under the Loan Documents may be performed by one or more of the Interested Third Parties, (i) no such Permitted Third Party Agreement shall reduce any of Customer's obligations, or Lender's rights, under any of the Loan Documents, (ii) all of Customer's obligations under the Loan Documents shall be and remain primary and continue in full force and effect as the obligations of a principal and not of a guarantor or surety, and (iii) Lender is not waiving the right to require full and timely performance of any such obligations in strict accordance with the provisions hereof and of the other Loan Documents. By way of clarification and not limitation, with respect to any provisions of this Agreement or any of the other Loan Documents requiring Customer to take or refrain from taking an action relating to the Aircraft or any of the other Collateral, such provision may also be read to mean that Customer shall cause the same to be done in accordance therewith, if at that time the Aircraft or such other Collateral is in the possession or control of an Interested Third Party pursuant to a Permitted Third Party Agreement.

#### Use of Aircraft; Maintenance; Modifications; Security.

Customer will operate the Aircraft or shall cause the Aircraft to be operated under and in compliance with Part 91 and any other applicable provision of the FARs, and all other Applicable Standards. Unless otherwise expressly permitted hereunder, (i) Customer shall not operate or permit the Aircraft to be operated for air taxi operations or otherwise under Part 135 of the FARs; and (ii) Customer, an Affiliate or other Interested Third Party shall at all times have, and maintain, "operational control" of the Aircraft (as such term is then interpreted by the FAA or such other applicable Governmental Authority), and no other Person shall operate the Aircraft. The Aircraft at all times will be operated by duly qualified pilots having satisfied all requirements established and specified by the FAA, the TSA, any other applicable Governmental Authority and the Required Coverages.

the Aircraft may be flown temporarily to any country in the world, provided that the Aircraft (i) shall at all times be based in the continental United States; and (ii) shall not be flown, operated, used or located in, to or over any such country or area (temporarily or otherwise) (A) that is excluded from the Required Coverages (or specifically not covered by such insurance), (B) with which the U.S. does not maintain favorable diplomatic relations (which is any country or jurisdiction not marked with an "\*" on the list maintained by the U.S. Department of State, at <http://www.state.gov/s/inr/rls/4250.htm> or any replacement or equivalent website maintained by the U.S. Department of State), provided that the prohibition in this clause (B) does not prohibit the operation of the Aircraft on an approved and assigned air traffic control route (if and so long as such use is otherwise in compliance with the provisions of the this Agreement and does not violate any insurance policies in effect with respect to the Aircraft), (C) to the extent that payment of any claim under the Required Coverages directly or indirectly arising or resulting from or connected with any such flight, operation, use or location would be prohibited under any trade or other economic sanction or embargo by the United States of America, or (D) in violation of any of the Loan Documents or any Applicable Standards. Customer shall adopt, implement and comply with all security measures required by any Applicable Law, or by any Required Coverages, or that are necessary or appropriate for the proper protection of the Aircraft (whether on the ground or in flight) against theft, vandalism, hijacking, destruction, bombing, terrorism or similar acts.

Customer agrees that, with respect to the Airframe, the Engines, each APU and each Part, Customer will at its own expense, (i) maintain, inspect, service, repair, overhaul and test the same in accordance with Applicable Standards; (ii) make any alterations or modifications that may at any time be required to comply with Applicable Standards, and to cause the Aircraft to remain airworthy; (iii) furnish all required parts, replacements, mechanisms, devices and servicing so that the condition and operating efficiency thereof will at all times be no less than its condition and operating efficiency as and when delivered to Customer, ordinary wear and tear from proper use alone excepted; (iv) promptly replace all Parts (A) which become worn out, lost, stolen, taken, destroyed, damaged beyond repair or permanently rendered or declared unfit for use for any reason whatsoever, or (B) if not previously replaced pursuant to clause (A), as and when required by any Applicable Standards, including any applicable life limits; and (v) maintain (in English) all Records in accordance with Applicable Standards; and (vi) enroll and maintain the Engines in an Engine Maintenance Program and the APU in an APU Maintenance Program or shall cause the foregoing to be done. All maintenance procedures shall be performed by properly trained, licensed, and certified maintenance sources and personnel utilizing replacement parts approved by the FAA and the manufacturer of (as applicable) the Airframe, the Engines, or any APU or Part. Without limiting the foregoing, Customer shall comply with all mandatory service bulletins and airworthiness directives by causing compliance to such bulletins and/or directives to be completed through corrective modification in lieu of operating manual restrictions.

Customer will not make, authorize or permit any improvement, change, addition or alteration to the Aircraft that will impair the originally intended function or use of the Aircraft, diminish the value of the Aircraft as it existed immediately prior thereto, or violate any Applicable Standard. All repairs, parts, replacements, mechanisms and devices added by Customer or on its behalf shall immediately, without further act, become part of the Aircraft and subject to the Lender's Lien granted under this Agreement.

#### Insurance.

Customer agrees to maintain or cause to be maintained at all times, at its sole cost and expense, with insurers of recognized reputation and responsibility satisfactory to Lender (but in no event having an A.M. Best or comparable agency rating of less than "A-");

(A) comprehensive aircraft liability insurance against bodily injury or property damage claims including, without limitation, contractual liability, premises liability, death and property damage liability, public and passenger legal liability coverage, and sudden accident pollution coverage, in an amount not less than \$200,000,000.00 for 20 or more seats, or if the Aircraft will be chartered, or \$100,000,000.00 for 10 or

more seats, or \$50,000,000.00 for fewer than 10 seats for each single occurrence, and (B) personal injury liability in an amount not less than \$25,000,000.00; but, in no event shall the amounts of coverage required by sub-clauses (A) and (B) be less than the coverage amounts as may then be required by Applicable Law;

"all-risk" ground, taxiing, and flight hull insurance on an agreed-value basis, covering the Aircraft, provided that such insurance shall at all times be in an amount not less than the greater of (1) the full replacement value of the Aircraft (as determined by Lender), or (2) the unpaid principal amount of the Note (each such amount re-determined as of each anniversary of the date hereof for the next succeeding year throughout the term of this Agreement); and

war risk and allied perils (including confiscation, appropriation, expropriation, terrorism and hijacking insurance) in the amounts required in paragraphs (i) and (ii), as applicable.

Any policies of insurance carried in accordance with this Section 4.6 and any policies taken out in substitution or replacement of any such policies shall (i) be endorsed to name Lender as an additional insured as its interests may appear (but without responsibility for premiums), (ii) provide, with respect to insurance carried in accordance with Section 4.6(a)(ii) or (a)(iii) above, that any amount payable thereunder shall be paid directly to Lender as sole loss payee and not to Lender and Customer jointly, (iii) provide for thirty (30) days' (seven (7) days' in the case of war, hijacking and allied perils) prior written notice by such insurer of cancellation, material change, or non-renewal, (iv) include a severability of interest clause providing that such policy shall operate in the same manner as if there were a separate policy covering each insured, (v) waive any right of set-off against Lender, and any rights of subrogation against Lender, (vi) provide that in respect of the interests of Lender in such policies, that the insurance shall not be invalidated by any action or inaction of Customer or any other Person operating or in possession of the Aircraft, regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by or binding upon Customer or any other Person operating or in possession of the Aircraft, and (vii) be primary, not subject to any co-insurance clause and shall be without right of contribution from any other insurance.

Customer shall not self-insure (by deductible, premium adjustment, or risk retention arrangement of any kind) with respect to any of the risks required to be insured pursuant to this Section 4.6. Customer agrees that it shall obtain and maintain such other insurance coverages, or cause adjustments to be made to the scope, amount or other aspects of the existing insurance coverages, promptly upon Lender's request, as and when Lender deems such additional insurance coverages or modifications to be appropriate in light of any changes in Applicable Law, prudent industry practices, the insurance market, Customer's anticipated use of the Aircraft or other pertinent circumstances. All of the coverages required herein shall be in full force and effect worldwide throughout any geographical areas to, in or over which the Aircraft is operated. All insurance proceeds payable under the requisite policies shall be payable in U.S. Dollars.

At least ten (10) days prior to the policy expiration date for any insurance coverage required by this Section 4.6, Customer shall furnish to Lender evidence (having the form and substance consistent with Section 1(f) of the Closing Terms Addendum) of the renewal or replacement of such coverage, complying with the terms hereof, for a twelve (12) month or greater period commencing from and after such expiration date.

#### Event of Loss: Loaner Engines.

Upon the occurrence of any Event of Loss with respect to the Aircraft and/or the Airframe, Customer shall notify Lender of any such Event of Loss within five (5) days of the date thereof. Customer shall pay the then Outstanding Balance promptly upon its receipt of insurance proceeds relating to such Event of Loss, but in no event later than ninety (90) days after the occurrence of such Event of Loss (irrespective as to whether any or all of such proceeds have been received). Upon Lender's receipt in good and indefeasible funds of all of the amounts required to be paid pursuant to the preceding sentence (whether by applying Customer's payment of such amounts, or any such insurance proceeds, or both) the Aircraft shall be released from the Lender's Lien, and Lender shall remit to Customer any such insurance proceeds so received by Lender, to the extent then remaining.

Upon an Event of Loss with respect to an Engine or any APU (as applicable, a " **Lost Item** ") under circumstances in which there has not occurred an Event of Loss with respect to the Airframe, Customer shall, within one hundred twenty (120) days after the occurrence of such Event of Loss, replace such Lost Item, with a Permitted Replacement. Any engine or auxiliary power unit constituting a " **Permitted Replacement** " for a Lost Item shall (i) be of the same make and model number as the Lost Item, (ii) be free and clear of all Liens and (iii) have a value, utility and useful life at least equal to, and be in as good an operating condition as, the Lost Item, assuming such Lost Item was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss. Customer, at its own cost and expense, shall (i) furnish Lender with such documents to evidence such conveyance, (ii) cause the Permitted Replacement to be subject to the Lender's Lien under this Agreement, and (iii) take such other actions as may be required by Lender to cause the Lender's Lien therein to be validly created, perfected and have first priority, including as evidenced on the FAA Registry, the International Registry, and any other recording office. Each such Permitted Replacement shall, after such conveyance, be deemed an "Engine" or "APU" (as defined herein), as applicable, and shall be deemed part of the same Aircraft as was the Lost Item replaced thereby.

In the event an Engine is damaged and is being repaired, or is being inspected or overhauled, Customer, at its option, may temporarily substitute another engine during the period of such repair or overhaul, so long as such engine is of the same make and model as the Engine being repaired or overhauled, is free and clear of any Lien that might impair Lender's rights or interests in the Airframe and is maintained in accordance herewith (any such substitute engine being hereinafter referred to as a " **Loaner Engine** "). Customer shall (i) cause such Loaner Engine to be installed and removed, as applicable, by a maintenance facility certified by the FAA and manufacturer with respect to the Aircraft, and (ii) cause the repaired or overhauled original Engine to be reinstalled on the Airframe promptly upon completion of the repair or overhaul, but in no event later than the earlier of one hundred twenty (120) days after removal or the occurrence of an Event of Default.

So long as no Default has occurred and is continuing, and no Event of Default or Event of Loss with respect to the Aircraft has occurred, any loss or damage proceeds of the Required Coverages received by Lender shall be released promptly by Lender to Customer to reimburse Customer for paying the costs actually incurred with respect to repairs made to the Aircraft so as to restore it to the condition required by this Agreement, or for the purchase of a Permitted Replacement pursuant to Section 4.7(b), or shall be disbursed by Lender as otherwise required by this Agreement.

Aircraft Registration. On or before the Closing Date, and at all times thereafter, so long as any of the Obligations are outstanding, Customer shall remain solely responsible pursuant to the applicable provisions of this Agreement to cause (i) the Aircraft to be effectively and otherwise validly registered in Customer's name on the Registry, and (ii) the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft, in each case, accordance with the Registration Requirements; and without limiting the foregoing, or any other provision of this Agreement, Customer shall:

cause the Registration Certificate to be maintained within the Aircraft and cause the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft; including by (A) notifying Lender immediately of any event or circumstance with respect to which the Registration Requirements require further action by Customer, the Registry or any other Governmental Authority or other Person, (B) immediately upon receipt, placing the original, replacement or renewal Registration Certificate on the Aircraft prior to the expiration or other invalidation of any previously issued Registration Certificate (whether the certificate or any other document constituting the Registration Certificate as defined herein) under the Registration Requirements, and (C) complying with any and all of the other Registration Requirements relating to such Registration Certificate, and to the Registration Certificate replaced thereby (including any of the same relating to the

destruction or return thereof, as the case may be); and

upon the occurrence, and at all times thereafter, of any Defective Registration (and without waiving Customer's responsibility to avoid such circumstance), or if the operation of the Aircraft is no longer authorized by the Registration Requirements, Customer shall (A) neither operate nor permit or suffer the operation of the Aircraft without a currently effective and otherwise valid Registration Certificate (and shall cause the pilots to be made aware of the Defective Registration), and otherwise comply with the FARs and other Applicable Laws relating to such Defective Registration, (B) ground and store the Aircraft in a manner reasonably acceptable to Lender, and (C) inform the insurer or insurers thereof, and obtain and maintain adjustments to the insurance coverages required pursuant Section 4.6 of this Agreement which may be necessary or desirable to Lender so as to reflect any changes in the insurable risks relating to any Defective Registration.

**Security Interest; Power of Attorney; Inspection .**

Grant of Security Interest . As collateral security for the prompt and complete payment and performance as and when due of all of the Obligations and in order to induce Lender to enter into this Agreement and make the Loan to Customer in accordance with the terms hereof, Customer hereby grants, pledges and assigns to Lender a first priority security interest, collateral assignment, international interest, prospective international interest, security assignment and prospective security assignment, in, against, under and with respect to (the " **Lender's Lien** ") all of Customer's right, title and interest in, to and under all of the following collateral, whether now existing or hereafter acquired (collectively, the " **Collateral** "): (i) the Aircraft, including the Airframe, the Engines, each of the APU and Parts, and the Records; (ii) any and all present and future Third Party Agreements; (iii) any and all other associated rights secured by or associated with the Airframe and/or the Engines, together with any related international interests and prospective international interests; (iv) any collateral described in the other Loan Documents (including in any Operating Consent); and (v) all proceeds of the foregoing. By way of clarification and not limitation, the foregoing grant of the Lender's Lien shall include, as applicable (and in each case, being validly registered and having first priority), an international interest in the Airframe and in each Engine. Notwithstanding the foregoing, (i) Customer shall not enter into any Third Party Agreements unless expressly permitted by Section 4.4 and (ii) Lender is not assuming, nor shall it be responsible for, any obligations, liabilities or duties of any kind whatsoever of Customer (and/or of any other Person) relating to the Collateral. Customer agrees that it shall perform and procure performance in accordance with any Third Party Agreement or other agreement or instrument giving rise to any associated rights that are or may become subjected to the Lender's Lien.

UCCs, Registrations, Etc.; Lender as Attorney-in-Fact . Customer hereby irrevocably:

authorizes Lender to prepare and file any UCC financing statements, amendments, continuations, terminations, assignments and other filings, or take such other actions for the purpose of perfecting, affording first and exclusive priority to or otherwise relating to Lender's Lien under this Agreement or the other Loan Documents;

consents to, and authorizes its professional user entity to consent to, the registration of each Registerable Interest requested by Lender or its Assignee, or otherwise required by the provisions of this Agreement or any of the other Loan Documents, including any subordination, amendment, assignment, discharge or undertaking permitted by the Cape Town Convention with respect thereto; and

constitutes and appoints Lender (including any Person acting on Lender's behalf), as its true and lawful attorney-in-fact with full power and authority in the place and stead of Customer and in the name of Customer or in its own name, for the purpose of carrying out the terms of this Agreement; which authority shall include the following undertakings that may be exercisable by Lender in its sole discretion at any time, and from time to time, if an Event of Default is then existing or upon the occurrence of an Event of Loss: (i) in Customer's name, file and/or record, such further instruments, filings and other documents, make, cause to be made and/or consent to all registrations with the International Registry, and take such further action, to establish and protect Lender's rights, interests and remedies created, or intended to be created, pursuant to the Loan Documents; (ii) endorse Customer's name on any checks, notes, drafts or any other payments or instruments, or set off, apply, or take such other actions with respect to any funds relating to the Collateral that come into Lender's possession or control; and (iii) to settle, adjust, receive payment and make claim or proof of loss, and take such other actions relating to the Required Coverages. This appointment is coupled with an interest, is irrevocable and shall terminate only upon indefeasible payment and performance in full of all of the Obligations. The powers conferred on Lender hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Lender shall be accountable only for amounts that it actually receives in good and indefeasible funds as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to Customer for any act or failure to act. Without limiting the foregoing, Customer agrees that within five (5) Business Days of Lender's request, Customer will enter into an irrevocable power-of-attorney authorizing Aviation Counsel or Lender's other designee as Customer's professional user entity and administrator for the purpose of discharging any Registerable Interests as and when directed to do so by Lender in connection with its exercise of its rights and remedies under the Loan Documents.

Inspection . Lender or its authorized representatives shall have the right, but not the duty, to inspect the Aircraft, any part thereof and/or the Records, at its own cost any reasonable time and from time to time, wherever located, upon reasonable prior notice to Customer; except that after the occurrence of a Default or an Event of Default, such inspection may be conducted at any time without prior notice and at Customer's sole expense, and it shall pay Lender promptly upon demand any inspection costs incurred by Lender. So long as no Default or Event of Default exists, any such inspections shall be conducted during normal business hours and without interruption of the use and operation of the Aircraft as permitted hereby. Upon the request of Lender, Customer shall promptly confirm to Lender the location of the Aircraft or any of the other Collateral.

**Events of Default** . The term " **Event of Default** ", wherever used herein, shall mean:

Customer shall fail to pay any Obligation within ten (10) days after the same shall become due and payable (whether at the stated maturity, by acceleration, upon demand or otherwise); or

(i) any Customer Party shall default in the payment or performance of any indebtedness, liability or obligation to Lender or any Affiliate of Lender under any note, security agreement, lease, title retention or conditional sales agreement or any other instrument or agreement; or (ii) any Customer Party shall fail to pay any Indebtedness (other than the Obligations) exceeding \$5,000,000.00, and such failure shall continue beyond any applicable grace period (or, with respect to trade Indebtedness which is not subject to a grace period, within ninety (90) days of the date such trade Indebtedness is incurred); or

(i) any of the Required Coverages are not kept in full force and effect, or a breach or violation shall exist with respect to any provisions thereof; or the Aircraft is operated in a manner, at a time or in or over or located at a place with respect to which such Required Coverages shall not be in effect; (ii) Customer shall fail to cause the Airframe or the Engines to be used, operated, maintained or otherwise kept in a condition so as to be in compliance with all Applicable Laws; or (iii) any Customer Party shall fail to comply with (A) any financial covenants as and to the extent set forth or incorporated in any Guaranty or in any of the other Loan Documents, or (B) any provision of any of the Loan Documents restricting Liens and other dispositions relating to either the Collateral or any rights or obligations under any of the Transaction Documents (including Section 4.4 hereof), or (iv) the occurrence of any Defective Registration; or

(i) any representation or warranty made by any Customer Party in any of the Loan Documents or in any related agreement, document or certificate shall prove to have been incorrect, misleading, or inaccurate in any material respect when made or given (or, if a continuing representation or warranty, at any time); or (ii) any Customer Party shall fail to (A) perform or observe any other agreement (other than those specifically referred to in this Section 6) required to be performed or observed by it under this Agreement or in any of the other Loan Documents, and such failure shall continue uncured for thirty (30) days after the earlier of written notice thereof from Lender to such Customer Party or such

Customer Party's actual knowledge thereof (but such notice and cure period will not be applicable unless such breach is curable by practical means within such notice period) or (B) notify Lender of any Default or Event of Default within ten (10) Business Days of its occurrence; or

(i) any Customer Party shall (A) generally fail to pay its, or his or her debts as they become due, admit its, or his or her inability to pay its, or his or her debts or obligations generally as they fall due, or shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws or other insolvency laws, or an answer admitting the material allegations of such a petition filed against such Customer Party in any such proceeding; or (B) by voluntary petition, answer or consent, seek relief under the provisions of any other bankruptcy or other insolvency or similar law providing for the reorganization or liquidation of corporations, or providing for an assignment for the benefit of creditors, or providing for an agreement, composition, extension or adjustment with its, or his or her creditors; or (ii) a petition against any Customer Party in a proceeding under applicable bankruptcy laws or other insolvency laws, as now or hereafter in effect, shall be filed and shall not be withdrawn or dismissed within one hundred twenty (120) days thereafter, or if, under the provisions of any law providing for reorganization or liquidation of business entities that may apply to any Customer Party, any court of competent jurisdiction shall assume jurisdiction, custody or control of such Customer Party or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of one hundred eighty (180) days after the filing date; or

the occurrence of any of the following events with respect to any Customer Party: (A) it enters into any transaction of merger, consolidation or reorganization; (B) it ceases to do business as a going concern, liquidates, or dissolves, or sells, transfers or otherwise disposes of all or substantially all of its assets or properties (in one or more transactions); (C) it becomes the subject of, or engages in, a leveraged buy out; (D) it changes the form of organization of its business; (E) if it is privately owned as of the Closing Date, there is any substantial change in the ownership or control of its capital stock or membership interests such that the holder(s) that own or control one hundred percent (100%) of such equity interests as of the Closing Date no longer do so; or (F) if it is publicly held as of the Closing Date, any change so that it is no longer subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or no longer registered under Section 12 of the Securities Act of 1933, as amended; or

(i) the conviction of or guilty plea by any Customer Party with respect to any criminal act constituting a felony, (ii) any repudiation by any Customer Party of its obligation for the payment or performance of the Obligations, (iii) any allegation by any Customer Party or judicial determination that any of the Loan Documents is unenforceable in any material respect or (iv) a Default (as defined in any Guaranty) shall occur; or any event or condition constituting a breach or other default under any Operating Consent.

## **Remedies .**

Acceleration; Termination of Commitment . If any Event of Default shall occur, Lender, in its sole discretion, may (a) declare the Obligations to be immediately due and payable, and upon such declaration the Obligations (including, the unpaid principal amount of the Note, together with all accrued but unpaid interest thereon, any prepayment fees and all other amounts due and payable under or with respect to the Loan Documents), shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the other Loan Documents to the contrary notwithstanding, (b) terminate any then outstanding commitment whether to Customer or any Affiliate to make the Loan or any advance thereof, or any other financial accommodations, whether related to the Loan or otherwise, and/or (c) pursue and enforce any of Lender's rights and remedies under this Section 7; provided, however, if an Event of Default specified in Section 6 (e) above shall occur, the Obligations shall become immediately due and payable, all such commitments shall terminate, and Lender shall have all such other rights and remedies contemplated in the preceding clauses (a), (b) and (c), automatically, and without any notice or other action by Lender.

Additional Remedies . If an Event of Default occurs, in addition to all other rights and remedies granted to it in this Agreement and in the other Loan Documents, Lender may exercise all rights and remedies of a secured party under the UCC or as a creditor, chargee or security assignee under the Cape Town Convention (including any and all remedies thereunder requiring agreement by Customer), or otherwise available to Lender under any other Applicable Law. Without limiting the generality of the foregoing, Customer agrees that upon the occurrence of an Event of Default, Lender, without demand or notice of any kind (except as specified below) to or upon Customer or any other Person, in its sole discretion, may exercise any one or more of the following remedies:

(i) peacefully enter the premises where the Aircraft, the Engines, or any other Collateral is located, take immediate possession of, remove (or disable in place), or otherwise take control or custody of the Airframe, the Engines or any other Collateral (whether or not then attached to the Airframe) by self-help, summary proceedings or otherwise without liability, (ii) preserve the Airframe, the Engines or the other Collateral, and their respective value (but without any obligation to do so), and immobilize or keep idle the Airframe or Engines, and/or (iii) use Customer's premises for storage without liability; and Customer agrees, at Lender's request, to assemble the Collateral, and make it available to Lender at such places as Lender shall reasonably select, whether at Customer's premises or elsewhere;

(i) terminate the right of any Interested Third Party, and any other third party to use, possess or control the Airframe, the Engines or any of the other Collateral, including under any Permitted Third Party Agreement or other Third Party Agreement, without regard as to the existence of any event of default thereunder, (ii) recover from, and/or cause Customer and any such Interested Third Party, and any other third party, to relinquish possession and return the Airframe, the Engines and any other Collateral pursuant to this Section 7, and/or (iii) exercise any and all other remedies under any Operating Consents in Customer's stead, to the extent provided for under, or otherwise available to Customer in connection with any related Permitted Third Party Agreement or such other Third Party Agreement;

(i) manage, sell, lease, assign or otherwise dispose of the Airframe, the Engines or any other Collateral, in whole or in part, whether or not in Lender's possession, in one or more parcels or transactions, at public or private sale or sales, with or without notice to Customer (except as required by Applicable Law, and in furtherance thereof, Lender agrees that it shall give Customer no less than ten (10) working days' prior notice of any proposed sale or lease of the Airframe or Engines, which Customer acknowledges as constituting "reasonable prior notice" for the purposes of the Cape Town Convention) at such prices as Lender may deem best, and/or (ii) purchase the Collateral, in whole or in part, upon any public sale or sales, and to the extent permitted by Applicable Law upon any private sale or sales, free of any right or equity of redemption in Customer, which right or equity of redemption is hereby expressly released;

(i) collect, receive, appropriate and realize upon the Collateral, or any part thereof, including by applying any deposit or other cash collateral, or collecting or receiving, appropriating and realizing upon any income, profits or other proceeds arising from the management or use of the Airframe, the Engines or any of the other Collateral, and applying the same (after deducting all taxes, costs, expenses and other reductions of every kind incurred in connection therewith) to the payment in whole or in part of the Obligations, in such order and manner as Lender may elect; and (ii) after making such application, (A) remitting to Customer or to such other Person any excess then remaining, as and to the extent Lender is required by Applicable Law to make such remittance and (B) demanding, collecting and receiving from Customer any deficiency then remaining (and Customer agrees that it shall remain liable for, and pay upon demand, the full amount of any such deficiency);

(i) demand and obtain from any court speedy relief pending final determination available at law (including, possession, control, custody or immobilization of the Airframe and Engines, or preservation of the Airframe and the Engines and their respective value), (ii) procure the deregistration and/or export and physical transfer of the Airframe from the territory in which it is then situated (including pursuant to an IDERA, if any, executed by Customer), and/or (iii) otherwise proceed at law or in equity, to enforce specifically Customer's performance or to recover damages; and/or

exercise any and all other rights and remedies under or with respect to the Loan Documents or Applicable Law, including the Cape

Town Convention and the UCC.

No Waiver: Cumulative Remedies. No right or remedy is exclusive. Customer hereby acknowledges that none of the provisions of this Section 7, including any remedies set forth or referenced herein, is "manifestly unreasonable" for the purposes of the Cape Town Convention. Each may be used successively and cumulatively and in addition to any other right or remedy referred to above or otherwise available to Lender at law or in equity, but in no event shall Lender be entitled to recover any amount in excess of the maximum amount recoverable under Applicable Law with respect to any Event of Default. No express or implied waiver by Lender of any Default or Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default. The failure or delay of Lender in exercising any rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or reoccurrence of any such contingencies or similar contingencies, and any single or partial exercise of any particular right by Lender shall not exhaust the same or constitute a waiver of any other right provided for or otherwise referred to herein. After the occurrence of any Default or Event of Default, the acceptance by Lender of any payment or performance of any of the Obligations, including the payment of any installment of principal and/or interest or of any other sum owing hereunder or under the other Loan Documents shall not constitute a waiver of such Default or Event of Default, regardless of Lender's knowledge or lack of knowledge thereof at the time of acceptance of any such payment or performance and shall not constitute a reinstatement of any of the Loan Documents, unless Lender shall have agreed in writing to reinstate the same and waive the Default or Event of Default. To the extent permitted by Applicable Law, Customer waives any rights now or hereafter conferred thereby, that (a) limit or modify any of Lender's rights or remedies under this Agreement or any of the other Loan Documents, including the provisions of Article 13(2) of the Convention, or (b) would otherwise entitle Customer to (i) receive notices or demands as a condition to Lender's exercise of any rights or remedies, except as expressly required above or (ii) make claims, damages and demands against Lender arising out of the repossession, retention, sale or other disposition of the Collateral.

#### **MISCELLANEOUS**

Notices. All communications and notices provided for herein shall be in writing and shall be deemed to have been duly given or made (i) upon hand delivery, or (ii) upon delivery by an overnight delivery service, or (iii) when sent by telecopy (with customary confirmation of receipt of such telecopy) on the Business Day when sent or upon the next Business Day if sent on other than a Business Day.

#### Expenses and Fees; Indemnity; Performance of Customer's Obligations

Customer shall pay to Lender upon demand all reasonable fees, costs and expenses incurred by or on behalf of Lender at any time in connection with (i) the negotiation, preparation, execution, delivery and enforcement of the Loan Documents and the collection of the Obligations (both before and after the occurrence of a Default or Event of Default), (ii) the creation, preservation and protection of the Collateral and the perfection, first priority and enforcement of Lender's Lien, or (iii) Customer's exercise of any right granted under, or any amendment or other modification to any of, the Loan Documents. Such fees, costs and expenses shall include, without limitation, reasonable appraisal and inspection fees, the reasonable fees and expenses of Aviation Counsel and of Lender's counsel, consultants and brokers, UCC, FAA, International Registry and other applicable title, interest and lien searches, and reasonable costs and expenses relating to recovery, repossession, storage, insurance, transportation, repair, refurbishment, advertising, sale and other dispositions of the Aircraft or any of the other Collateral. Customer shall also pay all reasonable fees (including license, filing and registration fees), Impositions and other charges of whatever kind or nature that may be payable or determined to be payable in connection with (A) the execution, delivery, recording or performance of this Agreement or any of the other Loan Documents, or any modification thereof, and (B) the filings, registrations and other undertakings relating thereto. Notwithstanding the foregoing, as long as there are no more than two (2) revised drafts of any Loan Document provided by Customer or its counsel to Lender or Lender's counsel, Customer shall be responsible for not more than \$35,000.00 in the aggregate for the legal fees of outside counsel to Lender (including, Aviation Counsel) and appraisal, inspection, processing, credit verification, lien searches, FAA and International Registry fees and other fees incurred in connection with the initial negotiation, preparation and execution of this Agreement and the other Loan Documents executed and delivered on or before the Closing Date (and the consummation of the closing contemplated to occur thereon); provided that in the event that the negotiation exceeds two (2) revised drafts of any Loan Document, then Customer shall pay for the actual amount of such out of pocket fees incurred by Lender relating to the drafting and negotiation in excess of such two (2) revised drafts. Lender shall apply the previously paid deposit amount of \$35,000.00 to such fees and shall refund to Customer the amount by which the deposit exceeds such fees.

Customer hereby further agrees, whether or not the transactions contemplated by this Agreement shall be consummated, to pay, indemnify, and hold Lender and its affiliates and all of the Lender's and such affiliates' respective directors, shareholders, members, officers, employees, agents, predecessors, attorneys-in-fact, lawyers, successors and assigns (Lender, its affiliates and all of such other parties and entities sometimes hereinafter collectively, the "**Indemnified Parties**") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, out of pocket costs, attorney's fees, expenses or disbursements of any kind or nature whatsoever ("**Claims**") arising with respect to or in connection with (i) the Airframe, the Engines, or any APUs or Parts, or any of the other Collateral, including (whether by or through Customer, Vendor, any Interested Third Party, or any other Person), the manufacture, inspection, ownership, lease, sublease, management, pooling, interchange, time sharing, chartering, possession, use, operation, maintenance, security, condition (whether prior to, upon or after delivery or acceptance of any of the same), repossession, storage, sale or other disposition of any of the same, or any accident in connection therewith, including Claims involving or alleging environmental damage, criminal acts, hijacking, acts of terrorism or similar acts, product liability or strict or absolute liability in tort, latent and other defects (whether or not discoverable) and for any other risk or matter, including any of the same that result in injuries, death, destruction, or other harm or loss to persons or property, or (ii) any of the Loan Documents, Third Party Agreements or other Transaction Documents, or the performance, breach (including any Default or Event of Default) or enforcement of any of the terms hereof or thereof, provided, that Customer shall have no obligation to indemnify an Indemnified Party with respect to Claims arising from the gross negligence or willful misconduct of such Indemnified Party (unless if imputed by Applicable Law). If any Claim is made against any Indemnified Party, the party receiving notice or otherwise becoming aware of such Claim shall promptly notify the other, but the failure of the party having knowledge of a Claim to so notify the other party shall not relieve Customer of any obligation hereunder.

If any Customer Party fails to perform or comply with any of its agreements contained herein or in the other Loan Documents, including, without limitation, its obligations to keep the Collateral free of Liens (other than the Permitted Liens), comply with Applicable Standards, or obtain the Required Coverages, Lender shall have the right, but shall not be obligated, to effect such performance or compliance, with such agreement. Any expenses of Lender incurred in connection with effecting such performance or compliance, together with interest thereon at the default rate of interest provided for in the Note from the date incurred until reimbursed, shall be payable by Customer to Lender promptly on demand and until such payment shall constitute part of the Obligations secured hereby. Any such action shall not be a cure or waiver of any Default or Event of Default hereunder.

Entire Agreement; Modifications. This Agreement and the other Loan Documents constitute the entire understanding and agreement of the parties hereto with respect to the matters contained herein and therein, and shall completely and fully supersede all other prior agreements (including any proposal letter, commitment letter, and/or term sheet), both written and oral, between Lender and Customer relating to the Obligations. Neither this Agreement, nor any terms hereof, may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of a change, waiver, discharge or termination is sought.

Construction of this Agreement and Related Matters. All representations and warranties made in this Agreement and in the other Loan Documents shall survive the execution and delivery of this Agreement and the making of the Loan hereunder. Customer's obligations contained in

this Section 8 shall survive the payment and performance of the Obligations, the termination of this Agreement, and the release of the Collateral. This Agreement may be executed by the parties hereto on any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. The headings of the Sections hereof are for convenience only, are not part of this Agreement and shall not be deemed to affect the meaning or construction of any of the provisions hereof. Time is of the essence in the payment and performance of all of Customer's obligations under this Agreement. Any provision of this Agreement that may be determined to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective in such jurisdiction to the extent thereof without invalidating the remaining provisions of this Agreement, which shall remain in full force and effect.

Lender's Assignment. Lender, may at any time, with or without notice to Customer, freely grant a security interest in, sell, assign, participate or otherwise transfer (an "**Assignment**") all or any part of its interest in this Agreement and the other Loan Documents (including all associated rights associated with or secured thereby and the related international interests) or any amount due or to become due hereunder or thereunder, and Customer shall perform all of its obligations under the Loan Documents, to the extent so transferred, for the benefit of the beneficiary of such Assignment (such beneficiary, including any successors and assigns, an "**Assignee**"); provided, however, if such Assignee is not an Affiliate of Lender and if no Default or Event of Default exists, Lender will provide prior notice of any such Assignment to a third party. Customer hereby waives any right to assert, and agrees not to assert, against any Assignee any abatement, reduction, defense, setoff, recoupment, claim or counterclaim that Customer may have against Lender, provided that Lender remains fully responsible therefor. Upon the assumption by such Assignee of Lender's obligations hereunder, Lender shall be relieved of any such assumed obligations. Customer hereby consents to any such assignment, grant, sale or transfer, including, without limitation, for purposes of the Cape Town Convention. If so directed in writing, Customer shall pay all amounts due or to become due under the Loan Documents, including any of the same constituting associated rights or proceeds directly to the Assignee or any other party designated in writing by Lender or such Assignee. Customer acknowledges and agrees that Lender's right to enter into an Assignment is essential to Lender and, accordingly, waives any restrictions under Applicable Law with respect to an Assignment and any related remedies. Upon the request of Lender or any Assignee, Customer also agrees (a) to promptly execute and deliver, and cause to be executed and delivered by any Guarantor or any other Transaction Party, to Lender or to such Assignee an acknowledgment of assignment in form and substance satisfactory to the requesting party, an insurance certificate naming Assignee as additional insured and loss payee and otherwise evidencing the Required Coverages, an IDERA in favor of Assignee, and such other documents and assurances reasonably requested by Lender or Assignee, (b) to make, or cause to be made, all registrations (including all assignments and subordinations) and all amendments, extensions and discharges with the International Registry reasonably requested by Lender or Assignee (and give or obtain any necessary consent thereto, as well as renew any authorization required by the International Registry in connection therewith, including renewing its transacting user entity status and re-designating a professional user entity, if necessary in Lender's judgment), and (c) to comply with any and all other reasonable requirements of any such Assignee in connection with any such Assignment.

Jurisdiction. Customer and Lender each hereby irrevocably consents and agrees that any legal action, suit or proceeding arising out of or in any way in connection with this Agreement or any of the other Loan Documents may be instituted or brought in the courts of the State of New York or in the United States Courts for the Southern District of New York, as Customer or Lender may elect or in any other state or Federal court as Lender shall deem appropriate, and by execution and delivery of this Agreement, Customer and Lender each hereby irrevocably accepts and submits to, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of any such court, and to all proceedings in such courts. Customer and Lender each irrevocably consents to service of any summons and/or legal process by first class, certified United States air mail, postage prepaid, to Customer at the address set forth below its signature hereto, such method of service to constitute, in every respect, sufficient and effective service of process in any such legal action or proceeding. Nothing in this Agreement or in any of the other Loan Documents shall affect the right to service of process in any other manner permitted by law or limit the right of Lender to bring actions, suits or proceedings in the courts of any other jurisdiction. Customer and Lender each further agrees that final judgment against it in any such legal action, suit or proceeding shall 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 shall be conclusive evidence of the fact and the amount of the liability. Notwithstanding anything in the foregoing to the contrary, Lender and Customer may bring a judicial proceeding in the Republic of Ireland, solely with respect to matters relating to the International Registry.

Governing Law; Binding Effect. This Agreement shall be construed and enforced in accordance with, and the rights of both parties shall be governed by, the internal laws of the State of New York (without regard to the conflict of laws principles of such state, except as to the effect of Title 14, Section 5-1401 of the New York General Obligations Law), including all matters of construction, validity, and performance. This Agreement shall be binding upon and inure to the benefit of Customer and Lender and their respective successors and assigns (but without limiting the provisions of Section 8.5); except that Customer may not assign or transfer its rights or obligations hereunder or under any other Loan Agreement, or any interest herein or therein; and any such purported or attempted assignment or transfer by Customer shall be null and void.

Customer's Capacity as Owner Trustee. TVPX Aircraft Solutions Inc. ("TVPX") is executing this Agreement, and the other Loan Documents solely in its capacity as Owner Trustee under the Trust Agreement and not in its individual capacity and in no case shall TVPX be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of the Customer hereunder, or under any Loan Document, all such liability, if any, being expressly waived by the parties hereto and any Person claiming by, through, or under such party. Under no circumstances shall TVPX be personally liable for the payment of any other amount stated to be due from the Customer hereunder, or under any Loan Document, or be personally liable for the breach or failure of any of Customer's representations, warranties, covenants, obligations, undertakings and agreements hereunder, or under any Loan Documents; provided, however, that the Customer (or any such successor owner trustee) shall be personally liable hereunder for its own gross negligence or willful misconduct or for its breach of its covenants, representations and warranties contained herein, or in any Loan Document, to the extent covenanted or made in its individual capacity.

Jury Waiver. CUSTOMER AND LENDER EACH HEREBY KNOWINGLY AND FREELY WAIVES THEIR RESPECTIVE RIGHTS TO A JURY TRIAL IN ANY ACTION, SUIT OR PROCEEDING RELATING TO, ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE NOTE OR ANY OF THE OTHER LOAN DOCUMENTS.

**[Signatures On Next Page]**

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Loan and Aircraft Security Agreement

IN WITNESS WHEREOF, the parties hereto have caused this Loan and Aircraft Security Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

BANC OF AMERICA LEASING & CAPITAL, LLC, Lender

TVPX AIRCRAFT SOLUTIONS INC., a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust

Agreement dated July \_\_\_\_, 2017,  
Customer

By:  
Name:  
Title:  
Notice Address:

One Financial Plaza, 2nd Floor  
Providence, Rhode Island 02903  
Attention: Director of Aircraft Operations  
Telephone: 800-238-3737  
Facsimile: 401-278-7941

By:  
Name:  
Title:

Notice Address:

39 East Eagle Ridge Drive, Ste. 201  
North Salt Lake, UT 84054  
Telephone: (801) 924-367  
Facsimile: (801) 877-0478

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### LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)

**THIS LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)** (together with all Addenda, Riders and Annexes hereto, this "**Agreement**") is dated as of July 27, 2017 (the "**Closing Date**"), by and between **TVPX AIRCRAFT SOLUTIONS INC.**, a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated as of July 27, 2017 ("**Customer**") and **BANC OF AMERICA LEASING & CAPITAL, LLC**, a Delaware limited liability company ("**Lender**").

In consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

Capitalized and certain other terms used but not otherwise defined in this Agreement shall have the meanings ascribed to them in Annex A attached hereto and made a part hereof.

#### Terms of Loan .

Loan and Use of Proceeds . Subject to the terms and conditions of this Agreement, Lender agrees to make a loan to Customer in the principal amount set forth in Annex B attached hereto and made a part hereof (the "**Loan**"). Customer shall use the proceeds of the Loan to finance the costs of the acquisition of the Aircraft.

Repayment and Prepayment . The Customer's obligation to repay the Loan shall be evidenced by one or more Promissory Notes dated on and/or after the Closing Date, payable by Customer to the order of Lender in the original principal amount of the Loan (as amended, modified, restated, extended and renewed from time to time, the "**Note**"). The Loan shall bear interest and be repaid by Customer at the times and in the manner set forth in the Note. The Loan may be prepaid only in the manner and subject to terms and conditions set forth in the Note and, if applicable, Section 4.7 hereof.

Conditions of Borrowing . Lender's obligation to make the Loan shall be both subject to and conditioned upon the satisfaction of all of the conditions precedent specified in the Closing Terms Addendum attached to and made a part of this Agreement.

Representations and Warranties . In order to induce Lender to enter into this Agreement and to make the Loan herein provided for, Customer represents, warrants and covenants to Lender that:

(i) Customer (A) is duly qualified to do business in each jurisdiction in which the conduct of its business or the ownership or operation of its assets requires such qualification, including the jurisdiction of the Primary Hangar Location and wherever any of the Collateral may become located; (B) has the necessary authority and power to own and operate the Aircraft and its other assets and to transact the business in which it is engaged; (C) is a "citizen of the United States" within the meaning of the Transportation Code; and (D) has the form of business organization set forth in Annex B hereto and is and will remain duly organized, validly existing and in good standing under the laws of the state of its organization set forth in Annex B hereto, its federal tax identification number is as set forth in Annex B hereto, and its state-issued organizational identification number (if any), chief executive office and principal place of business address are all as set forth on Annex B hereto; and (ii) its name as shown in the preamble of this Agreement is its exact legal name as shown on its charter, by-laws, articles of organization or operating agreement, as applicable, each as amended as of the Closing Date;

(i) Customer's execution and delivery of, and performance of its obligations under and with respect to, each of the Loan Documents (including its borrowing the amounts constituting the Loan, granting the Lender's Lien against the Aircraft and other Collateral and participating in the other transactions contemplated herein and therein), (A) have been duly authorized by all necessary action on the part of Customer consistent with its form of organization, (B) do not contravene or constitute a default under any Applicable Law, any of Customer's Organizational Documents, or any agreement, indenture, or other instrument to which Customer is a party or by which it may be bound, (C) do not require the approval of or notice to (1) any Governmental Authority, except for the filings and registrations specified in the Closing Terms Addendum, all of which shall have been duly effected prior to or concurrently with Lender making the Loan, or (2) any other party (including any trustees or holders of indebtedness), and (D) will not result in the creation or imposition of any Lien on any of the assets of Customer other than the Lender's Lien created hereby and by the other Loan Documents with respect to the Collateral; (ii) each of the Transaction Documents referenced in the Closing Terms Addendum to which Customer is a party has been duly executed and delivered by an authorized representative of the Customer, and constitutes the legal, valid and binding obligation of the Customer, enforceable against it in accordance with the respective terms of such Transaction Documents (including, without limitation, the grant of the Lender's Lien); and (iii) without limiting the foregoing, upon Lender's advancing the Loan on the Closing Date, (A)

Customer will have satisfied or complied with all conditions precedent and requirements as set forth in the Loan Documents required to have been satisfied or complied with concurrently with or prior to such advance and (B) no Default or Event of Default shall be then existing;

there are no proceedings pending or, so far as the officers, managers, or members of Customer know, threatened against or affecting Customer or any of its property before any Governmental Authority that could impair Customer's title to the Aircraft or any of the other Collateral, or that, if decided adversely, could materially affect the financial condition or operations of Customer or its ability to perform its obligations under any of the Loan Documents;

(i) Customer has, and shall continue to have, good and marketable title to the Collateral, free and clear of Liens, except Permitted Liens; (ii) the Lender's Lien in the Airframe, the Engines and the other Collateral is and shall remain validly created and perfected, and has and shall continue to have first priority over any other Liens pursuant to all Applicable Laws; and (iii) all filings, recordings, registrations or other actions necessary or desirable in order to vest such title in Customer, and establish, perfect and give first priority to Lender's Lien and other rights and interests in, against or with respect to the Collateral, have been duly effected, and all Impositions in connection therewith have been duly paid;

without limiting any of the other representations and warranties in this Agreement, for the purposes of the Cape Town Convention and any other Applicable Law, (i) upon the conclusion of the sale of the Aircraft to Customer, and Customer's grants and assignments, and (if constituting a lease) any Permitted Third Party Agreement, contemplated in the Loan Documents or other Transaction Documents, Customer and (if a lessee) any Interested Third Party shall be situated in, and Customer will cause the Aircraft to be duly registered in, the United States of America (which is a contracting state), (ii) with respect to any of the Transaction Documents relating to the Airframe or Engine, each of the respective parties thereto has power to dispose of the Airframe and Engine, as contemplated therein by way of the relevant Transaction Document, and (iii) the Purchase Documents qualify as a "contract of sale", and (if constituting a lease) any Permitted Third Party Agreement and the Loan Documents are effective to constitute international interests in the Airframe and Engine and security assignments of the related associated rights and transfer of the related international interests, as contemplated therein, and each such Registerable Interest will be effective against third parties upon registration at the International Registry, without any further filings or registrations (except as contemplated in the Loan Documents);

(i) the Aircraft (A) has been delivered to Customer, is in Customer's possession and is, as of the Closing Date, unconditionally, irrevocably and fully accepted by Customer, (B) has been inspected by Customer to its complete satisfaction and, without limiting the foregoing, (1) has been found to be in good working order, repair and condition and fully equipped to operate for its intended purpose, and (2) is in conformity with the requirements of the Purchase Agreement and the Applicable Standards, (C) is, or will be at the time of the funding of the Loan, currently certified under existing FAA rules and regulations and any other Applicable Laws and is airworthy in all respects, and (D) is and will remain primarily hangared at the Primary Hangar Location; and (ii) without limiting the foregoing, (A) solely as between Lender and Customer (and without prejudicing Customer's rights against Vendor or any other third party, which rights are not being disclaimed hereby), Customer has no pending claims and has no knowledge of any facts upon which a future claim may be based, against any prior owner, the seller, manufacturer or supplier of the Aircraft or any of the other Collateral, for breach of warranty or otherwise, and (B) all of the information contained in Annex C, including the registration number of the Aircraft, and the serial numbers, manufacturer and model numbers of the Airframe, Engines, and APU, are true and accurate in all respects; and

(h) the Aircraft (i) is currently capable of being certified under existing FAA rules and regulations and completely airworthy in all respects, (ii) will undergo an inspection by a Designated Airworthiness Representative of the FAA (" **DAR** ") on the Closing Date and (iii) an FAA Standard Airworthiness Certificate (AC Form 8100-2) shall be issued for the Aircraft no later than two (2) Business Days after the Closing Date.

**Covenants** . Customer covenants and agrees that from and after the Closing Date and so long as any of the Obligations are outstanding:

Notices; Financial Information; and Further Assurances . Customer will, at its sole expense:

promptly give written notice to Lender of (i) the occurrence of any Default or Event of Default; (ii) the occurrence of any Event of Loss or event of which Customer may be aware that could become an Event of Loss; (iii) the commencement or written threat of any material litigation or proceedings affecting Customer or any material litigation or proceedings affecting the Aircraft or any of the other Collateral, or the ability of Customer to comply with its obligations under the Loan Documents; and (iv) any material dispute between Customer or any Interested Third Party and any Governmental Authority or other party that involves the Aircraft or any of the other Collateral or that might materially interfere with the normal business operations of Customer;

cause Guarantor to comply with the financial reporting requirements set forth in the Guaranty and promptly furnish to Lender any such financial and other information regarding the Customer or Guarantor or any of its Affiliates as Lender may from time to time reasonably request; and

promptly execute and deliver to Lender such further instruments, UCC and FAA filings (including an IDERA) and other documents, make, cause to be made and/or consent to all registrations (including any discharges and subordinations, or as to the prospective or actual sale of, and any international interest in, the Engines) with the International Registry, and take such further action, as Lender may from time to time reasonably request in order to further carry out the intent and purpose of the Loan Documents and to establish, protect and enforce the rights, interests, remedies and Liens (including the first priority thereof) created, or intended to be created, in favor of Lender thereby.

General Obligations . (a) Customer agrees that it shall (i) duly observe and conform to all requirements of Applicable Law relating to the conduct of its business and/or the Aircraft, (ii) remain a "citizen of the United States" within the meaning of the Transportation Code, (iii) obtain and keep in full force and effect (A) all rights, franchises, licenses and permits that are necessary to the proper conduct of its business, and (B) all approvals by any Governmental Authority required with respect to the performance of its obligations under the Loan Documents and the operation of the Aircraft and its business, (iv) cause the Aircraft to remain primarily hangared at the Primary Hangar Location, and duly registered in Customer's name under the Transportation Code (including, by making all necessary reports, re-registering its ownership of the Aircraft, and taking all other actions required by Applicable Law), and (v) pay and perform all of its obligations and liabilities when due. (b) Customer agrees that (i) it shall not change its presently existing legal name or its form or state of organization on or after the date of this Agreement, without Lender's prior written consent, (ii) if its presently existing state organizational identification number changes, or if Customer currently has no such state organizational number but is subsequently issued such a number, on or at any time after the date of this Agreement, Customer shall immediately notify Lender thereof, and (iii) it shall not change the presently existing mailing, chief executive office and/or principal place of business address on or after the date of this Agreement without giving Lender thirty (30) days written notice of the same.

Taxes . (a) Customer will file or cause to be filed with all appropriate taxing authorities all Federal, state and local income tax returns that are required to be filed and all registrations, declarations, returns and other documentation with respect to any personal property taxes (or any other taxes in the nature of or imposed in lieu of property taxes) due or to become due with respect to the Aircraft or any of the other Collateral. (b) Customer will pay (or cause to be paid) (i) on or before the date when due all taxes as shown on said returns and all taxes assessed, billed or otherwise payable with respect to the Aircraft or the other Collateral directly to the appropriate taxing authorities; and (ii) when due all license and/or registration or filing fees, assessments, governmental charges and sales, use, property, excise, privilege, value added and other taxes (including any related interest or penalties) or other charges or fees now or hereafter imposed by any governmental body or agency upon Customer or the Aircraft or any of the other Collateral, with respect to the landing, airport use, manufacturing, ordering, shipment, purchase, ownership, delivery, installation, leasing, chartering, operation, possession, use or disposition of the Aircraft or any of the other Collateral, or any interest therein (the items referred to in (i) and (ii) above being referred to herein collectively, as "**Impositions** ").

#### No Disposition of Collateral or Liens: Title and Security Interest.

Customer shall not sell, assign, enter into any Third Party Agreement, convey, mortgage, exchange or otherwise transfer or relinquish possession of (including by any seizure or other taking by any foreign or domestic governmental authority) or dispose of the Airframe or Engines, any Part, any related associated rights, international interests or prospective international interests, any proceeds or any of the other Collateral, or attempt or offer to do, or suffer or permit any of the foregoing. Customer shall be permitted, however, to deliver possession of the Airframe, the Engines, or any APU or Part to another Person for testing, service, repair, maintenance, overhaul, alteration or modification, and to enter into Permitted Third Party Agreements, in each case, if and to the extent consistent with the provisions of the Loan Documents. Customer will warrant and defend its good and marketable title to the Airframe, the Engines and the other Collateral, and the validity, perfection and first priority of Lender's Lien in the Collateral, against all other Liens, claims and demands whatsoever, except Permitted Liens; and without limiting the foregoing, Customer will (i) not create, assume or suffer to exist any Liens on or with respect to the Airframe, the Engines, or any of the other Collateral, or Customer's interest therein (other than Permitted Liens); and (ii) promptly take such action as directed by Lender to duly discharge any such unpermitted Liens.

So long as no Default or Event of Default is then existing, Customer may enter into and remain a party to Third Party Agreements, in each such case, subject to the satisfaction of, and compliance by Customer and each Interested Third Party with, all of the following throughout the term of such arrangement: (i) Each such Interested Third Party shall (A) be and remain solvent, and (unless an individual) organized under the laws of a state within the United States; and (B) if engaged by Customer with the prior written consent of Lender as a manager and/or charter operator (including the Manager pursuant to the Management Agreement), while so engaged, (1) have a recognized favorable reputation as a manager and/or charter operator, as the case may be, of aircraft similar to the Aircraft, (2) be providing management and/or charter operation services for other aircraft owners similar to the services contemplated therein, and (3) if and at all times while conducting any charter operations (x) have and maintain a valid Part 135 Certificate evidencing its authority to conduct such operations, (y) list the Aircraft on its operations specifications, and (z) comply with all Applicable Standards pertaining to such charter operations. (ii) Any operation of the Aircraft pursuant to any such Third Party Agreement shall be limited to (A) if by Customer, Parent Guarantor or any Affiliate of Parent Guarantor, any time sharing agreements (as defined in Section 91.501(c)(1)) complying with Part 91 of the FARs and all other Applicable Standards, (B) if by a manager and/or a charter operator with Lender's prior written consent, pursuant to and in full compliance with the requirements of Part 135 of the FARs and all other Applicable Standards, or (C) if such Third Party Agreement is a "dry lease" by Customer, as lessor, to Parent Guarantor or an Affiliate of Parent Guarantor or other Interested Third Party permitted pursuant hereto, as lessee, operation by such lessee complying with (1) Part 91 and any other applicable provision of the FARs, and all other Applicable Standards, and (2) the provisions hereof and of the other Loan Documents pertinent to the operation of the Aircraft (whether by Customer or any permitted Interested Third Party). (iii) The related Third Party Agreement shall (A) be and remain, subject and subordinate to Lender's Lien in and with respect to the Collateral, and Lender's rights and remedies under the Loan Documents (and such subordination shall be expressly acknowledged therein), (B) not convey any Lien on, or other property interest in or against the Airframe, the Engines or any of the other Collateral, except for a Permitted Lien (but, without giving effect to clause (a) of the definition of such term), (C) not permit any further sublease or disposition of or unpermitted Lien against the Aircraft or any of the other Collateral by any of the Interested Parties thereto or any other Person, or any change in registration or unpermitted change in hanging of the Aircraft, (D) not contain provisions that are inconsistent with the provisions of any of the Loan Documents or cause Customer to breach any of its representations, warranties or agreements under any of the Loan Documents, (E) be in conformity with all requirements of the FARs and other Applicable Laws, and (F) otherwise conform to any Operating Consent required by Lender with respect thereto. (iv) (A) Customer shall have specified such Third Party Agreement on Annex B if existing on the Closing Date, or if not then existing shall require Lender's prior written consent and at least thirty (30) Business Days' prior written notice of its intention to enter into a Third Party Agreement and (B) no later than the effective date thereof Customer shall comply with, and at all times thereafter remain in compliance with, any related requirements by Lender, including (1) entering into, and causing any related Interested Third Parties to enter into, an Operating Consent, (2) causing Lender to be covered by the Required Coverages (which, for the purposes hereof, may include insurance coverages obtained and maintained by an Interested Third Party, conforming to the insurance requirements herein and in any of the other Loan Documents), and (3) entering into or delivering, or causing to be entered into and delivered, all such other documents, filings and assurances, making or causing to be made such filings and registrations, and taking or causing to be taken all such other actions, in each case as may be required by Lender and (4) paying or reimbursing Lender for any related costs or expenses. (v) Lender shall have the right, but not the obligation, to (A) require reasonable evidence that any Interested Third Party satisfies the requirements provided herein, and (B) review any such Third Party Agreement, as from time to time supplemented and amended, to determine its conformity with the provisions hereof, but without assuming any responsibility with respect thereto. (vi) Customer shall neither make, nor permit to be made, any filing or registration with respect to any Permitted Third Party Agreement, unless so directed by Lender pursuant to Section 5.2 or otherwise. Notwithstanding the foregoing limitations Parent Guarantor or any Affiliate shall be permitted to conduct the carriage of Parent Guarantor or any Affiliate and/or their respective guests pursuant to 14 CFR Section 91.501(b)(4), affiliated group operations pursuant to 14 CFR Section 91.501(b)(5) and/or (6), demonstration flights pursuant to 14 CFR Section 91.501(b)(3), time sharing or interchange operations pursuant to 14 CFR Section 91.501(b)(6), the carriage of customers pursuant to 14 CFR Section 91.501(b)(9) and/or the carriage of candidates in Federal elections conducted pursuant to 14 CFR Section 91.321.

With respect to any Third Party Agreements complying with all of the provisions of Section 4.4(b) (each a "**Permitted Third Party Agreement**"), although certain of the duties and obligations of Customer under the Loan Documents may be performed by one or more of the Interested Third Parties, (i) no such Permitted Third Party Agreement shall reduce any of Customer's obligations, or Lender's rights, under any of the Loan Documents, (ii) all of Customer's obligations under the Loan Documents shall be and remain primary and continue in full force and effect as the obligations of a principal and not of a guarantor or surety, and (iii) Lender is not waiving the right to require full and timely performance of any such obligations in strict accordance with the provisions hereof and of the other Loan Documents. By way of clarification and not limitation, with respect to any provisions of this Agreement or any of the other Loan Documents requiring Customer to take or refrain from taking an action relating to the Aircraft or any of the other Collateral, such provision may also be read to mean that Customer shall cause the same to be done in accordance therewith, if at that time the Aircraft or such other Collateral is in the possession or control of an Interested Third Party pursuant to a Permitted Third Party Agreement.

#### Use of Aircraft; Maintenance; Modifications; Security.

Customer will operate the Aircraft or shall cause the Aircraft to be operated under and in compliance with Part 91 and any other applicable provision of the FARs, and all other Applicable Standards. Unless otherwise expressly permitted hereunder, (i) Customer shall not operate or permit the Aircraft to be operated for air taxi operations or otherwise under Part 135 of the FARs; and (ii) Customer, an Affiliate or other Interested Third Party shall at all times have, and maintain, "operational control" of the Aircraft (as such term is then interpreted by the FAA or such other applicable Governmental Authority), and no other Person shall operate the Aircraft. The Aircraft at all times will be operated by duly qualified pilots having satisfied all requirements established and specified by the FAA, the TSA, any other applicable Governmental Authority and the Required Coverages.

the Aircraft may be flown temporarily to any country in the world, provided that the Aircraft (i) shall at all times be based in the continental United States; and (ii) shall not be flown, operated, used or located in, to or over any such country or area (temporarily or otherwise) (A) that is excluded from the Required Coverages (or specifically not covered by such

insurance), (B) with which the U.S. does not maintain favorable diplomatic relations (which is any country or jurisdiction not marked with an “\*” on the list maintained by the U.S. Department of State, at <http://www.state.gov/s/inr/rls/4250.htm> or any replacement or equivalent website maintained by the U.S. Department of State), provided that the prohibition in this clause (B) does not prohibit the operation of the Aircraft on an approved and assigned air traffic control route (if and so long as such use is otherwise in compliance with the provisions of the this Agreement and does not violate any insurance policies in effect with respect to the Aircraft), (C) to the extent that payment of any claim under the Required Coverages directly or indirectly arising or resulting from or connected with any such flight, operation, use or location would be prohibited under any trade or other economic sanction or embargo by the United States of America, or (D) in violation of any of the Loan Documents or any Applicable Standards. Customer shall adopt, implement and comply with all security measures required by any Applicable Law, or by any Required Coverages, or that are necessary or appropriate for the proper protection of the Aircraft (whether on the ground or in flight) against theft, vandalism, hijacking, destruction, bombing, terrorism or similar acts.

Customer agrees that, with respect to the Airframe, the Engines, each APU and each Part, Customer will at its own expense, (i) maintain, inspect, service, repair, overhaul and test the same in accordance with Applicable Standards; (ii) make any alterations or modifications that may at any time be required to comply with Applicable Standards, and to cause the Aircraft to remain airworthy; (iii) furnish all required parts, replacements, mechanisms, devices and servicing so that the condition and operating efficiency thereof will at all times be no less than its condition and operating efficiency as and when delivered to Customer, ordinary wear and tear from proper use alone excepted; (iv) promptly replace all Parts (A) which become worn out, lost, stolen, taken, destroyed, damaged beyond repair or permanently rendered or declared unfit for use for any reason whatsoever, or (B) if not previously replaced pursuant to clause (A), as and when required by any Applicable Standards, including any applicable life limits; and (v) maintain (in English) all Records in accordance with Applicable Standards; and (vi) enroll and maintain the Engines in an Engine Maintenance Program and the APU in an APU Maintenance Program or shall cause the foregoing to be done. All maintenance procedures shall be performed by properly trained, licensed, and certified maintenance sources and personnel utilizing replacement parts approved by the FAA and the manufacturer of (as applicable) the Airframe, the Engines, or any APU or Part. Without limiting the foregoing, Customer shall comply with all mandatory service bulletins and airworthiness directives by causing compliance to such bulletins and/or directives to be completed through corrective modification in lieu of operating manual restrictions.

Customer will not make, authorize or permit any improvement, change, addition or alteration to the Aircraft that will impair the originally intended function or use of the Aircraft, diminish the value of the Aircraft as it existed immediately prior thereto, or violate any Applicable Standard. All repairs, parts, replacements, mechanisms and devices added by Customer or on its behalf shall immediately, without further act, become part of the Aircraft and subject to the Lender's Lien granted under this Agreement.

#### Insurance.

Customer agrees to maintain or cause to be maintained at all times, at its sole cost and expense, with insurers of recognized reputation and responsibility satisfactory to Lender (but in no event having an A.M. Best or comparable agency rating of less than “A-”):

(A) comprehensive aircraft liability insurance against bodily injury or property damage claims including, without limitation, contractual liability, premises liability, death and property damage liability, public and passenger legal liability coverage, and sudden accident pollution coverage, in an amount not less than \$200,000,000.00 for 20 or more seats, or if the Aircraft will be chartered, or \$100,000,000.00 for 10 or more seats, or \$50,000,000.00 for fewer than 10 seats for each single occurrence, and (B) personal injury liability in an amount not less than \$25,000,000.00; but, in no event shall the amounts of coverage required by sub-clauses (A) and (B) be less than the coverage amounts as may then be required by Applicable Law;

“all-risk” ground, taxiing, and flight hull insurance on an agreed-value basis, covering the Aircraft, provided that such insurance shall at all times be in an amount not less than the greater of (1) the full replacement value of the Aircraft (as determined by Lender), or (2) the unpaid principal amount of the Note (each such amount re-determined as of each anniversary of the date hereof for the next succeeding year throughout the term of this Agreement); and

war risk and allied perils (including confiscation, appropriation, expropriation, terrorism and hijacking insurance) in the amounts required in paragraphs (i) and (ii), as applicable.

Any policies of insurance carried in accordance with this Section 4.6 and any policies taken out in substitution or replacement of any such policies shall (i) be endorsed to name Lender as an additional insured as its interests may appear (but without responsibility for premiums), (ii) provide, with respect to insurance carried in accordance with Section 4.6(a)(ii) or (a)(iii) above, that any amount payable thereunder shall be paid directly to Lender as sole loss payee and not to Lender and Customer jointly, (iii) provide for thirty (30) days' (seven (7) days' in the case of war, hijacking and allied perils) prior written notice by such insurer of cancellation, material change, or non-renewal, (iv) include a severability of interest clause providing that such policy shall operate in the same manner as if there were a separate policy covering each insured, (v) waive any right of set-off against Lender, and any rights of subrogation against Lender, (vi) provide that in respect of the interests of Lender in such policies, that the insurance shall not be invalidated by any action or inaction of Customer or any other Person operating or in possession of the Aircraft, regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by or binding upon Customer or any other Person operating or in possession of the Aircraft, and (vii) be primary, not subject to any co-insurance clause and shall be without right of contribution from any other insurance.

Customer shall not self-insure (by deductible, premium adjustment, or risk retention arrangement of any kind) with respect to any of the risks required to be insured pursuant to this Section 4.6. Customer agrees that it shall obtain and maintain such other insurance coverages, or cause adjustments to be made to the scope, amount or other aspects of the existing insurance coverages, promptly upon Lender's request, as and when Lender deems such additional insurance coverages or modifications to be appropriate in light of any changes in Applicable Law, prudent industry practices, the insurance market, Customer's anticipated use of the Aircraft or other pertinent circumstances. All of the coverages required herein shall be in full force and effect worldwide throughout any geographical areas to, in or over which the Aircraft is operated. All insurance proceeds payable under the requisite policies shall be payable in U.S. Dollars.

At least ten (10) days prior to the policy expiration date for any insurance coverage required by this Section 4.6, Customer shall furnish to Lender evidence (having the form and substance consistent with Section 1(f) of the Closing Terms Addendum) of the renewal or replacement of such coverage, complying with the terms hereof, for a twelve (12) month or greater period commencing from and after such expiration date.

#### Event of Loss: Loaner Engines.

Upon the occurrence of any Event of Loss with respect to the Aircraft and/or the Airframe, Customer shall notify Lender of any such Event of Loss within five (5) days of the date thereof. Customer shall pay the then Outstanding Balance promptly upon its receipt of insurance proceeds relating to such Event of Loss, but in no event later than ninety (90) days after the occurrence of such Event of Loss (irrespective as to whether any or all of such proceeds have been received). Upon Lender's receipt in good and indefeasible funds of all of the amounts required to be paid pursuant to the preceding sentence (whether by applying Customer's payment of such amounts, or any such insurance proceeds, or both) the Aircraft shall be released from the Lender's Lien, and Lender shall remit to Customer any such insurance proceeds so received by Lender, to the extent then remaining.

Upon an Event of Loss with respect to an Engine or any APU (as applicable, a “ **Lost Item** ”) under circumstances in which there has not occurred an Event of Loss with respect to the Airframe, Customer shall, within one hundred twenty (120) days after the occurrence of such Event of Loss, replace such Lost Item, with a Permitted Replacement. Any engine or auxiliary power unit constituting a “ **Permitted Replacement** ” for a Lost Item shall (i) be of the same make and model number as the Lost Item, (ii) be free and clear of all Liens and (iii) have a value, utility and useful life at least equal to, and be in as good an operating condition as, the Lost Item, assuming such Lost Item was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss. Customer, at its own cost and expense, shall (i) furnish Lender with such documents to evidence such conveyance, (ii) cause the Permitted Replacement to be subject to the Lender’s Lien under this Agreement, and (iii) take such other actions as may be required by Lender to cause the Lender’s Lien therein to be validly created, perfected and have first priority, including as evidenced on the FAA Registry, the International Registry, and any other recording office. Each such Permitted Replacement shall, after such conveyance, be deemed an “Engine” or “APU” (as defined herein), as applicable, and shall be deemed part of the same Aircraft as was the Lost Item replaced thereby.

In the event an Engine is damaged and is being repaired, or is being inspected or overhauled, Customer, at its option, may temporarily substitute another engine during the period of such repair or overhaul, so long as such engine is of the same make and model as the Engine being repaired or overhauled, is free and clear of any Lien that might impair Lender’s rights or interests in the Airframe and is maintained in accordance herewith (any such substitute engine being hereinafter referred to as a “ **Loaner Engine** ”). Customer shall (i) cause such Loaner Engine to be installed and removed, as applicable, by a maintenance facility certified by the FAA and manufacturer with respect to the Aircraft, and (ii) cause the repaired or overhauled original Engine to be reinstalled on the Airframe promptly upon completion of the repair or overhaul, but in no event later than the earlier of one hundred twenty (120) days after removal or the occurrence of an Event of Default.

So long as no Default has occurred and is continuing, and no Event of Default or Event of Loss with respect to the Aircraft has occurred, any loss or damage proceeds of the Required Coverages received by Lender shall be released promptly by Lender to Customer to reimburse Customer for paying the costs actually incurred with respect to repairs made to the Aircraft so as to restore it to the condition required by this Agreement, or for the purchase of a Permitted Replacement pursuant to Section 4.7(b), or shall be disbursed by Lender as otherwise required by this Agreement.

**Aircraft Registration.** On or before the Closing Date, and at all times thereafter, so long as any of the Obligations are outstanding, Customer shall remain solely responsible pursuant to the applicable provisions of this Agreement to cause (i) the Aircraft to be effectively and otherwise validly registered in Customer’s name on the Registry, and (ii) the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft, in each case, accordance with the Registration Requirements; and without limiting the foregoing, or any other provision of this Agreement, Customer shall:

cause the Registration Certificate to be maintained within the Aircraft and cause the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft; including by (A) notifying Lender immediately of any event or circumstance with respect to which the Registration Requirements require further action by Customer, the Registry or any other Governmental Authority or other Person, (B) immediately upon receipt, placing the original, replacement or renewal Registration Certificate on the Aircraft prior to the expiration or other invalidation of any previously issued Registration Certificate (whether the certificate or any other document constituting the Registration Certificate as defined herein) under the Registration Requirements, and (C) complying with any and all of the other Registration Requirements relating to such Registration Certificate, and to the Registration Certificate replaced thereby (including any of the same relating to the destruction or return thereof, as the case may be); and

upon the occurrence, and at all times thereafter, of any Defective Registration (and without waiving Customer’s responsibility to avoid such circumstance), or if the operation of the Aircraft is no longer authorized by the Registration Requirements, Customer shall (A) neither operate nor permit or suffer the operation of the Aircraft without a currently effective and otherwise valid Registration Certificate (and shall cause the pilots to be made aware of the Defective Registration), and otherwise comply with the FARs and other Applicable Laws relating to such Defective Registration, (B) ground and store the Aircraft in a manner reasonably acceptable to Lender, and (C) inform the insurer or insurers thereof, and obtain and maintain adjustments to the insurance coverages required pursuant Section 4.6 of this Agreement which may be necessary or desirable to Lender so as to reflect any changes in the insurable risks relating to any Defective Registration.

#### **Security Interest; Power of Attorney; Inspection .**

**Grant of Security Interest.** As collateral security for the prompt and complete payment and performance as and when due of all of the Obligations and in order to induce Lender to enter into this Agreement and make the Loan to Customer in accordance with the terms hereof, Customer hereby grants, pledges and assigns to Lender a first priority security interest, collateral assignment, international interest, prospective international interest, security assignment and prospective security assignment, in, against, under and with respect to (the “ **Lender’s Lien** ”) all of Customer’s right, title and interest in, to and under all of the following collateral, whether now existing or hereafter acquired (collectively, the “ **Collateral** ”): (i) the Aircraft, including the Airframe, the Engines, each of the APU and Parts, and the Records; (ii) any and all present and future Third Party Agreements; (iii) any and all other associated rights secured by or associated with the Airframe and/or the Engines, together with any related international interests and prospective international interests; (iv) any collateral described in the other Loan Documents (including in any Operating Consent); and (v) all proceeds of the foregoing. By way of clarification and not limitation, the foregoing grant of the Lender’s Lien shall include, as applicable (and in each case, being validly registered and having first priority), an international interest in the Airframe and in each Engine. Notwithstanding the foregoing, (i) Customer shall not enter into any Third Party Agreements unless expressly permitted by Section 4.4 and (ii) Lender is not assuming, nor shall it be responsible for, any obligations, liabilities or duties of any kind whatsoever of Customer (and/or of any other Person) relating to the Collateral. Customer agrees that it shall perform and procure performance in accordance with any Third Party Agreement or other agreement or instrument giving rise to any associated rights that are or may become subjected to the Lender’s Lien.

#### **UCCs, Registrations, Etc.; Lender as Attorney-in-Fact.** Customer hereby irrevocably:

authorizes Lender to prepare and file any UCC financing statements, amendments, continuations, terminations, assignments and other filings, or take such other actions for the purpose of perfecting, affording first and exclusive priority to or otherwise relating to Lender’s Lien under this Agreement or the other Loan Documents;

consents to, and authorizes its professional user entity to consent to, the registration of each Registerable Interest requested by Lender or its Assignee, or otherwise required by the provisions of this Agreement or any of the other Loan Documents, including any subordination, amendment, assignment, discharge or undertaking permitted by the Cape Town Convention with respect thereto; and

constitutes and appoints Lender (including any Person acting on Lender’s behalf), as its true and lawful attorney-in-fact with full power and authority in the place and stead of Customer and in the name of Customer or in its own name, for the purpose of carrying out the terms of this Agreement; which authority shall include the following undertakings that may be exercisable by Lender in its sole discretion at any time, and from time to time, if an Event of Default is then existing or upon the occurrence of an Event of Loss: (i) in Customer’s name, file and/or record, such further instruments, filings and other documents, make, cause to be made and/or consent to all registrations with the International Registry, and take such further action, to establish and protect Lender’s rights, interests and remedies created, or intended to be created, pursuant to the Loan Documents; (ii) endorse Customer’s name on any checks, notes, drafts or any other payments or instruments, or set off, apply, or take such other actions with respect to any funds relating to the Collateral that come into Lender’s possession or control; and (iii) to settle, adjust, receive payment and make claim or proof of loss, and take such other actions relating to the Required Coverages. This appointment is coupled with an interest, is

irrevocable and shall terminate only upon indefeasible payment and performance in full of all of the Obligations. The powers conferred on Lender hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Lender shall be accountable only for amounts that it actually receives in good and indefeasible funds as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to Customer for any act or failure to act. Without limiting the foregoing, Customer agrees that within five (5) Business Days of Lender's request, Customer will enter into an irrevocable power-of-attorney authorizing Aviation Counsel or Lender's other designee as Customer's professional user entity and administrator for the purpose of discharging any Registerable Interests as and when directed to do so by Lender in connection with its exercise of its rights and remedies under the Loan Documents.

**Inspection.** Lender or its authorized representatives shall have the right, but not the duty, to inspect the Aircraft, any part thereof and/or the Records, at its own cost any reasonable time and from time to time, wherever located, upon reasonable prior notice to Customer; except that after the occurrence of a Default or an Event of Default, such inspection may be conducted at any time without prior notice and at Customer's sole expense, and it shall pay Lender promptly upon demand any inspection costs incurred by Lender. So long as no Default or Event of Default exists, any such inspections shall be conducted during normal business hours and without interruption of the use and operation of the Aircraft as permitted hereby. Upon the request of Lender, Customer shall promptly confirm to Lender the location of the Aircraft or any of the other Collateral.

**Events of Default.** The term "**Event of Default**", wherever used herein, shall mean:

Customer shall fail to pay any Obligation within ten (10) days after the same shall become due and payable (whether at the stated maturity, by acceleration, upon demand or otherwise); or

(i) any Customer Party shall default in the payment or performance of any indebtedness, liability or obligation to Lender or any Affiliate of Lender under any note, security agreement, lease, title retention or conditional sales agreement or any other instrument or agreement; or

(ii) any Customer Party shall fail to pay any Indebtedness (other than the Obligations) exceeding \$5,000,000.00, and such failure shall continue beyond any applicable grace period (or, with respect to trade Indebtedness which is not subject to a grace period, within ninety (90) days of the date such trade Indebtedness is incurred); or

(i) any of the Required Coverages are not kept in full force and effect, or a breach or violation shall exist with respect to any provisions thereof; or the Aircraft is operated in a manner, at a time or in or over or located at a place with respect to which such Required Coverages shall not be in effect; (ii) Customer shall fail to cause the Airframe or the Engines to be used, operated, maintained or otherwise kept in a condition so as to be in compliance with all Applicable Laws; or (iii) any Customer Party shall fail to comply with (A) any financial covenants as and to the extent set forth or incorporated in any Guaranty or in any of the other Loan Documents, or (B) any provision of any of the Loan Documents restricting Liens and other dispositions relating to either the Collateral or any rights or obligations under any of the Transaction Documents (including Section 4.4 hereof), or (iv) the occurrence of any Defective Registration; or

(i) any representation or warranty made by any Customer Party in any of the Loan Documents or in any related agreement, document or certificate shall prove to have been incorrect, misleading, or inaccurate in any material respect when made or given (or, if a continuing representation or warranty, at any time); or (ii) any Customer Party shall fail to (A) perform or observe any other agreement (other than those specifically referred to in this Section 6) required to be performed or observed by it under this Agreement or in any of the other Loan Documents, and such failure shall continue uncured for thirty (30) days after the earlier of written notice thereof from Lender to such Customer Party or such Customer Party's actual knowledge thereof (but such notice and cure period will not be applicable unless such breach is curable by practical means within such notice period) or (B) notify Lender of any Default or Event of Default within ten (10) Business Days of its occurrence; or

(i) any Customer Party shall (A) generally fail to pay its, or his or her debts as they become due, admit its, or his or her inability to pay its, or his or her debts or obligations generally as they fall due, or shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws or other insolvency laws, or an answer admitting the material allegations of such a petition filed against such Customer Party in any such proceeding; or (B) by voluntary petition, answer or consent, seek relief under the provisions of any other bankruptcy or other insolvency or similar law providing for the reorganization or liquidation of corporations, or providing for an assignment for the benefit of creditors, or providing for an agreement, composition, extension or adjustment with its, or his or her creditors; or (ii) a petition against any Customer Party in a proceeding under applicable bankruptcy laws or other insolvency laws, as now or hereafter in effect, shall be filed and shall not be withdrawn or dismissed within one hundred twenty (120) days thereafter, or if, under the provisions of any law providing for reorganization or liquidation of business entities that may apply to any Customer Party, any court of competent jurisdiction shall assume jurisdiction, custody or control of such Customer Party or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of one hundred eighty (180) days after the filing date; or

the occurrence of any of the following events with respect to any Customer Party: (A) it enters into any transaction of merger, consolidation or reorganization; (B) it ceases to do business as a going concern, liquidates, or dissolves, or sells, transfers or otherwise disposes of all or substantially all of its assets or properties (in one or more transactions); (C) it becomes the subject of, or engages in, a leveraged buy out; (D) it changes the form of organization of its business; (E) if it is privately owned as of the Closing Date, there is any substantial change in the ownership or control of its capital stock or membership interests such that the holder(s) that own or control one hundred percent (100%) of such equity interests as of the Closing Date no longer do so; or (F) if it is publicly held as of the Closing Date, any change so that it is no longer subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or no longer registered under Section 12 of the Securities Act of 1933, as amended; or

(i) the conviction of or guilty plea by any Customer Party with respect to any criminal act constituting a felony, (ii) any repudiation by any Customer Party of its obligation for the payment or performance of the Obligations, (iii) any allegation by any Customer Party or judicial determination that any of the Loan Documents is unenforceable in any material respect or (iv) a Default (as defined in any Guaranty) shall occur; or any event or condition constituting a breach or other default under any Operating Consent.

## **Remedies .**

**Acceleration; Termination of Commitment.** If any Event of Default shall occur, Lender, in its sole discretion, may (a) declare the Obligations to be immediately due and payable, and upon such declaration the Obligations (including, the unpaid principal amount of the Note, together with all accrued but unpaid interest thereon, any prepayment fees and all other amounts due and payable under or with respect to the Loan Documents), shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the other Loan Documents to the contrary notwithstanding, (b) terminate any then outstanding commitment whether to Customer or any Affiliate to make the Loan or any advance thereof, or any other financial accommodations, whether related to the Loan or otherwise, and/or (c) pursue and enforce any of Lender's rights and remedies under this Section 7; provided, however, if an Event of Default specified in Section 6 (e) above shall occur, the Obligations shall become immediately due and payable, all such commitments shall terminate, and Lender shall have all such other rights and remedies contemplated in the preceding clauses (a), (b) and (c), automatically, and without any notice or other action by Lender.

**Additional Remedies.** If an Event of Default occurs, in addition to all other rights and remedies granted to it in this Agreement and in the other Loan Documents, Lender may exercise all rights and remedies of a secured party under the UCC or as a creditor, chargee or security assignee under the Cape Town Convention (including any and all remedies thereunder requiring agreement by Customer), or otherwise available to

Lender under any other Applicable Law. Without limiting the generality of the foregoing, Customer agrees that upon the occurrence of an Event of Default, Lender, without demand or notice of any kind (except as specified below) to or upon Customer or any other Person, in its sole discretion, may exercise any one or more of the following remedies:

(i) peacefully enter the premises where the Aircraft, the Engines, or any other Collateral is located, take immediate possession of, remove (or disable in place), or otherwise take control or custody of the Airframe, the Engines or any other Collateral (whether or not then attached to the Airframe) by self-help, summary proceedings or otherwise without liability, (ii) preserve the Airframe, the Engines or the other Collateral, and their respective value (but without any obligation to do so), and immobilize or keep idle the Airframe or Engines, and/or (iii) use Customer's premises for storage without liability; and Customer agrees, at Lender's request, to assemble the Collateral, and make it available to Lender at such places as Lender shall reasonably select, whether at Customer's premises or elsewhere;

(i) terminate the right of any Interested Third Party, and any other third party to use, possess or control the Airframe, the Engines or any of the other Collateral, including under any Permitted Third Party Agreement or other Third Party Agreement, without regard as to the existence of any event of default thereunder, (ii) recover from, and/or cause Customer and any such Interested Third Party, and any other third party, to relinquish possession and return the Airframe, the Engines and any other Collateral pursuant to this Section 7, and/or (iii) exercise any and all other remedies under any Operating Consents in Customer's stead, to the extent provided for under, or otherwise available to Customer in connection with any related Permitted Third Party Agreement or such other Third Party Agreement;

(i) manage, sell, lease, assign or otherwise dispose of the Airframe, the Engines or any other Collateral, in whole or in part, whether or not in Lender's possession, in one or more parcels or transactions, at public or private sale or sales, with or without notice to Customer (except as required by Applicable Law, and in furtherance thereof, Lender agrees that it shall give Customer no less than ten (10) working days' prior notice of any proposed sale or lease of the Airframe or Engines, which Customer acknowledges as constituting "reasonable prior notice" for the purposes of the Cape Town Convention) at such prices as Lender may deem best, and/or (ii) purchase the Collateral, in whole or in part, upon any public sale or sales, and to the extent permitted by Applicable Law upon any private sale or sales, free of any right or equity of redemption in Customer, which right or equity of redemption is hereby expressly released;

(i) collect, receive, appropriate and realize upon the Collateral, or any part thereof, including by applying any deposit or other cash collateral, or collecting or receiving, appropriating and realizing upon any income, profits or other proceeds arising from the management or use of the Airframe, the Engines or any of the other Collateral, and applying the same (after deducting all taxes, costs, expenses and other reductions of every kind incurred in connection therewith) to the payment in whole or in part of the Obligations, in such order and manner as Lender may elect; and (ii) after making such application, (A) remitting to Customer or to such other Person any excess then remaining, as and to the extent Lender is required by Applicable Law to make such remittance and (B) demanding, collecting and receiving from Customer any deficiency then remaining (and Customer agrees that it shall remain liable for, and pay upon demand, the full amount of any such deficiency);

(i) demand and obtain from any court speedy relief pending final determination available at law (including, possession, control, custody or immobilization of the Airframe and Engines, or preservation of the Airframe and the Engines and their respective value), (ii) procure the deregistration and/or export and physical transfer of the Airframe from the territory in which it is then situated (including pursuant to an IDERA, if any, executed by Customer), and/or (iii) otherwise proceed at law or in equity, to enforce specifically Customer's performance or to recover damages; and/or

exercise any and all other rights and remedies under or with respect to the Loan Documents or Applicable Law, including the Cape Town Convention and the UCC.

No Waiver: Cumulative Remedies. No right or remedy is exclusive. Customer hereby acknowledges that none of the provisions of this Section 7, including any remedies set forth or referenced herein, is "manifestly unreasonable" for the purposes of the Cape Town Convention. Each may be used successively and cumulatively and in addition to any other right or remedy referred to above or otherwise available to Lender at law or in equity, but in no event shall Lender be entitled to recover any amount in excess of the maximum amount recoverable under Applicable Law with respect to any Event of Default. No express or implied waiver by Lender of any Default or Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default. The failure or delay of Lender in exercising any rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or reoccurrence of any such contingencies or similar contingencies, and any single or partial exercise of any particular right by Lender shall not exhaust the same or constitute a waiver of any other right provided for or otherwise referred to herein. After the occurrence of any Default or Event of Default, the acceptance by Lender of any payment or performance of any of the Obligations, including the payment of any installment of principal and/or interest or of any other sum owing hereunder or under the other Loan Documents shall not constitute a waiver of such Default or Event of Default, regardless of Lender's knowledge or lack of knowledge thereof at the time of acceptance of any such payment or performance and shall not constitute a reinstatement of any of the Loan Documents, unless Lender shall have agreed in writing to reinstate the same and waive the Default or Event of Default. To the extent permitted by Applicable Law, Customer waives any rights now or hereafter conferred thereby, that (a) limit or modify any of Lender's rights or remedies under this Agreement or any of the other Loan Documents, including the provisions of Article 13(2) of the Convention, or (b) would otherwise entitle Customer to (i) receive notices or demands as a condition to Lender's exercise of any rights or remedies, except as expressly required above or (ii) make claims, damages and demands against Lender arising out of the repossession, retention, sale or other disposition of the Collateral.

#### **MISCELLANEOUS**

Notices. All communications and notices provided for herein shall be in writing and shall be deemed to have been duly given or made (i) upon hand delivery, or (ii) upon delivery by an overnight delivery service, or (iii) when sent by telecopy (with customary confirmation of receipt of such telecopy) on the Business Day when sent or upon the next Business Day if sent on other than a Business Day.

#### Expenses and Fees; Indemnity; Performance of Customer's Obligations

Customer shall pay to Lender upon demand all reasonable fees, costs and expenses incurred by or on behalf of Lender at any time in connection with (i) the negotiation, preparation, execution, delivery and enforcement of the Loan Documents and the collection of the Obligations (both before and after the occurrence of a Default or Event of Default), (ii) the creation, preservation and protection of the Collateral and the perfection, first priority and enforcement of Lender's Lien, or (iii) Customer's exercise of any right granted under, or any amendment or other modification to any of, the Loan Documents. Such fees, costs and expenses shall include, without limitation, reasonable appraisal and inspection fees, the reasonable fees and expenses of Aviation Counsel and of Lender's counsel, consultants and brokers, UCC, FAA, International Registry and other applicable title, interest and lien searches, and reasonable costs and expenses relating to recovery, repossession, storage, insurance, transportation, repair, refurbishment, advertising, sale and other dispositions of the Aircraft or any of the other Collateral. Customer shall also pay all reasonable fees (including license, filing and registration fees), Impositions and other charges of whatever kind or nature that may be payable or determined to be payable in connection with (A) the execution, delivery, recording or performance of this Agreement or any of the other Loan Documents, or any modification thereof, and (B) the filings, registrations and other undertakings relating thereto. Notwithstanding the foregoing, as long as there are no more than two (2) revised drafts of any Loan Document provided by Customer or its counsel to Lender or Lender's counsel, Customer shall be responsible for not more than \$35,000.00 in the aggregate for the legal fees of outside counsel to Lender (including, Aviation Counsel) and appraisal, inspection, processing, credit verification, lien searches, FAA and International Registry fees and other fees incurred in connection with the initial negotiation, preparation and execution of this Agreement and the other Loan Documents executed and delivered on or

before the Closing Date (and the consummation of the closing contemplated to occur thereon); provided that in the event that the negotiation exceeds two (2) revised drafts of any Loan Document, then Customer shall pay for the actual amount of such out of pocket fees incurred by Lender relating to the drafting and negotiation in excess of such two (2) revised drafts. Lender shall apply the previously paid deposit amount of \$35,000.00 to such fees and shall refund to Customer the amount by which the deposit exceeds such fees.

Customer hereby further agrees, whether or not the transactions contemplated by this Agreement shall be consummated, to pay, indemnify, and hold Lender and its affiliates and all of the Lender's and such affiliates' respective directors, shareholders, members, officers, employees, agents, predecessors, attorneys-in-fact, lawyers, successors and assigns (Lender, its affiliates and all of such other parties and entities sometimes hereinafter collectively, the "**Indemnified Parties**") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, out of pocket costs, attorney's fees, expenses or disbursements of any kind or nature whatsoever ("**Claims**") arising with respect to or in connection with (i) the Airframe, the Engines, or any APUs or Parts, or any of the other Collateral, including (whether by or through Customer, Vendor, any Interested Third Party, or any other Person), the manufacture, inspection, ownership, lease, sublease, management, pooling, interchange, time sharing, chartering, possession, use, operation, maintenance, security, condition (whether prior to, upon or after delivery or acceptance of any of the same), repossession, storage, sale or other disposition of any of the same, or any accident in connection therewith, including Claims involving or alleging environmental damage, criminal acts, hijacking, acts of terrorism or similar acts, product liability or strict or absolute liability in tort, latent and other defects (whether or not discoverable) and for any other risk or matter, including any of the same that result in injuries, death, destruction, or other harm or loss to persons or property, or (ii) any of the Loan Documents, Third Party Agreements or other Transaction Documents, or the performance, breach (including any Default or Event of Default) or enforcement of any of the terms hereof or thereof, provided, that Customer shall have no obligation to indemnify an Indemnified Party with respect to Claims arising from the gross negligence or willful misconduct of such Indemnified Party (unless if imputed by Applicable Law). If any Claim is made against any Indemnified Party, the party receiving notice or otherwise becoming aware of such Claim shall promptly notify the other, but the failure of the party having knowledge of a Claim to so notify the other party shall not relieve Customer of any obligation hereunder.

If any Customer Party fails to perform or comply with any of its agreements contained herein or in the other Loan Documents, including, without limitation, its obligations to keep the Collateral free of Liens (other than the Permitted Liens), comply with Applicable Standards, or obtain the Required Coverages, Lender shall have the right, but shall not be obligated, to effect such performance or compliance, with such agreement. Any expenses of Lender incurred in connection with effecting such performance or compliance, together with interest thereon at the default rate of interest provided for in the Note from the date incurred until reimbursed, shall be payable by Customer to Lender promptly on demand and until such payment shall constitute part of the Obligations secured hereby. Any such action shall not be a cure or waiver of any Default or Event of Default hereunder.

Entire Agreement; Modifications. This Agreement and the other Loan Documents constitute the entire understanding and agreement of the parties hereto with respect to the matters contained herein and therein, and shall completely and fully supersede all other prior agreements (including any proposal letter, commitment letter, and/or term sheet), both written and oral, between Lender and Customer relating to the Obligations. Neither this Agreement, nor any terms hereof, may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of a change, waiver, discharge or termination is sought.

Construction of this Agreement and Related Matters. All representations and warranties made in this Agreement and in the other Loan Documents shall survive the execution and delivery of this Agreement and the making of the Loan hereunder. Customer's obligations contained in this Section 8 shall survive the payment and performance of the Obligations, the termination of this Agreement, and the release of the Collateral. This Agreement may be executed by the parties hereto on any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. The headings of the Sections hereof are for convenience only, are not part of this Agreement and shall not be deemed to affect the meaning or construction of any of the provisions hereof. Time is of the essence in the payment and performance of all of Customer's obligations under this Agreement. Any provision of this Agreement that may be determined to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective in such jurisdiction to the extent thereof without invalidating the remaining provisions of this Agreement, which shall remain in full force and effect.

Lender's Assignment. Lender, may at any time, with or without notice to Customer, freely grant a security interest in, sell, assign, participate or otherwise transfer (an "**Assignment**") all or any part of its interest in this Agreement and the other Loan Documents (including all associated rights associated with or secured thereby and the related international interests) or any amount due or to become due hereunder or thereunder, and Customer shall perform all of its obligations under the Loan Documents, to the extent so transferred, for the benefit of the beneficiary of such Assignment (such beneficiary, including any successors and assigns, an "**Assignee**"); provided, however, if such Assignee is not an Affiliate of Lender and if no Default or Event of Default exists, Lender will provide prior notice of any such Assignment to a third party. Customer hereby waives any right to assert, and agrees not to assert, against any Assignee any abatement, reduction, defense, setoff, recoupment, claim or counterclaim that Customer may have against Lender, provided that Lender remains fully responsible therefor. Upon the assumption by such Assignee of Lender's obligations hereunder, Lender shall be relieved of any such assumed obligations. Customer hereby consents to any such assignment, grant, sale or transfer, including, without limitation, for purposes of the Cape Town Convention. If so directed in writing, Customer shall pay all amounts due or to become due under the Loan Documents, including any of the same constituting associated rights or proceeds directly to the Assignee or any other party designated in writing by Lender or such Assignee. Customer acknowledges and agrees that Lender's right to enter into an Assignment is essential to Lender and, accordingly, waives any restrictions under Applicable Law with respect to an Assignment and any related remedies. Upon the request of Lender or any Assignee, Customer also agrees (a) to promptly execute and deliver, and cause to be executed and delivered by any Guarantor or any other Transaction Party, to Lender or to such Assignee an acknowledgment of assignment in form and substance satisfactory to the requesting party, an insurance certificate naming Assignee as additional insured and loss payee and otherwise evidencing the Required Coverages, an IDERA in favor of Assignee, and such other documents and assurances reasonably requested by Lender or Assignee, (b) to make, or cause to be made, all registrations (including all assignments and subordinations) and all amendments, extensions and discharges with the International Registry reasonably requested by Lender or Assignee (and give or obtain any necessary consent thereto, as well as renew any authorization required by the International Registry in connection therewith, including renewing its transacting user entity status and re-designating a professional user entity, if necessary in Lender's judgment), and (c) to comply with any and all other reasonable requirements of any such Assignee in connection with any such Assignment.

Jurisdiction. Customer and Lender each hereby irrevocably consents and agrees that any legal action, suit or proceeding arising out of or in any way in connection with this Agreement or any of the other Loan Documents may be instituted or brought in the courts of the State of New York or in the United States Courts for the Southern District of New York, as Customer or Lender may elect or in any other state or Federal court as Lender shall deem appropriate, and by execution and delivery of this Agreement, Customer and Lender each hereby irrevocably accepts and submits to, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of any such court, and to all proceedings in such courts. Customer and Lender each irrevocably consents to service of any summons and/or legal process by first class, certified United States air mail, postage prepaid, to Customer at the address set forth below its signature hereto, such method of service to constitute, in every respect, sufficient and effective service of process in any such legal action or proceeding. Nothing in this Agreement or in any of the other Loan Documents shall affect the right to service of process in any other manner permitted by law or limit the right of Lender to bring actions, suits or proceedings in the courts of any other jurisdiction. Customer and Lender each further agrees that final judgment against it in any such legal action,

suit or proceeding shall 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 shall be conclusive evidence of the fact and the amount of the liability. Notwithstanding anything in the foregoing to the contrary, Lender and Customer may bring a judicial proceeding in the Republic of Ireland, solely with respect to matters relating to the International Registry.

Governing Law; Binding Effect. This Agreement shall be construed and enforced in accordance with, and the rights of both parties shall be governed by, the internal laws of the State of New York (without regard to the conflict of laws principles of such state, except as to the effect of Title 14, Section 5-1401 of the New York General Obligations Law), including all matters of construction, validity, and performance. This Agreement shall be binding upon and inure to the benefit of Customer and Lender and their respective successors and assigns (but without limiting the provisions of Section 8.5); except that Customer may not assign or transfer its rights or obligations hereunder or under any other Loan Agreement, or any interest herein or therein; and any such purported or attempted assignment or transfer by Customer shall be null and void.

Customer's Capacity as Owner Trustee. TVPX Aircraft Solutions Inc. ("TVPX") is executing this Agreement, and the other Loan Documents solely in its capacity as Owner Trustee under the Trust Agreement and not in its individual capacity and in no case shall TVPX be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of the Customer hereunder, or under any Loan Document, all such liability, if any, being expressly waived by the parties hereto and any Person claiming by, through, or under such party. Under no circumstances shall TVPX be personally liable for the payment of any other amount stated to be due from the Customer hereunder, or under any Loan Document, or be personally liable for the breach or failure of any of Customer's representations, warranties, covenants, obligations, undertakings and agreements hereunder, or under any Loan Documents; provided, however, that the Customer (or any such successor owner trustee) shall be personally liable hereunder for its own gross negligence or willful misconduct or for its breach of its covenants, representations and warranties contained herein, or in any Loan Document, to the extent covenanted or made in its individual capacity.

Jury Waiver. CUSTOMER AND LENDER EACH HEREBY KNOWINGLY AND FREELY WAIVES THEIR RESPECTIVE RIGHTS TO A JURY TRIAL IN ANY ACTION, SUIT OR PROCEEDING RELATING TO, ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE NOTE OR ANY OF THE OTHER LOAN DOCUMENTS.

**[Signatures On Next Page]**

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Loan and Aircraft Security Agreement

IN WITNESS WHEREOF, the parties hereto have caused this Loan and Aircraft Security Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

BANC OF AMERICA LEASING & CAPITAL, LLC, Lender

TVPX AIRCRAFT SOLUTIONS INC., a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated July \_\_\_\_, 2017,  
Customer

By:  
Name:  
Title:  
Notice Address:

One Financial Plaza, 2nd Floor  
Providence, Rhode Island 02903  
Attention: Director of Aircraft Operations  
Telephone: 800-238-3737  
Facsimile: 401-278-7941

By:  
Name:  
Title:  
Notice Address:

39 East Eagle Ridge Drive, Ste. 201  
North Salt Lake, UT 84054  
Telephone: (801) 924-367  
Facsimile: (801) 877-0478

**Applicable Standards** shall mean (i) Applicable Law, (ii) the requirements of the Required Coverages, and (iii), with respect to the Airframe or the Engines, APU or Part, all compliance requirements set forth in or under (A) all maintenance manuals initially furnished with respect thereto, including any subsequent amendments or supplements to such manuals issued by the manufacturer or supplier thereof from time to time, (B) all mandatory service bulletins issued, supplied, or available by or through the applicable manufacturer with respect thereto, (C) all applicable airworthiness directives issued by the FAA or similar regulatory agency having jurisdictional authority, (D) all conditions to the enforcement of any warranties pertaining thereto, and (E) Customer's FAA approved maintenance program with respect to the Airframe, the Engines, APUs or Part, and (F) any Engine Maintenance Program or APU Maintenance Program.

**APU** shall mean (i) the auxiliary power unit described and listed by manufacturer's serial number in Annex C, whether or not hereafter installed on the Aircraft or any other airframe from time to time; (ii) any auxiliary power unit constituting a Permitted Replacement; and (iii) any and all related Parts.

**APU Maintenance Program** shall mean a maintenance contract from a provider acceptable to Lender in its reasonable discretion, which (i) provides for the maintenance of the APU; (ii) is not on a pro-rata basis, (iii) provides for full life limited parts and components coverage, (iv) allows for follow on contract coverage in favor of Lender, (iv) acknowledges the rights and interests of Lender (or its designee) under such maintenance contract and (v) otherwise is in form and substance reasonably satisfactory to Lender.

**Assignee** and **Assignment** shall each have the meanings respectively set forth in Section 8.5 hereof.

**Aviation Counsel** shall mean such counsel as Lender may designate from time to time.

**Aviation Documents** shall have the meaning set forth in Section 2 of the Closing Terms Addendum.

**Business Day** shall mean any day other than a Saturday, Sunday or other day on which banks located in Providence, Rhode Island are closed or are authorized to close.

**charter** or **chartering** means the provision of on-demand commercial air transportation in accordance with Part 135 of the FARs.

**Claim** shall have the meaning set forth in Section 8.2(b) hereof.

**Closing Date** shall have the meaning set forth in the preamble of this Agreement.

**Closing Deliverables** shall have the meaning set forth in Section 1 of the Closing Terms Addendum.

**Collateral** shall have the meaning set forth in Section 5.1 hereof.

**Consent to Aircraft Lease Agreement** shall mean that certain consent to aircraft lease agreement entered among Lender, Customer, and any other Interested Third Party in form and substance satisfactory to Lender.

**Consent to Management Agreement and Assignment** shall mean that certain consent to management agreement and assignment entered among Lender, Customer, and Manager in form and substance satisfactory to Lender.

**Customer Party** shall mean Customer and any Guarantor or other Person guaranteeing, securing, or otherwise agreeing to pay, perform or be responsible for any of the Obligations, together with each of their respective successors, permitted assigns, heirs and estates.

**Default** shall mean an event or circumstance that, after the giving of notice or lapse of time, or both, would become an Event of Default.

**Defective Registration** means any failure to cause the Aircraft to be effectively registered with the Registry in the name of Customer in accordance with the Registration Requirements for any reason whatsoever, including should such registration be revoked, canceled or expired or otherwise deemed to have ended or been invalidated pursuant to the Registration Requirements.

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**LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)**

**THIS LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)** (together with all Addenda, Riders and Annexes hereto, this "Agreement") is dated as of July 27, 2017 (the "Closing Date"), by and between **TVPX AIRCRAFT SOLUTIONS INC.**, a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated as of July 27, 2017 ("Customer") and **BANC OF AMERICA LEASING & CAPITAL, LLC**, a Delaware limited liability company ("Lender").

In consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

Capitalized and certain other terms used but not otherwise defined in this Agreement shall have the meanings ascribed to them in Annex A attached hereto and made a part hereof.

#### **Terms of Loan .**

Loan and Use of Proceeds . Subject to the terms and conditions of this Agreement, Lender agrees to make a loan to Customer in the principal amount set forth in Annex B attached hereto and made a part hereof (the “ **Loan** ”). Customer shall use the proceeds of the Loan to finance the costs of the acquisition of the Aircraft.

Repayment and Prepayment . The Customer’s obligation to repay the Loan shall be evidenced by one or more Promissory Notes dated on and/or after the Closing Date, payable by Customer to the order of Lender in the original principal amount of the Loan (as amended, modified, restated, extended and renewed from time to time, the “ **Note** ”). The Loan shall bear interest and be repaid by Customer at the times and in the manner set forth in the Note. The Loan may be prepaid only in the manner and subject to terms and conditions set forth in the Note and, if applicable, Section 4.7 hereof.

**Conditions of Borrowing** . Lender’s obligation to make the Loan shall be both subject to and conditioned upon the satisfaction of all of the conditions precedent specified in the Closing Terms Addendum attached to and made a part of this Agreement.

**Representations and Warranties** . In order to induce Lender to enter into this Agreement and to make the Loan herein provided for, Customer represents, warrants and covenants to Lender that:

(i) Customer (A) is duly qualified to do business in each jurisdiction in which the conduct of its business or the ownership or operation of its assets requires such qualification, including the jurisdiction of the Primary Hangar Location and wherever any of the Collateral may become located; (B) has the necessary authority and power to own and operate the Aircraft and its other assets and to transact the business in which it is engaged; (C) is a “citizen of the United States” within the meaning of the Transportation Code; and (D) has the form of business organization set forth in Annex B hereto and is and will remain duly organized, validly existing and in good standing under the laws of the state of its organization set forth in Annex B hereto, its federal tax identification number is as set forth in Annex B hereto, and its state-issued organizational identification number (if any), chief executive office and principal place of business address are all as set forth on Annex B hereto; and (ii) its name as shown in the preamble of this Agreement is its exact legal name as shown on its charter, by-laws, articles of organization or operating agreement, as applicable, each as amended as of the Closing Date;

(i) Customer’s execution and delivery of, and performance of its obligations under and with respect to, each of the Loan Documents (including its borrowing the amounts constituting the Loan, granting the Lender’s Lien against the Aircraft and other Collateral and participating in the other transactions contemplated herein and therein), (A) have been duly authorized by all necessary action on the part of Customer consistent with its form of organization, (B) do not contravene or constitute a default under any Applicable Law, any of Customer’s Organizational Documents, or any agreement, indenture, or other instrument to which Customer is a party or by which it may be bound, (C) do not require the approval of or notice to (1) any Governmental Authority, except for the filings and registrations specified in the Closing Terms Addendum, all of which shall have been duly effected prior to or concurrently with Lender making the Loan, or (2) any other party (including any trustees or holders of indebtedness), and (D) will not result in the creation or imposition of any Lien on any of the assets of Customer other than the Lender’s Lien created hereby and by the other Loan Documents with respect to the Collateral; (ii) each of the Transaction Documents referenced in the Closing Terms Addendum to which Customer is a party has been duly executed and delivered by an authorized representative of the Customer, and constitutes the legal, valid and binding obligation of the Customer, enforceable against it in accordance with the respective terms of such Transaction Documents (including, without limitation, the grant of the Lender’s Lien); and (iii) without limiting the foregoing, upon Lender’s advancing the Loan on the Closing Date, (A) Customer will have satisfied or complied with all conditions precedent and requirements as set forth in the Loan Documents required to have been satisfied or complied with concurrently with or prior to such advance and (B) no Default or Event of Default shall be then existing;

there are no proceedings pending or, so far as the officers, managers, or members of Customer know, threatened against or affecting Customer or any of its property before any Governmental Authority that could impair Customer’s title to the Aircraft or any of the other Collateral, or that, if decided adversely, could materially affect the financial condition or operations of Customer or its ability to perform its obligations under any of the Loan Documents;

(i) Customer has, and shall continue to have, good and marketable title to the Collateral, free and clear of Liens, except Permitted Liens; (ii) the Lender’s Lien in the Airframe, the Engines and the other Collateral is and shall remain validly created and perfected, and has and shall continue to have first priority over any other Liens pursuant to all Applicable Laws; and (iii) all filings, recordings, registrations or other actions necessary or desirable in order to vest such title in Customer, and establish, perfect and give first priority to Lender’s Lien and other rights and interests in, against or with respect to the Collateral, have been duly effected, and all Impositions in connection therewith have been duly paid;

without limiting any of the other representations and warranties in this Agreement, for the purposes of the Cape Town Convention and any other Applicable Law, (i) upon the conclusion of the sale of the Aircraft to Customer, and Customer’s grants and assignments, and (if constituting a lease) any Permitted Third Party Agreement, contemplated in the Loan Documents or other Transaction Documents, Customer and (if a lessee) any Interested Third Party shall be situated in, and Customer will cause the Aircraft to be duly registered in, the United States of America (which is a contracting state), (ii) with respect to any of the Transaction Documents relating to the Airframe or Engine, each of the respective parties thereto has power to dispose of the Airframe and Engine, as contemplated therein by way of the relevant Transaction Document, and (iii) the Purchase Documents qualify as a “contract of sale”, and (if constituting a lease) any Permitted Third Party Agreement and the Loan Documents are effective to constitute international interests in the Airframe and Engine and security assignments of the related associated rights and transfer of the related international interests, as contemplated therein, and each such Registerable Interest will be effective against third parties upon registration at the International Registry, without any further filings or registrations (except as contemplated in the Loan Documents);

(i) the Aircraft (A) has been delivered to Customer, is in Customer’s possession and is, as of the Closing Date, unconditionally, irrevocably and fully accepted by Customer, (B) has been inspected by Customer to its complete satisfaction and, without limiting the foregoing, (1) has been found to be in good working order, repair and condition and fully equipped to operate for its intended purpose, and (2) is in conformity with the requirements of the Purchase Agreement and the Applicable Standards, (C) is, or will be at the time of the funding of the Loan, currently certified under existing FAA rules and regulations and any other Applicable Laws and is airworthy in all respects, and (D) is and will remain primarily hangared at the Primary Hangar Location; and (ii) without limiting the foregoing, (A) solely as between Lender and Customer (and without prejudicing Customer’s rights against Vendor or any other third party, which rights are not being disclaimed hereby), Customer has no pending claims and has no knowledge of any facts upon which a future claim may be based, against any prior owner, the seller, manufacturer or supplier of the Aircraft or any of the other Collateral, for breach of warranty or otherwise, and (B) all of the information contained in Annex C , including the registration number of the Aircraft, and the serial numbers, manufacturer and model numbers of the Airframe, Engines, and APU, are true and accurate in all respects; and

(h) the Aircraft (i) is currently capable of being certified under existing FAA rules and regulations and completely airworthy in all respects, (ii) will undergo an inspection by a Designated Airworthiness Representative of the FAA (“ **DAR** ”) on the Closing Date and (iii) an FAA Standard

Airworthiness Certificate (AC Form 8100-2) shall be issued for the Aircraft no later than two (2) Business Days after the Closing Date.

**Covenants**. Customer covenants and agrees that from and after the Closing Date and so long as any of the Obligations are outstanding:

Notices; Financial Information; and Further Assurances. Customer will, at its sole expense:

promptly give written notice to Lender of (i) the occurrence of any Default or Event of Default; (ii) the occurrence of any Event of Loss or event of which Customer may be aware that could become an Event of Loss; (iii) the commencement or written threat of any material litigation or proceedings affecting Customer or any material litigation or proceedings affecting the Aircraft or any of the other Collateral, or the ability of Customer to comply with its obligations under the Loan Documents; and (iv) any material dispute between Customer or any Interested Third Party and any Governmental Authority or other party that involves the Aircraft or any of the other Collateral or that might materially interfere with the normal business operations of Customer;

cause Guarantor to comply with the financial reporting requirements set forth in the Guaranty and promptly furnish to Lender any such financial and other information regarding the Customer or Guarantor or any of its Affiliates as Lender may from time to time reasonably request; and

promptly execute and deliver to Lender such further instruments, UCC and FAA filings (including an IDERA) and other documents, make, cause to be made and/or consent to all registrations (including any discharges and subordinations, or as to the prospective or actual sale of, and any international interest in, the Engines) with the International Registry, and take such further action, as Lender may from time to time reasonably request in order to further carry out the intent and purpose of the Loan Documents and to establish, protect and enforce the rights, interests, remedies and Liens (including the first priority thereof) created, or intended to be created, in favor of Lender thereby.

General Obligations. (a) Customer agrees that it shall (i) duly observe and conform to all requirements of Applicable Law relating to the conduct of its business and/or the Aircraft, (ii) remain a "citizen of the United States" within the meaning of the Transportation Code, (iii) obtain and keep in full force and effect (A) all rights, franchises, licenses and permits that are necessary to the proper conduct of its business, and (B) all approvals by any Governmental Authority required with respect to the performance of its obligations under the Loan Documents and the operation of the Aircraft and its business, (iv) cause the Aircraft to remain primarily hangared at the Primary Hangar Location, and duly registered in Customer's name under the Transportation Code (including, by making all necessary reports, re-registering its ownership of the Aircraft, and taking all other actions required by Applicable Law), and (v) pay and perform all of its obligations and liabilities when due. (b) Customer agrees that (i) it shall not change its presently existing legal name or its form or state of organization on or after the date of this Agreement, without Lender's prior written consent, (ii) if its presently existing state organizational identification number changes, or if Customer currently has no such state organizational number but is subsequently issued such a number, on or at any time after the date of this Agreement, Customer shall immediately notify Lender thereof, and (iii) it shall not change the presently existing mailing, chief executive office and/or principal place of business address on or after the date of this Agreement without giving Lender thirty (30) days written notice of the same.

Taxes. (a) Customer will file or cause to be filed with all appropriate taxing authorities all Federal, state and local income tax returns that are required to be filed and all registrations, declarations, returns and other documentation with respect to any personal property taxes (or any other taxes in the nature of or imposed in lieu of property taxes) due or to become due with respect to the Aircraft or any of the other Collateral. (b) Customer will pay (or cause to be paid) (i) on or before the date when due all taxes as shown on said returns and all taxes assessed, billed or otherwise payable with respect to the Aircraft or the other Collateral directly to the appropriate taxing authorities; and (ii) when due all license and/or registration or filing fees, assessments, governmental charges and sales, use, property, excise, privilege, value added and other taxes (including any related interest or penalties) or other charges or fees now or hereafter imposed by any governmental body or agency upon Customer or the Aircraft or any of the other Collateral, with respect to the landing, airport use, manufacturing, ordering, shipment, purchase, ownership, delivery, installation, leasing, chartering, operation, possession, use or disposition of the Aircraft or any of the other Collateral, or any interest therein (the items referred to in (i) and (ii) above being referred to herein collectively, as "**Impositions**").

No Disposition of Collateral or Liens; Title and Security Interest.

Customer shall not sell, assign, enter into any Third Party Agreement, convey, mortgage, exchange or otherwise transfer or relinquish possession of (including by any seizure or other taking by any foreign or domestic governmental authority) or dispose of the Airframe or Engines, any Part, any related associated rights, international interests or prospective international interests, any proceeds or any of the other Collateral, or attempt or offer to do, or suffer or permit any of the foregoing. Customer shall be permitted, however, to deliver possession of the Airframe, the Engines, or any APU or Part to another Person for testing, service, repair, maintenance, overhaul, alteration or modification, and to enter into Permitted Third Party Agreements, in each case, if and to the extent consistent with the provisions of the Loan Documents. Customer will warrant and defend its good and marketable title to the Airframe, the Engines and the other Collateral, and the validity, perfection and first priority of Lender's Lien in the Collateral, against all other Liens, claims and demands whatsoever, except Permitted Liens; and without limiting the foregoing, Customer will (i) not create, assume or suffer to exist any Liens on or with respect to the Airframe, the Engines, or any of the other Collateral, or Customer's interest therein (other than Permitted Liens); and (ii) promptly take such action as directed by Lender to duly discharge any such unpermitted Liens.

So long as no Default or Event of Default is then existing, Customer may enter into and remain a party to Third Party Agreements, in each such case, subject to the satisfaction of, and compliance by Customer and each Interested Third Party with, all of the following throughout the term of such arrangement: (i) Each such Interested Third Party shall (A) be and remain solvent, and (unless an individual) organized under the laws of a state within the United States; and (B) if engaged by Customer with the prior written consent of Lender as a manager and/or charter operator (including the Manager pursuant to the Management Agreement), while so engaged, (1) have a recognized favorable reputation as a manager and/or charter operator, as the case may be, of aircraft similar to the Aircraft, (2) be providing management and/or charter operation services for other aircraft owners similar to the services contemplated therein, and (3) if and at all times while conducting any charter operations (x) have and maintain a valid Part 135 Certificate evidencing its authority to conduct such operations, (y) list the Aircraft on its operations specifications, and (z) comply with all Applicable Standards pertaining to such charter operations. (ii) Any operation of the Aircraft pursuant to any such Third Party Agreement shall be limited to (A) if by Customer, Parent Guarantor or any Affiliate of Parent Guarantor, any time sharing agreements (as defined in Section 91.501(c)(1)) complying with Part 91 of the FARs and all other Applicable Standards, (B) if by a manager and/or a charter operator with Lender's prior written consent, pursuant to and in full compliance with the requirements of Part 135 of the FARs and all other Applicable Standards, or (C) if such Third Party Agreement is a "dry lease" by Customer, as lessor, to Parent Guarantor or an Affiliate of Parent Guarantor or other Interested Third Party permitted pursuant hereto, as lessee, operation by such lessee complying with (1) Part 91 and any other applicable provision of the FARs, and all other Applicable Standards, and (2) the provisions hereof and of the other Loan Documents pertinent to the operation of the Aircraft (whether by Customer or any permitted Interested Third Party). (iii) The related Third Party Agreement shall (A) be and remain, subject and subordinate to Lender's Lien in and with respect to the Collateral, and Lender's rights and remedies under the Loan Documents (and such subordination shall be expressly acknowledged therein), (B) not convey any Lien on, or other property interest in or against the Airframe, the Engines or any of the other Collateral, except for a Permitted Lien (but, without giving effect to clause (a) of the definition of such term), (C) not permit any further sublease or disposition of or unpermitted Lien against the Aircraft or any of the other Collateral by any of the Interested Parties thereto or any other Person, or any change in registration or unpermitted change in hangaring of the Aircraft, (D) not contain provisions that are inconsistent with the provisions of any of the Loan Documents or cause Customer to breach any of its representations, warranties or agreements

under any of the Loan Documents, (E) be in conformity with all requirements of the FARs and other Applicable Laws, and (F) otherwise conform to any Operating Consent required by Lender with respect thereto. (iv) (A) Customer shall have specified such Third Party Agreement on Annex B if existing on the Closing Date, or if not then existing shall require Lender's prior written consent and at least thirty (30) Business Days' prior written notice of its intention to enter into a Third Party Agreement and (B) no later than the effective date thereof Customer shall comply with, and at all times thereafter remain in compliance with, any related requirements by Lender, including (1) entering into, and causing any related Interested Third Parties to enter into, an Operating Consent, (2) causing Lender to be covered by the Required Coverages (which, for the purposes hereof, may include insurance coverages obtained and maintained by an Interested Third Party, conforming to the insurance requirements herein and in any of the other Loan Documents), and (3) entering into or delivering, or causing to be entered into and delivered, all such other documents, filings and assurances, making or causing to be made such filings and registrations, and taking or causing to be taken all such other actions, in each case as may be required by Lender and (4) paying or reimbursing Lender for any related costs or expenses. (v) Lender shall have the right, but not the obligation, to (A) require reasonable evidence that any Interested Third Party satisfies the requirements provided herein, and (B) review any such Third Party Agreement, as from time to time supplemented and amended, to determine its conformity with the provisions hereof, but without assuming any responsibility with respect thereto. (vi) Customer shall neither make, nor permit to be made, any filing or registration with respect to any Permitted Third Party Agreement, unless so directed by Lender pursuant to Section 5.2 or otherwise. Notwithstanding the foregoing limitations Parent Guarantor or any Affiliate shall be permitted to conduct the carriage of Parent Guarantor or any Affiliate and/or their respective guests pursuant to 14 CFR Section 91.501(b)(4), affiliated group operations pursuant to 14 CFR Section 91.501(b)(5) and/or (6), demonstration flights pursuant to 14 CFR Section 91.501(b)(3), time sharing or interchange operations pursuant to 14 CFR Section 91.501(b)(6), the carriage of customers pursuant to 14 CFR Section 91.501(b)(9) and/or the carriage of candidates in Federal elections conducted pursuant to 14 CFR Section 91.321.

With respect to any Third Party Agreements complying with all of the provisions of Section 4.4(b) (each a "**Permitted Third Party Agreement**"), although certain of the duties and obligations of Customer under the Loan Documents may be performed by one or more of the Interested Third Parties, (i) no such Permitted Third Party Agreement shall reduce any of Customer's obligations, or Lender's rights, under any of the Loan Documents, (ii) all of Customer's obligations under the Loan Documents shall be and remain primary and continue in full force and effect as the obligations of a principal and not of a guarantor or surety, and (iii) Lender is not waiving the right to require full and timely performance of any such obligations in strict accordance with the provisions hereof and of the other Loan Documents. By way of clarification and not limitation, with respect to any provisions of this Agreement or any of the other Loan Documents requiring Customer to take or refrain from taking an action relating to the Aircraft or any of the other Collateral, such provision may also be read to mean that Customer shall cause the same to be done in accordance therewith, if at that time the Aircraft or such other Collateral is in the possession or control of an Interested Third Party pursuant to a Permitted Third Party Agreement.

#### Use of Aircraft; Maintenance; Modifications; Security.

Customer will operate the Aircraft or shall cause the Aircraft to be operated under and in compliance with Part 91 and any other applicable provision of the FARs, and all other Applicable Standards. Unless otherwise expressly permitted hereunder, (i) Customer shall not operate or permit the Aircraft to be operated for air taxi operations or otherwise under Part 135 of the FARs; and (ii) Customer, an Affiliate or other Interested Third Party shall at all times have, and maintain, "operational control" of the Aircraft (as such term is then interpreted by the FAA or such other applicable Governmental Authority), and no other Person shall operate the Aircraft. The Aircraft at all times will be operated by duly qualified pilots having satisfied all requirements established and specified by the FAA, the TSA, any other applicable Governmental Authority and the Required Coverages.

the Aircraft may be flown temporarily to any country in the world, provided that the Aircraft (i) shall at all times be based in the continental United States; and (ii) shall not be flown, operated, used or located in, to or over any such country or area (temporarily or otherwise) (A) that is excluded from the Required Coverages (or specifically not covered by such insurance), (B) with which the U.S. does not maintain favorable diplomatic relations (which is any country or jurisdiction not marked with an "\*" on the list maintained by the U.S. Department of State, at <http://www.state.gov/s/inr/rls/4250.htm> or any replacement or equivalent website maintained by the U.S. Department of State), provided that the prohibition in this clause (B) does not prohibit the operation of the Aircraft on an approved and assigned air traffic control route (if and so long as such use is otherwise in compliance with the provisions of the this Agreement and does not violate any insurance policies in effect with respect to the Aircraft), (C) to the extent that payment of any claim under the Required Coverages directly or indirectly arising or resulting from or connected with any such flight, operation, use or location would be prohibited under any trade or other economic sanction or embargo by the United States of America, or (D) in violation of any of the Loan Documents or any Applicable Standards. Customer shall adopt, implement and comply with all security measures required by any Applicable Law, or by any Required Coverages, or that are necessary or appropriate for the proper protection of the Aircraft (whether on the ground or in flight) against theft, vandalism, hijacking, destruction, bombing, terrorism or similar acts.

Customer agrees that, with respect to the Airframe, the Engines, each APU and each Part, Customer will at its own expense, (i) maintain, inspect, service, repair, overhaul and test the same in accordance with Applicable Standards; (ii) make any alterations or modifications that may at any time be required to comply with Applicable Standards, and to cause the Aircraft to remain airworthy; (iii) furnish all required parts, replacements, mechanisms, devices and servicing so that the condition and operating efficiency thereof will at all times be no less than its condition and operating efficiency as and when delivered to Customer, ordinary wear and tear from proper use alone excepted; (iv) promptly replace all Parts (A) which become worn out, lost, stolen, taken, destroyed, damaged beyond repair or permanently rendered or declared unfit for use for any reason whatsoever, or (B) if not previously replaced pursuant to clause (A), as and when required by any Applicable Standards, including any applicable life limits; and (v) maintain (in English) all Records in accordance with Applicable Standards; and (vi) enroll and maintain the Engines in an Engine Maintenance Program and the APU in an APU Maintenance Program or shall cause the foregoing to be done. All maintenance procedures shall be performed by properly trained, licensed, and certified maintenance sources and personnel utilizing replacement parts approved by the FAA and the manufacturer of (as applicable) the Airframe, the Engines, or any APU or Part. Without limiting the foregoing, Customer shall comply with all mandatory service bulletins and airworthiness directives by causing compliance to such bulletins and/or directives to be completed through corrective modification in lieu of operating manual restrictions.

Customer will not make, authorize or permit any improvement, change, addition or alteration to the Aircraft that will impair the originally intended function or use of the Aircraft, diminish the value of the Aircraft as it existed immediately prior thereto, or violate any Applicable Standard. All repairs, parts, replacements, mechanisms and devices added by Customer or on its behalf shall immediately, without further act, become part of the Aircraft and subject to the Lender's Lien granted under this Agreement.

#### Insurance.

Customer agrees to maintain or cause to be maintained at all times, at its sole cost and expense, with insurers of recognized reputation and responsibility satisfactory to Lender (but in no event having an A.M. Best or comparable agency rating of less than "A-"):

(A) comprehensive aircraft liability insurance against bodily injury or property damage claims including, without limitation,

contractual liability, premises liability, death and property damage liability, public and passenger legal liability coverage, and sudden accident pollution coverage, in an amount not less than \$200,000,000.00 for 20 or more seats, or if the Aircraft will be chartered, or \$100,000,000.00 for 10 or more seats, or \$50,000,000.00 for fewer than 10 seats for each single occurrence, and (B) personal injury liability in an amount not less than \$25,000,000.00; but, in no event shall the amounts of coverage required by sub-clauses (A) and (B) be less than the coverage amounts as may then be required by Applicable Law;

“all-risk” ground, taxiing, and flight hull insurance on an agreed-value basis, covering the Aircraft, provided that such insurance shall at all times be in an amount not less than the greater of (1) the full replacement value of the Aircraft (as determined by Lender), or (2) the unpaid principal amount of the Note (each such amount re-determined as of each anniversary of the date hereof for the next succeeding year throughout the term of this Agreement); and

war risk and allied perils (including confiscation, appropriation, expropriation, terrorism and hijacking insurance) in the amounts required in paragraphs (i) and (ii), as applicable.

Any policies of insurance carried in accordance with this Section 4.6 and any policies taken out in substitution or replacement of any such policies shall (i) be endorsed to name Lender as an additional insured as its interests may appear (but without responsibility for premiums), (ii) provide, with respect to insurance carried in accordance with Section 4.6(a)(ii) or (a)(iii) above, that any amount payable thereunder shall be paid directly to Lender as sole loss payee and not to Lender and Customer jointly, (iii) provide for thirty (30) days’ (seven (7) days’ in the case of war, hijacking and allied perils) prior written notice by such insurer of cancellation, material change, or non-renewal, (iv) include a severability of interest clause providing that such policy shall operate in the same manner as if there were a separate policy covering each insured, (v) waive any right of set-off against Lender, and any rights of subrogation against Lender, (vi) provide that in respect of the interests of Lender in such policies, that the insurance shall not be invalidated by any action or inaction of Customer or any other Person operating or in possession of the Aircraft, regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by or binding upon Customer or any other Person operating or in possession of the Aircraft, and (vii) be primary, not subject to any co-insurance clause and shall be without right of contribution from any other insurance.

Customer shall not self-insure (by deductible, premium adjustment, or risk retention arrangement of any kind) with respect to any of the risks required to be insured pursuant to this Section 4.6. Customer agrees that it shall obtain and maintain such other insurance coverages, or cause adjustments to be made to the scope, amount or other aspects of the existing insurance coverages, promptly upon Lender’s request, as and when Lender deems such additional insurance coverages or modifications to be appropriate in light of any changes in Applicable Law, prudent industry practices, the insurance market, Customer’s anticipated use of the Aircraft or other pertinent circumstances. All of the coverages required herein shall be in full force and effect worldwide throughout any geographical areas to, in or over which the Aircraft is operated. All insurance proceeds payable under the requisite policies shall be payable in U.S. Dollars.

At least ten (10) days prior to the policy expiration date for any insurance coverage required by this Section 4.6, Customer shall furnish to Lender evidence (having the form and substance consistent with Section 1(f) of the Closing Terms Addendum) of the renewal or replacement of such coverage, complying with the terms hereof, for a twelve (12) month or greater period commencing from and after such expiration date.

#### Event of Loss: Loaner Engines.

Upon the occurrence of any Event of Loss with respect to the Aircraft and/or the Airframe, Customer shall notify Lender of any such Event of Loss within five (5) days of the date thereof. Customer shall pay the then Outstanding Balance promptly upon its receipt of insurance proceeds relating to such Event of Loss, but in no event later than ninety (90) days after the occurrence of such Event of Loss (irrespective as to whether any or all of such proceeds have been received). Upon Lender’s receipt in good and indefeasible funds of all of the amounts required to be paid pursuant to the preceding sentence (whether by applying Customer’s payment of such amounts, or any such insurance proceeds, or both) the Aircraft shall be released from the Lender’s Lien, and Lender shall remit to Customer any such insurance proceeds so received by Lender, to the extent then remaining.

Upon an Event of Loss with respect to an Engine or any APU (as applicable, a “ **Lost Item** ”) under circumstances in which there has not occurred an Event of Loss with respect to the Airframe, Customer shall, within one hundred twenty (120) days after the occurrence of such Event of Loss, replace such Lost Item, with a Permitted Replacement. Any engine or auxiliary power unit constituting a “ **Permitted Replacement** ” for a Lost Item shall (i) be of the same make and model number as the Lost Item, (ii) be free and clear of all Liens and (iii) have a value, utility and useful life at least equal to, and be in as good an operating condition as, the Lost Item, assuming such Lost Item was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss. Customer, at its own cost and expense, shall (i) furnish Lender with such documents to evidence such conveyance, (ii) cause the Permitted Replacement to be subject to the Lender’s Lien under this Agreement, and (iii) take such other actions as may be required by Lender to cause the Lender’s Lien therein to be validly created, perfected and have first priority, including as evidenced on the FAA Registry, the International Registry, and any other recording office. Each such Permitted Replacement shall, after such conveyance, be deemed an “Engine” or “APU” (as defined herein), as applicable, and shall be deemed part of the same Aircraft as was the Lost Item replaced thereby.

In the event an Engine is damaged and is being repaired, or is being inspected or overhauled, Customer, at its option, may temporarily substitute another engine during the period of such repair or overhaul, so long as such engine is of the same make and model as the Engine being repaired or overhauled, is free and clear of any Lien that might impair Lender’s rights or interests in the Airframe and is maintained in accordance herewith (any such substitute engine being hereinafter referred to as a “ **Loaner Engine** ”). Customer shall (i) cause such Loaner Engine to be installed and removed, as applicable, by a maintenance facility certified by the FAA and manufacturer with respect to the Aircraft, and (ii) cause the repaired or overhauled original Engine to be reinstalled on the Airframe promptly upon completion of the repair or overhaul, but in no event later than the earlier of one hundred twenty (120) days after removal or the occurrence of an Event of Default.

So long as no Default has occurred and is continuing, and no Event of Default or Event of Loss with respect to the Aircraft has occurred, any loss or damage proceeds of the Required Coverages received by Lender shall be released promptly by Lender to Customer to reimburse Customer for paying the costs actually incurred with respect to repairs made to the Aircraft so as to restore it to the condition required by this Agreement, or for the purchase of a Permitted Replacement pursuant to Section 4.7(b), or shall be disbursed by Lender as otherwise required by this Agreement.

Aircraft Registration. On or before the Closing Date, and at all times thereafter, so long as any of the Obligations are outstanding, Customer shall remain solely responsible pursuant to the applicable provisions of this Agreement to cause (i) the Aircraft to be effectively and otherwise validly registered in Customer’s name on the Registry, and (ii) the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft, in each case, accordance with the Registration Requirements; and without limiting the foregoing, or any other provision of this Agreement, Customer shall:

cause the Registration Certificate to be maintained within the Aircraft and cause the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft; including by (A) notifying Lender immediately of any event or circumstance with respect to which the Registration Requirements require further action by Customer, the Registry or any other Governmental Authority or other Person, (B) immediately upon receipt, placing the original, replacement or renewal Registration Certificate on the Aircraft prior to the expiration or other invalidation of any previously issued Registration Certificate (whether the certificate or any other document constituting the

Registration Certificate as defined herein) under the Registration Requirements, and (C) complying with any and all of the other Registration Requirements relating to such Registration Certificate, and to the Registration Certificate replaced thereby (including any of the same relating to the destruction or return thereof, as the case may be); and

upon the occurrence, and at all times thereafter, of any Defective Registration (and without waiving Customer's responsibility to avoid such circumstance), or if the operation of the Aircraft is no longer authorized by the Registration Requirements, Customer shall (A) neither operate nor permit or suffer the operation of the Aircraft without a currently effective and otherwise valid Registration Certificate (and shall cause the pilots to be made aware of the Defective Registration), and otherwise comply with the FARs and other Applicable Laws relating to such Defective Registration, (B) ground and store the Aircraft in a manner reasonably acceptable to Lender, and (C) inform the insurer or insurers thereof, and obtain and maintain adjustments to the insurance coverages required pursuant Section 4.6 of this Agreement which may be necessary or desirable to Lender so as to reflect any changes in the insurable risks relating to any Defective Registration.

**Security Interest; Power of Attorney; Inspection .**

Grant of Security Interest . As collateral security for the prompt and complete payment and performance as and when due of all of the Obligations and in order to induce Lender to enter into this Agreement and make the Loan to Customer in accordance with the terms hereof, Customer hereby grants, pledges and assigns to Lender a first priority security interest, collateral assignment, international interest, prospective international interest, security assignment and prospective security assignment, in, against, under and with respect to (the " **Lender's Lien** ") all of Customer's right, title and interest in, to and under all of the following collateral, whether now existing or hereafter acquired (collectively, the " **Collateral** "): (i) the Aircraft, including the Airframe, the Engines, each of the APU and Parts, and the Records; (ii) any and all present and future Third Party Agreements; (iii) any and all other associated rights secured by or associated with the Airframe and/or the Engines, together with any related international interests and prospective international interests; (iv) any collateral described in the other Loan Documents (including in any Operating Consent); and (v) all proceeds of the foregoing. By way of clarification and not limitation, the foregoing grant of the Lender's Lien shall include, as applicable (and in each case, being validly registered and having first priority), an international interest in the Airframe and in each Engine. Notwithstanding the foregoing, (i) Customer shall not enter into any Third Party Agreements unless expressly permitted by Section 4.4 and (ii) Lender is not assuming, nor shall it be responsible for, any obligations, liabilities or duties of any kind whatsoever of Customer (and/or of any other Person) relating to the Collateral. Customer agrees that it shall perform and procure performance in accordance with any Third Party Agreement or other agreement or instrument giving rise to any associated rights that are or may become subjected to the Lender's Lien.

UCCs, Registrations, Etc.: Lender as Attorney-in-Fact . Customer hereby irrevocably:

authorizes Lender to prepare and file any UCC financing statements, amendments, continuations, terminations, assignments and other filings, or take such other actions for the purpose of perfecting, affording first and exclusive priority to or otherwise relating to Lender's Lien under this Agreement or the other Loan Documents;

consents to, and authorizes its professional user entity to consent to, the registration of each Registerable Interest requested by Lender or its Assignee, or otherwise required by the provisions of this Agreement or any of the other Loan Documents, including any subordination, amendment, assignment, discharge or undertaking permitted by the Cape Town Convention with respect thereto; and

constitutes and appoints Lender (including any Person acting on Lender's behalf), as its true and lawful attorney-in-fact with full power and authority in the place and stead of Customer and in the name of Customer or in its own name, for the purpose of carrying out the terms of this Agreement; which authority shall include the following undertakings that may be exercisable by Lender in its sole discretion at any time, and from time to time, if an Event of Default is then existing or upon the occurrence of an Event of Loss: (i) in Customer's name, file and/or record, such further instruments, filings and other documents, make, cause to be made and/or consent to all registrations with the International Registry, and take such further action, to establish and protect Lender's rights, interests and remedies created, or intended to be created, pursuant to the Loan Documents; (ii) endorse Customer's name on any checks, notes, drafts or any other payments or instruments, or set off, apply, or take such other actions with respect to any funds relating to the Collateral that come into Lender's possession or control; and (iii) to settle, adjust, receive payment and make claim or proof of loss, and take such other actions relating to the Required Coverages. This appointment is coupled with an interest, is irrevocable and shall terminate only upon indefeasible payment and performance in full of all of the Obligations. The powers conferred on Lender hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Lender shall be accountable only for amounts that it actually receives in good and indefeasible funds as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to Customer for any act or failure to act. Without limiting the foregoing, Customer agrees that within five (5) Business Days of Lender's request, Customer will enter into an irrevocable power-of-attorney authorizing Aviation Counsel or Lender's other designee as Customer's professional user entity and administrator for the purpose of discharging any Registerable Interests as and when directed to do so by Lender in connection with its exercise of its rights and remedies under the Loan Documents.

Inspection . Lender or its authorized representatives shall have the right, but not the duty, to inspect the Aircraft, any part thereof and/or the Records, at its own cost any reasonable time and from time to time, wherever located, upon reasonable prior notice to Customer; except that after the occurrence of a Default or an Event of Default, such inspection may be conducted at any time without prior notice and at Customer's sole expense, and it shall pay Lender promptly upon demand any inspection costs incurred by Lender. So long as no Default or Event of Default exists, any such inspections shall be conducted during normal business hours and without interruption of the use and operation of the Aircraft as permitted hereby. Upon the request of Lender, Customer shall promptly confirm to Lender the location of the Aircraft or any of the other Collateral.

**Events of Default .** The term " **Event of Default** ", wherever used herein, shall mean:

Customer shall fail to pay any Obligation within ten (10) days after the same shall become due and payable (whether at the stated maturity, by acceleration, upon demand or otherwise); or

(i) any Customer Party shall default in the payment or performance of any indebtedness, liability or obligation to Lender or any Affiliate of Lender under any note, security agreement, lease, title retention or conditional sales agreement or any other instrument or agreement; or (ii) any Customer Party shall fail to pay any Indebtedness (other than the Obligations) exceeding \$5,000,000.00, and such failure shall continue beyond any applicable grace period (or, with respect to trade Indebtedness which is not subject to a grace period, within ninety (90) days of the date such trade Indebtedness is incurred); or

(i) any of the Required Coverages are not kept in full force and effect, or a breach or violation shall exist with respect to any provisions thereof; or the Aircraft is operated in a manner, at a time or in or over or located at a place with respect to which such Required Coverages shall not be in effect; (ii) Customer shall fail to cause the Airframe or the Engines to be used, operated, maintained or otherwise kept in a condition so as to be in compliance with all Applicable Laws; or (iii) any Customer Party shall fail to comply with (A) any financial covenants as and to the extent set forth or incorporated in any Guaranty or in any of the other Loan Documents, or (B) any provision of any of the Loan Documents restricting Liens and other dispositions relating to either the Collateral or any rights or obligations under any of the Transaction Documents (including Section 4.4 hereof), or (iv) the occurrence of any Defective Registration; or

(i) any representation or warranty made by any Customer Party in any of the Loan Documents or in any related agreement, document or certificate shall prove to have been incorrect, misleading, or inaccurate in any material respect when made or given (or, if a continuing representation or warranty, at any time); or (ii) any Customer Party shall fail to (A) perform or observe any other agreement (other than those

specifically referred to in this Section 6) required to be performed or observed by it under this Agreement or in any of the other Loan Documents, and such failure shall continue uncured for thirty (30) days after the earlier of written notice thereof from Lender to such Customer Party or such Customer Party's actual knowledge thereof (but such notice and cure period will not be applicable unless such breach is curable by practical means within such notice period) or (B) notify Lender of any Default or Event of Default within ten (10) Business Days of its occurrence; or

(i) any Customer Party shall (A) generally fail to pay its, or his or her debts as they become due, admit its, or his or her inability to pay its, or his or her debts or obligations generally as they fall due, or shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws or other insolvency laws, or an answer admitting the material allegations of such a petition filed against such Customer Party in any such proceeding; or (B) by voluntary petition, answer or consent, seek relief under the provisions of any other bankruptcy or other insolvency or similar law providing for the reorganization or liquidation of corporations, or providing for an assignment for the benefit of creditors, or providing for an agreement, composition, extension or adjustment with its, or his or her creditors; or (ii) a petition against any Customer Party in a proceeding under applicable bankruptcy laws or other insolvency laws, as now or hereafter in effect, shall be filed and shall not be withdrawn or dismissed within one hundred twenty (120) days thereafter, or if, under the provisions of any law providing for reorganization or liquidation of business entities that may apply to any Customer Party, any court of competent jurisdiction shall assume jurisdiction, custody or control of such Customer Party or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of one hundred eighty (180) days after the filing date; or

the occurrence of any of the following events with respect to any Customer Party: (A) it enters into any transaction of merger, consolidation or reorganization; (B) it ceases to do business as a going concern, liquidates, or dissolves, or sells, transfers or otherwise disposes of all or substantially all of its assets or properties (in one or more transactions); (C) it becomes the subject of, or engages in, a leveraged buy out; (D) it changes the form of organization of its business; (E) if it is privately owned as of the Closing Date, there is any substantial change in the ownership or control of its capital stock or membership interests such that the holder(s) that own or control one hundred percent (100%) of such equity interests as of the Closing Date no longer do so; or (F) if it is publicly held as of the Closing Date, any change so that it is no longer subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or no longer registered under Section 12 of the Securities Act of 1933, as amended; or

(i) the conviction of or guilty plea by any Customer Party with respect to any criminal act constituting a felony, (ii) any repudiation by any Customer Party of its obligation for the payment or performance of the Obligations, (iii) any allegation by any Customer Party or judicial determination that any of the Loan Documents is unenforceable in any material respect or (iv) a Default (as defined in any Guaranty) shall occur; or any event or condition constituting a breach or other default under any Operating Consent.

#### **Remedies .**

Acceleration; Termination of Commitment . If any Event of Default shall occur, Lender, in its sole discretion, may (a) declare the Obligations to be immediately due and payable, and upon such declaration the Obligations (including, the unpaid principal amount of the Note, together with all accrued but unpaid interest thereon, any prepayment fees and all other amounts due and payable under or with respect to the Loan Documents), shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the other Loan Documents to the contrary notwithstanding, (b) terminate any then outstanding commitment whether to Customer or any Affiliate to make the Loan or any advance thereof, or any other financial accommodations, whether related to the Loan or otherwise, and/or (c) pursue and enforce any of Lender's rights and remedies under this Section 7; provided, however, if an Event of Default specified in Section 6 (e) above shall occur, the Obligations shall become immediately due and payable, all such commitments shall terminate, and Lender shall have all such other rights and remedies contemplated in the preceding clauses (a), (b) and (c), automatically, and without any notice or other action by Lender.

Additional Remedies . If an Event of Default occurs, in addition to all other rights and remedies granted to it in this Agreement and in the other Loan Documents, Lender may exercise all rights and remedies of a secured party under the UCC or as a creditor, chargee or security assignee under the Cape Town Convention (including any and all remedies thereunder requiring agreement by Customer), or otherwise available to Lender under any other Applicable Law. Without limiting the generality of the foregoing, Customer agrees that upon the occurrence of an Event of Default, Lender, without demand or notice of any kind (except as specified below) to or upon Customer or any other Person, in its sole discretion, may exercise any one or more of the following remedies:

(i) peacefully enter the premises where the Aircraft, the Engines, or any other Collateral is located, take immediate possession of, remove (or disable in place), or otherwise take control or custody of the Airframe, the Engines or any other Collateral (whether or not then attached to the Airframe) by self-help, summary proceedings or otherwise without liability, (ii) preserve the Airframe, the Engines or the other Collateral, and their respective value (but without any obligation to do so), and immobilize or keep idle the Airframe or Engines, and/or (iii) use Customer's premises for storage without liability; and Customer agrees, at Lender's request, to assemble the Collateral, and make it available to Lender at such places as Lender shall reasonably select, whether at Customer's premises or elsewhere;

(i) terminate the right of any Interested Third Party, and any other third party to use, possess or control the Airframe, the Engines or any of the other Collateral, including under any Permitted Third Party Agreement or other Third Party Agreement, without regard as to the existence of any event of default thereunder, (ii) recover from, and/or cause Customer and any such Interested Third Party, and any other third party, to relinquish possession and return the Airframe, the Engines and any other Collateral pursuant to this Section 7, and/or (iii) exercise any and all other remedies under any Operating Consents in Customer's stead, to the extent provided for under, or otherwise available to Customer in connection with any related Permitted Third Party Agreement or such other Third Party Agreement;

(i) manage, sell, lease, assign or otherwise dispose of the Airframe, the Engines or any other Collateral, in whole or in part, whether or not in Lender's possession, in one or more parcels or transactions, at public or private sale or sales, with or without notice to Customer (except as required by Applicable Law, and in furtherance thereof, Lender agrees that it shall give Customer no less than ten (10) working days' prior notice of any proposed sale or lease of the Airframe or Engines, which Customer acknowledges as constituting "reasonable prior notice" for the purposes of the Cape Town Convention) at such prices as Lender may deem best, and/or (ii) purchase the Collateral, in whole or in part, upon any public sale or sales, and to the extent permitted by Applicable Law upon any private sale or sales, free of any right or equity of redemption in Customer, which right or equity of redemption is hereby expressly released;

(i) collect, receive, appropriate and realize upon the Collateral, or any part thereof, including by applying any deposit or other cash collateral, or collecting or receiving, appropriating and realizing upon any income, profits or other proceeds arising from the management or use of the Airframe, the Engines or any of the other Collateral, and applying the same (after deducting all taxes, costs, expenses and other reductions of every kind incurred in connection therewith) to the payment in whole or in part of the Obligations, in such order and manner as Lender may elect; and (ii) after making such application, (A) remitting to Customer or to such other Person any excess then remaining, as and to the extent Lender is required by Applicable Law to make such remittance and (B) demanding, collecting and receiving from Customer any deficiency then remaining (and Customer agrees that it shall remain liable for, and pay upon demand, the full amount of any such deficiency);

(i) demand and obtain from any court speedy relief pending final determination available at law (including, possession, control, custody or immobilization of the Airframe and Engines, or preservation of the Airframe and the Engines and their respective value), (ii) procure the deregistration and/or export and physical transfer of the Airframe from the territory in which it is then situated (including pursuant to an IDERA, if any, executed by Customer), and/or (iii) otherwise proceed at law or in equity, to enforce specifically Customer's performance or to recover

damages; and/or

exercise any and all other rights and remedies under or with respect to the Loan Documents or Applicable Law, including the Cape Town Convention and the UCC.

No Waiver: Cumulative Remedies. No right or remedy is exclusive. Customer hereby acknowledges that none of the provisions of this Section 7, including any remedies set forth or referenced herein, is "manifestly unreasonable" for the purposes of the Cape Town Convention. Each may be used successively and cumulatively and in addition to any other right or remedy referred to above or otherwise available to Lender at law or in equity, but in no event shall Lender be entitled to recover any amount in excess of the maximum amount recoverable under Applicable Law with respect to any Event of Default. No express or implied waiver by Lender of any Default or Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default. The failure or delay of Lender in exercising any rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or reoccurrence of any such contingencies or similar contingencies, and any single or partial exercise of any particular right by Lender shall not exhaust the same or constitute a waiver of any other right provided for or otherwise referred to herein. After the occurrence of any Default or Event of Default, the acceptance by Lender of any payment or performance of any of the Obligations, including the payment of any installment of principal and/or interest or of any other sum owing hereunder or under the other Loan Documents shall not constitute a waiver of such Default or Event of Default, regardless of Lender's knowledge or lack of knowledge thereof at the time of acceptance of any such payment or performance and shall not constitute a reinstatement of any of the Loan Documents, unless Lender shall have agreed in writing to reinstate the same and waive the Default or Event of Default. To the extent permitted by Applicable Law, Customer waives any rights now or hereafter conferred thereby, that (a) limit or modify any of Lender's rights or remedies under this Agreement or any of the other Loan Documents, including the provisions of Article 13(2) of the Convention, or (b) would otherwise entitle Customer to (i) receive notices or demands as a condition to Lender's exercise of any rights or remedies, except as expressly required above or (ii) make claims, damages and demands against Lender arising out of the repossession, retention, sale or other disposition of the Collateral.

#### **MISCELLANEOUS**

Notices. All communications and notices provided for herein shall be in writing and shall be deemed to have been duly given or made (i) upon hand delivery, or (ii) upon delivery by an overnight delivery service, or (iii) when sent by telecopy (with customary confirmation of receipt of such telecopy) on the Business Day when sent or upon the next Business Day if sent on other than a Business Day.

#### Expenses and Fees; Indemnity; Performance of Customer's Obligations

Customer shall pay to Lender upon demand all reasonable fees, costs and expenses incurred by or on behalf of Lender at any time in connection with (i) the negotiation, preparation, execution, delivery and enforcement of the Loan Documents and the collection of the Obligations (both before and after the occurrence of a Default or Event of Default), (ii) the creation, preservation and protection of the Collateral and the perfection, first priority and enforcement of Lender's Lien, or (iii) Customer's exercise of any right granted under, or any amendment or other modification to any of, the Loan Documents. Such fees, costs and expenses shall include, without limitation, reasonable appraisal and inspection fees, the reasonable fees and expenses of Aviation Counsel and of Lender's counsel, consultants and brokers, UCC, FAA, International Registry and other applicable title, interest and lien searches, and reasonable costs and expenses relating to recovery, repossession, storage, insurance, transportation, repair, refurbishment, advertising, sale and other dispositions of the Aircraft or any of the other Collateral. Customer shall also pay all reasonable fees (including license, filing and registration fees), Impositions and other charges of whatever kind or nature that may be payable or determined to be payable in connection with (A) the execution, delivery, recording or performance of this Agreement or any of the other Loan Documents, or any modification thereof, and (B) the filings, registrations and other undertakings relating thereto. Notwithstanding the foregoing, as long as there are no more than two (2) revised drafts of any Loan Document provided by Customer or its counsel to Lender or Lender's counsel, Customer shall be responsible for not more than \$35,000.00 in the aggregate for the legal fees of outside counsel to Lender (including, Aviation Counsel) and appraisal, inspection, processing, credit verification, lien searches, FAA and International Registry fees and other fees incurred in connection with the initial negotiation, preparation and execution of this Agreement and the other Loan Documents executed and delivered on or before the Closing Date (and the consummation of the closing contemplated to occur thereon); provided that in the event that the negotiation exceeds two (2) revised drafts of any Loan Document, then Customer shall pay for the actual amount of such out of pocket fees incurred by Lender relating to the drafting and negotiation in excess of such two (2) revised drafts. Lender shall apply the previously paid deposit amount of \$35,000.00 to such fees and shall refund to Customer the amount by which the deposit exceeds such fees.

Customer hereby further agrees, whether or not the transactions contemplated by this Agreement shall be consummated, to pay, indemnify, and hold Lender and its affiliates and all of the Lender's and such affiliates' respective directors, shareholders, members, officers, employees, agents, predecessors, attorneys-in-fact, lawyers, successors and assigns (Lender, its affiliates and all of such other parties and entities sometimes hereinafter collectively, the "**Indemnified Parties**") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, out of pocket costs, attorney's fees, expenses or disbursements of any kind or nature whatsoever ("**Claims**") arising with respect to or in connection with (i) the Airframe, the Engines, or any APUs or Parts, or any of the other Collateral, including (whether by or through Customer, Vendor, any Interested Third Party, or any other Person), the manufacture, inspection, ownership, lease, sublease, management, pooling, interchange, time sharing, chartering, possession, use, operation, maintenance, security, condition (whether prior to, upon or after delivery or acceptance of any of the same), repossession, storage, sale or other disposition of any of the same, or any accident in connection therewith, including Claims involving or alleging environmental damage, criminal acts, hijacking, acts of terrorism or similar acts, product liability or strict or absolute liability in tort, latent and other defects (whether or not discoverable) and for any other risk or matter, including any of the same that result in injuries, death, destruction, or other harm or loss to persons or property, or (ii) any of the Loan Documents, Third Party Agreements or other Transaction Documents, or the performance, breach (including any Default or Event of Default) or enforcement of any of the terms hereof or thereof, provided, that Customer shall have no obligation to indemnify an Indemnified Party with respect to Claims arising from the gross negligence or willful misconduct of such Indemnified Party (unless if imputed by Applicable Law). If any Claim is made against any Indemnified Party, the party receiving notice or otherwise becoming aware of such Claim shall promptly notify the other, but the failure of the party having knowledge of a Claim to so notify the other party shall not relieve Customer of any obligation hereunder.

If any Customer Party fails to perform or comply with any of its agreements contained herein or in the other Loan Documents, including, without limitation, its obligations to keep the Collateral free of Liens (other than the Permitted Liens), comply with Applicable Standards, or obtain the Required Coverages, Lender shall have the right, but shall not be obligated, to effect such performance or compliance, with such agreement. Any expenses of Lender incurred in connection with effecting such performance or compliance, together with interest thereon at the default rate of interest provided for in the Note from the date incurred until reimbursed, shall be payable by Customer to Lender promptly on demand and until such payment shall constitute part of the Obligations secured hereby. Any such action shall not be a cure or waiver of any Default or Event of Default hereunder.

Entire Agreement; Modifications. This Agreement and the other Loan Documents constitute the entire understanding and agreement of the parties hereto with respect to the matters contained herein and therein, and shall completely and fully supersede all other prior agreements (including any proposal letter, commitment letter, and/or term sheet), both written and oral, between Lender and Customer relating to the Obligations. Neither this Agreement, nor any terms hereof, may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of a change, waiver, discharge or termination is sought.

Construction of this Agreement and Related Matters. All representations and warranties made in this Agreement and in the other Loan Documents shall survive the execution and delivery of this Agreement and the making of the Loan hereunder. Customer's obligations contained in this Section 8 shall survive the payment and performance of the Obligations, the termination of this Agreement, and the release of the Collateral. This Agreement may be executed by the parties hereto on any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. The headings of the Sections hereof are for convenience only, are not part of this Agreement and shall not be deemed to affect the meaning or construction of any of the provisions hereof. Time is of the essence in the payment and performance of all of Customer's obligations under this Agreement. Any provision of this Agreement that may be determined to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective in such jurisdiction to the extent thereof without invalidating the remaining provisions of this Agreement, which shall remain in full force and effect.

Lender's Assignment. Lender, may at any time, with or without notice to Customer, freely grant a security interest in, sell, assign, participate or otherwise transfer (an " **Assignment** ") all or any part of its interest in this Agreement and the other Loan Documents (including all associated rights associated with or secured thereby and the related international interests) or any amount due or to become due hereunder or thereunder, and Customer shall perform all of its obligations under the Loan Documents, to the extent so transferred, for the benefit of the beneficiary of such Assignment (such beneficiary, including any successors and assigns, an " **Assignee** "); provided, however, if such Assignee is not an Affiliate of Lender and if no Default or Event of Default exists, Lender will provide prior notice of any such Assignment to a third party. Customer hereby waives any right to assert, and agrees not to assert, against any Assignee any abatement, reduction, defense, setoff, recoupment, claim or counterclaim that Customer may have against Lender, provided that Lender remains fully responsible therefor. Upon the assumption by such Assignee of Lender's obligations hereunder, Lender shall be relieved of any such assumed obligations. Customer hereby consents to any such assignment, grant, sale or transfer, including, without limitation, for purposes of the Cape Town Convention. If so directed in writing, Customer shall pay all amounts due or to become due under the Loan Documents, including any of the same constituting associated rights or proceeds directly to the Assignee or any other party designated in writing by Lender or such Assignee. Customer acknowledges and agrees that Lender's right to enter into an Assignment is essential to Lender and, accordingly, waives any restrictions under Applicable Law with respect to an Assignment and any related remedies. Upon the request of Lender or any Assignee, Customer also agrees (a) to promptly execute and deliver, and cause to be executed and delivered by any Guarantor or any other Transaction Party, to Lender or to such Assignee an acknowledgment of assignment in form and substance satisfactory to the requesting party, an insurance certificate naming Assignee as additional insured and loss payee and otherwise evidencing the Required Coverages, an IDERA in favor of Assignee, and such other documents and assurances reasonably requested by Lender or Assignee, (b) to make, or cause to be made, all registrations (including all assignments and subordinations) and all amendments, extensions and discharges with the International Registry reasonably requested by Lender or Assignee (and give or obtain any necessary consent thereto, as well as renew any authorization required by the International Registry in connection therewith, including renewing its transacting user entity status and re-designating a professional user entity, if necessary in Lender's judgment), and (c) to comply with any and all other reasonable requirements of any such Assignee in connection with any such Assignment.

Jurisdiction. Customer and Lender each hereby irrevocably consents and agrees that any legal action, suit or proceeding arising out of or in any way in connection with this Agreement or any of the other Loan Documents may be instituted or brought in the courts of the State of New York or in the United States Courts for the Southern District of New York, as Customer or Lender may elect or in any other state or Federal court as Lender shall deem appropriate, and by execution and delivery of this Agreement, Customer and Lender each hereby irrevocably accepts and submits to, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of any such court, and to all proceedings in such courts. Customer and Lender each irrevocably consents to service of any summons and/or legal process by first class, certified United States air mail, postage prepaid, to Customer at the address set forth below its signature hereto, such method of service to constitute, in every respect, sufficient and effective service of process in any such legal action or proceeding. Nothing in this Agreement or in any of the other Loan Documents shall affect the right to service of process in any other manner permitted by law or limit the right of Lender to bring actions, suits or proceedings in the courts of any other jurisdiction. Customer and Lender each further agrees that final judgment against it in any such legal action, suit or proceeding shall 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 shall be conclusive evidence of the fact and the amount of the liability. Notwithstanding anything in the foregoing to the contrary, Lender and Customer may bring a judicial proceeding in the Republic of Ireland, solely with respect to matters relating to the International Registry.

Governing Law; Binding Effect. This Agreement shall be construed and enforced in accordance with, and the rights of both parties shall be governed by, the internal laws of the State of New York (without regard to the conflict of laws principles of such state, except as to the effect of Title 14, Section 5-1401 of the New York General Obligations Law), including all matters of construction, validity, and performance. This Agreement shall be binding upon and inure to the benefit of Customer and Lender and their respective successors and assigns (but without limiting the provisions of Section 8.5); except that Customer may not assign or transfer its rights or obligations hereunder or under any other Loan Agreement, or any interest herein or therein; and any such purported or attempted assignment or transfer by Customer shall be null and void.

Customer's Capacity as Owner Trustee. TVPX Aircraft Solutions Inc. ("TVPX") is executing this Agreement, and the other Loan Documents solely in its capacity as Owner Trustee under the Trust Agreement and not in its individual capacity and in no case shall TVPX be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of the Customer hereunder, or under any Loan Document, all such liability, if any, being expressly waived by the parties hereto and any Person claiming by, through, or under such party. Under no circumstances shall TVPX be personally liable for the payment of any other amount stated to be due from the Customer hereunder, or under any Loan Document, or be personally liable for the breach or failure of any of Customer's representations, warranties, covenants, obligations, undertakings and agreements hereunder, or under any Loan Documents; provided, however, that the Customer (or any such successor owner trustee) shall be personally liable hereunder for its own gross negligence or willful misconduct or for its breach of its covenants, representations and warranties contained herein, or in any Loan Document, to the extent covenanted or made in its individual capacity.

Jury Waiver. CUSTOMER AND LENDER EACH HEREBY KNOWINGLY AND FREELY WAIVES THEIR RESPECTIVE RIGHTS TO A JURY TRIAL IN ANY ACTION, SUIT OR PROCEEDING RELATING TO, ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE NOTE OR ANY OF THE OTHER LOAN DOCUMENTS.

**[Signatures On Next Page]**

BANC OF AMERICA LEASING & CAPITAL, LLC, Lender

TVPX AIRCRAFT SOLUTIONS INC., a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated July \_\_\_, 2017, Customer

By:  
Name:  
Title:  
Notice Address:

By:  
Name:  
Title:  
Notice Address:

One Financial Plaza, 2nd Floor  
Providence, Rhode Island 02903  
Attention: Director of Aircraft Operations  
Telephone: 800-238-3737  
Facsimile: 401-278-7941

39 East Eagle Ridge Drive, Ste. 201  
North Salt Lake, UT 84054  
Telephone: (801) 924-367  
Facsimile: (801) 877-0478

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**LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)**

**THIS LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)** (together with all Addenda, Riders and Annexes hereto, this “**Agreement**”) is dated as of July 27, 2017 (the “**Closing Date**”), by and between **TVPX AIRCRAFT SOLUTIONS INC.**, a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated as of July 27, 2017 (“**Customer**”) and **BANC OF AMERICA LEASING & CAPITAL, LLC**, a Delaware limited liability company (“**Lender**”).

In consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

Capitalized and certain other terms used but not otherwise defined in this Agreement shall have the meanings ascribed to them in Annex A attached hereto and made a part hereof.

**Terms of Loan .**

Loan and Use of Proceeds . Subject to the terms and conditions of this Agreement, Lender agrees to make a loan to Customer in the principal amount set forth in Annex B attached hereto and made a part hereof (the “**Loan**”). Customer shall use the proceeds of the Loan to finance the costs of the acquisition of the Aircraft.

Repayment and Prepayment . The Customer’s obligation to repay the Loan shall be evidenced by one or more Promissory Notes dated on and/or after the Closing Date, payable by Customer to the order of Lender in the original principal amount of the Loan (as amended, modified, restated, extended and renewed from time to time, the “**Note**”). The Loan shall bear interest and be repaid by Customer at the times and in the manner set forth in the Note. The Loan may be prepaid only in the manner and subject to terms and conditions set forth in the Note and, if applicable, Section 4.7 hereof.

Conditions of Borrowing . Lender’s obligation to make the Loan shall be both subject to and conditioned upon the satisfaction of all of the conditions precedent specified in the Closing Terms Addendum attached to and made a part of this Agreement.

Representations and Warranties . In order to induce Lender to enter into this Agreement and to make the Loan herein provided for, Customer represents, warrants and covenants to Lender that:

(i) Customer (A) is duly qualified to do business in each jurisdiction in which the conduct of its business or the ownership or operation of its assets requires such qualification, including the jurisdiction of the Primary Hangar Location and wherever any of the Collateral may become located; (B) has the necessary authority and power to own and operate the Aircraft and its other assets and to transact the business in which it is engaged; (C) is a “citizen of the United States” within the meaning of the Transportation Code; and (D) has the form of business organization set forth in Annex B hereto and is and will remain duly organized, validly existing and in good standing under the laws of the state of its organization set forth in Annex B hereto, its federal tax identification number is as set forth in Annex B hereto, and its state-issued organizational identification number (if any), chief executive office and principal place of business address are all as set forth on Annex B hereto; and (ii) its name as shown in the preamble of this Agreement is its exact legal name as shown on its charter, by-laws, articles of organization or operating agreement, as applicable, each as amended as of the Closing Date;

(i) Customer’s execution and delivery of, and performance of its obligations under and with respect to, each of the Loan Documents (including its borrowing the amounts constituting the Loan, granting the Lender’s Lien against the Aircraft and other Collateral and participating in the other transactions contemplated herein and therein), (A) have been duly authorized by all necessary action on the part of Customer consistent with its form of organization, (B) do not contravene or constitute a default under any Applicable Law, any of Customer’s Organizational Documents, or any agreement, indenture, or other instrument to which Customer is a party or by which it may be bound, (C) do not require the approval of or notice to (1) any Governmental Authority, except for the filings and registrations specified in the Closing Terms Addendum, all of which shall have been duly effected prior to or concurrently with Lender making the Loan, or (2) any other party (including any trustees or holders of indebtedness), and (D) will not result in the creation or imposition of any Lien on any of the assets of Customer other than the Lender’s Lien created hereby and by the other Loan Documents with respect to the Collateral; (ii) each of the Transaction Documents referenced in the Closing Terms Addendum to which Customer is a party has been duly executed and delivered by an authorized representative of the Customer, and constitutes the legal, valid and

binding obligation of the Customer, enforceable against it in accordance with the respective terms of such Transaction Documents (including, without limitation, the grant of the Lender's Lien); and (iii) without limiting the foregoing, upon Lender's advancing the Loan on the Closing Date, (A) Customer will have satisfied or complied with all conditions precedent and requirements as set forth in the Loan Documents required to have been satisfied or complied with concurrently with or prior to such advance and (B) no Default or Event of Default shall be then existing;

there are no proceedings pending or, so far as the officers, managers, or members of Customer know, threatened against or affecting Customer or any of its property before any Governmental Authority that could impair Customer's title to the Aircraft or any of the other Collateral, or that, if decided adversely, could materially affect the financial condition or operations of Customer or its ability to perform its obligations under any of the Loan Documents;

(i) Customer has, and shall continue to have, good and marketable title to the Collateral, free and clear of Liens, except Permitted Liens; (ii) the Lender's Lien in the Airframe, the Engines and the other Collateral is and shall remain validly created and perfected, and has and shall continue to have first priority over any other Liens pursuant to all Applicable Laws; and (iii) all filings, recordings, registrations or other actions necessary or desirable in order to vest such title in Customer, and establish, perfect and give first priority to Lender's Lien and other rights and interests in, against or with respect to the Collateral, have been duly effected, and all Impositions in connection therewith have been duly paid;

without limiting any of the other representations and warranties in this Agreement, for the purposes of the Cape Town Convention and any other Applicable Law, (i) upon the conclusion of the sale of the Aircraft to Customer, and Customer's grants and assignments, and (if constituting a lease) any Permitted Third Party Agreement, contemplated in the Loan Documents or other Transaction Documents, Customer and (if a lessee) any Interested Third Party shall be situated in, and Customer will cause the Aircraft to be duly registered in, the United States of America (which is a contracting state), (ii) with respect to any of the Transaction Documents relating to the Airframe or Engine, each of the respective parties thereto has power to dispose of the Airframe and Engine, as contemplated therein by way of the relevant Transaction Document, and (iii) the Purchase Documents qualify as a "contract of sale", and (if constituting a lease) any Permitted Third Party Agreement and the Loan Documents are effective to constitute international interests in the Airframe and Engine and security assignments of the related associated rights and transfer of the related international interests, as contemplated therein, and each such Registerable Interest will be effective against third parties upon registration at the International Registry, without any further filings or registrations (except as contemplated in the Loan Documents);

(i) the Aircraft (A) has been delivered to Customer, is in Customer's possession and is, as of the Closing Date, unconditionally, irrevocably and fully accepted by Customer, (B) has been inspected by Customer to its complete satisfaction and, without limiting the foregoing, (1) has been found to be in good working order, repair and condition and fully equipped to operate for its intended purpose, and (2) is in conformity with the requirements of the Purchase Agreement and the Applicable Standards, (C) is, or will be at the time of the funding of the Loan, currently certified under existing FAA rules and regulations and any other Applicable Laws and is airworthy in all respects, and (D) is and will remain primarily hangared at the Primary Hangar Location; and (ii) without limiting the foregoing, (A) solely as between Lender and Customer (and without prejudicing Customer's rights against Vendor or any other third party, which rights are not being disclaimed hereby), Customer has no pending claims and has no knowledge of any facts upon which a future claim may be based, against any prior owner, the seller, manufacturer or supplier of the Aircraft or any of the other Collateral, for breach of warranty or otherwise, and (B) all of the information contained in Annex C, including the registration number of the Aircraft, and the serial numbers, manufacturer and model numbers of the Airframe, Engines, and APU, are true and accurate in all respects; and

(h) the Aircraft (i) is currently capable of being certified under existing FAA rules and regulations and completely airworthy in all respects, (ii) will undergo an inspection by a Designated Airworthiness Representative of the FAA ("DAR") on the Closing Date and (iii) an FAA Standard Airworthiness Certificate (AC Form 8100-2) shall be issued for the Aircraft no later than two (2) Business Days after the Closing Date.

**Covenants** . Customer covenants and agrees that from and after the Closing Date and so long as any of the Obligations are outstanding:

Notices; Financial Information; and Further Assurances . Customer will, at its sole expense:

promptly give written notice to Lender of (i) the occurrence of any Default or Event of Default; (ii) the occurrence of any Event of Loss or event of which Customer may be aware that could become an Event of Loss; (iii) the commencement or written threat of any material litigation or proceedings affecting Customer or any material litigation or proceedings affecting the Aircraft or any of the other Collateral, or the ability of Customer to comply with its obligations under the Loan Documents; and (iv) any material dispute between Customer or any Interested Third Party and any Governmental Authority or other party that involves the Aircraft or any of the other Collateral or that might materially interfere with the normal business operations of Customer;

cause Guarantor to comply with the financial reporting requirements set forth in the Guaranty and promptly furnish to Lender any such financial and other information regarding the Customer or Guarantor or any of its Affiliates as Lender may from time to time reasonably request; and

promptly execute and deliver to Lender such further instruments, UCC and FAA filings (including an IDERA) and other documents, make, cause to be made and/or consent to all registrations (including any discharges and subordinations, or as to the prospective or actual sale of, and any international interest in, the Engines) with the International Registry, and take such further action, as Lender may from time to time reasonably request in order to further carry out the intent and purpose of the Loan Documents and to establish, protect and enforce the rights, interests, remedies and Liens (including the first priority thereof) created, or intended to be created, in favor of Lender thereby.

General Obligations . (a) Customer agrees that it shall (i) duly observe and conform to all requirements of Applicable Law relating to the conduct of its business and/or the Aircraft, (ii) remain a "citizen of the United States" within the meaning of the Transportation Code, (iii) obtain and keep in full force and effect (A) all rights, franchises, licenses and permits that are necessary to the proper conduct of its business, and (B) all approvals by any Governmental Authority required with respect to the performance of its obligations under the Loan Documents and the operation of the Aircraft and its business, (iv) cause the Aircraft to remain primarily hangared at the Primary Hangar Location, and duly registered in Customer's name under the Transportation Code (including, by making all necessary reports, re-registering its ownership of the Aircraft, and taking all other actions required by Applicable Law), and (v) pay and perform all of its obligations and liabilities when due. (b) Customer agrees that (i) it shall not change its presently existing legal name or its form or state of organization on or after the date of this Agreement, without Lender's prior written consent, (ii) if its presently existing state organizational identification number changes, or if Customer currently has no such state organizational number but is subsequently issued such a number, on or at any time after the date of this Agreement, Customer shall immediately notify Lender thereof, and (iii) it shall not change the presently existing mailing, chief executive office and/or principal place of business address on or after the date of this Agreement without giving Lender thirty (30) days written notice of the same.

Taxes . (a) Customer will file or cause to be filed with all appropriate taxing authorities all Federal, state and local income tax returns that are required to be filed and all registrations, declarations, returns and other documentation with respect to any personal property taxes (or any other taxes in the nature of or imposed in lieu of property taxes) due or to become due with respect to the Aircraft or any of the other Collateral. (b) Customer will pay (or cause to be paid) (i) on or before the date when due all taxes as shown on said returns and all taxes assessed, billed or otherwise payable with respect to the Aircraft or the other Collateral directly to the appropriate taxing authorities; and (ii) when due all license and/or registration or filing fees, assessments, governmental charges and sales, use, property, excise, privilege, value added and other taxes (including any related interest or penalties) or other charges or fees now or hereafter imposed by any governmental body or agency upon Customer or the Aircraft or any of the other Collateral, with respect to the landing, airport use, manufacturing, ordering, shipment, purchase, ownership, delivery,

installation, leasing, chartering, operation, possession, use or disposition of the Aircraft or any of the other Collateral, or any interest therein (the items referred to in (i) and (ii) above being referred to herein collectively, as “**Impositions**”).

No Disposition of Collateral or Liens; Title and Security Interest.

Customer shall not sell, assign, enter into any Third Party Agreement, convey, mortgage, exchange or otherwise transfer or relinquish possession of (including by any seizure or other taking by any foreign or domestic governmental authority) or dispose of the Airframe or Engines, any Part, any related associated rights, international interests or prospective international interests, any proceeds or any of the other Collateral, or attempt or offer to do, or suffer or permit any of the foregoing. Customer shall be permitted, however, to deliver possession of the Airframe, the Engines, or any APU or Part to another Person for testing, service, repair, maintenance, overhaul, alteration or modification, and to enter into Permitted Third Party Agreements, in each case, if and to the extent consistent with the provisions of the Loan Documents. Customer will warrant and defend its good and marketable title to the Airframe, the Engines and the other Collateral, and the validity, perfection and first priority of Lender's Lien in the Collateral, against all other Liens, claims and demands whatsoever, except Permitted Liens; and without limiting the foregoing, Customer will (i) not create, assume or suffer to exist any Liens on or with respect to the Airframe, the Engines, or any of the other Collateral, or Customer's interest therein (other than Permitted Liens); and (ii) promptly take such action as directed by Lender to duly discharge any such unpermitted Liens.

So long as no Default or Event of Default is then existing, Customer may enter into and remain a party to Third Party Agreements, in each such case, subject to the satisfaction of, and compliance by Customer and each Interested Third Party with, all of the following throughout the term of such arrangement: (i) Each such Interested Third Party shall (A) be and remain solvent, and (unless an individual) organized under the laws of a state within the United States; and (B) if engaged by Customer with the prior written consent of Lender as a manager and/or charter operator (including the Manager pursuant to the Management Agreement), while so engaged, (1) have a recognized favorable reputation as a manager and/or charter operator, as the case may be, of aircraft similar to the Aircraft, (2) be providing management and/or charter operation services for other aircraft owners similar to the services contemplated therein, and (3) if and at all times while conducting any charter operations (x) have and maintain a valid Part 135 Certificate evidencing its authority to conduct such operations, (y) list the Aircraft on its operations specifications, and (z) comply with all Applicable Standards pertaining to such charter operations. (ii) Any operation of the Aircraft pursuant to any such Third Party Agreement shall be limited to (A) if by Customer, Parent Guarantor or any Affiliate of Parent Guarantor, any time sharing agreements (as defined in Section 91.501(c)(1)) complying with Part 91 of the FARs and all other Applicable Standards, (B) if by a manager and/or a charter operator with Lender's prior written consent, pursuant to and in full compliance with the requirements of Part 135 of the FARs and all other Applicable Standards, or (C) if such Third Party Agreement is a “dry lease” by Customer, as lessor, to Parent Guarantor or an Affiliate of Parent Guarantor or other Interested Third Party permitted pursuant hereto, as lessee, operation by such lessee complying with (1) Part 91 and any other applicable provision of the FARs, and all other Applicable Standards, and (2) the provisions hereof and of the other Loan Documents pertinent to the operation of the Aircraft (whether by Customer or any permitted Interested Third Party). (iii) The related Third Party Agreement shall (A) be and remain, subject and subordinate to Lender's Lien in and with respect to the Collateral, and Lender's rights and remedies under the Loan Documents (and such subordination shall be expressly acknowledged therein), (B) not convey any Lien on, or other property interest in or against the Airframe, the Engines or any of the other Collateral, except for a Permitted Lien (but, without giving effect to clause (a) of the definition of such term), (C) not permit any further sublease or disposition of or unpermitted Lien against the Aircraft or any of the other Collateral by any of the Interested Parties thereto or any other Person, or any change in registration or unpermitted change in hangaring of the Aircraft, (D) not contain provisions that are inconsistent with the provisions of any of the Loan Documents or cause Customer to breach any of its representations, warranties or agreements under any of the Loan Documents, (E) be in conformity with all requirements of the FARs and other Applicable Laws, and (F) otherwise conform to any Operating Consent required by Lender with respect thereto. (iv) (A) Customer shall have specified such Third Party Agreement on Annex B if existing on the Closing Date, or if not then existing shall require Lender's prior written consent and at least thirty (30) Business Days' prior written notice of its intention to enter into a Third Party Agreement and (B) no later than the effective date thereof Customer shall comply with, and at all times thereafter remain in compliance with, any related requirements by Lender, including (1) entering into, and causing any related Interested Third Parties to enter into, an Operating Consent, (2) causing Lender to be covered by the Required Coverages (which, for the purposes hereof, may include insurance coverages obtained and maintained by an Interested Third Party, conforming to the insurance requirements herein and in any of the other Loan Documents), and (3) entering into or delivering, or causing to be entered into and delivered, all such other documents, filings and assurances, making or causing to be made such filings and registrations, and taking or causing to be taken all such other actions, in each case as may be required by Lender and (4) paying or reimbursing Lender for any related costs or expenses. (v) Lender shall have the right, but not the obligation, to (A) require reasonable evidence that any Interested Third Party satisfies the requirements provided herein, and (B) review any such Third Party Agreement, as from time to time supplemented and amended, to determine its conformity with the provisions hereof, but without assuming any responsibility with respect thereto. (vi) Customer shall neither make, nor permit to be made, any filing or registration with respect to any Permitted Third Party Agreement, unless so directed by Lender pursuant to Section 5.2 or otherwise. Notwithstanding the foregoing limitations Parent Guarantor or any Affiliate shall be permitted to conduct the carriage of Parent Guarantor or any Affiliate and/or their respective guests pursuant to 14 CFR Section 91.501(b)(4), affiliated group operations pursuant to 14 CFR Section 91.501(b)(5) and/or (6), demonstration flights pursuant to 14 CFR Section 91.501(b)(3), time sharing or interchange operations pursuant to 14 CFR Section 91.501(b)(6), the carriage of customers pursuant to 14 CFR Section 91.501(b)(9) and/or the carriage of candidates in Federal elections conducted pursuant to 14 CFR Section 91.321.

With respect to any Third Party Agreements complying with all of the provisions of Section 4.4(b) (each a “**Permitted Third Party Agreement**”), although certain of the duties and obligations of Customer under the Loan Documents may be performed by one or more of the Interested Third Parties, (i) no such Permitted Third Party Agreement shall reduce any of Customer's obligations, or Lender's rights, under any of the Loan Documents, (ii) all of Customer's obligations under the Loan Documents shall be and remain primary and continue in full force and effect as the obligations of a principal and not of a guarantor or surety, and (iii) Lender is not waiving the right to require full and timely performance of any such obligations in strict accordance with the provisions hereof and of the other Loan Documents. By way of clarification and not limitation, with respect to any provisions of this Agreement or any of the other Loan Documents requiring Customer to take or refrain from taking an action relating to the Aircraft or any of the other Collateral, such provision may also be read to mean that Customer shall cause the same to be done in accordance therewith, if at that time the Aircraft or such other Collateral is in the possession or control of an Interested Third Party pursuant to a Permitted Third Party Agreement.

Use of Aircraft; Maintenance; Modifications; Security.

Customer will operate the Aircraft or shall cause the Aircraft to be operated under and in compliance with Part 91 and any other applicable provision of the FARs, and all other Applicable Standards. Unless otherwise expressly permitted hereunder, (i) Customer shall not operate or permit the Aircraft to be operated for air taxi operations or otherwise under Part 135 of the FARs; and (ii) Customer, an Affiliate or other Interested Third Party shall at all times have, and maintain, “operational control” of the Aircraft (as such term is then interpreted by the FAA or such other applicable Governmental Authority), and no other Person shall operate the Aircraft. The Aircraft at all times will be operated by duly qualified pilots having satisfied all requirements established and specified by the FAA, the TSA, any other applicable Governmental Authority and the Required Coverages.

the Aircraft may be flown temporarily to any country in the world, provided that the Aircraft (i) shall at all times be

based in the continental United States; and (ii) shall not be flown, operated, used or located in, to or over any such country or area (temporarily or otherwise) (A) that is excluded from the Required Coverages (or specifically not covered by such insurance), (B) with which the U.S. does not maintain favorable diplomatic relations (which is any country or jurisdiction not marked with an "\*" on the list maintained by the U.S. Department of State, at <http://www.state.gov/s/inr/rls/4250.htm> or any replacement or equivalent website maintained by the U.S. Department of State), provided that the prohibition in this clause (B) does not prohibit the operation of the Aircraft on an approved and assigned air traffic control route (if and so long as such use is otherwise in compliance with the provisions of the this Agreement and does not violate any insurance policies in effect with respect to the Aircraft), (C) to the extent that payment of any claim under the Required Coverages directly or indirectly arising or resulting from or connected with any such flight, operation, use or location would be prohibited under any trade or other economic sanction or embargo by the United States of America, or (D) in violation of any of the Loan Documents or any Applicable Standards. Customer shall adopt, implement and comply with all security measures required by any Applicable Law, or by any Required Coverages, or that are necessary or appropriate for the proper protection of the Aircraft (whether on the ground or in flight) against theft, vandalism, hijacking, destruction, bombing, terrorism or similar acts.

Customer agrees that, with respect to the Airframe, the Engines, each APU and each Part, Customer will at its own expense, (i) maintain, inspect, service, repair, overhaul and test the same in accordance with Applicable Standards; (ii) make any alterations or modifications that may at any time be required to comply with Applicable Standards, and to cause the Aircraft to remain airworthy; (iii) furnish all required parts, replacements, mechanisms, devices and servicing so that the condition and operating efficiency thereof will at all times be no less than its condition and operating efficiency as and when delivered to Customer, ordinary wear and tear from proper use alone excepted; (iv) promptly replace all Parts (A) which become worn out, lost, stolen, taken, destroyed, damaged beyond repair or permanently rendered or declared unfit for use for any reason whatsoever, or (B) if not previously replaced pursuant to clause (A), as and when required by any Applicable Standards, including any applicable life limits; and (v) maintain (in English) all Records in accordance with Applicable Standards; and (vi) enroll and maintain the Engines in an Engine Maintenance Program and the APU in an APU Maintenance Program or shall cause the foregoing to be done. All maintenance procedures shall be performed by properly trained, licensed, and certified maintenance sources and personnel utilizing replacement parts approved by the FAA and the manufacturer of (as applicable) the Airframe, the Engines, or any APU or Part. Without limiting the foregoing, Customer shall comply with all mandatory service bulletins and airworthiness directives by causing compliance to such bulletins and/or directives to be completed through corrective modification in lieu of operating manual restrictions.

Customer will not make, authorize or permit any improvement, change, addition or alteration to the Aircraft that will impair the originally intended function or use of the Aircraft, diminish the value of the Aircraft as it existed immediately prior thereto, or violate any Applicable Standard. All repairs, parts, replacements, mechanisms and devices added by Customer or on its behalf shall immediately, without further act, become part of the Aircraft and subject to the Lender's Lien granted under this Agreement.

#### Insurance.

Customer agrees to maintain or cause to be maintained at all times, at its sole cost and expense, with insurers of recognized reputation and responsibility satisfactory to Lender (but in no event having an A.M. Best or comparable agency rating of less than "A-"):

(A) comprehensive aircraft liability insurance against bodily injury or property damage claims including, without limitation, contractual liability, premises liability, death and property damage liability, public and passenger legal liability coverage, and sudden accident pollution coverage, in an amount not less than \$200,000,000.00 for 20 or more seats, or if the Aircraft will be chartered, or \$100,000,000.00 for 10 or more seats, or \$50,000,000.00 for fewer than 10 seats for each single occurrence, and (B) personal injury liability in an amount not less than \$25,000,000.00; but, in no event shall the amounts of coverage required by sub-clauses (A) and (B) be less than the coverage amounts as may then be required by Applicable Law;

"all-risk" ground, taxiing, and flight hull insurance on an agreed-value basis, covering the Aircraft, provided that such insurance shall at all times be in an amount not less than the greater of (1) the full replacement value of the Aircraft (as determined by Lender), or (2) the unpaid principal amount of the Note (each such amount re-determined as of each anniversary of the date hereof for the next succeeding year throughout the term of this Agreement); and

war risk and allied perils (including confiscation, appropriation, expropriation, terrorism and hijacking insurance) in the amounts required in paragraphs (i) and (ii), as applicable.

Any policies of insurance carried in accordance with this Section 4.6 and any policies taken out in substitution or replacement of any such policies shall (i) be endorsed to name Lender as an additional insured as its interests may appear (but without responsibility for premiums), (ii) provide, with respect to insurance carried in accordance with Section 4.6(a)(ii) or (a)(iii) above, that any amount payable thereunder shall be paid directly to Lender as sole loss payee and not to Lender and Customer jointly, (iii) provide for thirty (30) days' (seven (7) days' in the case of war, hijacking and allied perils) prior written notice by such insurer of cancellation, material change, or non-renewal, (iv) include a severability of interest clause providing that such policy shall operate in the same manner as if there were a separate policy covering each insured, (v) waive any right of set-off against Lender, and any rights of subrogation against Lender, (vi) provide that in respect of the interests of Lender in such policies, that the insurance shall not be invalidated by any action or inaction of Customer or any other Person operating or in possession of the Aircraft, regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by or binding upon Customer or any other Person operating or in possession of the Aircraft, and (vii) be primary, not subject to any co-insurance clause and shall be without right of contribution from any other insurance.

Customer shall not self-insure (by deductible, premium adjustment, or risk retention arrangement of any kind) with respect to any of the risks required to be insured pursuant to this Section 4.6. Customer agrees that it shall obtain and maintain such other insurance coverages, or cause adjustments to be made to the scope, amount or other aspects of the existing insurance coverages, promptly upon Lender's request, as and when Lender deems such additional insurance coverages or modifications to be appropriate in light of any changes in Applicable Law, prudent industry practices, the insurance market, Customer's anticipated use of the Aircraft or other pertinent circumstances. All of the coverages required herein shall be in full force and effect worldwide throughout any geographical areas to, in or over which the Aircraft is operated. All insurance proceeds payable under the requisite policies shall be payable in U.S. Dollars.

At least ten (10) days prior to the policy expiration date for any insurance coverage required by this Section 4.6, Customer shall furnish to Lender evidence (having the form and substance consistent with Section 1(f) of the Closing Terms Addendum) of the renewal or replacement of such coverage, complying with the terms hereof, for a twelve (12) month or greater period commencing from and after such expiration date.

#### Event of Loss; Loaner Engines.

Upon the occurrence of any Event of Loss with respect to the Aircraft and/or the Airframe, Customer shall notify Lender of any such Event of Loss within five (5) days of the date thereof. Customer shall pay the then Outstanding Balance promptly upon its receipt of insurance proceeds relating to such Event of Loss, but in no event later than ninety (90) days after the occurrence of such Event of Loss (irrespective as to whether any or all of such proceeds have been received). Upon Lender's receipt in good and indefeasible funds of all of the amounts required to be paid pursuant to the preceding sentence (whether by applying Customer's payment of such amounts, or any such insurance proceeds, or both) the

Aircraft shall be released from the Lender's Lien, and Lender shall remit to Customer any such insurance proceeds so received by Lender, to the extent then remaining.

Upon an Event of Loss with respect to an Engine or any APU (as applicable, a " **Lost Item** ") under circumstances in which there has not occurred an Event of Loss with respect to the Airframe, Customer shall, within one hundred twenty (120) days after the occurrence of such Event of Loss, replace such Lost Item, with a Permitted Replacement. Any engine or auxiliary power unit constituting a " **Permitted Replacement** " for a Lost Item shall (i) be of the same make and model number as the Lost Item, (ii) be free and clear of all Liens and (iii) have a value, utility and useful life at least equal to, and be in as good an operating condition as, the Lost Item, assuming such Lost Item was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss. Customer, at its own cost and expense, shall (i) furnish Lender with such documents to evidence such conveyance, (ii) cause the Permitted Replacement to be subject to the Lender's Lien under this Agreement, and (iii) take such other actions as may be required by Lender to cause the Lender's Lien therein to be validly created, perfected and have first priority, including as evidenced on the FAA Registry, the International Registry, and any other recording office. Each such Permitted Replacement shall, after such conveyance, be deemed an "Engine" or "APU" (as defined herein), as applicable, and shall be deemed part of the same Aircraft as was the Lost Item replaced thereby.

In the event an Engine is damaged and is being repaired, or is being inspected or overhauled, Customer, at its option, may temporarily substitute another engine during the period of such repair or overhaul, so long as such engine is of the same make and model as the Engine being repaired or overhauled, is free and clear of any Lien that might impair Lender's rights or interests in the Airframe and is maintained in accordance herewith (any such substitute engine being hereinafter referred to as a " **Loaner Engine** "). Customer shall (i) cause such Loaner Engine to be installed and removed, as applicable, by a maintenance facility certified by the FAA and manufacturer with respect to the Aircraft, and (ii) cause the repaired or overhauled original Engine to be reinstalled on the Airframe promptly upon completion of the repair or overhaul, but in no event later than the earlier of one hundred twenty (120) days after removal or the occurrence of an Event of Default.

So long as no Default has occurred and is continuing, and no Event of Default or Event of Loss with respect to the Aircraft has occurred, any loss or damage proceeds of the Required Coverages received by Lender shall be released promptly by Lender to Customer to reimburse Customer for paying the costs actually incurred with respect to repairs made to the Aircraft so as to restore it to the condition required by this Agreement, or for the purchase of a Permitted Replacement pursuant to Section 4.7(b), or shall be disbursed by Lender as otherwise required by this Agreement.

**Aircraft Registration.** On or before the Closing Date, and at all times thereafter, so long as any of the Obligations are outstanding, Customer shall remain solely responsible pursuant to the applicable provisions of this Agreement to cause (i) the Aircraft to be effectively and otherwise validly registered in Customer's name on the Registry, and (ii) the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft, in each case, accordance with the Registration Requirements; and without limiting the foregoing, or any other provision of this Agreement, Customer shall:

cause the Registration Certificate to be maintained within the Aircraft and cause the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft; including by (A) notifying Lender immediately of any event or circumstance with respect to which the Registration Requirements require further action by Customer, the Registry or any other Governmental Authority or other Person, (B) immediately upon receipt, placing the original, replacement or renewal Registration Certificate on the Aircraft prior to the expiration or other invalidation of any previously issued Registration Certificate (whether the certificate or any other document constituting the Registration Certificate as defined herein) under the Registration Requirements, and (C) complying with any and all of the other Registration Requirements relating to such Registration Certificate, and to the Registration Certificate replaced thereby (including any of the same relating to the destruction or return thereof, as the case may be); and

upon the occurrence, and at all times thereafter, of any Defective Registration (and without waiving Customer's responsibility to avoid such circumstance), or if the operation of the Aircraft is no longer authorized by the Registration Requirements, Customer shall (A) neither operate nor permit or suffer the operation of the Aircraft without a currently effective and otherwise valid Registration Certificate (and shall cause the pilots to be made aware of the Defective Registration), and otherwise comply with the FARs and other Applicable Laws relating to such Defective Registration, (B) ground and store the Aircraft in a manner reasonably acceptable to Lender, and (C) inform the insurer or insurers thereof, and obtain and maintain adjustments to the insurance coverages required pursuant Section 4.6 of this Agreement which may be necessary or desirable to Lender so as to reflect any changes in the insurable risks relating to any Defective Registration.

**Security Interest; Power of Attorney; Inspection .**

**Grant of Security Interest.** As collateral security for the prompt and complete payment and performance as and when due of all of the Obligations and in order to induce Lender to enter into this Agreement and make the Loan to Customer in accordance with the terms hereof, Customer hereby grants, pledges and assigns to Lender a first priority security interest, collateral assignment, international interest, prospective international interest, security assignment and prospective security assignment, in, against, under and with respect to (the " **Lender's Lien** ") all of Customer's right, title and interest in, to and under all of the following collateral, whether now existing or hereafter acquired (collectively, the " **Collateral** "): (i) the Aircraft, including the Airframe, the Engines, each of the APU and Parts, and the Records; (ii) any and all present and future Third Party Agreements; (iii) any and all other associated rights secured by or associated with the Airframe and/or the Engines, together with any related international interests and prospective international interests; (iv) any collateral described in the other Loan Documents (including in any Operating Consent); and (v) all proceeds of the foregoing. By way of clarification and not limitation, the foregoing grant of the Lender's Lien shall include, as applicable (and in each case, being validly registered and having first priority), an international interest in the Airframe and in each Engine. Notwithstanding the foregoing, (i) Customer shall not enter into any Third Party Agreements unless expressly permitted by Section 4.4 and (ii) Lender is not assuming, nor shall it be responsible for, any obligations, liabilities or duties of any kind whatsoever of Customer (and/or of any other Person) relating to the Collateral. Customer agrees that it shall perform and procure performance in accordance with any Third Party Agreement or other agreement or instrument giving rise to any associated rights that are or may become subjected to the Lender's Lien.

**UCCs, Registrations, Etc.: Lender as Attorney-in-Fact.** Customer hereby irrevocably:

authorizes Lender to prepare and file any UCC financing statements, amendments, continuations, terminations, assignments and other filings, or take such other actions for the purpose of perfecting, affording first and exclusive priority to or otherwise relating to Lender's Lien under this Agreement or the other Loan Documents;

consents to, and authorizes its professional user entity to consent to, the registration of each Registerable Interest requested by Lender or its Assignee, or otherwise required by the provisions of this Agreement or any of the other Loan Documents, including any subordination, amendment, assignment, discharge or undertaking permitted by the Cape Town Convention with respect thereto; and

constitutes and appoints Lender (including any Person acting on Lender's behalf), as its true and lawful attorney-in-fact with full power and authority in the place and stead of Customer and in the name of Customer or in its own name, for the purpose of carrying out the terms of this Agreement; which authority shall include the following undertakings that may be exercisable by Lender in its sole discretion at any time, and from time to time, if an Event of Default is then existing or upon the occurrence of an Event of Loss: (i) in Customer's name, file and/or record, such further instruments, filings and other documents, make, cause to be made and/or consent to all registrations with the International Registry, and take such further action, to establish and protect Lender's rights, interests and remedies created, or intended to be created, pursuant to the Loan Documents; (ii) endorse Customer's name on any checks, notes, drafts or any other payments or instruments, or set off, apply, or take such other

actions with respect to any funds relating to the Collateral that come into Lender's possession or control; and (iii) to settle, adjust, receive payment and make claim or proof of loss, and take such other actions relating to the Required Coverages. This appointment is coupled with an interest, is irrevocable and shall terminate only upon indefeasible payment and performance in full of all of the Obligations. The powers conferred on Lender hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Lender shall be accountable only for amounts that it actually receives in good and indefeasible funds as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to Customer for any act or failure to act. Without limiting the foregoing, Customer agrees that within five (5) Business Days of Lender's request, Customer will enter into an irrevocable power-of-attorney authorizing Aviation Counsel or Lender's other designee as Customer's professional user entity and administrator for the purpose of discharging any Registerable Interests as and when directed to do so by Lender in connection with its exercise of its rights and remedies under the Loan Documents.

**Inspection.** Lender or its authorized representatives shall have the right, but not the duty, to inspect the Aircraft, any part thereof and/or the Records, at its own cost any reasonable time and from time to time, wherever located, upon reasonable prior notice to Customer; except that after the occurrence of a Default or an Event of Default, such inspection may be conducted at any time without prior notice and at Customer's sole expense, and it shall pay Lender promptly upon demand any inspection costs incurred by Lender. So long as no Default or Event of Default exists, any such inspections shall be conducted during normal business hours and without interruption of the use and operation of the Aircraft as permitted hereby. Upon the request of Lender, Customer shall promptly confirm to Lender the location of the Aircraft or any of the other Collateral.

**Events of Default.** The term " **Event of Default** ", wherever used herein, shall mean:

Customer shall fail to pay any Obligation within ten (10) days after the same shall become due and payable (whether at the stated maturity, by acceleration, upon demand or otherwise); or

(i) any Customer Party shall default in the payment or performance of any indebtedness, liability or obligation to Lender or any Affiliate of Lender under any note, security agreement, lease, title retention or conditional sales agreement or any other instrument or agreement; or (ii) any Customer Party shall fail to pay any Indebtedness (other than the Obligations) exceeding \$5,000,000.00, and such failure shall continue beyond any applicable grace period (or, with respect to trade Indebtedness which is not subject to a grace period, within ninety (90) days of the date such trade Indebtedness is incurred); or

(i) any of the Required Coverages are not kept in full force and effect, or a breach or violation shall exist with respect to any provisions thereof; or the Aircraft is operated in a manner, at a time or in or over or located at a place with respect to which such Required Coverages shall not be in effect; (ii) Customer shall fail to cause the Airframe or the Engines to be used, operated, maintained or otherwise kept in a condition so as to be in compliance with all Applicable Laws; or (iii) any Customer Party shall fail to comply with (A) any financial covenants as and to the extent set forth or incorporated in any Guaranty or in any of the other Loan Documents, or (B) any provision of any of the Loan Documents restricting Liens and other dispositions relating to either the Collateral or any rights or obligations under any of the Transaction Documents (including Section 4.4 hereof), or (iv) the occurrence of any Defective Registration; or

(i) any representation or warranty made by any Customer Party in any of the Loan Documents or in any related agreement, document or certificate shall prove to have been incorrect, misleading, or inaccurate in any material respect when made or given (or, if a continuing representation or warranty, at any time); or (ii) any Customer Party shall fail to (A) perform or observe any other agreement (other than those specifically referred to in this Section 6) required to be performed or observed by it under this Agreement or in any of the other Loan Documents, and such failure shall continue uncured for thirty (30) days after the earlier of written notice thereof from Lender to such Customer Party or such Customer Party's actual knowledge thereof (but such notice and cure period will not be applicable unless such breach is curable by practical means within such notice period) or (B) notify Lender of any Default or Event of Default within ten (10) Business Days of its occurrence; or

(i) any Customer Party shall (A) generally fail to pay its, or his or her debts as they become due, admit its, or his or her inability to pay its, or his or her debts or obligations generally as they fall due, or shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws or other insolvency laws, or an answer admitting the material allegations of such a petition filed against such Customer Party in any such proceeding; or (B) by voluntary petition, answer or consent, seek relief under the provisions of any other bankruptcy or other insolvency or similar law providing for the reorganization or liquidation of corporations, or providing for an assignment for the benefit of creditors, or providing for an agreement, composition, extension or adjustment with its, or his or her creditors; or (ii) a petition against any Customer Party in a proceeding under applicable bankruptcy laws or other insolvency laws, as now or hereafter in effect, shall be filed and shall not be withdrawn or dismissed within one hundred twenty (120) days thereafter, or if, under the provisions of any law providing for reorganization or liquidation of business entities that may apply to any Customer Party, any court of competent jurisdiction shall assume jurisdiction, custody or control of such Customer Party or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of one hundred eighty (180) days after the filing date; or

the occurrence of any of the following events with respect to any Customer Party: (A) it enters into any transaction of merger, consolidation or reorganization; (B) it ceases to do business as a going concern, liquidates, or dissolves, or sells, transfers or otherwise disposes of all or substantially all of its assets or properties (in one or more transactions); (C) it becomes the subject of, or engages in, a leveraged buy out; (D) it changes the form of organization of its business; (E) if it is privately owned as of the Closing Date, there is any substantial change in the ownership or control of its capital stock or membership interests such that the holder(s) that own or control one hundred percent (100%) of such equity interests as of the Closing Date no longer do so; or (F) if it is publicly held as of the Closing Date, any change so that it is no longer subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or no longer registered under Section 12 of the Securities Act of 1933, as amended; or

(i) the conviction of or guilty plea by any Customer Party with respect to any criminal act constituting a felony, (ii) any repudiation by any Customer Party of its obligation for the payment or performance of the Obligations, (iii) any allegation by any Customer Party or judicial determination that any of the Loan Documents is unenforceable in any material respect or (iv) a Default (as defined in any Guaranty) shall occur; or any event or condition constituting a breach or other default under any Operating Consent.

## **Remedies .**

**Acceleration; Termination of Commitment.** If any Event of Default shall occur, Lender, in its sole discretion, may (a) declare the Obligations to be immediately due and payable, and upon such declaration the Obligations (including, the unpaid principal amount of the Note, together with all accrued but unpaid interest thereon, any prepayment fees and all other amounts due and payable under or with respect to the Loan Documents), shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the other Loan Documents to the contrary notwithstanding, (b) terminate any then outstanding commitment whether to Customer or any Affiliate to make the Loan or any advance thereof, or any other financial accommodations, whether related to the Loan or otherwise, and/or (c) pursue and enforce any of Lender's rights and remedies under this Section 7; provided, however, if an Event of Default specified in Section 6 (e) above shall occur, the Obligations shall become immediately due and payable, all such commitments shall terminate, and Lender shall have all such other rights and remedies contemplated in the preceding clauses (a), (b) and (c), automatically, and without any notice or other action by Lender.

**Additional Remedies.** If an Event of Default occurs, in addition to all other rights and remedies granted to it in this Agreement and in the

other Loan Documents, Lender may exercise all rights and remedies of a secured party under the UCC or as a creditor, chargee or security assignee under the Cape Town Convention (including any and all remedies thereunder requiring agreement by Customer), or otherwise available to Lender under any other Applicable Law. Without limiting the generality of the foregoing, Customer agrees that upon the occurrence of an Event of Default, Lender, without demand or notice of any kind (except as specified below) to or upon Customer or any other Person, in its sole discretion, may exercise any one or more of the following remedies:

(i) peacefully enter the premises where the Aircraft, the Engines, or any other Collateral is located, take immediate possession of, remove (or disable in place), or otherwise take control or custody of the Airframe, the Engines or any other Collateral (whether or not then attached to the Airframe) by self-help, summary proceedings or otherwise without liability, (ii) preserve the Airframe, the Engines or the other Collateral, and their respective value (but without any obligation to do so), and immobilize or keep idle the Airframe or Engines, and/or (iii) use Customer's premises for storage without liability; and Customer agrees, at Lender's request, to assemble the Collateral, and make it available to Lender at such places as Lender shall reasonably select, whether at Customer's premises or elsewhere;

(i) terminate the right of any Interested Third Party, and any other third party to use, possess or control the Airframe, the Engines or any of the other Collateral, including under any Permitted Third Party Agreement or other Third Party Agreement, without regard as to the existence of any event of default thereunder, (ii) recover from, and/or cause Customer and any such Interested Third Party, and any other third party, to relinquish possession and return the Airframe, the Engines and any other Collateral pursuant to this Section 7, and/or (iii) exercise any and all other remedies under any Operating Consents in Customer's stead, to the extent provided for under, or otherwise available to Customer in connection with any related Permitted Third Party Agreement or such other Third Party Agreement;

(i) manage, sell, lease, assign or otherwise dispose of the Airframe, the Engines or any other Collateral, in whole or in part, whether or not in Lender's possession, in one or more parcels or transactions, at public or private sale or sales, with or without notice to Customer (except as required by Applicable Law, and in furtherance thereof, Lender agrees that it shall give Customer no less than ten (10) working days' prior notice of any proposed sale or lease of the Airframe or Engines, which Customer acknowledges as constituting "reasonable prior notice" for the purposes of the Cape Town Convention) at such prices as Lender may deem best, and/or (ii) purchase the Collateral, in whole or in part, upon any public sale or sales, and to the extent permitted by Applicable Law upon any private sale or sales, free of any right or equity of redemption in Customer, which right or equity of redemption is hereby expressly released;

(i) collect, receive, appropriate and realize upon the Collateral, or any part thereof, including by applying any deposit or other cash collateral, or collecting or receiving, appropriating and realizing upon any income, profits or other proceeds arising from the management or use of the Airframe, the Engines or any of the other Collateral, and applying the same (after deducting all taxes, costs, expenses and other reductions of every kind incurred in connection therewith) to the payment in whole or in part of the Obligations, in such order and manner as Lender may elect; and (ii) after making such application, (A) remitting to Customer or to such other Person any excess then remaining, as and to the extent Lender is required by Applicable Law to make such remittance and (B) demanding, collecting and receiving from Customer any deficiency then remaining (and Customer agrees that it shall remain liable for, and pay upon demand, the full amount of any such deficiency);

(i) demand and obtain from any court speedy relief pending final determination available at law (including, possession, control, custody or immobilization of the Airframe and Engines, or preservation of the Airframe and the Engines and their respective value), (ii) procure the deregistration and/or export and physical transfer of the Airframe from the territory in which it is then situated (including pursuant to an IDERA, if any, executed by Customer), and/or (iii) otherwise proceed at law or in equity, to enforce specifically Customer's performance or to recover damages; and/or

exercise any and all other rights and remedies under or with respect to the Loan Documents or Applicable Law, including the Cape Town Convention and the UCC.

**No Waiver: Cumulative Remedies.** No right or remedy is exclusive. Customer hereby acknowledges that none of the provisions of this Section 7, including any remedies set forth or referenced herein, is "manifestly unreasonable" for the purposes of the Cape Town Convention. Each may be used successively and cumulatively and in addition to any other right or remedy referred to above or otherwise available to Lender at law or in equity, but in no event shall Lender be entitled to recover any amount in excess of the maximum amount recoverable under Applicable Law with respect to any Event of Default. No express or implied waiver by Lender of any Default or Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default. The failure or delay of Lender in exercising any rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies, and any single or partial exercise of any particular right by Lender shall not exhaust the same or constitute a waiver of any other right provided for or otherwise referred to herein. After the occurrence of any Default or Event of Default, the acceptance by Lender of any payment or performance of any of the Obligations, including the payment of any installment of principal and/or interest or of any other sum owing hereunder or under the other Loan Documents shall not constitute a waiver of such Default or Event of Default, regardless of Lender's knowledge or lack of knowledge thereof at the time of acceptance of any such payment or performance and shall not constitute a reinstatement of any of the Loan Documents, unless Lender shall have agreed in writing to reinstate the same and waive the Default or Event of Default. To the extent permitted by Applicable Law, Customer waives any rights now or hereafter conferred thereby, that (a) limit or modify any of Lender's rights or remedies under this Agreement or any of the other Loan Documents, including the provisions of Article 13(2) of the Convention, or (b) would otherwise entitle Customer to (i) receive notices or demands as a condition to Lender's exercise of any rights or remedies, except as expressly required above or (ii) make claims, damages and demands against Lender arising out of the repossession, retention, sale or other disposition of the Collateral.

#### **MISCELLANEOUS**

**Notices.** All communications and notices provided for herein shall be in writing and shall be deemed to have been duly given or made (i) upon hand delivery, or (ii) upon delivery by an overnight delivery service, or (iii) when sent by telecopy (with customary confirmation of receipt of such telecopy) on the Business Day when sent or upon the next Business Day if sent on other than a Business Day.

#### **Expenses and Fees; Indemnity; Performance of Customer's Obligations.**

Customer shall pay to Lender upon demand all reasonable fees, costs and expenses incurred by or on behalf of Lender at any time in connection with (i) the negotiation, preparation, execution, delivery and enforcement of the Loan Documents and the collection of the Obligations (both before and after the occurrence of a Default or Event of Default), (ii) the creation, preservation and protection of the Collateral and the perfection, first priority and enforcement of Lender's Lien, or (iii) Customer's exercise of any right granted under, or any amendment or other modification to any of, the Loan Documents. Such fees, costs and expenses shall include, without limitation, reasonable appraisal and inspection fees, the reasonable fees and expenses of Aviation Counsel and of Lender's counsel, consultants and brokers, UCC, FAA, International Registry and other applicable title, interest and lien searches, and reasonable costs and expenses relating to recovery, repossession, storage, insurance, transportation, repair, refurbishment, advertising, sale and other dispositions of the Aircraft or any of the other Collateral. Customer shall also pay all reasonable fees (including license, filing and registration fees), Impositions and other charges of whatever kind or nature that may be payable or determined to be payable in connection with (A) the execution, delivery, recording or performance of this Agreement or any of the other Loan Documents, or any modification thereof, and (B) the filings, registrations and other undertakings relating thereto. Notwithstanding the foregoing, as long as there are no more than two (2) revised drafts of any Loan Document provided by Customer or its counsel to Lender or Lender's counsel, Customer shall be responsible for not more than \$35,000.00 in the aggregate for the legal fees of outside counsel to Lender (including, Aviation

Counsel) and appraisal, inspection, processing, credit verification, lien searches, FAA and International Registry fees and other fees incurred in connection with the initial negotiation, preparation and execution of this Agreement and the other Loan Documents executed and delivered on or before the Closing Date (and the consummation of the closing contemplated to occur thereon); provided that in the event that the negotiation exceeds two (2) revised drafts of any Loan Document, then Customer shall pay for the actual amount of such out of pocket fees incurred by Lender relating to the drafting and negotiation in excess of such two (2) revised drafts. Lender shall apply the previously paid deposit amount of \$35,000.00 to such fees and shall refund to Customer the amount by which the deposit exceeds such fees.

Customer hereby further agrees, whether or not the transactions contemplated by this Agreement shall be consummated, to pay, indemnify, and hold Lender and its affiliates and all of the Lender's and such affiliates' respective directors, shareholders, members, officers, employees, agents, predecessors, attorneys-in-fact, lawyers, successors and assigns (Lender, its affiliates and all of such other parties and entities sometimes hereinafter collectively, the "**Indemnified Parties**") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, out of pocket costs, attorney's fees, expenses or disbursements of any kind or nature whatsoever ("**Claims**") arising with respect to or in connection with (i) the Airframe, the Engines, or any APUs or Parts, or any of the other Collateral, including (whether by or through Customer, Vendor, any Interested Third Party, or any other Person), the manufacture, inspection, ownership, lease, sublease, management, pooling, interchange, time sharing, chartering, possession, use, operation, maintenance, security, condition (whether prior to, upon or after delivery or acceptance of any of the same), repossession, storage, sale or other disposition of any of the same, or any accident in connection therewith, including Claims involving or alleging environmental damage, criminal acts, hijacking, acts of terrorism or similar acts, product liability or strict or absolute liability in tort, latent and other defects (whether or not discoverable) and for any other risk or matter, including any of the same that result in injuries, death, destruction, or other harm or loss to persons or property, or (ii) any of the Loan Documents, Third Party Agreements or other Transaction Documents, or the performance, breach (including any Default or Event of Default) or enforcement of any of the terms hereof or thereof, provided, that Customer shall have no obligation to indemnify an Indemnified Party with respect to Claims arising from the gross negligence or willful misconduct of such Indemnified Party (unless if imputed by Applicable Law). If any Claim is made against any Indemnified Party, the party receiving notice or otherwise becoming aware of such Claim shall promptly notify the other, but the failure of the party having knowledge of a Claim to so notify the other party shall not relieve Customer of any obligation hereunder.

If any Customer Party fails to perform or comply with any of its agreements contained herein or in the other Loan Documents, including, without limitation, its obligations to keep the Collateral free of Liens (other than the Permitted Liens), comply with Applicable Standards, or obtain the Required Coverages, Lender shall have the right, but shall not be obligated, to effect such performance or compliance, with such agreement. Any expenses of Lender incurred in connection with effecting such performance or compliance, together with interest thereon at the default rate of interest provided for in the Note from the date incurred until reimbursed, shall be payable by Customer to Lender promptly on demand and until such payment shall constitute part of the Obligations secured hereby. Any such action shall not be a cure or waiver of any Default or Event of Default hereunder.

Entire Agreement; Modifications. This Agreement and the other Loan Documents constitute the entire understanding and agreement of the parties hereto with respect to the matters contained herein and therein, and shall completely and fully supersede all other prior agreements (including any proposal letter, commitment letter, and/or term sheet), both written and oral, between Lender and Customer relating to the Obligations. Neither this Agreement, nor any terms hereof, may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of a change, waiver, discharge or termination is sought.

Construction of this Agreement and Related Matters. All representations and warranties made in this Agreement and in the other Loan Documents shall survive the execution and delivery of this Agreement and the making of the Loan hereunder. Customer's obligations contained in this Section 8 shall survive the payment and performance of the Obligations, the termination of this Agreement, and the release of the Collateral. This Agreement may be executed by the parties hereto on any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. The headings of the Sections hereof are for convenience only, are not part of this Agreement and shall not be deemed to affect the meaning or construction of any of the provisions hereof. Time is of the essence in the payment and performance of all of Customer's obligations under this Agreement. Any provision of this Agreement that may be determined to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective in such jurisdiction to the extent thereof without invalidating the remaining provisions of this Agreement, which shall remain in full force and effect.

Lender's Assignment. Lender, may at any time, with or without notice to Customer, freely grant a security interest in, sell, assign, participate or otherwise transfer (an "**Assignment**") all or any part of its interest in this Agreement and the other Loan Documents (including all associated rights associated with or secured thereby and the related international interests) or any amount due or to become due hereunder or thereunder, and Customer shall perform all of its obligations under the Loan Documents, to the extent so transferred, for the benefit of the beneficiary of such Assignment (such beneficiary, including any successors and assigns, an "**Assignee**"); provided, however, if such Assignee is not an Affiliate of Lender and if no Default or Event of Default exists, Lender will provide prior notice of any such Assignment to a third party. Customer hereby waives any right to assert, and agrees not to assert, against any Assignee any abatement, reduction, defense, setoff, recoupment, claim or counterclaim that Customer may have against Lender, provided that Lender remains fully responsible therefor. Upon the assumption by such Assignee of Lender's obligations hereunder, Lender shall be relieved of any such assumed obligations. Customer hereby consents to any such assignment, grant, sale or transfer, including, without limitation, for purposes of the Cape Town Convention. If so directed in writing, Customer shall pay all amounts due or to become due under the Loan Documents, including any of the same constituting associated rights or proceeds directly to the Assignee or any other party designated in writing by Lender or such Assignee. Customer acknowledges and agrees that Lender's right to enter into an Assignment is essential to Lender and, accordingly, waives any restrictions under Applicable Law with respect to an Assignment and any related remedies. Upon the request of Lender or any Assignee, Customer also agrees (a) to promptly execute and deliver, and cause to be executed and delivered by any Guarantor or any other Transaction Party, to Lender or to such Assignee an acknowledgment of assignment in form and substance satisfactory to the requesting party, an insurance certificate naming Assignee as additional insured and loss payee and otherwise evidencing the Required Coverages, an IDERA in favor of Assignee, and such other documents and assurances reasonably requested by Lender or Assignee, (b) to make, or cause to be made, all registrations (including all assignments and subordinations) and all amendments, extensions and discharges with the International Registry reasonably requested by Lender or Assignee (and give or obtain any necessary consent thereto, as well as renew any authorization required by the International Registry in connection therewith, including renewing its transacting user entity status and re-designating a professional user entity, if necessary in Lender's judgment), and (c) to comply with any and all other reasonable requirements of any such Assignee in connection with any such Assignment.

Jurisdiction. Customer and Lender each hereby irrevocably consents and agrees that any legal action, suit or proceeding arising out of or in any way in connection with this Agreement or any of the other Loan Documents may be instituted or brought in the courts of the State of New York or in the United States Courts for the Southern District of New York, as Customer or Lender may elect or in any other state or Federal court as Lender shall deem appropriate, and by execution and delivery of this Agreement, Customer and Lender each hereby irrevocably accepts and submits to, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of any such court, and to all proceedings in such courts. Customer and Lender each irrevocably consents to service of any summons and/or legal process by first class, certified United States air mail, postage prepaid, to Customer at the address set forth below its signature hereto, such method of service to constitute, in every respect, sufficient and effective service of process in any such legal action or proceeding. Nothing in this Agreement or in any of the other

Loan Documents shall affect the right to service of process in any other manner permitted by law or limit the right of Lender to bring actions, suits or proceedings in the courts of any other jurisdiction. Customer and Lender each further agrees that final judgment against it in any such legal action, suit or proceeding shall 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 shall be conclusive evidence of the fact and the amount of the liability. Notwithstanding anything in the foregoing to the contrary, Lender and Customer may bring a judicial proceeding in the Republic of Ireland, solely with respect to matters relating to the International Registry.

Governing Law; Binding Effect. This Agreement shall be construed and enforced in accordance with, and the rights of both parties shall be governed by, the internal laws of the State of New York (without regard to the conflict of laws principles of such state, except as to the effect of Title 14, Section 5-1401 of the New York General Obligations Law), including all matters of construction, validity, and performance. This Agreement shall be binding upon and inure to the benefit of Customer and Lender and their respective successors and assigns (but without limiting the provisions of Section 8.5); except that Customer may not assign or transfer its rights or obligations hereunder or under any other Loan Agreement, or any interest herein or therein; and any such purported or attempted assignment or transfer by Customer shall be null and void.

Customer's Capacity as Owner Trustee. TVPX Aircraft Solutions Inc. ("TVPX") is executing this Agreement, and the other Loan Documents solely in its capacity as Owner Trustee under the Trust Agreement and not in its individual capacity and in no case shall TVPX be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of the Customer hereunder, or under any Loan Document, all such liability, if any, being expressly waived by the parties hereto and any Person claiming by, through, or under such party. Under no circumstances shall TVPX be personally liable for the payment of any other amount stated to be due from the Customer hereunder, or under any Loan Document, or be personally liable for the breach or failure of any of Customer's representations, warranties, covenants, obligations, undertakings and agreements hereunder, or under any Loan Documents; provided, however, that the Customer (or any such successor owner trustee) shall be personally liable hereunder for its own gross negligence or willful misconduct or for its breach of its covenants, representations and warranties contained herein, or in any Loan Document, to the extent covenanted or made in its individual capacity.

Jury Waiver. CUSTOMER AND LENDER EACH HEREBY KNOWINGLY AND FREELY WAIVES THEIR RESPECTIVE RIGHTS TO A JURY TRIAL IN ANY ACTION, SUIT OR PROCEEDING RELATING TO, ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE NOTE OR ANY OF THE OTHER LOAN DOCUMENTS.

**[Signatures On Next Page]**

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Loan and Aircraft Security Agreement

IN WITNESS WHEREOF, the parties hereto have caused this Loan and Aircraft Security Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

BANC OF AMERICA LEASING & CAPITAL, LLC, Lender

TVPX AIRCRAFT SOLUTIONS INC., a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated July \_\_\_\_, 2017,  
Customer

By:  
Name:  
Title:  
Notice Address:

One Financial Plaza, 2nd Floor  
Providence, Rhode Island 02903  
Attention: Director of Aircraft Operations  
Telephone: 800-238-3737  
Facsimile: 401-278-7941

By:  
Name:  
Title:  
Notice Address:

39 East Eagle Ridge Drive, Ste. 201  
North Salt Lake, UT 84054  
Telephone: (801) 924-367  
Facsimile: (801) 877-0478

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**Engine** shall mean (i) each of the engines described in Annex C hereto, whether or not hereafter installed on the Airframe or any other airframe from time to time; (ii) any engine constituting a Permitted Replacement; and (iii) any and all related Parts.

**Engine Maintenance Program** shall mean a maintenance contract from a provider acceptable to Lender in its reasonable discretion, which (i) provides for the maintenance of the Engines; (ii) is not on a pro-rata basis, (iii) provides for full life limited parts and components coverage, (iv) allows for follow on contract coverage in favor of Lender, (iv) acknowledges the rights and interests of Lender (or its designee) under such maintenance contract and (v) otherwise is in form and substance reasonably satisfactory to Lender.

**Escrow Holder** shall have the meaning set forth in Section 2 of the Closing Terms Addendum.

**Event of Default** shall have the meaning set forth in Section 6 hereof.

**Event of Loss** with respect to the Aircraft, the Airframe, an Engine, or the APU shall mean any of the following events: (i) loss of such property or the use thereof due to theft, disappearance, destruction, damage beyond repair or rendition of such property permanently unfit for normal use for any reason whatsoever; (ii) any damage to such property that results in an insurance settlement with respect to such property on the basis of a total loss or constructive total loss; (iii) the condemnation, confiscation or seizure of, or requisition of title to or use of, such property by the act of any foreign or domestic Governmental Authority (“**Requisition of Use**”); (iv) as a result of any rule, regulation, order or other action by any foreign or domestic Governmental Authority (including, without limitation, the FAA or any similar foreign Governmental Authority) having jurisdiction, (A) the use of such property shall have been prohibited, or such property shall have been declared unfit for use, for a period of thirty (30) days, (B) Customer shall be required to divest itself of its rights, title or interest in such property, or (C) the then actual hour or cycle limits with respect to such property shall equal or exceed any mandatory hour and cycle limits with respect to such property, beyond which it cannot be operated; (v) with respect to an Engine or the APU, the removal thereof from the Airframe for a period of six (6) consecutive months or longer, whether or not such Engine or APU is operational; or (vi) an Engine or APU is returned to the manufacturer thereof, other than for modification in the event of patent infringement or for repair or replacement (any such return being herein referred to as a “**Return to Manufacturer**”). The date of such Event of Loss shall be the date of such theft, disappearance, destruction, damage, Requisition of Use, prohibition, unfitness for use for the stated period, removal for the stated period or Return to Manufacturer.

**FAA** shall mean the United States Federal Aviation Administration and/or the Administrator of the Federal Aviation Administration and the Department of Transportation, or any Person or Governmental Authority succeeding the functions of any of the foregoing, including, where applicable, the TSA.

**FAA Bill of Sale** shall have the meaning set forth in Section 1(b)(i) of the Closing Terms Addendum.

**FARs** shall mean the Federal Aviation Regulations and any Special Federal Aviation Regulations (Title 14 C.F.R. Part 1 et seq.), together with all successor regulations thereto.

**GAAP** shall mean generally accepted accounting principles consistently applied.

**Governmental Authority** shall mean any court, governmental or administrative body, instrumentality, department, bureau, commission, agency or authority.

**Guarantor** shall mean any guarantor or guarantors, as applicable, identified in Annex B and including any successor or permitted assign, heir or estate.

**Guaranty** shall mean any guaranty by a Guarantor in favor of Lender, together with all financial covenant amendments, and all other amendments, supplements and attachments thereto.

**IDERA** shall mean the Irrevocable De-Registration and Export Request Authorization, prepared by Lender or an Assignee pursuant to the Protocol, and executed by Customer.

**Impositions** shall have the meaning set forth in Section 4.3 hereof.

**Indebtedness** shall mean, as to any Customer Party, all items of indebtedness, obligation or liability whether joint or several, matured or unmatured, liquidated or unliquidated, direct or contingent, including without limitation: (A)

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**Agreement**”) is dated as of July 27, 2017 (the “**Closing Date**”), by and between **TVPX AIRCRAFT SOLUTIONS INC.**, a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated as of July 27, 2017 (“**Customer**”) and **BANC OF AMERICA LEASING & CAPITAL, LLC**, a Delaware limited liability company (“**Lender**”).

In consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

Capitalized and certain other terms used but not otherwise defined in this Agreement shall have the meanings ascribed to them in Annex A attached hereto and made a part hereof.

#### **Terms of Loan .**

**Loan and Use of Proceeds** . Subject to the terms and conditions of this Agreement, Lender agrees to make a loan to Customer in the principal amount set forth in Annex B attached hereto and made a part hereof (the “**Loan**”). Customer shall use the proceeds of the Loan to finance the costs of the acquisition of the Aircraft.

**Repayment and Prepayment** . The Customer’s obligation to repay the Loan shall be evidenced by one or more Promissory Notes dated on and/or after the Closing Date, payable by Customer to the order of Lender in the original principal amount of the Loan (as amended, modified, restated, extended and renewed from time to time, the “**Note**”). The Loan shall bear interest and be repaid by Customer at the times and in the manner set forth in the Note. The Loan may be prepaid only in the manner and subject to terms and conditions set forth in the Note and, if applicable, Section 4.7 hereof.

**Conditions of Borrowing** . Lender’s obligation to make the Loan shall be both subject to and conditioned upon the satisfaction of all of the conditions precedent specified in the Closing Terms Addendum attached to and made a part of this Agreement.

**Representations and Warranties** . In order to induce Lender to enter into this Agreement and to make the Loan herein provided for, Customer represents, warrants and covenants to Lender that:

(i) Customer (A) is duly qualified to do business in each jurisdiction in which the conduct of its business or the ownership or operation of its assets requires such qualification, including the jurisdiction of the Primary Hangar Location and wherever any of the Collateral may become located; (B) has the necessary authority and power to own and operate the Aircraft and its other assets and to transact the business in which it is engaged; (C) is a “citizen of the United States” within the meaning of the Transportation Code; and (D) has the form of business organization set forth in Annex B hereto and is and will remain duly organized, validly existing and in good standing under the laws of the state of its organization set forth in Annex B hereto, its federal tax identification number is as set forth in Annex B hereto, and its state-issued organizational identification number (if any), chief executive office and principal place of business address are all as set forth on Annex B hereto; and (ii) its name as shown in the preamble of this Agreement is its exact legal name as shown on its charter, by-laws, articles of organization or operating agreement, as applicable, each as amended as of the Closing Date;

(i) Customer’s execution and delivery of, and performance of its obligations under and with respect to, each of the Loan Documents (including its borrowing the amounts constituting the Loan, granting the Lender’s Lien against the Aircraft and other Collateral and participating in the other transactions contemplated herein and therein), (A) have been duly authorized by all necessary action on the part of Customer consistent with its form of organization, (B) do not contravene or constitute a default under any Applicable Law, any of Customer’s Organizational Documents, or any agreement, indenture, or other instrument to which Customer is a party or by which it may be bound, (C) do not require the approval of or notice to (1) any Governmental Authority, except for the filings and registrations specified in the Closing Terms Addendum, all of which shall have been duly effected prior to or concurrently with Lender making the Loan, or (2) any other party (including any trustees or holders of indebtedness), and (D) will not result in the creation or imposition of any Lien on any of the assets of Customer other than the Lender’s Lien created hereby and by the other Loan Documents with respect to the Collateral; (ii) each of the Transaction Documents referenced in the Closing Terms Addendum to which Customer is a party has been duly executed and delivered by an authorized representative of the Customer, and constitutes the legal, valid and binding obligation of the Customer, enforceable against it in accordance with the respective terms of such Transaction Documents (including, without limitation, the grant of the Lender’s Lien); and (iii) without limiting the foregoing, upon Lender’s advancing the Loan on the Closing Date, (A) Customer will have satisfied or complied with all conditions precedent and requirements as set forth in the Loan Documents required to have been satisfied or complied with concurrently with or prior to such advance and (B) no Default or Event of Default shall be then existing;

there are no proceedings pending or, so far as the officers, managers, or members of Customer know, threatened against or affecting Customer or any of its property before any Governmental Authority that could impair Customer’s title to the Aircraft or any of the other Collateral, or that, if decided adversely, could materially affect the financial condition or operations of Customer or its ability to perform its obligations under any of the Loan Documents;

(i) Customer has, and shall continue to have, good and marketable title to the Collateral, free and clear of Liens, except Permitted Liens; (ii) the Lender’s Lien in the Airframe, the Engines and the other Collateral is and shall remain validly created and perfected, and has and shall continue to have first priority over any other Liens pursuant to all Applicable Laws; and (iii) all filings, recordings, registrations or other actions necessary or desirable in order to vest such title in Customer, and establish, perfect and give first priority to Lender’s Lien and other rights and interests in, against or with respect to the Collateral, have been duly effected, and all Impositions in connection therewith have been duly paid;

without limiting any of the other representations and warranties in this Agreement, for the purposes of the Cape Town Convention and any other Applicable Law, (i) upon the conclusion of the sale of the Aircraft to Customer, and Customer’s grants and assignments, and (if constituting a lease) any Permitted Third Party Agreement, contemplated in the Loan Documents or other Transaction Documents, Customer and (if a lessee) any Interested Third Party shall be situated in, and Customer will cause the Aircraft to be duly registered in, the United States of America (which is a contracting state), (ii) with respect to any of the Transaction Documents relating to the Airframe or Engine, each of the respective parties thereto has power to dispose of the Airframe and Engine, as contemplated therein by way of the relevant Transaction Document, and (iii) the Purchase Documents qualify as a “contract of sale”, and (if constituting a lease) any Permitted Third Party Agreement and the Loan Documents are effective to constitute international interests in the Airframe and Engine and security assignments of the related associated rights and transfer of the related international interests, as contemplated therein, and each such Registerable Interest will be effective against third parties upon registration at the International Registry, without any further filings or registrations (except as contemplated in the Loan Documents);

(i) the Aircraft (A) has been delivered to Customer, is in Customer’s possession and is, as of the Closing Date, unconditionally, irrevocably and fully accepted by Customer, (B) has been inspected by Customer to its complete satisfaction and, without limiting the foregoing, (1) has been found to be in good working order, repair and condition and fully equipped to operate for its intended purpose, and (2) is in conformity with the requirements of the Purchase Agreement and the Applicable Standards, (C) is, or will be at the time of the funding of the Loan, currently certified under existing FAA rules and regulations and any other Applicable Laws and is airworthy in all respects, and (D) is and will remain primarily hangared at the Primary Hangar Location; and (ii) without limiting the foregoing, (A) solely as between Lender and Customer (and without prejudicing Customer’s rights against Vendor or any other third party, which rights are not being disclaimed hereby), Customer has no pending claims and has no knowledge of any facts upon which a future claim may be based, against any prior owner, the seller, manufacturer or supplier of the Aircraft or any of the other Collateral, for breach of warranty or otherwise, and (B) all of the information contained in Annex C, including the

registration number of the Aircraft, and the serial numbers, manufacturer and model numbers of the Airframe, Engines, and APU, are true and accurate in all respects; and

(h) the Aircraft (i) is currently capable of being certified under existing FAA rules and regulations and completely airworthy in all respects, (ii) will undergo an inspection by a Designated Airworthiness Representative of the FAA (“**DAR**”) on the Closing Date and (iii) an FAA Standard Airworthiness Certificate (AC Form 8100-2) shall be issued for the Aircraft no later than two (2) Business Days after the Closing Date.

**Covenants** . Customer covenants and agrees that from and after the Closing Date and so long as any of the Obligations are outstanding:

Notices; Financial Information; and Further Assurances . Customer will, at its sole expense:

promptly give written notice to Lender of (i) the occurrence of any Default or Event of Default; (ii) the occurrence of any Event of Loss or event of which Customer may be aware that could become an Event of Loss; (iii) the commencement or written threat of any material litigation or proceedings affecting Customer or any material litigation or proceedings affecting the Aircraft or any of the other Collateral, or the ability of Customer to comply with its obligations under the Loan Documents; and (iv) any material dispute between Customer or any Interested Third Party and any Governmental Authority or other party that involves the Aircraft or any of the other Collateral or that might materially interfere with the normal business operations of Customer;

cause Guarantor to comply with the financial reporting requirements set forth in the Guaranty and promptly furnish to Lender any such financial and other information regarding the Customer or Guarantor or any of its Affiliates as Lender may from time to time reasonably request; and

promptly execute and deliver to Lender such further instruments, UCC and FAA filings (including an IDERA) and other documents, make, cause to be made and/or consent to all registrations (including any discharges and subordinations, or as to the prospective or actual sale of, and any international interest in, the Engines) with the International Registry, and take such further action, as Lender may from time to time reasonably request in order to further carry out the intent and purpose of the Loan Documents and to establish, protect and enforce the rights, interests, remedies and Liens (including the first priority thereof) created, or intended to be created, in favor of Lender thereby.

General Obligations . (a) Customer agrees that it shall (i) duly observe and conform to all requirements of Applicable Law relating to the conduct of its business and/or the Aircraft, (ii) remain a “citizen of the United States” within the meaning of the Transportation Code, (iii) obtain and keep in full force and effect (A) all rights, franchises, licenses and permits that are necessary to the proper conduct of its business, and (B) all approvals by any Governmental Authority required with respect to the performance of its obligations under the Loan Documents and the operation of the Aircraft and its business, (iv) cause the Aircraft to remain primarily hangared at the Primary Hangar Location, and duly registered in Customer’s name under the Transportation Code (including, by making all necessary reports, re-registering its ownership of the Aircraft, and taking all other actions required by Applicable Law), and (v) pay and perform all of its obligations and liabilities when due. (b) Customer agrees that (i) it shall not change its presently existing legal name or its form or state of organization on or after the date of this Agreement, without Lender’s prior written consent, (ii) if its presently existing state organizational identification number changes, or if Customer currently has no such state organizational number but is subsequently issued such a number, on or at any time after the date of this Agreement, Customer shall immediately notify Lender thereof, and (iii) it shall not change the presently existing mailing, chief executive office and/or principal place of business address on or after the date of this Agreement without giving Lender thirty (30) days written notice of the same.

Taxes . (a) Customer will file or cause to be filed with all appropriate taxing authorities all Federal, state and local income tax returns that are required to be filed and all registrations, declarations, returns and other documentation with respect to any personal property taxes (or any other taxes in the nature of or imposed in lieu of property taxes) due or to become due with respect to the Aircraft or any of the other Collateral. (b) Customer will pay (or cause to be paid) (i) on or before the date when due all taxes as shown on said returns and all taxes assessed, billed or otherwise payable with respect to the Aircraft or the other Collateral directly to the appropriate taxing authorities; and (ii) when due all license and/or registration or filing fees, assessments, governmental charges and sales, use, property, excise, privilege, value added and other taxes (including any related interest or penalties) or other charges or fees now or hereafter imposed by any governmental body or agency upon Customer or the Aircraft or any of the other Collateral, with respect to the landing, airport use, manufacturing, ordering, shipment, purchase, ownership, delivery, installation, leasing, chartering, operation, possession, use or disposition of the Aircraft or any of the other Collateral, or any interest therein (the items referred to in (i) and (ii) above being referred to herein collectively, as “**Impositions**”).

No Disposition of Collateral or Liens; Title and Security Interest .

Customer shall not sell, assign, enter into any Third Party Agreement, convey, mortgage, exchange or otherwise transfer or relinquish possession of (including by any seizure or other taking by any foreign or domestic governmental authority) or dispose of the Airframe or Engines, any Part, any related associated rights, international interests or prospective international interests, any proceeds or any of the other Collateral, or attempt or offer to do, or suffer or permit any of the foregoing. Customer shall be permitted, however, to deliver possession of the Airframe, the Engines, or any APU or Part to another Person for testing, service, repair, maintenance, overhaul, alteration or modification, and to enter into Permitted Third Party Agreements, in each case, if and to the extent consistent with the provisions of the Loan Documents. Customer will warrant and defend its good and marketable title to the Airframe, the Engines and the other Collateral, and the validity, perfection and first priority of Lender’s Lien in the Collateral, against all other Liens, claims and demands whatsoever, except Permitted Liens; and without limiting the foregoing, Customer will (i) not create, assume or suffer to exist any Liens on or with respect to the Airframe, the Engines, or any of the other Collateral, or Customer’s interest therein (other than Permitted Liens); and (ii) promptly take such action as directed by Lender to duly discharge any such unpermitted Liens.

So long as no Default or Event of Default is then existing, Customer may enter into and remain a party to Third Party Agreements, in each such case, subject to the satisfaction of, and compliance by Customer and each Interested Third Party with, all of the following throughout the term of such arrangement: (i) Each such Interested Third Party shall (A) be and remain solvent, and (unless an individual) organized under the laws of a state within the United States; and (B) if engaged by Customer with the prior written consent of Lender as a manager and/or charter operator (including the Manager pursuant to the Management Agreement), while so engaged, (1) have a recognized favorable reputation as a manager and/or charter operator, as the case may be, of aircraft similar to the Aircraft, (2) be providing management and/or charter operation services for other aircraft owners similar to the services contemplated therein, and (3) if and at all times while conducting any charter operations (x) have and maintain a valid Part 135 Certificate evidencing its authority to conduct such operations, (y) list the Aircraft on its operations specifications, and (z) comply with all Applicable Standards pertaining to such charter operations. (ii) Any operation of the Aircraft pursuant to any such Third Party Agreement shall be limited to (A) if by Customer, Parent Guarantor or any Affiliate of Parent Guarantor, any time sharing agreements (as defined in Section 91.501(c)(1)) complying with Part 91 of the FARs and all other Applicable Standards, (B) if by a manager and/or a charter operator with Lender’s prior written consent, pursuant to and in full compliance with the requirements of Part 135 of the FARs and all other Applicable Standards, or (C) if such Third Party Agreement is a “dry lease” by Customer, as lessor, to Parent Guarantor or an Affiliate of Parent Guarantor or other Interested Third Party permitted pursuant hereto, as lessee, operation by such lessee complying with (1) Part 91 and any other applicable provision of the FARs, and all other Applicable Standards, and (2) the provisions hereof and of the other Loan Documents pertinent to the operation of the Aircraft (whether by Customer or any permitted Interested Third Party). (iii) The related Third Party Agreement shall (A) be and remain, subject and subordinate to Lender’s Lien in and with respect to the Collateral, and Lender’s rights and remedies under the Loan Documents (and such subordination shall be expressly acknowledged therein), (B) not convey any Lien on, or other property interest in or against the Airframe,

the Engines or any of the other Collateral, except for a Permitted Lien (but, without giving effect to clause (a) of the definition of such term), (C) not permit any further sublease or disposition of or unpermitted Lien against the Aircraft or any of the other Collateral by any of the Interested Parties thereto or any other Person, or any change in registration or unpermitted change in hangaring of the Aircraft, (D) not contain provisions that are inconsistent with the provisions of any of the Loan Documents or cause Customer to breach any of its representations, warranties or agreements under any of the Loan Documents, (E) be in conformity with all requirements of the FARs and other Applicable Laws, and (F) otherwise conform to any Operating Consent required by Lender with respect thereto. (iv) (A) Customer shall have specified such Third Party Agreement on Annex B if existing on the Closing Date, or if not then existing shall require Lender's prior written consent and at least thirty (30) Business Days' prior written notice of its intention to enter into a Third Party Agreement and (B) no later than the effective date thereof Customer shall comply with, and at all times thereafter remain in compliance with, any related requirements by Lender, including (1) entering into, and causing any related Interested Third Parties to enter into, an Operating Consent, (2) causing Lender to be covered by the Required Coverages (which, for the purposes hereof, may include insurance coverages obtained and maintained by an Interested Third Party, conforming to the insurance requirements herein and in any of the other Loan Documents), and (3) entering into or delivering, or causing to be entered into and delivered, all such other documents, filings and assurances, making or causing to be made such filings and registrations, and taking or causing to be taken all such other actions, in each case as may be required by Lender and (4) paying or reimbursing Lender for any related costs or expenses. (v) Lender shall have the right, but not the obligation, to (A) require reasonable evidence that any Interested Third Party satisfies the requirements provided herein, and (B) review any such Third Party Agreement, as from time to time supplemented and amended, to determine its conformity with the provisions hereof, but without assuming any responsibility with respect thereto. (vi) Customer shall neither make, nor permit to be made, any filing or registration with respect to any Permitted Third Party Agreement, unless so directed by Lender pursuant to Section 5.2 or otherwise. Notwithstanding the foregoing limitations Parent Guarantor or any Affiliate shall be permitted to conduct the carriage of Parent Guarantor or any Affiliate and/or their respective guests pursuant to 14 CFR Section 91.501(b)(4), affiliated group operations pursuant to 14 CFR Section 91.501(b)(5) and/or (6), demonstration flights pursuant to 14 CFR Section 91.501(b)(3), time sharing or interchange operations pursuant to 14 CFR Section 91.501(b)(6), the carriage of customers pursuant to 14 CFR Section 91.501(b)(9) and/or the carriage of candidates in Federal elections conducted pursuant to 14 CFR Section 91.321.

With respect to any Third Party Agreements complying with all of the provisions of Section 4.4(b) (each a "**Permitted Third Party Agreement**"), although certain of the duties and obligations of Customer under the Loan Documents may be performed by one or more of the Interested Third Parties, (i) no such Permitted Third Party Agreement shall reduce any of Customer's obligations, or Lender's rights, under any of the Loan Documents, (ii) all of Customer's obligations under the Loan Documents shall be and remain primary and continue in full force and effect as the obligations of a principal and not of a guarantor or surety, and (iii) Lender is not waiving the right to require full and timely performance of any such obligations in strict accordance with the provisions hereof and of the other Loan Documents. By way of clarification and not limitation, with respect to any provisions of this Agreement or any of the other Loan Documents requiring Customer to take or refrain from taking an action relating to the Aircraft or any of the other Collateral, such provision may also be read to mean that Customer shall cause the same to be done in accordance therewith, if at that time the Aircraft or such other Collateral is in the possession or control of an Interested Third Party pursuant to a Permitted Third Party Agreement.

#### Use of Aircraft; Maintenance; Modifications; Security.

Customer will operate the Aircraft or shall cause the Aircraft to be operated under and in compliance with Part 91 and any other applicable provision of the FARs, and all other Applicable Standards. Unless otherwise expressly permitted hereunder, (i) Customer shall not operate or permit the Aircraft to be operated for air taxi operations or otherwise under Part 135 of the FARs; and (ii) Customer, an Affiliate or other Interested Third Party shall at all times have, and maintain, "operational control" of the Aircraft (as such term is then interpreted by the FAA or such other applicable Governmental Authority), and no other Person shall operate the Aircraft. The Aircraft at all times will be operated by duly qualified pilots having satisfied all requirements established and specified by the FAA, the TSA, any other applicable Governmental Authority and the Required Coverages.

the Aircraft may be flown temporarily to any country in the world, provided that the Aircraft (i) shall at all times be based in the continental United States; and (ii) shall not be flown, operated, used or located in, to or over any such country or area (temporarily or otherwise) (A) that is excluded from the Required Coverages (or specifically not covered by such insurance), (B) with which the U.S. does not maintain favorable diplomatic relations (which is any country or jurisdiction not marked with an "\*" on the list maintained by the U.S. Department of State, at <http://www.state.gov/s/inr/rls/4250.htm> or any replacement or equivalent website maintained by the U.S. Department of State), provided that the prohibition in this clause (B) does not prohibit the operation of the Aircraft on an approved and assigned air traffic control route (if and so long as such use is otherwise in compliance with the provisions of the this Agreement and does not violate any insurance policies in effect with respect to the Aircraft), (C) to the extent that payment of any claim under the Required Coverages directly or indirectly arising or resulting from or connected with any such flight, operation, use or location would be prohibited under any trade or other economic sanction or embargo by the United States of America, or (D) in violation of any of the Loan Documents or any Applicable Standards. Customer shall adopt, implement and comply with all security measures required by any Applicable Law, or by any Required Coverages, or that are necessary or appropriate for the proper protection of the Aircraft (whether on the ground or in flight) against theft, vandalism, hijacking, destruction, bombing, terrorism or similar acts.

Customer agrees that, with respect to the Airframe, the Engines, each APU and each Part, Customer will at its own expense, (i) maintain, inspect, service, repair, overhaul and test the same in accordance with Applicable Standards; (ii) make any alterations or modifications that may at any time be required to comply with Applicable Standards, and to cause the Aircraft to remain airworthy; (iii) furnish all required parts, replacements, mechanisms, devices and servicing so that the condition and operating efficiency thereof will at all times be no less than its condition and operating efficiency as and when delivered to Customer, ordinary wear and tear from proper use alone excepted; (iv) promptly replace all Parts (A) which become worn out, lost, stolen, taken, destroyed, damaged beyond repair or permanently rendered or declared unfit for use for any reason whatsoever, or (B) if not previously replaced pursuant to clause (A), as and when required by any Applicable Standards, including any applicable life limits; and (v) maintain (in English) all Records in accordance with Applicable Standards; and (vi) enroll and maintain the Engines in an Engine Maintenance Program and the APU in an APU Maintenance Program or shall cause the foregoing to be done. All maintenance procedures shall be performed by properly trained, licensed, and certified maintenance sources and personnel utilizing replacement parts approved by the FAA and the manufacturer of (as applicable) the Airframe, the Engines, or any APU or Part. Without limiting the foregoing, Customer shall comply with all mandatory service bulletins and airworthiness directives by causing compliance to such bulletins and/or directives to be completed through corrective modification in lieu of operating manual restrictions.

Customer will not make, authorize or permit any improvement, change, addition or alteration to the Aircraft that will impair the originally intended function or use of the Aircraft, diminish the value of the Aircraft as it existed immediately prior thereto, or violate any Applicable Standard. All repairs, parts, replacements, mechanisms and devices added by Customer or on its behalf shall immediately, without further act, become part of the Aircraft and subject to the Lender's Lien granted under this Agreement.

## Insurance.

Customer agrees to maintain or cause to be maintained at all times, at its sole cost and expense, with insurers of recognized reputation and responsibility satisfactory to Lender (but in no event having an A.M. Best or comparable agency rating of less than "A-"):

(A) comprehensive aircraft liability insurance against bodily injury or property damage claims including, without limitation, contractual liability, premises liability, death and property damage liability, public and passenger legal liability coverage, and sudden accident pollution coverage, in an amount not less than \$200,000,000.00 for 20 or more seats, or if the Aircraft will be chartered, or \$100,000,000.00 for 10 or more seats, or \$50,000,000.00 for fewer than 10 seats for each single occurrence, and (B) personal injury liability in an amount not less than \$25,000,000.00; but, in no event shall the amounts of coverage required by sub-clauses (A) and (B) be less than the coverage amounts as may then be required by Applicable Law;

"all-risk" ground, taxiing, and flight hull insurance on an agreed-value basis, covering the Aircraft, provided that such insurance shall at all times be in an amount not less than the greater of (1) the full replacement value of the Aircraft (as determined by Lender), or (2) the unpaid principal amount of the Note (each such amount re-determined as of each anniversary of the date hereof for the next succeeding year throughout the term of this Agreement); and

war risk and allied perils (including confiscation, appropriation, expropriation, terrorism and hijacking insurance) in the amounts required in paragraphs (i) and (ii), as applicable.

Any policies of insurance carried in accordance with this Section 4.6 and any policies taken out in substitution or replacement of any such policies shall (i) be endorsed to name Lender as an additional insured as its interests may appear (but without responsibility for premiums), (ii) provide, with respect to insurance carried in accordance with Section 4.6(a)(ii) or (a)(iii) above, that any amount payable thereunder shall be paid directly to Lender as sole loss payee and not to Lender and Customer jointly, (iii) provide for thirty (30) days' (seven (7) days' in the case of war, hijacking and allied perils) prior written notice by such insurer of cancellation, material change, or non-renewal, (iv) include a severability of interest clause providing that such policy shall operate in the same manner as if there were a separate policy covering each insured, (v) waive any right of set-off against Lender, and any rights of subrogation against Lender, (vi) provide that in respect of the interests of Lender in such policies, that the insurance shall not be invalidated by any action or inaction of Customer or any other Person operating or in possession of the Aircraft, regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by or binding upon Customer or any other Person operating or in possession of the Aircraft, and (vii) be primary, not subject to any co-insurance clause and shall be without right of contribution from any other insurance.

Customer shall not self-insure (by deductible, premium adjustment, or risk retention arrangement of any kind) with respect to any of the risks required to be insured pursuant to this Section 4.6. Customer agrees that it shall obtain and maintain such other insurance coverages, or cause adjustments to be made to the scope, amount or other aspects of the existing insurance coverages, promptly upon Lender's request, as and when Lender deems such additional insurance coverages or modifications to be appropriate in light of any changes in Applicable Law, prudent industry practices, the insurance market, Customer's anticipated use of the Aircraft or other pertinent circumstances. All of the coverages required herein shall be in full force and effect worldwide throughout any geographical areas to, in or over which the Aircraft is operated. All insurance proceeds payable under the requisite policies shall be payable in U.S. Dollars.

At least ten (10) days prior to the policy expiration date for any insurance coverage required by this Section 4.6, Customer shall furnish to Lender evidence (having the form and substance consistent with Section 1(f) of the Closing Terms Addendum) of the renewal or replacement of such coverage, complying with the terms hereof, for a twelve (12) month or greater period commencing from and after such expiration date.

## Event of Loss; Loaner Engines.

Upon the occurrence of any Event of Loss with respect to the Aircraft and/or the Airframe, Customer shall notify Lender of any such Event of Loss within five (5) days of the date thereof. Customer shall pay the then Outstanding Balance promptly upon its receipt of insurance proceeds relating to such Event of Loss, but in no event later than ninety (90) days after the occurrence of such Event of Loss (irrespective as to whether any or all of such proceeds have been received). Upon Lender's receipt in good and indefeasible funds of all of the amounts required to be paid pursuant to the preceding sentence (whether by applying Customer's payment of such amounts, or any such insurance proceeds, or both) the Aircraft shall be released from the Lender's Lien, and Lender shall remit to Customer any such insurance proceeds so received by Lender, to the extent then remaining.

Upon an Event of Loss with respect to an Engine or any APU (as applicable, a " **Lost Item** ") under circumstances in which there has not occurred an Event of Loss with respect to the Airframe, Customer shall, within one hundred twenty (120) days after the occurrence of such Event of Loss, replace such Lost Item, with a Permitted Replacement. Any engine or auxiliary power unit constituting a " **Permitted Replacement** " for a Lost Item shall (i) be of the same make and model number as the Lost Item, (ii) be free and clear of all Liens and (iii) have a value, utility and useful life at least equal to, and be in as good an operating condition as, the Lost Item, assuming such Lost Item was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss. Customer, at its own cost and expense, shall (i) furnish Lender with such documents to evidence such conveyance, (ii) cause the Permitted Replacement to be subject to the Lender's Lien under this Agreement, and (iii) take such other actions as may be required by Lender to cause the Lender's Lien therein to be validly created, perfected and have first priority, including as evidenced on the FAA Registry, the International Registry, and any other recording office. Each such Permitted Replacement shall, after such conveyance, be deemed an "Engine" or "APU" (as defined herein), as applicable, and shall be deemed part of the same Aircraft as was the Lost Item replaced thereby.

In the event an Engine is damaged and is being repaired, or is being inspected or overhauled, Customer, at its option, may temporarily substitute another engine during the period of such repair or overhaul, so long as such engine is of the same make and model as the Engine being repaired or overhauled, is free and clear of any Lien that might impair Lender's rights or interests in the Airframe and is maintained in accordance herewith (any such substitute engine being hereinafter referred to as a " **Loaner Engine** "). Customer shall (i) cause such Loaner Engine to be installed and removed, as applicable, by a maintenance facility certified by the FAA and manufacturer with respect to the Aircraft, and (ii) cause the repaired or overhauled original Engine to be reinstalled on the Airframe promptly upon completion of the repair or overhaul, but in no event later than the earlier of one hundred twenty (120) days after removal or the occurrence of an Event of Default.

So long as no Default has occurred and is continuing, and no Event of Default or Event of Loss with respect to the Aircraft has occurred, any loss or damage proceeds of the Required Coverages received by Lender shall be released promptly by Lender to Customer to reimburse Customer for paying the costs actually incurred with respect to repairs made to the Aircraft so as to restore it to the condition required by this Agreement, or for the purchase of a Permitted Replacement pursuant to Section 4.7(b), or shall be disbursed by Lender as otherwise required by this Agreement.

Aircraft Registration. On or before the Closing Date, and at all times thereafter, so long as any of the Obligations are outstanding, Customer shall remain solely responsible pursuant to the applicable provisions of this Agreement to cause (i) the Aircraft to be effectively and otherwise validly registered in Customer's name on the Registry, and (ii) the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft, in each case, accordance with the Registration Requirements; and without limiting the foregoing, or any other provision of this Agreement, Customer shall:

cause the Registration Certificate to be maintained within the Aircraft and cause the U.S. registration number then currently

assigned to the Aircraft to remain authorized for use by Customer on the Aircraft; including by (A) notifying Lender immediately of any event or circumstance with respect to which the Registration Requirements require further action by Customer, the Registry or any other Governmental Authority or other Person, (B) immediately upon receipt, placing the original, replacement or renewal Registration Certificate on the Aircraft prior to the expiration or other invalidation of any previously issued Registration Certificate (whether the certificate or any other document constituting the Registration Certificate as defined herein) under the Registration Requirements, and (C) complying with any and all of the other Registration Requirements relating to such Registration Certificate, and to the Registration Certificate replaced thereby (including any of the same relating to the destruction or return thereof, as the case may be); and

upon the occurrence, and at all times thereafter, of any Defective Registration (and without waiving Customer's responsibility to avoid such circumstance), or if the operation of the Aircraft is no longer authorized by the Registration Requirements, Customer shall (A) neither operate nor permit or suffer the operation of the Aircraft without a currently effective and otherwise valid Registration Certificate (and shall cause the pilots to be made aware of the Defective Registration), and otherwise comply with the FARs and other Applicable Laws relating to such Defective Registration, (B) ground and store the Aircraft in a manner reasonably acceptable to Lender, and (C) inform the insurer or insurers thereof, and obtain and maintain adjustments to the insurance coverages required pursuant Section 4.6 of this Agreement which may be necessary or desirable to Lender so as to reflect any changes in the insurable risks relating to any Defective Registration.

**Security Interest; Power of Attorney; Inspection .**

Grant of Security Interest. As collateral security for the prompt and complete payment and performance as and when due of all of the Obligations and in order to induce Lender to enter into this Agreement and make the Loan to Customer in accordance with the terms hereof, Customer hereby grants, pledges and assigns to Lender a first priority security interest, collateral assignment, international interest, prospective international interest, security assignment and prospective security assignment, in, against, under and with respect to (the " **Lender's Lien** ") all of Customer's right, title and interest in, to and under all of the following collateral, whether now existing or hereafter acquired (collectively, the " **Collateral** "): (i) the Aircraft, including the Airframe, the Engines, each of the APU and Parts, and the Records; (ii) any and all present and future Third Party Agreements; (iii) any and all other associated rights secured by or associated with the Airframe and/or the Engines, together with any related international interests and prospective international interests; (iv) any collateral described in the other Loan Documents (including in any Operating Consent); and (v) all proceeds of the foregoing. By way of clarification and not limitation, the foregoing grant of the Lender's Lien shall include, as applicable (and in each case, being validly registered and having first priority), an international interest in the Airframe and in each Engine. Notwithstanding the foregoing, (i) Customer shall not enter into any Third Party Agreements unless expressly permitted by Section 4.4 and (ii) Lender is not assuming, nor shall it be responsible for, any obligations, liabilities or duties of any kind whatsoever of Customer (and/or of any other Person) relating to the Collateral. Customer agrees that it shall perform and procure performance in accordance with any Third Party Agreement or other agreement or instrument giving rise to any associated rights that are or may become subjected to the Lender's Lien.

UCCs, Registrations, Etc.; Lender as Attorney-in-Fact. Customer hereby irrevocably:

authorizes Lender to prepare and file any UCC financing statements, amendments, continuations, terminations, assignments and other filings, or take such other actions for the purpose of perfecting, affording first and exclusive priority to or otherwise relating to Lender's Lien under this Agreement or the other Loan Documents;

consents to, and authorizes its professional user entity to consent to, the registration of each Registerable Interest requested by Lender or its Assignee, or otherwise required by the provisions of this Agreement or any of the other Loan Documents, including any subordination, amendment, assignment, discharge or undertaking permitted by the Cape Town Convention with respect thereto; and

constitutes and appoints Lender (including any Person acting on Lender's behalf), as its true and lawful attorney-in-fact with full power and authority in the place and stead of Customer and in the name of Customer or in its own name, for the purpose of carrying out the terms of this Agreement; which authority shall include the following undertakings that may be exercisable by Lender in its sole discretion at any time, and from time to time, if an Event of Default is then existing or upon the occurrence of an Event of Loss: (i) in Customer's name, file and/or record, such further instruments, filings and other documents, make, cause to be made and/or consent to all registrations with the International Registry, and take such further action, to establish and protect Lender's rights, interests and remedies created, or intended to be created, pursuant to the Loan Documents; (ii) endorse Customer's name on any checks, notes, drafts or any other payments or instruments, or set off, apply, or take such other actions with respect to any funds relating to the Collateral that come into Lender's possession or control; and (iii) to settle, adjust, receive payment and make claim or proof of loss, and take such other actions relating to the Required Coverages. This appointment is coupled with an interest, is irrevocable and shall terminate only upon indefeasible payment and performance in full of all of the Obligations. The powers conferred on Lender hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Lender shall be accountable only for amounts that it actually receives in good and indefeasible funds as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to Customer for any act or failure to act. Without limiting the foregoing, Customer agrees that within five (5) Business Days of Lender's request, Customer will enter into an irrevocable power-of-attorney authorizing Aviation Counsel or Lender's other designee as Customer's professional user entity and administrator for the purpose of discharging any Registerable Interests as and when directed to do so by Lender in connection with its exercise of its rights and remedies under the Loan Documents.

Inspection. Lender or its authorized representatives shall have the right, but not the duty, to inspect the Aircraft, any part thereof and/or the Records, at its own cost any reasonable time and from time to time, wherever located, upon reasonable prior notice to Customer; except that after the occurrence of a Default or an Event of Default, such inspection may be conducted at any time without prior notice and at Customer's sole expense, and it shall pay Lender promptly upon demand any inspection costs incurred by Lender. So long as no Default or Event of Default exists, any such inspections shall be conducted during normal business hours and without interruption of the use and operation of the Aircraft as permitted hereby. Upon the request of Lender, Customer shall promptly confirm to Lender the location of the Aircraft or any of the other Collateral.

**Events of Default .** The term " **Event of Default** ", wherever used herein, shall mean:

Customer shall fail to pay any Obligation within ten (10) days after the same shall become due and payable (whether at the stated maturity, by acceleration, upon demand or otherwise); or

(i) any Customer Party shall default in the payment or performance of any indebtedness, liability or obligation to Lender or any Affiliate of Lender under any note, security agreement, lease, title retention or conditional sales agreement or any other instrument or agreement; or (ii) any Customer Party shall fail to pay any Indebtedness (other than the Obligations) exceeding \$5,000,000.00, and such failure shall continue beyond any applicable grace period (or, with respect to trade Indebtedness which is not subject to a grace period, within ninety (90) days of the date such trade Indebtedness is incurred); or

(i) any of the Required Coverages are not kept in full force and effect, or a breach or violation shall exist with respect to any provisions thereof; or the Aircraft is operated in a manner, at a time or in or over or located at a place with respect to which such Required Coverages shall not be in effect; (ii) Customer shall fail to cause the Airframe or the Engines to be used, operated, maintained or otherwise kept in a condition so as to be in compliance with all Applicable Laws; or (iii) any Customer Party shall fail to comply with (A) any financial covenants as and to the extent set forth or incorporated in any Guaranty or in any of the other Loan Documents, or (B) any provision of any of the Loan Documents restricting Liens and other dispositions relating to either the Collateral or any rights or obligations under any of the Transaction Documents (including

Section 4.4 hereof), or (iv) the occurrence of any Defective Registration; or

(i) any representation or warranty made by any Customer Party in any of the Loan Documents or in any related agreement, document or certificate shall prove to have been incorrect, misleading, or inaccurate in any material respect when made or given (or, if a continuing representation or warranty, at any time); or (ii) any Customer Party shall fail to (A) perform or observe any other agreement (other than those specifically referred to in this Section 6) required to be performed or observed by it under this Agreement or in any of the other Loan Documents, and such failure shall continue uncured for thirty (30) days after the earlier of written notice thereof from Lender to such Customer Party or such Customer Party's actual knowledge thereof (but such notice and cure period will not be applicable unless such breach is curable by practical means within such notice period) or (B) notify Lender of any Default or Event of Default within ten (10) Business Days of its occurrence; or

(i) any Customer Party shall (A) generally fail to pay its, or his or her debts as they become due, admit its, or his or her inability to pay its, or his or her debts or obligations generally as they fall due, or shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws or other insolvency laws, or an answer admitting the material allegations of such a petition filed against such Customer Party in any such proceeding; or (B) by voluntary petition, answer or consent, seek relief under the provisions of any other bankruptcy or other insolvency or similar law providing for the reorganization or liquidation of corporations, or providing for an assignment for the benefit of creditors, or providing for an agreement, composition, extension or adjustment with its, or his or her creditors; or (ii) a petition against any Customer Party in a proceeding under applicable bankruptcy laws or other insolvency laws, as now or hereafter in effect, shall be filed and shall not be withdrawn or dismissed within one hundred twenty (120) days thereafter, or if, under the provisions of any law providing for reorganization or liquidation of business entities that may apply to any Customer Party, any court of competent jurisdiction shall assume jurisdiction, custody or control of such Customer Party or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of one hundred eighty (180) days after the filing date; or

the occurrence of any of the following events with respect to any Customer Party: (A) it enters into any transaction of merger, consolidation or reorganization; (B) it ceases to do business as a going concern, liquidates, or dissolves, or sells, transfers or otherwise disposes of all or substantially all of its assets or properties (in one or more transactions); (C) it becomes the subject of, or engages in, a leveraged buy out; (D) it changes the form of organization of its business; (E) if it is privately owned as of the Closing Date, there is any substantial change in the ownership or control of its capital stock or membership interests such that the holder(s) that own or control one hundred percent (100%) of such equity interests as of the Closing Date no longer do so; or (F) if it is publicly held as of the Closing Date, any change so that it is no longer subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or no longer registered under Section 12 of the Securities Act of 1933, as amended; or

(i) the conviction of or guilty plea by any Customer Party with respect to any criminal act constituting a felony, (ii) any repudiation by any Customer Party of its obligation for the payment or performance of the Obligations, (iii) any allegation by any Customer Party or judicial determination that any of the Loan Documents is unenforceable in any material respect or (iv) a Default (as defined in any Guaranty) shall occur; or any event or condition constituting a breach or other default under any Operating Consent.

#### **Remedies .**

Acceleration; Termination of Commitment . If any Event of Default shall occur, Lender, in its sole discretion, may (a) declare the Obligations to be immediately due and payable, and upon such declaration the Obligations (including, the unpaid principal amount of the Note, together with all accrued but unpaid interest thereon, any prepayment fees and all other amounts due and payable under or with respect to the Loan Documents), shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the other Loan Documents to the contrary notwithstanding, (b) terminate any then outstanding commitment whether to Customer or any Affiliate to make the Loan or any advance thereof, or any other financial accommodations, whether related to the Loan or otherwise, and/or (c) pursue and enforce any of Lender's rights and remedies under this Section 7; provided, however, if an Event of Default specified in Section 6 (e) above shall occur, the Obligations shall become immediately due and payable, all such commitments shall terminate, and Lender shall have all such other rights and remedies contemplated in the preceding clauses (a), (b) and (c), automatically, and without any notice or other action by Lender.

Additional Remedies . If an Event of Default occurs, in addition to all other rights and remedies granted to it in this Agreement and in the other Loan Documents, Lender may exercise all rights and remedies of a secured party under the UCC or as a creditor, chargee or security assignee under the Cape Town Convention (including any and all remedies thereunder requiring agreement by Customer), or otherwise available to Lender under any other Applicable Law. Without limiting the generality of the foregoing, Customer agrees that upon the occurrence of an Event of Default, Lender, without demand or notice of any kind (except as specified below) to or upon Customer or any other Person, in its sole discretion, may exercise any one or more of the following remedies:

(i) peacefully enter the premises where the Aircraft, the Engines, or any other Collateral is located, take immediate possession of, remove (or disable in place), or otherwise take control or custody of the Airframe, the Engines or any other Collateral (whether or not then attached to the Airframe) by self-help, summary proceedings or otherwise without liability, (ii) preserve the Airframe, the Engines or the other Collateral, and their respective value (but without any obligation to do so), and immobilize or keep idle the Airframe or Engines, and/or (iii) use Customer's premises for storage without liability; and Customer agrees, at Lender's request, to assemble the Collateral, and make it available to Lender at such places as Lender shall reasonably select, whether at Customer's premises or elsewhere;

(i) terminate the right of any Interested Third Party, and any other third party to use, possess or control the Airframe, the Engines or any of the other Collateral, including under any Permitted Third Party Agreement or other Third Party Agreement, without regard as to the existence of any event of default thereunder, (ii) recover from, and/or cause Customer and any such Interested Third Party, and any other third party, to relinquish possession and return the Airframe, the Engines and any other Collateral pursuant to this Section 7, and/or (iii) exercise any and all other remedies under any Operating Consents in Customer's stead, to the extent provided for under, or otherwise available to Customer in connection with any related Permitted Third Party Agreement or such other Third Party Agreement;

(i) manage, sell, lease, assign or otherwise dispose of the Airframe, the Engines or any other Collateral, in whole or in part, whether or not in Lender's possession, in one or more parcels or transactions, at public or private sale or sales, with or without notice to Customer (except as required by Applicable Law, and in furtherance thereof, Lender agrees that it shall give Customer no less than ten (10) working days' prior notice of any proposed sale or lease of the Airframe or Engines, which Customer acknowledges as constituting "reasonable prior notice" for the purposes of the Cape Town Convention) at such prices as Lender may deem best, and/or (ii) purchase the Collateral, in whole or in part, upon any public sale or sales, and to the extent permitted by Applicable Law upon any private sale or sales, free of any right or equity of redemption in Customer, which right or equity of redemption is hereby expressly released;

(i) collect, receive, appropriate and realize upon the Collateral, or any part thereof, including by applying any deposit or other cash collateral, or collecting or receiving, appropriating and realizing upon any income, profits or other proceeds arising from the management or use of the Airframe, the Engines or any of the other Collateral, and applying the same (after deducting all taxes, costs, expenses and other reductions of every kind incurred in connection therewith) to the payment in whole or in part of the Obligations, in such order and manner as Lender may elect; and (ii) after making such application, (A) remitting to Customer or to such other Person any excess then remaining, as and to the extent Lender is required by Applicable Law to make such remittance and (B) demanding, collecting and receiving from Customer any deficiency then remaining (and Customer agrees that it shall remain liable for, and pay upon demand, the full amount of any such deficiency);

(i) demand and obtain from any court speedy relief pending final determination available at law (including, possession, control, custody or immobilization of the Airframe and Engines, or preservation of the Airframe and the Engines and their respective value), (ii) procure the deregistration and/or export and physical transfer of the Airframe from the territory in which it is then situated (including pursuant to an IDERA, if any, executed by Customer), and/or (iii) otherwise proceed at law or in equity, to enforce specifically Customer's performance or to recover damages; and/or

exercise any and all other rights and remedies under or with respect to the Loan Documents or Applicable Law, including the Cape Town Convention and the UCC.

**No Waiver: Cumulative Remedies.** No right or remedy is exclusive. Customer hereby acknowledges that none of the provisions of this Section 7, including any remedies set forth or referenced herein, is "manifestly unreasonable" for the purposes of the Cape Town Convention. Each may be used successively and cumulatively and in addition to any other right or remedy referred to above or otherwise available to Lender at law or in equity, but in no event shall Lender be entitled to recover any amount in excess of the maximum amount recoverable under Applicable Law with respect to any Event of Default. No express or implied waiver by Lender of any Default or Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default. The failure or delay of Lender in exercising any rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or reoccurrence of any such contingencies or similar contingencies, and any single or partial exercise of any particular right by Lender shall not exhaust the same or constitute a waiver of any other right provided for or otherwise referred to herein. After the occurrence of any Default or Event of Default, the acceptance by Lender of any payment or performance of any of the Obligations, including the payment of any installment of principal and/or interest or of any other sum owing hereunder or under the other Loan Documents shall not constitute a waiver of such Default or Event of Default, regardless of Lender's knowledge or lack of knowledge thereof at the time of acceptance of any such payment or performance and shall not constitute a reinstatement of any of the Loan Documents, unless Lender shall have agreed in writing to reinstate the same and waive the Default or Event of Default. To the extent permitted by Applicable Law, Customer waives any rights now or hereafter conferred thereby, that (a) limit or modify any of Lender's rights or remedies under this Agreement or any of the other Loan Documents, including the provisions of Article 13(2) of the Convention, or (b) would otherwise entitle Customer to (i) receive notices or demands as a condition to Lender's exercise of any rights or remedies, except as expressly required above or (ii) make claims, damages and demands against Lender arising out of the repossession, retention, sale or other disposition of the Collateral.

#### **MISCELLANEOUS**

**Notices.** All communications and notices provided for herein shall be in writing and shall be deemed to have been duly given or made (i) upon hand delivery, or (ii) upon delivery by an overnight delivery service, or (iii) when sent by telecopy (with customary confirmation of receipt of such telecopy) on the Business Day when sent or upon the next Business Day if sent on other than a Business Day.

#### **Expenses and Fees; Indemnity; Performance of Customer's Obligations.**

Customer shall pay to Lender upon demand all reasonable fees, costs and expenses incurred by or on behalf of Lender at any time in connection with (i) the negotiation, preparation, execution, delivery and enforcement of the Loan Documents and the collection of the Obligations (both before and after the occurrence of a Default or Event of Default), (ii) the creation, preservation and protection of the Collateral and the perfection, first priority and enforcement of Lender's Lien, or (iii) Customer's exercise of any right granted under, or any amendment or other modification to any of, the Loan Documents. Such fees, costs and expenses shall include, without limitation, reasonable appraisal and inspection fees, the reasonable fees and expenses of Aviation Counsel and of Lender's counsel, consultants and brokers, UCC, FAA, International Registry and other applicable title, interest and lien searches, and reasonable costs and expenses relating to recovery, repossession, storage, insurance, transportation, repair, refurbishment, advertising, sale and other dispositions of the Aircraft or any of the other Collateral. Customer shall also pay all reasonable fees (including license, filing and registration fees), Impositions and other charges of whatever kind or nature that may be payable or determined to be payable in connection with (A) the execution, delivery, recording or performance of this Agreement or any of the other Loan Documents, or any modification thereof, and (B) the filings, registrations and other undertakings relating thereto. Notwithstanding the foregoing, as long as there are no more than two (2) revised drafts of any Loan Document provided by Customer or its counsel to Lender or Lender's counsel, Customer shall be responsible for not more than \$35,000.00 in the aggregate for the legal fees of outside counsel to Lender (including, Aviation Counsel) and appraisal, inspection, processing, credit verification, lien searches, FAA and International Registry fees and other fees incurred in connection with the initial negotiation, preparation and execution of this Agreement and the other Loan Documents executed and delivered on or before the Closing Date (and the consummation of the closing contemplated to occur thereon); provided that in the event that the negotiation exceeds two (2) revised drafts of any Loan Document, then Customer shall pay for the actual amount of such out of pocket fees incurred by Lender relating to the drafting and negotiation in excess of such two (2) revised drafts. Lender shall apply the previously paid deposit amount of \$35,000.00 to such fees and shall refund to Customer the amount by which the deposit exceeds such fees.

Customer hereby further agrees, whether or not the transactions contemplated by this Agreement shall be consummated, to pay, indemnify, and hold Lender and its affiliates and all of the Lender's and such affiliates' respective directors, shareholders, members, officers, employees, agents, predecessors, attorneys-in-fact, lawyers, successors and assigns (Lender, its affiliates and all of such other parties and entities sometimes hereinafter collectively, the "**Indemnified Parties**") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, out of pocket costs, attorney's fees, expenses or disbursements of any kind or nature whatsoever ("**Claims**") arising with respect to or in connection with (i) the Airframe, the Engines, or any APUs or Parts, or any of the other Collateral, including (whether by or through Customer, Vendor, any Interested Third Party, or any other Person), the manufacture, inspection, ownership, lease, sublease, management, pooling, interchange, time sharing, chartering, possession, use, operation, maintenance, security, condition (whether prior to, upon or after delivery or acceptance of any of the same), repossession, storage, sale or other disposition of any of the same, or any accident in connection therewith, including Claims involving or alleging environmental damage, criminal acts, hijacking, acts of terrorism or similar acts, product liability or strict or absolute liability in tort, latent and other defects (whether or not discoverable) and for any other risk or matter, including any of the same that result in injuries, death, destruction, or other harm or loss to persons or property, or (ii) any of the Loan Documents, Third Party Agreements or other Transaction Documents, or the performance, breach (including any Default or Event of Default) or enforcement of any of the terms hereof or thereof, provided, that Customer shall have no obligation to indemnify an Indemnified Party with respect to Claims arising from the gross negligence or willful misconduct of such Indemnified Party (unless if imputed by Applicable Law). If any Claim is made against any Indemnified Party, the party receiving notice or otherwise becoming aware of such Claim shall promptly notify the other, but the failure of the party having knowledge of a Claim to so notify the other party shall not relieve Customer of any obligation hereunder.

If any Customer Party fails to perform or comply with any of its agreements contained herein or in the other Loan Documents, including, without limitation, its obligations to keep the Collateral free of Liens (other than the Permitted Liens), comply with Applicable Standards, or obtain the Required Coverages, Lender shall have the right, but shall not be obligated, to effect such performance or compliance, with such agreement. Any expenses of Lender incurred in connection with effecting such performance or compliance, together with interest thereon at the default rate of interest provided for in the Note from the date incurred until reimbursed, shall be payable by Customer to Lender promptly on demand and until such payment shall constitute part of the Obligations secured hereby. Any such action shall not be a cure or waiver of any Default or Event of Default hereunder.

**Entire Agreement; Modifications.** This Agreement and the other Loan Documents constitute the entire understanding and agreement of the

parties hereto with respect to the matters contained herein and therein, and shall completely and fully supersede all other prior agreements (including any proposal letter, commitment letter, and/or term sheet), both written and oral, between Lender and Customer relating to the Obligations. Neither this Agreement, nor any terms hereof, may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of a change, waiver, discharge or termination is sought.

Construction of this Agreement and Related Matters. All representations and warranties made in this Agreement and in the other Loan Documents shall survive the execution and delivery of this Agreement and the making of the Loan hereunder. Customer's obligations contained in this Section 8 shall survive the payment and performance of the Obligations, the termination of this Agreement, and the release of the Collateral. This Agreement may be executed by the parties hereto on any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. The headings of the Sections hereof are for convenience only, are not part of this Agreement and shall not be deemed to affect the meaning or construction of any of the provisions hereof. Time is of the essence in the payment and performance of all of Customer's obligations under this Agreement. Any provision of this Agreement that may be determined to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective in such jurisdiction to the extent thereof without invalidating the remaining provisions of this Agreement, which shall remain in full force and effect.

Lender's Assignment. Lender, may at any time, with or without notice to Customer, freely grant a security interest in, sell, assign, participate or otherwise transfer (an "**Assignment**") all or any part of its interest in this Agreement and the other Loan Documents (including all associated rights associated with or secured thereby and the related international interests) or any amount due or to become due hereunder or thereunder, and Customer shall perform all of its obligations under the Loan Documents, to the extent so transferred, for the benefit of the beneficiary of such Assignment (such beneficiary, including any successors and assigns, an "**Assignee**"); provided, however, if such Assignee is not an Affiliate of Lender and if no Default or Event of Default exists, Lender will provide prior notice of any such Assignment to a third party. Customer hereby waives any right to assert, and agrees not to assert, against any Assignee any abatement, reduction, defense, setoff, recoupment, claim or counterclaim that Customer may have against Lender, provided that Lender remains fully responsible therefor. Upon the assumption by such Assignee of Lender's obligations hereunder, Lender shall be relieved of any such assumed obligations. Customer hereby consents to any such assignment, grant, sale or transfer, including, without limitation, for purposes of the Cape Town Convention. If so directed in writing, Customer shall pay all amounts due or to become due under the Loan Documents, including any of the same constituting associated rights or proceeds directly to the Assignee or any other party designated in writing by Lender or such Assignee. Customer acknowledges and agrees that Lender's right to enter into an Assignment is essential to Lender and, accordingly, waives any restrictions under Applicable Law with respect to an Assignment and any related remedies. Upon the request of Lender or any Assignee, Customer also agrees (a) to promptly execute and deliver, and cause to be executed and delivered by any Guarantor or any other Transaction Party, to Lender or to such Assignee an acknowledgment of assignment in form and substance satisfactory to the requesting party, an insurance certificate naming Assignee as additional insured and loss payee and otherwise evidencing the Required Coverages, an IDERA in favor of Assignee, and such other documents and assurances reasonably requested by Lender or Assignee, (b) to make, or cause to be made, all registrations (including all assignments and subordinations) and all amendments, extensions and discharges with the International Registry reasonably requested by Lender or Assignee (and give or obtain any necessary consent thereto, as well as renew any authorization required by the International Registry in connection therewith, including renewing its transacting user entity status and re-designating a professional user entity, if necessary in Lender's judgment), and (c) to comply with any and all other reasonable requirements of any such Assignee in connection with any such Assignment.

Jurisdiction. Customer and Lender each hereby irrevocably consents and agrees that any legal action, suit or proceeding arising out of or in any way in connection with this Agreement or any of the other Loan Documents may be instituted or brought in the courts of the State of New York or in the United States Courts for the Southern District of New York, as Customer or Lender may elect or in any other state or Federal court as Lender shall deem appropriate, and by execution and delivery of this Agreement, Customer and Lender each hereby irrevocably accepts and submits to, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of any such court, and to all proceedings in such courts. Customer and Lender each irrevocably consents to service of any summons and/or legal process by first class, certified United States air mail, postage prepaid, to Customer at the address set forth below its signature hereto, such method of service to constitute, in every respect, sufficient and effective service of process in any such legal action or proceeding. Nothing in this Agreement or in any of the other Loan Documents shall affect the right to service of process in any other manner permitted by law or limit the right of Lender to bring actions, suits or proceedings in the courts of any other jurisdiction. Customer and Lender each further agrees that final judgment against it in any such legal action, suit or proceeding shall 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 shall be conclusive evidence of the fact and the amount of the liability. Notwithstanding anything in the foregoing to the contrary, Lender and Customer may bring a judicial proceeding in the Republic of Ireland, solely with respect to matters relating to the International Registry.

Governing Law; Binding Effect. This Agreement shall be construed and enforced in accordance with, and the rights of both parties shall be governed by, the internal laws of the State of New York (without regard to the conflict of laws principles of such state, except as to the effect of Title 14, Section 5-1401 of the New York General Obligations Law), including all matters of construction, validity, and performance. This Agreement shall be binding upon and inure to the benefit of Customer and Lender and their respective successors and assigns (but without limiting the provisions of Section 8.5); except that Customer may not assign or transfer its rights or obligations hereunder or under any other Loan Agreement, or any interest herein or therein; and any such purported or attempted assignment or transfer by Customer shall be null and void.

Customer's Capacity as Owner Trustee. TVPX Aircraft Solutions Inc. ("TVPX") is executing this Agreement, and the other Loan Documents solely in its capacity as Owner Trustee under the Trust Agreement and not in its individual capacity and in no case shall TVPX be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of the Customer hereunder, or under any Loan Document, all such liability, if any, being expressly waived by the parties hereto and any Person claiming by, through, or under such party. Under no circumstances shall TVPX be personally liable for the payment of any other amount stated to be due from the Customer hereunder, or under any Loan Document, or be personally liable for the breach or failure of any of Customer's representations, warranties, covenants, obligations, undertakings and agreements hereunder, or under any Loan Documents; provided, however, that the Customer (or any such successor owner trustee) shall be personally liable hereunder for its own gross negligence or willful misconduct or for its breach of its covenants, representations and warranties contained herein, or in any Loan Document, to the extent covenanted or made in its individual capacity.

Jury Waiver. CUSTOMER AND LENDER EACH HEREBY KNOWINGLY AND FREELY WAIVES THEIR RESPECTIVE RIGHTS TO A JURY TRIAL IN ANY ACTION, SUIT OR PROCEEDING RELATING TO, ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE NOTE OR ANY OF THE OTHER LOAN DOCUMENTS.

[Signatures On Next Page]

IN WITNESS WHEREOF, the parties hereto have caused this Loan and Aircraft Security Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

BANC OF AMERICA LEASING & CAPITAL, LLC, Lender

TVPX AIRCRAFT SOLUTIONS INC., a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated July \_\_\_\_, 2017, Customer

By:  
Name:  
Title:  
Notice Address:

One Financial Plaza, 2nd Floor  
Providence, Rhode Island 02903  
Attention: Director of Aircraft Operations  
Telephone: 800-238-3737  
Facsimile: 401-278-7941

By:  
Name:  
Title:

Notice Address:

39 East Eagle Ridge Drive, Ste. 201  
North Salt Lake, UT 84054  
Telephone: (801) 924-367  
Facsimile: (801) 877-0478

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### LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)

**THIS LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)** (together with all Addenda, Riders and Annexes hereto, this "Agreement") is dated as of July 27, 2017 (the "Closing Date"), by and between **TVPX AIRCRAFT SOLUTIONS INC.**, a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated as of July 27, 2017 ("Customer") and **BANC OF AMERICA LEASING & CAPITAL, LLC**, a Delaware limited liability company ("Lender").

In consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

Capitalized and certain other terms used but not otherwise defined in this Agreement shall have the meanings ascribed to them in Annex A attached hereto and made a part hereof.

#### Terms of Loan .

Loan and Use of Proceeds . Subject to the terms and conditions of this Agreement, Lender agrees to make a loan to Customer in the principal amount set forth in Annex B attached hereto and made a part hereof (the "Loan"). Customer shall use the proceeds of the Loan to finance the costs of the acquisition of the Aircraft.

Repayment and Prepayment . The Customer's obligation to repay the Loan shall be evidenced by one or more Promissory Notes dated on and/or after the Closing Date, payable by Customer to the order of Lender in the original principal amount of the Loan (as amended, modified, restated, extended and renewed from time to time, the "Note"). The Loan shall bear interest and be repaid by Customer at the times and in the manner set forth in the Note. The Loan may be prepaid only in the manner and subject to terms and conditions set forth in the Note and, if applicable, Section 4.7 hereof.

Conditions of Borrowing . Lender's obligation to make the Loan shall be both subject to and conditioned upon the satisfaction of all of the conditions precedent specified in the Closing Terms Addendum attached to and made a part of this Agreement.

Representations and Warranties . In order to induce Lender to enter into this Agreement and to make the Loan herein provided for, Customer represents, warrants and covenants to Lender that:

(i) Customer (A) is duly qualified to do business in each jurisdiction in which the conduct of its business or the ownership or operation of its assets requires such qualification, including the jurisdiction of the Primary Hangar Location and wherever any of the Collateral may become located; (B) has the necessary authority and power to own and operate the Aircraft and its other assets and to transact the business in which it is engaged; (C) is a "citizen of the United States" within the meaning of the Transportation Code; and (D) has the form of business organization set forth in Annex B hereto and is and will remain duly organized, validly existing and in good standing under the laws of the state of its organization set forth in Annex B hereto, its federal tax identification number is as set forth in Annex B hereto, and its state-issued organizational identification number (if any), chief executive office and principal place of business address are all as set forth on Annex B hereto; and (ii) its name as shown in the preamble of this Agreement is its exact legal name as shown on its charter, by-laws, articles of organization or operating agreement, as applicable, each as amended as of the Closing Date;

(i) Customer's execution and delivery of, and performance of its obligations under and with respect to, each of the Loan Documents (including its borrowing the amounts constituting the Loan, granting the Lender's Lien against the Aircraft and other Collateral and participating in the other transactions contemplated herein and therein), (A) have been duly authorized by all necessary action on the part of Customer consistent with its form of organization, (B) do not contravene or constitute a default under any Applicable Law, any of Customer's Organizational Documents, or any agreement, indenture, or other instrument to which Customer is a party or by which it may be bound, (C) do not require the approval of or notice to (1) any Governmental Authority, except for the filings and registrations specified in the Closing Terms Addendum, all of which shall have been

duly effected prior to or concurrently with Lender making the Loan, or (2) any other party (including any trustees or holders of indebtedness), and (D) will not result in the creation or imposition of any Lien on any of the assets of Customer other than the Lender's Lien created hereby and by the other Loan Documents with respect to the Collateral; (ii) each of the Transaction Documents referenced in the Closing Terms Addendum to which Customer is a party has been duly executed and delivered by an authorized representative of the Customer, and constitutes the legal, valid and binding obligation of the Customer, enforceable against it in accordance with the respective terms of such Transaction Documents (including, without limitation, the grant of the Lender's Lien); and (iii) without limiting the foregoing, upon Lender's advancing the Loan on the Closing Date, (A) Customer will have satisfied or complied with all conditions precedent and requirements as set forth in the Loan Documents required to have been satisfied or complied with concurrently with or prior to such advance and (B) no Default or Event of Default shall be then existing;

there are no proceedings pending or, so far as the officers, managers, or members of Customer know, threatened against or affecting Customer or any of its property before any Governmental Authority that could impair Customer's title to the Aircraft or any of the other Collateral, or that, if decided adversely, could materially affect the financial condition or operations of Customer or its ability to perform its obligations under any of the Loan Documents;

(i) Customer has, and shall continue to have, good and marketable title to the Collateral, free and clear of Liens, except Permitted Liens; (ii) the Lender's Lien in the Airframe, the Engines and the other Collateral is and shall remain validly created and perfected, and has and shall continue to have first priority over any other Liens pursuant to all Applicable Laws; and (iii) all filings, recordings, registrations or other actions necessary or desirable in order to vest such title in Customer, and establish, perfect and give first priority to Lender's Lien and other rights and interests in, against or with respect to the Collateral, have been duly effected, and all Impositions in connection therewith have been duly paid;

without limiting any of the other representations and warranties in this Agreement, for the purposes of the Cape Town Convention and any other Applicable Law, (i) upon the conclusion of the sale of the Aircraft to Customer, and Customer's grants and assignments, and (if constituting a lease) any Permitted Third Party Agreement, contemplated in the Loan Documents or other Transaction Documents, Customer and (if a lessee) any Interested Third Party shall be situated in, and Customer will cause the Aircraft to be duly registered in, the United States of America (which is a contracting state), (ii) with respect to any of the Transaction Documents relating to the Airframe or Engine, each of the respective parties thereto has power to dispose of the Airframe and Engine, as contemplated therein by way of the relevant Transaction Document, and (iii) the Purchase Documents qualify as a "contract of sale", and (if constituting a lease) any Permitted Third Party Agreement and the Loan Documents are effective to constitute international interests in the Airframe and Engine and security assignments of the related associated rights and transfer of the related international interests, as contemplated therein, and each such Registerable Interest will be effective against third parties upon registration at the International Registry, without any further filings or registrations (except as contemplated in the Loan Documents);

(i) the Aircraft (A) has been delivered to Customer, is in Customer's possession and is, as of the Closing Date, unconditionally, irrevocably and fully accepted by Customer, (B) has been inspected by Customer to its complete satisfaction and, without limiting the foregoing, (1) has been found to be in good working order, repair and condition and fully equipped to operate for its intended purpose, and (2) is in conformity with the requirements of the Purchase Agreement and the Applicable Standards, (C) is, or will be at the time of the funding of the Loan, currently certified under existing FAA rules and regulations and any other Applicable Laws and is airworthy in all respects, and (D) is and will remain primarily hangared at the Primary Hangar Location; and (ii) without limiting the foregoing, (A) solely as between Lender and Customer (and without prejudicing Customer's rights against Vendor or any other third party, which rights are not being disclaimed hereby), Customer has no pending claims and has no knowledge of any facts upon which a future claim may be based, against any prior owner, the seller, manufacturer or supplier of the Aircraft or any of the other Collateral, for breach of warranty or otherwise, and (B) all of the information contained in Annex C, including the registration number of the Aircraft, and the serial numbers, manufacturer and model numbers of the Airframe, Engines, and APU, are true and accurate in all respects; and

(h) the Aircraft (i) is currently capable of being certified under existing FAA rules and regulations and completely airworthy in all respects, (ii) will undergo an inspection by a Designated Airworthiness Representative of the FAA ("DAR") on the Closing Date and (iii) an FAA Standard Airworthiness Certificate (AC Form 8100-2) shall be issued for the Aircraft no later than two (2) Business Days after the Closing Date.

**Covenants** . Customer covenants and agrees that from and after the Closing Date and so long as any of the Obligations are outstanding:

Notices; Financial Information; and Further Assurances . Customer will, at its sole expense:

promptly give written notice to Lender of (i) the occurrence of any Default or Event of Default; (ii) the occurrence of any Event of Loss or event of which Customer may be aware that could become an Event of Loss; (iii) the commencement or written threat of any material litigation or proceedings affecting Customer or any material litigation or proceedings affecting the Aircraft or any of the other Collateral, or the ability of Customer to comply with its obligations under the Loan Documents; and (iv) any material dispute between Customer or any Interested Third Party and any Governmental Authority or other party that involves the Aircraft or any of the other Collateral or that might materially interfere with the normal business operations of Customer;

cause Guarantor to comply with the financial reporting requirements set forth in the Guaranty and promptly furnish to Lender any such financial and other information regarding the Customer or Guarantor or any of its Affiliates as Lender may from time to time reasonably request; and

promptly execute and deliver to Lender such further instruments, UCC and FAA filings (including an IDERA) and other documents, make, cause to be made and/or consent to all registrations (including any discharges and subordinations, or as to the prospective or actual sale of, and any international interest in, the Engines) with the International Registry, and take such further action, as Lender may from time to time reasonably request in order to further carry out the intent and purpose of the Loan Documents and to establish, protect and enforce the rights, interests, remedies and Liens (including the first priority thereof) created, or intended to be created, in favor of Lender thereby.

General Obligations . (a) Customer agrees that it shall (i) duly observe and conform to all requirements of Applicable Law relating to the conduct of its business and/or the Aircraft, (ii) remain a "citizen of the United States" within the meaning of the Transportation Code, (iii) obtain and keep in full force and effect (A) all rights, franchises, licenses and permits that are necessary to the proper conduct of its business, and (B) all approvals by any Governmental Authority required with respect to the performance of its obligations under the Loan Documents and the operation of the Aircraft and its business, (iv) cause the Aircraft to remain primarily hangared at the Primary Hangar Location, and duly registered in Customer's name under the Transportation Code (including, by making all necessary reports, re-registering its ownership of the Aircraft, and taking all other actions required by Applicable Law), and (v) pay and perform all of its obligations and liabilities when due. (b) Customer agrees that (i) it shall not change its presently existing legal name or its form or state of organization on or after the date of this Agreement, without Lender's prior written consent, (ii) if its presently existing state organizational identification number changes, or if Customer currently has no such state organizational number but is subsequently issued such a number, on or at any time after the date of this Agreement, Customer shall immediately notify Lender thereof, and (iii) it shall not change the presently existing mailing, chief executive office and/or principal place of business address on or after the date of this Agreement without giving Lender thirty (30) days written notice of the same.

Taxes . (a) Customer will file or cause to be filed with all appropriate taxing authorities all Federal, state and local income tax returns that are required to be filed and all registrations, declarations, returns and other documentation with respect to any personal property taxes (or any other taxes in the nature of or imposed in lieu of property taxes) due or to become due with respect to the Aircraft or any of the other Collateral. (b) Customer will pay (or cause to be paid) (i) on or before the date when due all taxes as shown on said returns and all taxes assessed, billed or

otherwise payable with respect to the Aircraft or the other Collateral directly to the appropriate taxing authorities; and (ii) when due all license and/or registration or filing fees, assessments, governmental charges and sales, use, property, excise, privilege, value added and other taxes (including any related interest or penalties) or other charges or fees now or hereafter imposed by any governmental body or agency upon Customer or the Aircraft or any of the other Collateral, with respect to the landing, airport use, manufacturing, ordering, shipment, purchase, ownership, delivery, installation, leasing, chartering, operation, possession, use or disposition of the Aircraft or any of the other Collateral, or any interest therein (the items referred to in (i) and (ii) above being referred to herein collectively, as “**Impositions**”).

No Disposition of Collateral or Liens; Title and Security Interest.

Customer shall not sell, assign, enter into any Third Party Agreement, convey, mortgage, exchange or otherwise transfer or relinquish possession of (including by any seizure or other taking by any foreign or domestic governmental authority) or dispose of the Airframe or Engines, any Part, any related associated rights, international interests or prospective international interests, any proceeds or any of the other Collateral, or attempt or offer to do, or suffer or permit any of the foregoing. Customer shall be permitted, however, to deliver possession of the Airframe, the Engines, or any APU or Part to another Person for testing, service, repair, maintenance, overhaul, alteration or modification, and to enter into Permitted Third Party Agreements, in each case, if and to the extent consistent with the provisions of the Loan Documents. Customer will warrant and defend its good and marketable title to the Airframe, the Engines and the other Collateral, and the validity, perfection and first priority of Lender's Lien in the Collateral, against all other Liens, claims and demands whatsoever, except Permitted Liens; and without limiting the foregoing, Customer will (i) not create, assume or suffer to exist any Liens on or with respect to the Airframe, the Engines, or any of the other Collateral, or Customer's interest therein (other than Permitted Liens); and (ii) promptly take such action as directed by Lender to duly discharge any such unpermitted Liens.

So long as no Default or Event of Default is then existing, Customer may enter into and remain a party to Third Party Agreements, in each such case, subject to the satisfaction of, and compliance by Customer and each Interested Third Party with, all of the following throughout the term of such arrangement: (i) Each such Interested Third Party shall (A) be and remain solvent, and (unless an individual) organized under the laws of a state within the United States; and (B) if engaged by Customer with the prior written consent of Lender as a manager and/or charter operator (including the Manager pursuant to the Management Agreement), while so engaged, (1) have a recognized favorable reputation as a manager and/or charter operator, as the case may be, of aircraft similar to the Aircraft, (2) be providing management and/or charter operation services for other aircraft owners similar to the services contemplated therein, and (3) if and at all times while conducting any charter operations (x) have and maintain a valid Part 135 Certificate evidencing its authority to conduct such operations, (y) list the Aircraft on its operations specifications, and (z) comply with all Applicable Standards pertaining to such charter operations. (ii) Any operation of the Aircraft pursuant to any such Third Party Agreement shall be limited to (A) if by Customer, Parent Guarantor or any Affiliate of Parent Guarantor, any time sharing agreements (as defined in Section 91.501(c)(1)) complying with Part 91 of the FARs and all other Applicable Standards, (B) if by a manager and/or a charter operator with Lender's prior written consent, pursuant to and in full compliance with the requirements of Part 135 of the FARs and all other Applicable Standards, or (C) if such Third Party Agreement is a “dry lease” by Customer, as lessor, to Parent Guarantor or an Affiliate of Parent Guarantor or other Interested Third Party permitted pursuant hereto, as lessee, operation by such lessee complying with (1) Part 91 and any other applicable provision of the FARs, and all other Applicable Standards, and (2) the provisions hereof and of the other Loan Documents pertinent to the operation of the Aircraft (whether by Customer or any permitted Interested Third Party). (iii) The related Third Party Agreement shall (A) be and remain, subject and subordinate to Lender's Lien in and with respect to the Collateral, and Lender's rights and remedies under the Loan Documents (and such subordination shall be expressly acknowledged therein), (B) not convey any Lien on, or other property interest in or against the Airframe, the Engines or any of the other Collateral, except for a Permitted Lien (but, without giving effect to clause (a) of the definition of such term), (C) not permit any further sublease or disposition of or unpermitted Lien against the Aircraft or any of the other Collateral by any of the Interested Parties thereto or any other Person, or any change in registration or unpermitted change in hangaring of the Aircraft, (D) not contain provisions that are inconsistent with the provisions of any of the Loan Documents or cause Customer to breach any of its representations, warranties or agreements under any of the Loan Documents, (E) be in conformity with all requirements of the FARs and other Applicable Laws, and (F) otherwise conform to any Operating Consent required by Lender with respect thereto. (iv) (A) Customer shall have specified such Third Party Agreement on Annex B if existing on the Closing Date, or if not then existing shall require Lender's prior written consent and at least thirty (30) Business Days' prior written notice of its intention to enter into a Third Party Agreement and (B) no later than the effective date thereof Customer shall comply with, and at all times thereafter remain in compliance with, any related requirements by Lender, including (1) entering into, and causing any related Interested Third Parties to enter into, an Operating Consent, (2) causing Lender to be covered by the Required Coverages (which, for the purposes hereof, may include insurance coverages obtained and maintained by an Interested Third Party, conforming to the insurance requirements herein and in any of the other Loan Documents), and (3) entering into or delivering, or causing to be entered into and delivered, all such other documents, filings and assurances, making or causing to be made such filings and registrations, and taking or causing to be taken all such other actions, in each case as may be required by Lender and (4) paying or reimbursing Lender for any related costs or expenses. (v) Lender shall have the right, but not the obligation, to (A) require reasonable evidence that any Interested Third Party satisfies the requirements provided herein, and (B) review any such Third Party Agreement, as from time to time supplemented and amended, to determine its conformity with the provisions hereof, but without assuming any responsibility with respect thereto. (vi) Customer shall neither make, nor permit to be made, any filing or registration with respect to any Permitted Third Party Agreement, unless so directed by Lender pursuant to Section 5.2 or otherwise. Notwithstanding the foregoing limitations Parent Guarantor or any Affiliate shall be permitted to conduct the carriage of Parent Guarantor or any Affiliate and/or their respective guests pursuant to 14 CFR Section 91.501(b)(4), affiliated group operations pursuant to 14 CFR Section 91.501(b)(5) and/or (6), demonstration flights pursuant to 14 CFR Section 91.501(b)(3), time sharing or interchange operations pursuant to 14 CFR Section 91.501(b)(6), the carriage of customers pursuant to 14 CFR Section 91.501(b)(9) and/or the carriage of candidates in Federal elections conducted pursuant to 14 CFR Section 91.321.

With respect to any Third Party Agreements complying with all of the provisions of Section 4.4(b) (each a “**Permitted Third Party Agreement**”), although certain of the duties and obligations of Customer under the Loan Documents may be performed by one or more of the Interested Third Parties, (i) no such Permitted Third Party Agreement shall reduce any of Customer's obligations, or Lender's rights, under any of the Loan Documents, (ii) all of Customer's obligations under the Loan Documents shall be and remain primary and continue in full force and effect as the obligations of a principal and not of a guarantor or surety, and (iii) Lender is not waiving the right to require full and timely performance of any such obligations in strict accordance with the provisions hereof and of the other Loan Documents. By way of clarification and not limitation, with respect to any provisions of this Agreement or any of the other Loan Documents requiring Customer to take or refrain from taking an action relating to the Aircraft or any of the other Collateral, such provision may also be read to mean that Customer shall cause the same to be done in accordance therewith, if at that time the Aircraft or such other Collateral is in the possession or control of an Interested Third Party pursuant to a Permitted Third Party Agreement.

Use of Aircraft; Maintenance; Modifications; Security.

Customer will operate the Aircraft or shall cause the Aircraft to be operated under and in compliance with Part 91 and any other applicable provision of the FARs, and all other Applicable Standards. Unless otherwise expressly permitted hereunder, (i) Customer shall not operate or permit the Aircraft to be operated for air taxi operations or otherwise under Part 135 of the FARs; and (ii) Customer, an Affiliate or other Interested Third Party shall at all times have, and maintain, “operational control” of the Aircraft (as such term is then interpreted by the FAA or such

other applicable Governmental Authority), and no other Person shall operate the Aircraft. The Aircraft at all times will be operated by duly qualified pilots having satisfied all requirements established and specified by the FAA, the TSA, any other applicable Governmental Authority and the Required Coverages.

the Aircraft may be flown temporarily to any country in the world, provided that the Aircraft (i) shall at all times be based in the continental United States; and (ii) shall not be flown, operated, used or located in, to or over any such country or area (temporarily or otherwise) (A) that is excluded from the Required Coverages (or specifically not covered by such insurance), (B) with which the U.S. does not maintain favorable diplomatic relations (which is any country or jurisdiction not marked with an "\*" on the list maintained by the U.S. Department of State, at <http://www.state.gov/s/inr/rls/4250.htm> or any replacement or equivalent website maintained by the U.S. Department of State), provided that the prohibition in this clause (B) does not prohibit the operation of the Aircraft on an approved and assigned air traffic control route (if and so long as such use is otherwise in compliance with the provisions of the this Agreement and does not violate any insurance policies in effect with respect to the Aircraft), (C) to the extent that payment of any claim under the Required Coverages directly or indirectly arising or resulting from or connected with any such flight, operation, use or location would be prohibited under any trade or other economic sanction or embargo by the United States of America, or (D) in violation of any of the Loan Documents or any Applicable Standards. Customer shall adopt, implement and comply with all security measures required by any Applicable Law, or by any Required Coverages, or that are necessary or appropriate for the proper protection of the Aircraft (whether on the ground or in flight) against theft, vandalism, hijacking, destruction, bombing, terrorism or similar acts.

Customer agrees that, with respect to the Airframe, the Engines, each APU and each Part, Customer will at its own expense, (i) maintain, inspect, service, repair, overhaul and test the same in accordance with Applicable Standards; (ii) make any alterations or modifications that may at any time be required to comply with Applicable Standards, and to cause the Aircraft to remain airworthy; (iii) furnish all required parts, replacements, mechanisms, devices and servicing so that the condition and operating efficiency thereof will at all times be no less than its condition and operating efficiency as and when delivered to Customer, ordinary wear and tear from proper use alone excepted; (iv) promptly replace all Parts (A) which become worn out, lost, stolen, taken, destroyed, damaged beyond repair or permanently rendered or declared unfit for use for any reason whatsoever, or (B) if not previously replaced pursuant to clause (A), as and when required by any Applicable Standards, including any applicable life limits; and (v) maintain (in English) all Records in accordance with Applicable Standards; and (vi) enroll and maintain the Engines in an Engine Maintenance Program and the APU in an APU Maintenance Program or shall cause the foregoing to be done. All maintenance procedures shall be performed by properly trained, licensed, and certified maintenance sources and personnel utilizing replacement parts approved by the FAA and the manufacturer of (as applicable) the Airframe, the Engines, or any APU or Part. Without limiting the foregoing, Customer shall comply with all mandatory service bulletins and airworthiness directives by causing compliance to such bulletins and/or directives to be completed through corrective modification in lieu of operating manual restrictions.

Customer will not make, authorize or permit any improvement, change, addition or alteration to the Aircraft that will impair the originally intended function or use of the Aircraft, diminish the value of the Aircraft as it existed immediately prior thereto, or violate any Applicable Standard. All repairs, parts, replacements, mechanisms and devices added by Customer or on its behalf shall immediately, without further act, become part of the Aircraft and subject to the Lender's Lien granted under this Agreement.

#### Insurance.

Customer agrees to maintain or cause to be maintained at all times, at its sole cost and expense, with insurers of recognized reputation and responsibility satisfactory to Lender (but in no event having an A.M. Best or comparable agency rating of less than "A-"):

(A) comprehensive aircraft liability insurance against bodily injury or property damage claims including, without limitation, contractual liability, premises liability, death and property damage liability, public and passenger legal liability coverage, and sudden accident pollution coverage, in an amount not less than \$200,000,000.00 for 20 or more seats, or if the Aircraft will be chartered, or \$100,000,000.00 for 10 or more seats, or \$50,000,000.00 for fewer than 10 seats for each single occurrence, and (B) personal injury liability in an amount not less than \$25,000,000.00; but, in no event shall the amounts of coverage required by sub-clauses (A) and (B) be less than the coverage amounts as may then be required by Applicable Law;

"all-risk" ground, taxiing, and flight hull insurance on an agreed-value basis, covering the Aircraft, provided that such insurance shall at all times be in an amount not less than the greater of (1) the full replacement value of the Aircraft (as determined by Lender), or (2) the unpaid principal amount of the Note (each such amount re-determined as of each anniversary of the date hereof for the next succeeding year throughout the term of this Agreement); and

war risk and allied perils (including confiscation, appropriation, expropriation, terrorism and hijacking insurance) in the amounts required in paragraphs (i) and (ii), as applicable.

Any policies of insurance carried in accordance with this Section 4.6 and any policies taken out in substitution or replacement of any such policies shall (i) be endorsed to name Lender as an additional insured as its interests may appear (but without responsibility for premiums), (ii) provide, with respect to insurance carried in accordance with Section 4.6(a)(ii) or (a)(iii) above, that any amount payable thereunder shall be paid directly to Lender as sole loss payee and not to Lender and Customer jointly, (iii) provide for thirty (30) days' (seven (7) days' in the case of war, hijacking and allied perils) prior written notice by such insurer of cancellation, material change, or non-renewal, (iv) include a severability of interest clause providing that such policy shall operate in the same manner as if there were a separate policy covering each insured, (v) waive any right of set-off against Lender, and any rights of subrogation against Lender, (vi) provide that in respect of the interests of Lender in such policies, that the insurance shall not be invalidated by any action or inaction of Customer or any other Person operating or in possession of the Aircraft, regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by or binding upon Customer or any other Person operating or in possession of the Aircraft, and (vii) be primary, not subject to any co-insurance clause and shall be without right of contribution from any other insurance.

Customer shall not self-insure (by deductible, premium adjustment, or risk retention arrangement of any kind) with respect to any of the risks required to be insured pursuant to this Section 4.6. Customer agrees that it shall obtain and maintain such other insurance coverages, or cause adjustments to be made to the scope, amount or other aspects of the existing insurance coverages, promptly upon Lender's request, as and when Lender deems such additional insurance coverages or modifications to be appropriate in light of any changes in Applicable Law, prudent industry practices, the insurance market, Customer's anticipated use of the Aircraft or other pertinent circumstances. All of the coverages required herein shall be in full force and effect worldwide throughout any geographical areas to, in or over which the Aircraft is operated. All insurance proceeds payable under the requisite policies shall be payable in U.S. Dollars.

At least ten (10) days prior to the policy expiration date for any insurance coverage required by this Section 4.6, Customer shall furnish to Lender evidence (having the form and substance consistent with Section 1(f) of the Closing Terms Addendum) of the renewal or replacement of such coverage, complying with the terms hereof, for a twelve (12) month or greater period commencing from and after such expiration date.

#### Event of Loss: Loaner Engines.

Upon the occurrence of any Event of Loss with respect to the Aircraft and/or the Airframe, Customer shall notify Lender of any such Event of Loss within five (5) days of the date thereof. Customer shall pay the then Outstanding Balance promptly upon its receipt of insurance proceeds relating to such Event of Loss, but in no event later than ninety (90) days after the occurrence of such Event of Loss (irrespective as to whether any or all of such proceeds have been received). Upon Lender's receipt in good and indefeasible funds of all of the amounts required to be paid pursuant to the preceding sentence (whether by applying Customer's payment of such amounts, or any such insurance proceeds, or both) the Aircraft shall be released from the Lender's Lien, and Lender shall remit to Customer any such insurance proceeds so received by Lender, to the extent then remaining.

Upon an Event of Loss with respect to an Engine or any APU (as applicable, a " **Lost Item** ") under circumstances in which there has not occurred an Event of Loss with respect to the Airframe, Customer shall, within one hundred twenty (120) days after the occurrence of such Event of Loss, replace such Lost Item, with a Permitted Replacement. Any engine or auxiliary power unit constituting a " **Permitted Replacement** " for a Lost Item shall (i) be of the same make and model number as the Lost Item, (ii) be free and clear of all Liens and (iii) have a value, utility and useful life at least equal to, and be in as good an operating condition as, the Lost Item, assuming such Lost Item was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss. Customer, at its own cost and expense, shall (i) furnish Lender with such documents to evidence such conveyance, (ii) cause the Permitted Replacement to be subject to the Lender's Lien under this Agreement, and (iii) take such other actions as may be required by Lender to cause the Lender's Lien therein to be validly created, perfected and have first priority, including as evidenced on the FAA Registry, the International Registry, and any other recording office. Each such Permitted Replacement shall, after such conveyance, be deemed an "Engine" or "APU" (as defined herein), as applicable, and shall be deemed part of the same Aircraft as was the Lost Item replaced thereby.

In the event an Engine is damaged and is being repaired, or is being inspected or overhauled, Customer, at its option, may temporarily substitute another engine during the period of such repair or overhaul, so long as such engine is of the same make and model as the Engine being repaired or overhauled, is free and clear of any Lien that might impair Lender's rights or interests in the Airframe and is maintained in accordance herewith (any such substitute engine being hereinafter referred to as a " **Loaner Engine** "). Customer shall (i) cause such Loaner Engine to be installed and removed, as applicable, by a maintenance facility certified by the FAA and manufacturer with respect to the Aircraft, and (ii) cause the repaired or overhauled original Engine to be reinstalled on the Airframe promptly upon completion of the repair or overhaul, but in no event later than the earlier of one hundred twenty (120) days after removal or the occurrence of an Event of Default.

So long as no Default has occurred and is continuing, and no Event of Default or Event of Loss with respect to the Aircraft has occurred, any loss or damage proceeds of the Required Coverages received by Lender shall be released promptly by Lender to Customer to reimburse Customer for paying the costs actually incurred with respect to repairs made to the Aircraft so as to restore it to the condition required by this Agreement, or for the purchase of a Permitted Replacement pursuant to Section 4.7(b), or shall be disbursed by Lender as otherwise required by this Agreement.

**Aircraft Registration.** On or before the Closing Date, and at all times thereafter, so long as any of the Obligations are outstanding, Customer shall remain solely responsible pursuant to the applicable provisions of this Agreement to cause (i) the Aircraft to be effectively and otherwise validly registered in Customer's name on the Registry, and (ii) the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft, in each case, accordance with the Registration Requirements; and without limiting the foregoing, or any other provision of this Agreement, Customer shall:

cause the Registration Certificate to be maintained within the Aircraft and cause the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft; including by (A) notifying Lender immediately of any event or circumstance with respect to which the Registration Requirements require further action by Customer, the Registry or any other Governmental Authority or other Person, (B) immediately upon receipt, placing the original, replacement or renewal Registration Certificate on the Aircraft prior to the expiration or other invalidation of any previously issued Registration Certificate (whether the certificate or any other document constituting the Registration Certificate as defined herein) under the Registration Requirements, and (C) complying with any and all of the other Registration Requirements relating to such Registration Certificate, and to the Registration Certificate replaced thereby (including any of the same relating to the destruction or return thereof, as the case may be); and

upon the occurrence, and at all times thereafter, of any Defective Registration (and without waiving Customer's responsibility to avoid such circumstance), or if the operation of the Aircraft is no longer authorized by the Registration Requirements, Customer shall (A) neither operate nor permit or suffer the operation of the Aircraft without a currently effective and otherwise valid Registration Certificate (and shall cause the pilots to be made aware of the Defective Registration), and otherwise comply with the FARs and other Applicable Laws relating to such Defective Registration, (B) ground and store the Aircraft in a manner reasonably acceptable to Lender, and (C) inform the insurer or insurers thereof, and obtain and maintain adjustments to the insurance coverages required pursuant Section 4.6 of this Agreement which may be necessary or desirable to Lender so as to reflect any changes in the insurable risks relating to any Defective Registration.

#### **Security Interest; Power of Attorney; Inspection .**

**Grant of Security Interest.** As collateral security for the prompt and complete payment and performance as and when due of all of the Obligations and in order to induce Lender to enter into this Agreement and make the Loan to Customer in accordance with the terms hereof, Customer hereby grants, pledges and assigns to Lender a first priority security interest, collateral assignment, international interest, prospective international interest, security assignment and prospective security assignment, in, against, under and with respect to (the " **Lender's Lien** ") all of Customer's right, title and interest in, to and under all of the following collateral, whether now existing or hereafter acquired (collectively, the " **Collateral** "): (i) the Aircraft, including the Airframe, the Engines, each of the APU and Parts, and the Records; (ii) any and all present and future Third Party Agreements; (iii) any and all other associated rights secured by or associated with the Airframe and/or the Engines, together with any related international interests and prospective international interests; (iv) any collateral described in the other Loan Documents (including in any Operating Consent); and (v) all proceeds of the foregoing. By way of clarification and not limitation, the foregoing grant of the Lender's Lien shall include, as applicable (and in each case, being validly registered and having first priority), an international interest in the Airframe and in each Engine. Notwithstanding the foregoing, (i) Customer shall not enter into any Third Party Agreements unless expressly permitted by Section 4.4 and (ii) Lender is not assuming, nor shall it be responsible for, any obligations, liabilities or duties of any kind whatsoever of Customer (and/or of any other Person) relating to the Collateral. Customer agrees that it shall perform and procure performance in accordance with any Third Party Agreement or other agreement or instrument giving rise to any associated rights that are or may become subjected to the Lender's Lien.

#### **UCCs, Registrations, Etc.; Lender as Attorney-in-Fact.** Customer hereby irrevocably:

authorizes Lender to prepare and file any UCC financing statements, amendments, continuations, terminations, assignments and other filings, or take such other actions for the purpose of perfecting, affording first and exclusive priority to or otherwise relating to Lender's Lien under this Agreement or the other Loan Documents;

consents to, and authorizes its professional user entity to consent to, the registration of each Registerable Interest requested by Lender or its Assignee, or otherwise required by the provisions of this Agreement or any of the other Loan Documents, including any subordination, amendment, assignment, discharge or undertaking permitted by the Cape Town Convention with respect thereto; and

constitutes and appoints Lender (including any Person acting on Lender's behalf), as its true and lawful attorney-in-fact with full power and authority in the place and stead of Customer and in the name of Customer or in its own name, for the purpose of carrying out the terms of

this Agreement; which authority shall include the following undertakings that may be exercisable by Lender in its sole discretion at any time, and from time to time, if an Event of Default is then existing or upon the occurrence of an Event of Loss: (i) in Customer's name, file and/or record, such further instruments, filings and other documents, make, cause to be made and/or consent to all registrations with the International Registry, and take such further action, to establish and protect Lender's rights, interests and remedies created, or intended to be created, pursuant to the Loan Documents; (ii) endorse Customer's name on any checks, notes, drafts or any other payments or instruments, or set off, apply, or take such other actions with respect to any funds relating to the Collateral that come into Lender's possession or control; and (iii) to settle, adjust, receive payment and make claim or proof of loss, and take such other actions relating to the Required Coverages. This appointment is coupled with an interest, is irrevocable and shall terminate only upon indefeasible payment and performance in full of all of the Obligations. The powers conferred on Lender hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Lender shall be accountable only for amounts that it actually receives in good and indefeasible funds as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to Customer for any act or failure to act. Without limiting the foregoing, Customer agrees that within five (5) Business Days of Lender's request, Customer will enter into an irrevocable power-of-attorney authorizing Aviation Counsel or Lender's other designee as Customer's professional user entity and administrator for the purpose of discharging any Registerable Interests as and when directed to do so by Lender in connection with its exercise of its rights and remedies under the Loan Documents.

**Inspection.** Lender or its authorized representatives shall have the right, but not the duty, to inspect the Aircraft, any part thereof and/or the Records, at its own cost any reasonable time and from time to time, wherever located, upon reasonable prior notice to Customer; except that after the occurrence of a Default or an Event of Default, such inspection may be conducted at any time without prior notice and at Customer's sole expense, and it shall pay Lender promptly upon demand any inspection costs incurred by Lender. So long as no Default or Event of Default exists, any such inspections shall be conducted during normal business hours and without interruption of the use and operation of the Aircraft as permitted hereby. Upon the request of Lender, Customer shall promptly confirm to Lender the location of the Aircraft or any of the other Collateral.

**Events of Default.** The term " **Event of Default** ", wherever used herein, shall mean:

Customer shall fail to pay any Obligation within ten (10) days after the same shall become due and payable (whether at the stated maturity, by acceleration, upon demand or otherwise); or

(i) any Customer Party shall default in the payment or performance of any indebtedness, liability or obligation to Lender or any Affiliate of Lender under any note, security agreement, lease, title retention or conditional sales agreement or any other instrument or agreement; or (ii) any Customer Party shall fail to pay any Indebtedness (other than the Obligations) exceeding \$5,000,000.00, and such failure shall continue beyond any applicable grace period (or, with respect to trade Indebtedness which is not subject to a grace period, within ninety (90) days of the date such trade Indebtedness is incurred); or

(i) any of the Required Coverages are not kept in full force and effect, or a breach or violation shall exist with respect to any provisions thereof; or the Aircraft is operated in a manner, at a time or in or over or located at a place with respect to which such Required Coverages shall not be in effect; (ii) Customer shall fail to cause the Airframe or the Engines to be used, operated, maintained or otherwise kept in a condition so as to be in compliance with all Applicable Laws; or (iii) any Customer Party shall fail to comply with (A) any financial covenants as and to the extent set forth or incorporated in any Guaranty or in any of the other Loan Documents, or (B) any provision of any of the Loan Documents restricting Liens and other dispositions relating to either the Collateral or any rights or obligations under any of the Transaction Documents (including Section 4.4 hereof), or (iv) the occurrence of any Defective Registration; or

(i) any representation or warranty made by any Customer Party in any of the Loan Documents or in any related agreement, document or certificate shall prove to have been incorrect, misleading, or inaccurate in any material respect when made or given (or, if a continuing representation or warranty, at any time); or (ii) any Customer Party shall fail to (A) perform or observe any other agreement (other than those specifically referred to in this Section 6) required to be performed or observed by it under this Agreement or in any of the other Loan Documents, and such failure shall continue uncured for thirty (30) days after the earlier of written notice thereof from Lender to such Customer Party or such Customer Party's actual knowledge thereof (but such notice and cure period will not be applicable unless such breach is curable by practical means within such notice period) or (B) notify Lender of any Default or Event of Default within ten (10) Business Days of its occurrence; or

(i) any Customer Party shall (A) generally fail to pay its, or his or her debts as they become due, admit its, or his or her inability to pay its, or his or her debts or obligations generally as they fall due, or shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws or other insolvency laws, or an answer admitting the material allegations of such a petition filed against such Customer Party in any such proceeding; or (B) by voluntary petition, answer or consent, seek relief under the provisions of any other bankruptcy or other insolvency or similar law providing for the reorganization or liquidation of corporations, or providing for an assignment for the benefit of creditors, or providing for an agreement, composition, extension or adjustment with its, or his or her creditors; or (ii) a petition against any Customer Party in a proceeding under applicable bankruptcy laws or other insolvency laws, as now or hereafter in effect, shall be filed and shall not be withdrawn or dismissed within one hundred twenty (120) days thereafter, or if, under the provisions of any law providing for reorganization or liquidation of business entities that may apply to any Customer Party, any court of competent jurisdiction shall assume jurisdiction, custody or control of such Customer Party or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of one hundred eighty (180) days after the filing date; or

the occurrence of any of the following events with respect to any Customer Party: (A) it enters into any transaction of merger, consolidation or reorganization; (B) it ceases to do business as a going concern, liquidates, or dissolves, or sells, transfers or otherwise disposes of all or substantially all of its assets or properties (in one or more transactions); (C) it becomes the subject of, or engages in, a leveraged buy out; (D) it changes the form of organization of its business; (E) if it is privately owned as of the Closing Date, there is any substantial change in the ownership or control of its capital stock or membership interests such that the holder(s) that own or control one hundred percent (100%) of such equity interests as of the Closing Date no longer do so; or (F) if it is publicly held as of the Closing Date, any change so that it is no longer subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or no longer registered under Section 12 of the Securities Act of 1933, as amended; or

(i) the conviction of or guilty plea by any Customer Party with respect to any criminal act constituting a felony, (ii) any repudiation by any Customer Party of its obligation for the payment or performance of the Obligations, (iii) any allegation by any Customer Party or judicial determination that any of the Loan Documents is unenforceable in any material respect or (iv) a Default (as defined in any Guaranty) shall occur; or any event or condition constituting a breach or other default under any Operating Consent.

## **Remedies .**

**Acceleration; Termination of Commitment.** If any Event of Default shall occur, Lender, in its sole discretion, may (a) declare the Obligations to be immediately due and payable, and upon such declaration the Obligations (including, the unpaid principal amount of the Note, together with all accrued but unpaid interest thereon, any prepayment fees and all other amounts due and payable under or with respect to the Loan Documents), shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the other Loan Documents to the contrary notwithstanding, (b) terminate any then outstanding commitment whether to Customer or any Affiliate to make the Loan or any advance thereof, or any other financial accommodations, whether related to the Loan

or otherwise, and/or (c) pursue and enforce any of Lender's rights and remedies under this Section 7; provided, however, if an Event of Default specified in Section 6 (e) above shall occur, the Obligations shall become immediately due and payable, all such commitments shall terminate, and Lender shall have all such other rights and remedies contemplated in the preceding clauses (a), (b) and (c), automatically, and without any notice or other action by Lender.

Additional Remedies. If an Event of Default occurs, in addition to all other rights and remedies granted to it in this Agreement and in the other Loan Documents, Lender may exercise all rights and remedies of a secured party under the UCC or as a creditor, chargee or security assignee under the Cape Town Convention (including any and all remedies thereunder requiring agreement by Customer), or otherwise available to Lender under any other Applicable Law. Without limiting the generality of the foregoing, Customer agrees that upon the occurrence of an Event of Default, Lender, without demand or notice of any kind (except as specified below) to or upon Customer or any other Person, in its sole discretion, may exercise any one or more of the following remedies:

(i) peacefully enter the premises where the Aircraft, the Engines, or any other Collateral is located, take immediate possession of, remove (or disable in place), or otherwise take control or custody of the Airframe, the Engines or any other Collateral (whether or not then attached to the Airframe) by self-help, summary proceedings or otherwise without liability, (ii) preserve the Airframe, the Engines or the other Collateral, and their respective value (but without any obligation to do so), and immobilize or keep idle the Airframe or Engines, and/or (iii) use Customer's premises for storage without liability; and Customer agrees, at Lender's request, to assemble the Collateral, and make it available to Lender at such places as Lender shall reasonably select, whether at Customer's premises or elsewhere;

(i) terminate the right of any Interested Third Party, and any other third party to use, possess or control the Airframe, the Engines or any of the other Collateral, including under any Permitted Third Party Agreement or other Third Party Agreement, without regard as to the existence of any event of default thereunder, (ii) recover from, and/or cause Customer and any such Interested Third Party, and any other third party, to relinquish possession and return the Airframe, the Engines and any other Collateral pursuant to this Section 7, and/or (iii) exercise any and all other remedies under any Operating Consents in Customer's stead, to the extent provided for under, or otherwise available to Customer in connection with any related Permitted Third Party Agreement or such other Third Party Agreement;

(i) manage, sell, lease, assign or otherwise dispose of the Airframe, the Engines or any other Collateral, in whole or in part, whether or not in Lender's possession, in one or more parcels or transactions, at public or private sale or sales, with or without notice to Customer (except as required by Applicable Law, and in furtherance thereof, Lender agrees that it shall give Customer no less than ten (10) working days' prior notice of any proposed sale or lease of the Airframe or Engines, which Customer acknowledges as constituting "reasonable prior notice" for the purposes of the Cape Town Convention) at such prices as Lender may deem best, and/or (ii) purchase the Collateral, in whole or in part, upon any public sale or sales, and to the extent permitted by Applicable Law upon any private sale or sales, free of any right or equity of redemption in Customer, which right or equity of redemption is hereby expressly released;

(i) collect, receive, appropriate and realize upon the Collateral, or any part thereof, including by applying any deposit or other cash collateral, or collecting or receiving, appropriating and realizing upon any income, profits or other proceeds arising from the management or use of the Airframe, the Engines or any of the other Collateral, and applying the same (after deducting all taxes, costs, expenses and other reductions of every kind incurred in connection therewith) to the payment in whole or in part of the Obligations, in such order and manner as Lender may elect; and (ii) after making such application, (A) remitting to Customer or to such other Person any excess then remaining, as and to the extent Lender is required by Applicable Law to make such remittance and (B) demanding, collecting and receiving from Customer any deficiency then remaining (and Customer agrees that it shall remain liable for, and pay upon demand, the full amount of any such deficiency);

(i) demand and obtain from any court speedy relief pending final determination available at law (including, possession, control, custody or immobilization of the Airframe and Engines, or preservation of the Airframe and the Engines and their respective value), (ii) procure the deregistration and/or export and physical transfer of the Airframe from the territory in which it is then situated (including pursuant to an IDERA, if any, executed by Customer), and/or (iii) otherwise proceed at law or in equity, to enforce specifically Customer's performance or to recover damages; and/or

exercise any and all other rights and remedies under or with respect to the Loan Documents or Applicable Law, including the Cape Town Convention and the UCC.

No Waiver: Cumulative Remedies. No right or remedy is exclusive. Customer hereby acknowledges that none of the provisions of this Section 7, including any remedies set forth or referenced herein, is "manifestly unreasonable" for the purposes of the Cape Town Convention. Each may be used successively and cumulatively and in addition to any other right or remedy referred to above or otherwise available to Lender at law or in equity, but in no event shall Lender be entitled to recover any amount in excess of the maximum amount recoverable under Applicable Law with respect to any Event of Default. No express or implied waiver by Lender of any Default or Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default. The failure or delay of Lender in exercising any rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or reoccurrence of any such contingencies or similar contingencies, and any single or partial exercise of any particular right by Lender shall not exhaust the same or constitute a waiver of any other right provided for or otherwise referred to herein. After the occurrence of any Default or Event of Default, the acceptance by Lender of any payment or performance of any of the Obligations, including the payment of any installment of principal and/or interest or of any other sum owing hereunder or under the other Loan Documents shall not constitute a waiver of such Default or Event of Default, regardless of Lender's knowledge or lack of knowledge thereof at the time of acceptance of any such payment or performance and shall not constitute a reinstatement of any of the Loan Documents, unless Lender shall have agreed in writing to reinstate the same and waive the Default or Event of Default. To the extent permitted by Applicable Law, Customer waives any rights now or hereafter conferred thereby, that (a) limit or modify any of Lender's rights or remedies under this Agreement or any of the other Loan Documents, including the provisions of Article 13(2) of the Convention, or (b) would otherwise entitle Customer to (i) receive notices or demands as a condition to Lender's exercise of any rights or remedies, except as expressly required above or (ii) make claims, damages and demands against Lender arising out of the repossession, retention, sale or other disposition of the Collateral.

#### **MISCELLANEOUS**

Notices. All communications and notices provided for herein shall be in writing and shall be deemed to have been duly given or made (i) upon hand delivery, or (ii) upon delivery by an overnight delivery service, or (iii) when sent by telecopy (with customary confirmation of receipt of such telecopy) on the Business Day when sent or upon the next Business Day if sent on other than a Business Day.

#### Expenses and Fees; Indemnity; Performance of Customer's Obligations

Customer shall pay to Lender upon demand all reasonable fees, costs and expenses incurred by or on behalf of Lender at any time in connection with (i) the negotiation, preparation, execution, delivery and enforcement of the Loan Documents and the collection of the Obligations (both before and after the occurrence of a Default or Event of Default), (ii) the creation, preservation and protection of the Collateral and the perfection, first priority and enforcement of Lender's Lien, or (iii) Customer's exercise of any right granted under, or any amendment or other modification to any of, the Loan Documents. Such fees, costs and expenses shall include, without limitation, reasonable appraisal and inspection fees, the reasonable fees and expenses of Aviation Counsel and of Lender's counsel, consultants and brokers, UCC, FAA, International Registry and other applicable title, interest and lien searches, and reasonable costs and expenses relating to recovery, repossession, storage, insurance, transportation, repair, refurbishment, advertising, sale and other dispositions of the Aircraft or any of the other Collateral. Customer shall also pay all

reasonable fees (including license, filing and registration fees), Impositions and other charges of whatever kind or nature that may be payable or determined to be payable in connection with (A) the execution, delivery, recording or performance of this Agreement or any of the other Loan Documents, or any modification thereof, and (B) the filings, registrations and other undertakings relating thereto. Notwithstanding the foregoing, as long as there are no more than two (2) revised drafts of any Loan Document provided by Customer or its counsel to Lender or Lender's counsel, Customer shall be responsible for not more than \$35,000.00 in the aggregate for the legal fees of outside counsel to Lender (including, Aviation Counsel) and appraisal, inspection, processing, credit verification, lien searches, FAA and International Registry fees and other fees incurred in connection with the initial negotiation, preparation and execution of this Agreement and the other Loan Documents executed and delivered on or before the Closing Date (and the consummation of the closing contemplated to occur thereon); provided that in the event that the negotiation exceeds two (2) revised drafts of any Loan Document, then Customer shall pay for the actual amount of such out of pocket fees incurred by Lender relating to the drafting and negotiation in excess of such two (2) revised drafts. Lender shall apply the previously paid deposit amount of \$35,000.00 to such fees and shall refund to Customer the amount by which the deposit exceeds such fees.

Customer hereby further agrees, whether or not the transactions contemplated by this Agreement shall be consummated, to pay, indemnify, and hold Lender and its affiliates and all of the Lender's and such affiliates' respective directors, shareholders, members, officers, employees, agents, predecessors, attorneys-in-fact, lawyers, successors and assigns (Lender, its affiliates and all of such other parties and entities sometimes hereinafter collectively, the "**Indemnified Parties**") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, out of pocket costs, attorney's fees, expenses or disbursements of any kind or nature whatsoever ("**Claims**") arising with respect to or in connection with (i) the Airframe, the Engines, or any APUs or Parts, or any of the other Collateral, including (whether by or through Customer, Vendor, any Interested Third Party, or any other Person), the manufacture, inspection, ownership, lease, sublease, management, pooling, interchange, time sharing, chartering, possession, use, operation, maintenance, security, condition (whether prior to, upon or after delivery or acceptance of any of the same), repossession, storage, sale or other disposition of any of the same, or any accident in connection therewith, including Claims involving or alleging environmental damage, criminal acts, hijacking, acts of terrorism or similar acts, product liability or strict or absolute liability in tort, latent and other defects (whether or not discoverable) and for any other risk or matter, including any of the same that result in injuries, death, destruction, or other harm or loss to persons or property, or (ii) any of the Loan Documents, Third Party Agreements or other Transaction Documents, or the performance, breach (including any Default or Event of Default) or enforcement of any of the terms hereof or thereof, provided, that Customer shall have no obligation to indemnify an Indemnified Party with respect to Claims arising from the gross negligence or willful misconduct of such Indemnified Party (unless if imputed by Applicable Law). If any Claim is made against any Indemnified Party, the party receiving notice or otherwise becoming aware of such Claim shall promptly notify the other, but the failure of the party having knowledge of a Claim to so notify the other party shall not relieve Customer of any obligation hereunder.

If any Customer Party fails to perform or comply with any of its agreements contained herein or in the other Loan Documents, including, without limitation, its obligations to keep the Collateral free of Liens (other than the Permitted Liens), comply with Applicable Standards, or obtain the Required Coverages, Lender shall have the right, but shall not be obligated, to effect such performance or compliance, with such agreement. Any expenses of Lender incurred in connection with effecting such performance or compliance, together with interest thereon at the default rate of interest provided for in the Note from the date incurred until reimbursed, shall be payable by Customer to Lender promptly on demand and until such payment shall constitute part of the Obligations secured hereby. Any such action shall not be a cure or waiver of any Default or Event of Default hereunder.

Entire Agreement; Modifications. This Agreement and the other Loan Documents constitute the entire understanding and agreement of the parties hereto with respect to the matters contained herein and therein, and shall completely and fully supersede all other prior agreements (including any proposal letter, commitment letter, and/or term sheet), both written and oral, between Lender and Customer relating to the Obligations. Neither this Agreement, nor any terms hereof, may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of a change, waiver, discharge or termination is sought.

Construction of this Agreement and Related Matters. All representations and warranties made in this Agreement and in the other Loan Documents shall survive the execution and delivery of this Agreement and the making of the Loan hereunder. Customer's obligations contained in this Section 8 shall survive the payment and performance of the Obligations, the termination of this Agreement, and the release of the Collateral. This Agreement may be executed by the parties hereto on any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. The headings of the Sections hereof are for convenience only, are not part of this Agreement and shall not be deemed to affect the meaning or construction of any of the provisions hereof. Time is of the essence in the payment and performance of all of Customer's obligations under this Agreement. Any provision of this Agreement that may be determined to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective in such jurisdiction to the extent thereof without invalidating the remaining provisions of this Agreement, which shall remain in full force and effect.

Lender's Assignment. Lender, may at any time, with or without notice to Customer, freely grant a security interest in, sell, assign, participate or otherwise transfer (an "**Assignment**") all or any part of its interest in this Agreement and the other Loan Documents (including all associated rights associated with or secured thereby and the related international interests) or any amount due or to become due hereunder or thereunder, and Customer shall perform all of its obligations under the Loan Documents, to the extent so transferred, for the benefit of the beneficiary of such Assignment (such beneficiary, including any successors and assigns, an "**Assignee**"); provided, however, if such Assignee is not an Affiliate of Lender and if no Default or Event of Default exists, Lender will provide prior notice of any such Assignment to a third party. Customer hereby waives any right to assert, and agrees not to assert, against any Assignee any abatement, reduction, defense, setoff, recoupment, claim or counterclaim that Customer may have against Lender, provided that Lender remains fully responsible therefor. Upon the assumption by such Assignee of Lender's obligations hereunder, Lender shall be relieved of any such assumed obligations. Customer hereby consents to any such assignment, grant, sale or transfer, including, without limitation, for purposes of the Cape Town Convention. If so directed in writing, Customer shall pay all amounts due or to become due under the Loan Documents, including any of the same constituting associated rights or proceeds directly to the Assignee or any other party designated in writing by Lender or such Assignee. Customer acknowledges and agrees that Lender's right to enter into an Assignment is essential to Lender and, accordingly, waives any restrictions under Applicable Law with respect to an Assignment and any related remedies. Upon the request of Lender or any Assignee, Customer also agrees (a) to promptly execute and deliver, and cause to be executed and delivered by any Guarantor or any other Transaction Party, to Lender or to such Assignee an acknowledgment of assignment in form and substance satisfactory to the requesting party, an insurance certificate naming Assignee as additional insured and loss payee and otherwise evidencing the Required Coverages, an IDERA in favor of Assignee, and such other documents and assurances reasonably requested by Lender or Assignee, (b) to make, or cause to be made, all registrations (including all assignments and subordinations) and all amendments, extensions and discharges with the International Registry reasonably requested by Lender or Assignee (and give or obtain any necessary consent thereto, as well as renew any authorization required by the International Registry in connection therewith, including renewing its transacting user entity status and re-designating a professional user entity, if necessary in Lender's judgment), and (c) to comply with any and all other reasonable requirements of any such Assignee in connection with any such Assignment.

Jurisdiction. Customer and Lender each hereby irrevocably consents and agrees that any legal action, suit or proceeding arising out of or in any way in connection with this Agreement or any of the other Loan Documents may be instituted or brought in the courts of the State of New York or in the United States Courts for the Southern District of New York, as Customer or Lender may elect or in any other state or Federal court as

Lender shall deem appropriate, and by execution and delivery of this Agreement, Customer and Lender each hereby irrevocably accepts and submits to, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of any such court, and to all proceedings in such courts. Customer and Lender each irrevocably consents to service of any summons and/or legal process by first class, certified United States air mail, postage prepaid, to Customer at the address set forth below its signature hereto, such method of service to constitute, in every respect, sufficient and effective service of process in any such legal action or proceeding. Nothing in this Agreement or in any of the other Loan Documents shall affect the right to service of process in any other manner permitted by law or limit the right of Lender to bring actions, suits or proceedings in the courts of any other jurisdiction. Customer and Lender each further agrees that final judgment against it in any such legal action, suit or proceeding shall 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 shall be conclusive evidence of the fact and the amount of the liability. Notwithstanding anything in the foregoing to the contrary, Lender and Customer may bring a judicial proceeding in the Republic of Ireland, solely with respect to matters relating to the International Registry.

Governing Law; Binding Effect. This Agreement shall be construed and enforced in accordance with, and the rights of both parties shall be governed by, the internal laws of the State of New York (without regard to the conflict of laws principles of such state, except as to the effect of Title 14, Section 5-1401 of the New York General Obligations Law), including all matters of construction, validity, and performance. This Agreement shall be binding upon and inure to the benefit of Customer and Lender and their respective successors and assigns (but without limiting the provisions of Section 8.5); except that Customer may not assign or transfer its rights or obligations hereunder or under any other Loan Agreement, or any interest herein or therein; and any such purported or attempted assignment or transfer by Customer shall be null and void.

Customer's Capacity as Owner Trustee. TVPX Aircraft Solutions Inc. ("TVPX") is executing this Agreement, and the other Loan Documents solely in its capacity as Owner Trustee under the Trust Agreement and not in its individual capacity and in no case shall TVPX be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of the Customer hereunder, or under any Loan Document, all such liability, if any, being expressly waived by the parties hereto and any Person claiming by, through, or under such party. Under no circumstances shall TVPX be personally liable for the payment of any other amount stated to be due from the Customer hereunder, or under any Loan Document, or be personally liable for the breach or failure of any of Customer's representations, warranties, covenants, obligations, undertakings and agreements hereunder, or under any Loan Documents; provided, however, that the Customer (or any such successor owner trustee) shall be personally liable hereunder for its own gross negligence or willful misconduct or for its breach of its covenants, representations and warranties contained herein, or in any Loan Document, to the extent covenanted or made in its individual capacity.

Jury Waiver. CUSTOMER AND LENDER EACH HEREBY KNOWINGLY AND FREELY WAIVES THEIR RESPECTIVE RIGHTS TO A JURY TRIAL IN ANY ACTION, SUIT OR PROCEEDING RELATING TO, ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE NOTE OR ANY OF THE OTHER LOAN DOCUMENTS.

**[Signatures On Next Page]**

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Loan and Aircraft Security Agreement

IN WITNESS WHEREOF, the parties hereto have caused this Loan and Aircraft Security Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

BANC OF AMERICA LEASING & CAPITAL, LLC, Lender

TVPX AIRCRAFT SOLUTIONS INC., a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated July \_\_\_\_, 2017,  
Customer

By:  
Name:  
Title:  
Notice Address:

One Financial Plaza, 2nd Floor  
Providence, Rhode Island 02903  
Attention: Director of Aircraft Operations  
Telephone: 800-238-3737  
Facsimile: 401-278-7941

By:  
Name:  
Title:  
Notice Address:

39 East Eagle Ridge Drive, Ste. 201  
North Salt Lake, UT 84054  
Telephone: (801) 924-367  
Facsimile: (801) 877-0478

all indebtedness guaranteed, directly or indirectly, in any manner, or endorsed (other than for collection or deposit in the ordinary course of business) or discounted with recourse; (B) all indebtedness in effect guaranteed, directly or indirectly, through agreements, contingent or otherwise: (1) to purchase such indebtedness; or (2) to purchase, sell or lease (as lessee or lessor) property, products, materials, or supplies or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such indebtedness or to insure the owner of the indebtedness against loss; or (3) to supply funds to, or in any other manner invest in, the debtor; (C) all indebtedness secured by (or for which the holder of such indebtedness has a right, contingent or otherwise, to be secured by) any mortgage, deed of trust, pledge, lien, security interest or other charge or encumbrance upon property owned or acquired subject thereto, whether or not the liabilities secured thereby have been assumed; and (D) all indebtedness incurred as the lessee of goods or services under leases that, in accordance with GAAP, should not be reflected on the lessee's balance sheet.

**Indemnified Parties** shall have the meaning set forth in Section 8.2(b) hereof.

**Interested Third Party** shall mean any manager, operator (including any charter operator), lessee, time share party, service provider or other third party permitted to have those certain rights and interests, and having such related responsibilities, all as more particularly described in the Operating Consents.

**Lender's Lien** shall have the meaning set forth in Section 5.1 hereof.

**Liens** shall mean all liens, claims, demands, charges, security interests, leaseholds, international interests and other Registerable Interests and encumbrances of every nature and description whatever, including, without limitation, any rights of third parties under Third Party Agreements and any registrations on the International Registry without regard to whether such registrations are valid.

**Loan** shall have the meaning set forth in Section 1.1 hereof.

**Loan Documents** shall mean this Agreement, the Note, any Guaranty, any Operating Consents, any hypothecation or other collateral pledge or credit support, and any other documents, agreements, instruments, filings, certificates, opinions or assurances securing, evidencing or relating to the Obligations, whether entered into on or after the Closing Date.

**Loaner Engine** shall have the meaning set forth in Section 4.7(c) hereof.

**Lost Item** shall have the meaning set forth in Section 4.7(b) hereof.

**Management Agreement** shall mean all of the documents and agreements constituting the management agreement referenced in Consent to Aircraft Management Agreement and Assignment.

**Manager** shall mean the manager referenced in Consent to Aircraft Management Agreement and Assignment.

**Note** shall have the meaning set forth in Section 1.2 hereof.

**Obligations** shall mean: (i) the unpaid principal amount of, and accrued interest on, the Note; and (ii) all other indebtedness, obligations or liabilities of any and all Customer Parties owing to Lender, or to any Affiliate of Lender, of every kind and description, direct or indirect, secured or unsecured, joint or several, absolute or contingent, due or to become due, whether for payment or performance, now existing or hereafter arising, including, but not limited to, all indebtedness, obligations or liabilities under, arising out of or in connection with this Agreement, the Note or any of the other Loan Documents.

**Operating Consents** shall mean any and all of the multi-party consents whether entered into on the Closing Date, or thereafter, among Customer and any Interested Third Parties, in favor of Lender; and in each case, having a form and substance, and executed, delivered, filed and registered, as may be required by Lender in its sole discretion.

**Organizational Document** shall mean any certificate or articles of incorporation or organization, by-laws, partnership certificate or agreement, or limited liability company operating agreement or other organizational or constitutive document or agreement.

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**LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)**

**THIS LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)** (together with all Addenda, Riders and Annexes hereto, this "Agreement") is dated as of July 27, 2017 (the "Closing Date"), by and between **TVPX AIRCRAFT SOLUTIONS INC.**, a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated as of July 27, 2017 ("Customer") and **BANC OF AMERICA LEASING & CAPITAL, LLC**, a Delaware limited liability company ("Lender").

In consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

Capitalized and certain other terms used but not otherwise defined in this Agreement shall have the meanings ascribed to them in Annex A attached hereto and made a part hereof.

#### **Terms of Loan .**

**Loan and Use of Proceeds .** Subject to the terms and conditions of this Agreement, Lender agrees to make a loan to Customer in the principal amount set forth in Annex B attached hereto and made a part hereof (the “ **Loan** ”). Customer shall use the proceeds of the Loan to finance the costs of the acquisition of the Aircraft.

**Repayment and Prepayment .** The Customer’s obligation to repay the Loan shall be evidenced by one or more Promissory Notes dated on and/or after the Closing Date, payable by Customer to the order of Lender in the original principal amount of the Loan (as amended, modified, restated, extended and renewed from time to time, the “ **Note** ”). The Loan shall bear interest and be repaid by Customer at the times and in the manner set forth in the Note. The Loan may be prepaid only in the manner and subject to terms and conditions set forth in the Note and, if applicable, Section 4.7 hereof.

**Conditions of Borrowing .** Lender’s obligation to make the Loan shall be both subject to and conditioned upon the satisfaction of all of the conditions precedent specified in the Closing Terms Addendum attached to and made a part of this Agreement.

**Representations and Warranties .** In order to induce Lender to enter into this Agreement and to make the Loan herein provided for, Customer represents, warrants and covenants to Lender that:

(i) Customer (A) is duly qualified to do business in each jurisdiction in which the conduct of its business or the ownership or operation of its assets requires such qualification, including the jurisdiction of the Primary Hangar Location and wherever any of the Collateral may become located; (B) has the necessary authority and power to own and operate the Aircraft and its other assets and to transact the business in which it is engaged; (C) is a “citizen of the United States” within the meaning of the Transportation Code; and (D) has the form of business organization set forth in Annex B hereto and is and will remain duly organized, validly existing and in good standing under the laws of the state of its organization set forth in Annex B hereto, its federal tax identification number is as set forth in Annex B hereto, and its state-issued organizational identification number (if any), chief executive office and principal place of business address are all as set forth on Annex B hereto; and (ii) its name as shown in the preamble of this Agreement is its exact legal name as shown on its charter, by-laws, articles of organization or operating agreement, as applicable, each as amended as of the Closing Date;

(i) Customer’s execution and delivery of, and performance of its obligations under and with respect to, each of the Loan Documents (including its borrowing the amounts constituting the Loan, granting the Lender’s Lien against the Aircraft and other Collateral and participating in the other transactions contemplated herein and therein), (A) have been duly authorized by all necessary action on the part of Customer consistent with its form of organization, (B) do not contravene or constitute a default under any Applicable Law, any of Customer’s Organizational Documents, or any agreement, indenture, or other instrument to which Customer is a party or by which it may be bound, (C) do not require the approval of or notice to (1) any Governmental Authority, except for the filings and registrations specified in the Closing Terms Addendum, all of which shall have been duly effected prior to or concurrently with Lender making the Loan, or (2) any other party (including any trustees or holders of indebtedness), and (D) will not result in the creation or imposition of any Lien on any of the assets of Customer other than the Lender’s Lien created hereby and by the other Loan Documents with respect to the Collateral; (ii) each of the Transaction Documents referenced in the Closing Terms Addendum to which Customer is a party has been duly executed and delivered by an authorized representative of the Customer, and constitutes the legal, valid and binding obligation of the Customer, enforceable against it in accordance with the respective terms of such Transaction Documents (including, without limitation, the grant of the Lender’s Lien); and (iii) without limiting the foregoing, upon Lender’s advancing the Loan on the Closing Date, (A) Customer will have satisfied or complied with all conditions precedent and requirements as set forth in the Loan Documents required to have been satisfied or complied with concurrently with or prior to such advance and (B) no Default or Event of Default shall be then existing;

there are no proceedings pending or, so far as the officers, managers, or members of Customer know, threatened against or affecting Customer or any of its property before any Governmental Authority that could impair Customer’s title to the Aircraft or any of the other Collateral, or that, if decided adversely, could materially affect the financial condition or operations of Customer or its ability to perform its obligations under any of the Loan Documents;

(i) Customer has, and shall continue to have, good and marketable title to the Collateral, free and clear of Liens, except Permitted Liens; (ii) the Lender’s Lien in the Airframe, the Engines and the other Collateral is and shall remain validly created and perfected, and has and shall continue to have first priority over any other Liens pursuant to all Applicable Laws; and (iii) all filings, recordings, registrations or other actions necessary or desirable in order to vest such title in Customer, and establish, perfect and give first priority to Lender’s Lien and other rights and interests in, against or with respect to the Collateral, have been duly effected, and all Impositions in connection therewith have been duly paid;

without limiting any of the other representations and warranties in this Agreement, for the purposes of the Cape Town Convention and any other Applicable Law, (i) upon the conclusion of the sale of the Aircraft to Customer, and Customer’s grants and assignments, and (if constituting a lease) any Permitted Third Party Agreement, contemplated in the Loan Documents or other Transaction Documents, Customer and (if a lessee) any Interested Third Party shall be situated in, and Customer will cause the Aircraft to be duly registered in, the United States of America (which is a contracting state), (ii) with respect to any of the Transaction Documents relating to the Airframe or Engine, each of the respective parties thereto has power to dispose of the Airframe and Engine, as contemplated therein by way of the relevant Transaction Document, and (iii) the Purchase Documents qualify as a “contract of sale”, and (if constituting a lease) any Permitted Third Party Agreement and the Loan Documents are effective to constitute international interests in the Airframe and Engine and security assignments of the related associated rights and transfer of the related international interests, as contemplated therein, and each such Registerable Interest will be effective against third parties upon registration at the International Registry, without any further filings or registrations (except as contemplated in the Loan Documents);

(i) the Aircraft (A) has been delivered to Customer, is in Customer’s possession and is, as of the Closing Date, unconditionally, irrevocably and fully accepted by Customer, (B) has been inspected by Customer to its complete satisfaction and, without limiting the foregoing, (1) has been found to be in good working order, repair and condition and fully equipped to operate for its intended purpose, and (2) is in conformity with the requirements of the Purchase Agreement and the Applicable Standards, (C) is, or will be at the time of the funding of the Loan, currently certified under existing FAA rules and regulations and any other Applicable Laws and is airworthy in all respects, and (D) is and will remain primarily hangared at the Primary Hangar Location; and (ii) without limiting the foregoing, (A) solely as between Lender and Customer (and without prejudicing Customer’s rights against Vendor or any other third party, which rights are not being disclaimed hereby), Customer has no pending claims and has no knowledge of any facts upon which a future claim may be based, against any prior owner, the seller, manufacturer or supplier of the Aircraft or any of the other Collateral, for breach of warranty or otherwise, and (B) all of the information contained in Annex C, including the registration number of the Aircraft, and the serial numbers, manufacturer and model numbers of the Airframe, Engines, and APU, are true and accurate in all respects; and

(h) the Aircraft (i) is currently capable of being certified under existing FAA rules and regulations and completely airworthy in all respects, (ii) will undergo an inspection by a Designated Airworthiness Representative of the FAA (“ **DAR** ”) on the Closing Date and (iii) an FAA Standard

Airworthiness Certificate (AC Form 8100-2) shall be issued for the Aircraft no later than two (2) Business Days after the Closing Date.

**Covenants**. Customer covenants and agrees that from and after the Closing Date and so long as any of the Obligations are outstanding:

Notices; Financial Information; and Further Assurances. Customer will, at its sole expense:

promptly give written notice to Lender of (i) the occurrence of any Default or Event of Default; (ii) the occurrence of any Event of Loss or event of which Customer may be aware that could become an Event of Loss; (iii) the commencement or written threat of any material litigation or proceedings affecting Customer or any material litigation or proceedings affecting the Aircraft or any of the other Collateral, or the ability of Customer to comply with its obligations under the Loan Documents; and (iv) any material dispute between Customer or any Interested Third Party and any Governmental Authority or other party that involves the Aircraft or any of the other Collateral or that might materially interfere with the normal business operations of Customer;

cause Guarantor to comply with the financial reporting requirements set forth in the Guaranty and promptly furnish to Lender any such financial and other information regarding the Customer or Guarantor or any of its Affiliates as Lender may from time to time reasonably request; and

promptly execute and deliver to Lender such further instruments, UCC and FAA filings (including an IDERA) and other documents, make, cause to be made and/or consent to all registrations (including any discharges and subordinations, or as to the prospective or actual sale of, and any international interest in, the Engines) with the International Registry, and take such further action, as Lender may from time to time reasonably request in order to further carry out the intent and purpose of the Loan Documents and to establish, protect and enforce the rights, interests, remedies and Liens (including the first priority thereof) created, or intended to be created, in favor of Lender thereby.

General Obligations. (a) Customer agrees that it shall (i) duly observe and conform to all requirements of Applicable Law relating to the conduct of its business and/or the Aircraft, (ii) remain a "citizen of the United States" within the meaning of the Transportation Code, (iii) obtain and keep in full force and effect (A) all rights, franchises, licenses and permits that are necessary to the proper conduct of its business, and (B) all approvals by any Governmental Authority required with respect to the performance of its obligations under the Loan Documents and the operation of the Aircraft and its business, (iv) cause the Aircraft to remain primarily hangared at the Primary Hangar Location, and duly registered in Customer's name under the Transportation Code (including, by making all necessary reports, re-registering its ownership of the Aircraft, and taking all other actions required by Applicable Law), and (v) pay and perform all of its obligations and liabilities when due. (b) Customer agrees that (i) it shall not change its presently existing legal name or its form or state of organization on or after the date of this Agreement, without Lender's prior written consent, (ii) if its presently existing state organizational identification number changes, or if Customer currently has no such state organizational number but is subsequently issued such a number, on or at any time after the date of this Agreement, Customer shall immediately notify Lender thereof, and (iii) it shall not change the presently existing mailing, chief executive office and/or principal place of business address on or after the date of this Agreement without giving Lender thirty (30) days written notice of the same.

Taxes. (a) Customer will file or cause to be filed with all appropriate taxing authorities all Federal, state and local income tax returns that are required to be filed and all registrations, declarations, returns and other documentation with respect to any personal property taxes (or any other taxes in the nature of or imposed in lieu of property taxes) due or to become due with respect to the Aircraft or any of the other Collateral. (b) Customer will pay (or cause to be paid) (i) on or before the date when due all taxes as shown on said returns and all taxes assessed, billed or otherwise payable with respect to the Aircraft or the other Collateral directly to the appropriate taxing authorities; and (ii) when due all license and/or registration or filing fees, assessments, governmental charges and sales, use, property, excise, privilege, value added and other taxes (including any related interest or penalties) or other charges or fees now or hereafter imposed by any governmental body or agency upon Customer or the Aircraft or any of the other Collateral, with respect to the landing, airport use, manufacturing, ordering, shipment, purchase, ownership, delivery, installation, leasing, chartering, operation, possession, use or disposition of the Aircraft or any of the other Collateral, or any interest therein (the items referred to in (i) and (ii) above being referred to herein collectively, as "**Impositions**").

No Disposition of Collateral or Liens; Title and Security Interest.

Customer shall not sell, assign, enter into any Third Party Agreement, convey, mortgage, exchange or otherwise transfer or relinquish possession of (including by any seizure or other taking by any foreign or domestic governmental authority) or dispose of the Airframe or Engines, any Part, any related associated rights, international interests or prospective international interests, any proceeds or any of the other Collateral, or attempt or offer to do, or suffer or permit any of the foregoing. Customer shall be permitted, however, to deliver possession of the Airframe, the Engines, or any APU or Part to another Person for testing, service, repair, maintenance, overhaul, alteration or modification, and to enter into Permitted Third Party Agreements, in each case, if and to the extent consistent with the provisions of the Loan Documents. Customer will warrant and defend its good and marketable title to the Airframe, the Engines and the other Collateral, and the validity, perfection and first priority of Lender's Lien in the Collateral, against all other Liens, claims and demands whatsoever, except Permitted Liens; and without limiting the foregoing, Customer will (i) not create, assume or suffer to exist any Liens on or with respect to the Airframe, the Engines, or any of the other Collateral, or Customer's interest therein (other than Permitted Liens); and (ii) promptly take such action as directed by Lender to duly discharge any such unpermitted Liens.

So long as no Default or Event of Default is then existing, Customer may enter into and remain a party to Third Party Agreements, in each such case, subject to the satisfaction of, and compliance by Customer and each Interested Third Party with, all of the following throughout the term of such arrangement: (i) Each such Interested Third Party shall (A) be and remain solvent, and (unless an individual) organized under the laws of a state within the United States; and (B) if engaged by Customer with the prior written consent of Lender as a manager and/or charter operator (including the Manager pursuant to the Management Agreement), while so engaged, (1) have a recognized favorable reputation as a manager and/or charter operator, as the case may be, of aircraft similar to the Aircraft, (2) be providing management and/or charter operation services for other aircraft owners similar to the services contemplated therein, and (3) if and at all times while conducting any charter operations (x) have and maintain a valid Part 135 Certificate evidencing its authority to conduct such operations, (y) list the Aircraft on its operations specifications, and (z) comply with all Applicable Standards pertaining to such charter operations. (ii) Any operation of the Aircraft pursuant to any such Third Party Agreement shall be limited to (A) if by Customer, Parent Guarantor or any Affiliate of Parent Guarantor, any time sharing agreements (as defined in Section 91.501(c)(1)) complying with Part 91 of the FARs and all other Applicable Standards, (B) if by a manager and/or a charter operator with Lender's prior written consent, pursuant to and in full compliance with the requirements of Part 135 of the FARs and all other Applicable Standards, or (C) if such Third Party Agreement is a "dry lease" by Customer, as lessor, to Parent Guarantor or an Affiliate of Parent Guarantor or other Interested Third Party permitted pursuant hereto, as lessee, operation by such lessee complying with (1) Part 91 and any other applicable provision of the FARs, and all other Applicable Standards, and (2) the provisions hereof and of the other Loan Documents pertinent to the operation of the Aircraft (whether by Customer or any permitted Interested Third Party). (iii) The related Third Party Agreement shall (A) be and remain, subject and subordinate to Lender's Lien in and with respect to the Collateral, and Lender's rights and remedies under the Loan Documents (and such subordination shall be expressly acknowledged therein), (B) not convey any Lien on, or other property interest in or against the Airframe, the Engines or any of the other Collateral, except for a Permitted Lien (but, without giving effect to clause (a) of the definition of such term), (C) not permit any further sublease or disposition of or unpermitted Lien against the Aircraft or any of the other Collateral by any of the Interested Parties thereto or any other Person, or any change in registration or unpermitted change in hangaring of the Aircraft, (D) not contain provisions that are inconsistent with the provisions of any of the Loan Documents or cause Customer to breach any of its representations, warranties or agreements

under any of the Loan Documents, (E) be in conformity with all requirements of the FARs and other Applicable Laws, and (F) otherwise conform to any Operating Consent required by Lender with respect thereto. (iv) (A) Customer shall have specified such Third Party Agreement on Annex B if existing on the Closing Date, or if not then existing shall require Lender's prior written consent and at least thirty (30) Business Days' prior written notice of its intention to enter into a Third Party Agreement and (B) no later than the effective date thereof Customer shall comply with, and at all times thereafter remain in compliance with, any related requirements by Lender, including (1) entering into, and causing any related Interested Third Parties to enter into, an Operating Consent, (2) causing Lender to be covered by the Required Coverages (which, for the purposes hereof, may include insurance coverages obtained and maintained by an Interested Third Party, conforming to the insurance requirements herein and in any of the other Loan Documents), and (3) entering into or delivering, or causing to be entered into and delivered, all such other documents, filings and assurances, making or causing to be made such filings and registrations, and taking or causing to be taken all such other actions, in each case as may be required by Lender and (4) paying or reimbursing Lender for any related costs or expenses. (v) Lender shall have the right, but not the obligation, to (A) require reasonable evidence that any Interested Third Party satisfies the requirements provided herein, and (B) review any such Third Party Agreement, as from time to time supplemented and amended, to determine its conformity with the provisions hereof, but without assuming any responsibility with respect thereto. (vi) Customer shall neither make, nor permit to be made, any filing or registration with respect to any Permitted Third Party Agreement, unless so directed by Lender pursuant to Section 5.2 or otherwise. Notwithstanding the foregoing limitations Parent Guarantor or any Affiliate shall be permitted to conduct the carriage of Parent Guarantor or any Affiliate and/or their respective guests pursuant to 14 CFR Section 91.501(b)(4), affiliated group operations pursuant to 14 CFR Section 91.501(b)(5) and/or (6), demonstration flights pursuant to 14 CFR Section 91.501(b)(3), time sharing or interchange operations pursuant to 14 CFR Section 91.501(b)(6), the carriage of customers pursuant to 14 CFR Section 91.501(b)(9) and/or the carriage of candidates in Federal elections conducted pursuant to 14 CFR Section 91.321.

With respect to any Third Party Agreements complying with all of the provisions of Section 4.4(b) (each a "**Permitted Third Party Agreement**"), although certain of the duties and obligations of Customer under the Loan Documents may be performed by one or more of the Interested Third Parties, (i) no such Permitted Third Party Agreement shall reduce any of Customer's obligations, or Lender's rights, under any of the Loan Documents, (ii) all of Customer's obligations under the Loan Documents shall be and remain primary and continue in full force and effect as the obligations of a principal and not of a guarantor or surety, and (iii) Lender is not waiving the right to require full and timely performance of any such obligations in strict accordance with the provisions hereof and of the other Loan Documents. By way of clarification and not limitation, with respect to any provisions of this Agreement or any of the other Loan Documents requiring Customer to take or refrain from taking an action relating to the Aircraft or any of the other Collateral, such provision may also be read to mean that Customer shall cause the same to be done in accordance therewith, if at that time the Aircraft or such other Collateral is in the possession or control of an Interested Third Party pursuant to a Permitted Third Party Agreement.

#### Use of Aircraft; Maintenance; Modifications; Security.

Customer will operate the Aircraft or shall cause the Aircraft to be operated under and in compliance with Part 91 and any other applicable provision of the FARs, and all other Applicable Standards. Unless otherwise expressly permitted hereunder, (i) Customer shall not operate or permit the Aircraft to be operated for air taxi operations or otherwise under Part 135 of the FARs; and (ii) Customer, an Affiliate or other Interested Third Party shall at all times have, and maintain, "operational control" of the Aircraft (as such term is then interpreted by the FAA or such other applicable Governmental Authority), and no other Person shall operate the Aircraft. The Aircraft at all times will be operated by duly qualified pilots having satisfied all requirements established and specified by the FAA, the TSA, any other applicable Governmental Authority and the Required Coverages.

the Aircraft may be flown temporarily to any country in the world, provided that the Aircraft (i) shall at all times be based in the continental United States; and (ii) shall not be flown, operated, used or located in, to or over any such country or area (temporarily or otherwise) (A) that is excluded from the Required Coverages (or specifically not covered by such insurance), (B) with which the U.S. does not maintain favorable diplomatic relations (which is any country or jurisdiction not marked with an "\*" on the list maintained by the U.S. Department of State, at <http://www.state.gov/s/inr/rls/4250.htm> or any replacement or equivalent website maintained by the U.S. Department of State), provided that the prohibition in this clause (B) does not prohibit the operation of the Aircraft on an approved and assigned air traffic control route (if and so long as such use is otherwise in compliance with the provisions of the this Agreement and does not violate any insurance policies in effect with respect to the Aircraft), (C) to the extent that payment of any claim under the Required Coverages directly or indirectly arising or resulting from or connected with any such flight, operation, use or location would be prohibited under any trade or other economic sanction or embargo by the United States of America, or (D) in violation of any of the Loan Documents or any Applicable Standards. Customer shall adopt, implement and comply with all security measures required by any Applicable Law, or by any Required Coverages, or that are necessary or appropriate for the proper protection of the Aircraft (whether on the ground or in flight) against theft, vandalism, hijacking, destruction, bombing, terrorism or similar acts.

Customer agrees that, with respect to the Airframe, the Engines, each APU and each Part, Customer will at its own expense, (i) maintain, inspect, service, repair, overhaul and test the same in accordance with Applicable Standards; (ii) make any alterations or modifications that may at any time be required to comply with Applicable Standards, and to cause the Aircraft to remain airworthy; (iii) furnish all required parts, replacements, mechanisms, devices and servicing so that the condition and operating efficiency thereof will at all times be no less than its condition and operating efficiency as and when delivered to Customer, ordinary wear and tear from proper use alone excepted; (iv) promptly replace all Parts (A) which become worn out, lost, stolen, taken, destroyed, damaged beyond repair or permanently rendered or declared unfit for use for any reason whatsoever, or (B) if not previously replaced pursuant to clause (A), as and when required by any Applicable Standards, including any applicable life limits; and (v) maintain (in English) all Records in accordance with Applicable Standards; and (vi) enroll and maintain the Engines in an Engine Maintenance Program and the APU in an APU Maintenance Program or shall cause the foregoing to be done. All maintenance procedures shall be performed by properly trained, licensed, and certified maintenance sources and personnel utilizing replacement parts approved by the FAA and the manufacturer of (as applicable) the Airframe, the Engines, or any APU or Part. Without limiting the foregoing, Customer shall comply with all mandatory service bulletins and airworthiness directives by causing compliance to such bulletins and/or directives to be completed through corrective modification in lieu of operating manual restrictions.

Customer will not make, authorize or permit any improvement, change, addition or alteration to the Aircraft that will impair the originally intended function or use of the Aircraft, diminish the value of the Aircraft as it existed immediately prior thereto, or violate any Applicable Standard. All repairs, parts, replacements, mechanisms and devices added by Customer or on its behalf shall immediately, without further act, become part of the Aircraft and subject to the Lender's Lien granted under this Agreement.

#### Insurance.

Customer agrees to maintain or cause to be maintained at all times, at its sole cost and expense, with insurers of recognized reputation and responsibility satisfactory to Lender (but in no event having an A.M. Best or comparable agency rating of less than "A-"):

(A) comprehensive aircraft liability insurance against bodily injury or property damage claims including, without limitation,

contractual liability, premises liability, death and property damage liability, public and passenger legal liability coverage, and sudden accident pollution coverage, in an amount not less than \$200,000,000.00 for 20 or more seats, or if the Aircraft will be chartered, or \$100,000,000.00 for 10 or more seats, or \$50,000,000.00 for fewer than 10 seats for each single occurrence, and (B) personal injury liability in an amount not less than \$25,000,000.00; but, in no event shall the amounts of coverage required by sub-clauses (A) and (B) be less than the coverage amounts as may then be required by Applicable Law;

“all-risk” ground, taxiing, and flight hull insurance on an agreed-value basis, covering the Aircraft, provided that such insurance shall at all times be in an amount not less than the greater of (1) the full replacement value of the Aircraft (as determined by Lender), or (2) the unpaid principal amount of the Note (each such amount re-determined as of each anniversary of the date hereof for the next succeeding year throughout the term of this Agreement); and

war risk and allied perils (including confiscation, appropriation, expropriation, terrorism and hijacking insurance) in the amounts required in paragraphs (i) and (ii), as applicable.

Any policies of insurance carried in accordance with this Section 4.6 and any policies taken out in substitution or replacement of any such policies shall (i) be endorsed to name Lender as an additional insured as its interests may appear (but without responsibility for premiums), (ii) provide, with respect to insurance carried in accordance with Section 4.6(a)(ii) or (a)(iii) above, that any amount payable thereunder shall be paid directly to Lender as sole loss payee and not to Lender and Customer jointly, (iii) provide for thirty (30) days’ (seven (7) days’ in the case of war, hijacking and allied perils) prior written notice by such insurer of cancellation, material change, or non-renewal, (iv) include a severability of interest clause providing that such policy shall operate in the same manner as if there were a separate policy covering each insured, (v) waive any right of set-off against Lender, and any rights of subrogation against Lender, (vi) provide that in respect of the interests of Lender in such policies, that the insurance shall not be invalidated by any action or inaction of Customer or any other Person operating or in possession of the Aircraft, regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by or binding upon Customer or any other Person operating or in possession of the Aircraft, and (vii) be primary, not subject to any co-insurance clause and shall be without right of contribution from any other insurance.

Customer shall not self-insure (by deductible, premium adjustment, or risk retention arrangement of any kind) with respect to any of the risks required to be insured pursuant to this Section 4.6. Customer agrees that it shall obtain and maintain such other insurance coverages, or cause adjustments to be made to the scope, amount or other aspects of the existing insurance coverages, promptly upon Lender’s request, as and when Lender deems such additional insurance coverages or modifications to be appropriate in light of any changes in Applicable Law, prudent industry practices, the insurance market, Customer’s anticipated use of the Aircraft or other pertinent circumstances. All of the coverages required herein shall be in full force and effect worldwide throughout any geographical areas to, in or over which the Aircraft is operated. All insurance proceeds payable under the requisite policies shall be payable in U.S. Dollars.

At least ten (10) days prior to the policy expiration date for any insurance coverage required by this Section 4.6, Customer shall furnish to Lender evidence (having the form and substance consistent with Section 1(f) of the Closing Terms Addendum) of the renewal or replacement of such coverage, complying with the terms hereof, for a twelve (12) month or greater period commencing from and after such expiration date.

#### Event of Loss: Loaner Engines.

Upon the occurrence of any Event of Loss with respect to the Aircraft and/or the Airframe, Customer shall notify Lender of any such Event of Loss within five (5) days of the date thereof. Customer shall pay the then Outstanding Balance promptly upon its receipt of insurance proceeds relating to such Event of Loss, but in no event later than ninety (90) days after the occurrence of such Event of Loss (irrespective as to whether any or all of such proceeds have been received). Upon Lender’s receipt in good and indefeasible funds of all of the amounts required to be paid pursuant to the preceding sentence (whether by applying Customer’s payment of such amounts, or any such insurance proceeds, or both) the Aircraft shall be released from the Lender’s Lien, and Lender shall remit to Customer any such insurance proceeds so received by Lender, to the extent then remaining.

Upon an Event of Loss with respect to an Engine or any APU (as applicable, a “ **Lost Item** ”) under circumstances in which there has not occurred an Event of Loss with respect to the Airframe, Customer shall, within one hundred twenty (120) days after the occurrence of such Event of Loss, replace such Lost Item, with a Permitted Replacement. Any engine or auxiliary power unit constituting a “ **Permitted Replacement** ” for a Lost Item shall (i) be of the same make and model number as the Lost Item, (ii) be free and clear of all Liens and (iii) have a value, utility and useful life at least equal to, and be in as good an operating condition as, the Lost Item, assuming such Lost Item was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss. Customer, at its own cost and expense, shall (i) furnish Lender with such documents to evidence such conveyance, (ii) cause the Permitted Replacement to be subject to the Lender’s Lien under this Agreement, and (iii) take such other actions as may be required by Lender to cause the Lender’s Lien therein to be validly created, perfected and have first priority, including as evidenced on the FAA Registry, the International Registry, and any other recording office. Each such Permitted Replacement shall, after such conveyance, be deemed an “Engine” or “APU” (as defined herein), as applicable, and shall be deemed part of the same Aircraft as was the Lost Item replaced thereby.

In the event an Engine is damaged and is being repaired, or is being inspected or overhauled, Customer, at its option, may temporarily substitute another engine during the period of such repair or overhaul, so long as such engine is of the same make and model as the Engine being repaired or overhauled, is free and clear of any Lien that might impair Lender’s rights or interests in the Airframe and is maintained in accordance herewith (any such substitute engine being hereinafter referred to as a “ **Loaner Engine** ”). Customer shall (i) cause such Loaner Engine to be installed and removed, as applicable, by a maintenance facility certified by the FAA and manufacturer with respect to the Aircraft, and (ii) cause the repaired or overhauled original Engine to be reinstalled on the Airframe promptly upon completion of the repair or overhaul, but in no event later than the earlier of one hundred twenty (120) days after removal or the occurrence of an Event of Default.

So long as no Default has occurred and is continuing, and no Event of Default or Event of Loss with respect to the Aircraft has occurred, any loss or damage proceeds of the Required Coverages received by Lender shall be released promptly by Lender to Customer to reimburse Customer for paying the costs actually incurred with respect to repairs made to the Aircraft so as to restore it to the condition required by this Agreement, or for the purchase of a Permitted Replacement pursuant to Section 4.7(b), or shall be disbursed by Lender as otherwise required by this Agreement.

Aircraft Registration. On or before the Closing Date, and at all times thereafter, so long as any of the Obligations are outstanding, Customer shall remain solely responsible pursuant to the applicable provisions of this Agreement to cause (i) the Aircraft to be effectively and otherwise validly registered in Customer’s name on the Registry, and (ii) the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft, in each case, accordance with the Registration Requirements; and without limiting the foregoing, or any other provision of this Agreement, Customer shall:

cause the Registration Certificate to be maintained within the Aircraft and cause the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft; including by (A) notifying Lender immediately of any event or circumstance with respect to which the Registration Requirements require further action by Customer, the Registry or any other Governmental Authority or other Person, (B) immediately upon receipt, placing the original, replacement or renewal Registration Certificate on the Aircraft prior to the expiration or other invalidation of any previously issued Registration Certificate (whether the certificate or any other document constituting the

Registration Certificate as defined herein) under the Registration Requirements, and (C) complying with any and all of the other Registration Requirements relating to such Registration Certificate, and to the Registration Certificate replaced thereby (including any of the same relating to the destruction or return thereof, as the case may be); and

upon the occurrence, and at all times thereafter, of any Defective Registration (and without waiving Customer's responsibility to avoid such circumstance), or if the operation of the Aircraft is no longer authorized by the Registration Requirements, Customer shall (A) neither operate nor permit or suffer the operation of the Aircraft without a currently effective and otherwise valid Registration Certificate (and shall cause the pilots to be made aware of the Defective Registration), and otherwise comply with the FARs and other Applicable Laws relating to such Defective Registration, (B) ground and store the Aircraft in a manner reasonably acceptable to Lender, and (C) inform the insurer or insurers thereof, and obtain and maintain adjustments to the insurance coverages required pursuant Section 4.6 of this Agreement which may be necessary or desirable to Lender so as to reflect any changes in the insurable risks relating to any Defective Registration.

**Security Interest; Power of Attorney; Inspection .**

Grant of Security Interest . As collateral security for the prompt and complete payment and performance as and when due of all of the Obligations and in order to induce Lender to enter into this Agreement and make the Loan to Customer in accordance with the terms hereof, Customer hereby grants, pledges and assigns to Lender a first priority security interest, collateral assignment, international interest, prospective international interest, security assignment and prospective security assignment, in, against, under and with respect to (the " **Lender's Lien** ") all of Customer's right, title and interest in, to and under all of the following collateral, whether now existing or hereafter acquired (collectively, the " **Collateral** "): (i) the Aircraft, including the Airframe, the Engines, each of the APU and Parts, and the Records; (ii) any and all present and future Third Party Agreements; (iii) any and all other associated rights secured by or associated with the Airframe and/or the Engines, together with any related international interests and prospective international interests; (iv) any collateral described in the other Loan Documents (including in any Operating Consent); and (v) all proceeds of the foregoing. By way of clarification and not limitation, the foregoing grant of the Lender's Lien shall include, as applicable (and in each case, being validly registered and having first priority), an international interest in the Airframe and in each Engine. Notwithstanding the foregoing, (i) Customer shall not enter into any Third Party Agreements unless expressly permitted by Section 4.4 and (ii) Lender is not assuming, nor shall it be responsible for, any obligations, liabilities or duties of any kind whatsoever of Customer (and/or of any other Person) relating to the Collateral. Customer agrees that it shall perform and procure performance in accordance with any Third Party Agreement or other agreement or instrument giving rise to any associated rights that are or may become subjected to the Lender's Lien.

UCCs, Registrations, Etc.: Lender as Attorney-in-Fact . Customer hereby irrevocably:

authorizes Lender to prepare and file any UCC financing statements, amendments, continuations, terminations, assignments and other filings, or take such other actions for the purpose of perfecting, affording first and exclusive priority to or otherwise relating to Lender's Lien under this Agreement or the other Loan Documents;

consents to, and authorizes its professional user entity to consent to, the registration of each Registerable Interest requested by Lender or its Assignee, or otherwise required by the provisions of this Agreement or any of the other Loan Documents, including any subordination, amendment, assignment, discharge or undertaking permitted by the Cape Town Convention with respect thereto; and

constitutes and appoints Lender (including any Person acting on Lender's behalf), as its true and lawful attorney-in-fact with full power and authority in the place and stead of Customer and in the name of Customer or in its own name, for the purpose of carrying out the terms of this Agreement; which authority shall include the following undertakings that may be exercisable by Lender in its sole discretion at any time, and from time to time, if an Event of Default is then existing or upon the occurrence of an Event of Loss: (i) in Customer's name, file and/or record, such further instruments, filings and other documents, make, cause to be made and/or consent to all registrations with the International Registry, and take such further action, to establish and protect Lender's rights, interests and remedies created, or intended to be created, pursuant to the Loan Documents; (ii) endorse Customer's name on any checks, notes, drafts or any other payments or instruments, or set off, apply, or take such other actions with respect to any funds relating to the Collateral that come into Lender's possession or control; and (iii) to settle, adjust, receive payment and make claim or proof of loss, and take such other actions relating to the Required Coverages. This appointment is coupled with an interest, is irrevocable and shall terminate only upon indefeasible payment and performance in full of all of the Obligations. The powers conferred on Lender hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Lender shall be accountable only for amounts that it actually receives in good and indefeasible funds as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to Customer for any act or failure to act. Without limiting the foregoing, Customer agrees that within five (5) Business Days of Lender's request, Customer will enter into an irrevocable power-of-attorney authorizing Aviation Counsel or Lender's other designee as Customer's professional user entity and administrator for the purpose of discharging any Registerable Interests as and when directed to do so by Lender in connection with its exercise of its rights and remedies under the Loan Documents.

Inspection . Lender or its authorized representatives shall have the right, but not the duty, to inspect the Aircraft, any part thereof and/or the Records, at its own cost any reasonable time and from time to time, wherever located, upon reasonable prior notice to Customer; except that after the occurrence of a Default or an Event of Default, such inspection may be conducted at any time without prior notice and at Customer's sole expense, and it shall pay Lender promptly upon demand any inspection costs incurred by Lender. So long as no Default or Event of Default exists, any such inspections shall be conducted during normal business hours and without interruption of the use and operation of the Aircraft as permitted hereby. Upon the request of Lender, Customer shall promptly confirm to Lender the location of the Aircraft or any of the other Collateral.

**Events of Default .** The term " **Event of Default** ", wherever used herein, shall mean:

Customer shall fail to pay any Obligation within ten (10) days after the same shall become due and payable (whether at the stated maturity, by acceleration, upon demand or otherwise); or

(i) any Customer Party shall default in the payment or performance of any indebtedness, liability or obligation to Lender or any Affiliate of Lender under any note, security agreement, lease, title retention or conditional sales agreement or any other instrument or agreement; or (ii) any Customer Party shall fail to pay any Indebtedness (other than the Obligations) exceeding \$5,000,000.00, and such failure shall continue beyond any applicable grace period (or, with respect to trade Indebtedness which is not subject to a grace period, within ninety (90) days of the date such trade Indebtedness is incurred); or

(i) any of the Required Coverages are not kept in full force and effect, or a breach or violation shall exist with respect to any provisions thereof; or the Aircraft is operated in a manner, at a time or in or over or located at a place with respect to which such Required Coverages shall not be in effect; (ii) Customer shall fail to cause the Airframe or the Engines to be used, operated, maintained or otherwise kept in a condition so as to be in compliance with all Applicable Laws; or (iii) any Customer Party shall fail to comply with (A) any financial covenants as and to the extent set forth or incorporated in any Guaranty or in any of the other Loan Documents, or (B) any provision of any of the Loan Documents restricting Liens and other dispositions relating to either the Collateral or any rights or obligations under any of the Transaction Documents (including Section 4.4 hereof), or (iv) the occurrence of any Defective Registration; or

(i) any representation or warranty made by any Customer Party in any of the Loan Documents or in any related agreement, document or certificate shall prove to have been incorrect, misleading, or inaccurate in any material respect when made or given (or, if a continuing representation or warranty, at any time); or (ii) any Customer Party shall fail to (A) perform or observe any other agreement (other than those

specifically referred to in this Section 6) required to be performed or observed by it under this Agreement or in any of the other Loan Documents, and such failure shall continue uncured for thirty (30) days after the earlier of written notice thereof from Lender to such Customer Party or such Customer Party's actual knowledge thereof (but such notice and cure period will not be applicable unless such breach is curable by practical means within such notice period) or (B) notify Lender of any Default or Event of Default within ten (10) Business Days of its occurrence; or

(i) any Customer Party shall (A) generally fail to pay its, or his or her debts as they become due, admit its, or his or her inability to pay its, or his or her debts or obligations generally as they fall due, or shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws or other insolvency laws, or an answer admitting the material allegations of such a petition filed against such Customer Party in any such proceeding; or (B) by voluntary petition, answer or consent, seek relief under the provisions of any other bankruptcy or other insolvency or similar law providing for the reorganization or liquidation of corporations, or providing for an assignment for the benefit of creditors, or providing for an agreement, composition, extension or adjustment with its, or his or her creditors; or (ii) a petition against any Customer Party in a proceeding under applicable bankruptcy laws or other insolvency laws, as now or hereafter in effect, shall be filed and shall not be withdrawn or dismissed within one hundred twenty (120) days thereafter, or if, under the provisions of any law providing for reorganization or liquidation of business entities that may apply to any Customer Party, any court of competent jurisdiction shall assume jurisdiction, custody or control of such Customer Party or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of one hundred eighty (180) days after the filing date; or

the occurrence of any of the following events with respect to any Customer Party: (A) it enters into any transaction of merger, consolidation or reorganization; (B) it ceases to do business as a going concern, liquidates, or dissolves, or sells, transfers or otherwise disposes of all or substantially all of its assets or properties (in one or more transactions); (C) it becomes the subject of, or engages in, a leveraged buy out; (D) it changes the form of organization of its business; (E) if it is privately owned as of the Closing Date, there is any substantial change in the ownership or control of its capital stock or membership interests such that the holder(s) that own or control one hundred percent (100%) of such equity interests as of the Closing Date no longer do so; or (F) if it is publicly held as of the Closing Date, any change so that it is no longer subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or no longer registered under Section 12 of the Securities Act of 1933, as amended; or

(i) the conviction of or guilty plea by any Customer Party with respect to any criminal act constituting a felony, (ii) any repudiation by any Customer Party of its obligation for the payment or performance of the Obligations, (iii) any allegation by any Customer Party or judicial determination that any of the Loan Documents is unenforceable in any material respect or (iv) a Default (as defined in any Guaranty) shall occur; or any event or condition constituting a breach or other default under any Operating Consent.

#### **Remedies .**

Acceleration; Termination of Commitment . If any Event of Default shall occur, Lender, in its sole discretion, may (a) declare the Obligations to be immediately due and payable, and upon such declaration the Obligations (including, the unpaid principal amount of the Note, together with all accrued but unpaid interest thereon, any prepayment fees and all other amounts due and payable under or with respect to the Loan Documents), shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the other Loan Documents to the contrary notwithstanding, (b) terminate any then outstanding commitment whether to Customer or any Affiliate to make the Loan or any advance thereof, or any other financial accommodations, whether related to the Loan or otherwise, and/or (c) pursue and enforce any of Lender's rights and remedies under this Section 7; provided, however, if an Event of Default specified in Section 6 (e) above shall occur, the Obligations shall become immediately due and payable, all such commitments shall terminate, and Lender shall have all such other rights and remedies contemplated in the preceding clauses (a), (b) and (c), automatically, and without any notice or other action by Lender.

Additional Remedies . If an Event of Default occurs, in addition to all other rights and remedies granted to it in this Agreement and in the other Loan Documents, Lender may exercise all rights and remedies of a secured party under the UCC or as a creditor, chargee or security assignee under the Cape Town Convention (including any and all remedies thereunder requiring agreement by Customer), or otherwise available to Lender under any other Applicable Law. Without limiting the generality of the foregoing, Customer agrees that upon the occurrence of an Event of Default, Lender, without demand or notice of any kind (except as specified below) to or upon Customer or any other Person, in its sole discretion, may exercise any one or more of the following remedies:

(i) peacefully enter the premises where the Aircraft, the Engines, or any other Collateral is located, take immediate possession of, remove (or disable in place), or otherwise take control or custody of the Airframe, the Engines or any other Collateral (whether or not then attached to the Airframe) by self-help, summary proceedings or otherwise without liability, (ii) preserve the Airframe, the Engines or the other Collateral, and their respective value (but without any obligation to do so), and immobilize or keep idle the Airframe or Engines, and/or (iii) use Customer's premises for storage without liability; and Customer agrees, at Lender's request, to assemble the Collateral, and make it available to Lender at such places as Lender shall reasonably select, whether at Customer's premises or elsewhere;

(i) terminate the right of any Interested Third Party, and any other third party to use, possess or control the Airframe, the Engines or any of the other Collateral, including under any Permitted Third Party Agreement or other Third Party Agreement, without regard as to the existence of any event of default thereunder, (ii) recover from, and/or cause Customer and any such Interested Third Party, and any other third party, to relinquish possession and return the Airframe, the Engines and any other Collateral pursuant to this Section 7, and/or (iii) exercise any and all other remedies under any Operating Consents in Customer's stead, to the extent provided for under, or otherwise available to Customer in connection with any related Permitted Third Party Agreement or such other Third Party Agreement;

(i) manage, sell, lease, assign or otherwise dispose of the Airframe, the Engines or any other Collateral, in whole or in part, whether or not in Lender's possession, in one or more parcels or transactions, at public or private sale or sales, with or without notice to Customer (except as required by Applicable Law, and in furtherance thereof, Lender agrees that it shall give Customer no less than ten (10) working days' prior notice of any proposed sale or lease of the Airframe or Engines, which Customer acknowledges as constituting "reasonable prior notice" for the purposes of the Cape Town Convention) at such prices as Lender may deem best, and/or (ii) purchase the Collateral, in whole or in part, upon any public sale or sales, and to the extent permitted by Applicable Law upon any private sale or sales, free of any right or equity of redemption in Customer, which right or equity of redemption is hereby expressly released;

(i) collect, receive, appropriate and realize upon the Collateral, or any part thereof, including by applying any deposit or other cash collateral, or collecting or receiving, appropriating and realizing upon any income, profits or other proceeds arising from the management or use of the Airframe, the Engines or any of the other Collateral, and applying the same (after deducting all taxes, costs, expenses and other reductions of every kind incurred in connection therewith) to the payment in whole or in part of the Obligations, in such order and manner as Lender may elect; and (ii) after making such application, (A) remitting to Customer or to such other Person any excess then remaining, as and to the extent Lender is required by Applicable Law to make such remittance and (B) demanding, collecting and receiving from Customer any deficiency then remaining (and Customer agrees that it shall remain liable for, and pay upon demand, the full amount of any such deficiency);

(i) demand and obtain from any court speedy relief pending final determination available at law (including, possession, control, custody or immobilization of the Airframe and Engines, or preservation of the Airframe and the Engines and their respective value), (ii) procure the deregistration and/or export and physical transfer of the Airframe from the territory in which it is then situated (including pursuant to an IDERA, if any, executed by Customer), and/or (iii) otherwise proceed at law or in equity, to enforce specifically Customer's performance or to recover

damages; and/or

exercise any and all other rights and remedies under or with respect to the Loan Documents or Applicable Law, including the Cape Town Convention and the UCC.

No Waiver: Cumulative Remedies. No right or remedy is exclusive. Customer hereby acknowledges that none of the provisions of this Section 7, including any remedies set forth or referenced herein, is "manifestly unreasonable" for the purposes of the Cape Town Convention. Each may be used successively and cumulatively and in addition to any other right or remedy referred to above or otherwise available to Lender at law or in equity, but in no event shall Lender be entitled to recover any amount in excess of the maximum amount recoverable under Applicable Law with respect to any Event of Default. No express or implied waiver by Lender of any Default or Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default. The failure or delay of Lender in exercising any rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or reoccurrence of any such contingencies or similar contingencies, and any single or partial exercise of any particular right by Lender shall not exhaust the same or constitute a waiver of any other right provided for or otherwise referred to herein. After the occurrence of any Default or Event of Default, the acceptance by Lender of any payment or performance of any of the Obligations, including the payment of any installment of principal and/or interest or of any other sum owing hereunder or under the other Loan Documents shall not constitute a waiver of such Default or Event of Default, regardless of Lender's knowledge or lack of knowledge thereof at the time of acceptance of any such payment or performance and shall not constitute a reinstatement of any of the Loan Documents, unless Lender shall have agreed in writing to reinstate the same and waive the Default or Event of Default. To the extent permitted by Applicable Law, Customer waives any rights now or hereafter conferred thereby, that (a) limit or modify any of Lender's rights or remedies under this Agreement or any of the other Loan Documents, including the provisions of Article 13(2) of the Convention, or (b) would otherwise entitle Customer to (i) receive notices or demands as a condition to Lender's exercise of any rights or remedies, except as expressly required above or (ii) make claims, damages and demands against Lender arising out of the repossession, retention, sale or other disposition of the Collateral.

#### **MISCELLANEOUS**

Notices. All communications and notices provided for herein shall be in writing and shall be deemed to have been duly given or made (i) upon hand delivery, or (ii) upon delivery by an overnight delivery service, or (iii) when sent by telecopy (with customary confirmation of receipt of such telecopy) on the Business Day when sent or upon the next Business Day if sent on other than a Business Day.

#### Expenses and Fees; Indemnity; Performance of Customer's Obligations

Customer shall pay to Lender upon demand all reasonable fees, costs and expenses incurred by or on behalf of Lender at any time in connection with (i) the negotiation, preparation, execution, delivery and enforcement of the Loan Documents and the collection of the Obligations (both before and after the occurrence of a Default or Event of Default), (ii) the creation, preservation and protection of the Collateral and the perfection, first priority and enforcement of Lender's Lien, or (iii) Customer's exercise of any right granted under, or any amendment or other modification to any of, the Loan Documents. Such fees, costs and expenses shall include, without limitation, reasonable appraisal and inspection fees, the reasonable fees and expenses of Aviation Counsel and of Lender's counsel, consultants and brokers, UCC, FAA, International Registry and other applicable title, interest and lien searches, and reasonable costs and expenses relating to recovery, repossession, storage, insurance, transportation, repair, refurbishment, advertising, sale and other dispositions of the Aircraft or any of the other Collateral. Customer shall also pay all reasonable fees (including license, filing and registration fees), Impositions and other charges of whatever kind or nature that may be payable or determined to be payable in connection with (A) the execution, delivery, recording or performance of this Agreement or any of the other Loan Documents, or any modification thereof, and (B) the filings, registrations and other undertakings relating thereto. Notwithstanding the foregoing, as long as there are no more than two (2) revised drafts of any Loan Document provided by Customer or its counsel to Lender or Lender's counsel, Customer shall be responsible for not more than \$35,000.00 in the aggregate for the legal fees of outside counsel to Lender (including, Aviation Counsel) and appraisal, inspection, processing, credit verification, lien searches, FAA and International Registry fees and other fees incurred in connection with the initial negotiation, preparation and execution of this Agreement and the other Loan Documents executed and delivered on or before the Closing Date (and the consummation of the closing contemplated to occur thereon); provided that in the event that the negotiation exceeds two (2) revised drafts of any Loan Document, then Customer shall pay for the actual amount of such out of pocket fees incurred by Lender relating to the drafting and negotiation in excess of such two (2) revised drafts. Lender shall apply the previously paid deposit amount of \$35,000.00 to such fees and shall refund to Customer the amount by which the deposit exceeds such fees.

Customer hereby further agrees, whether or not the transactions contemplated by this Agreement shall be consummated, to pay, indemnify, and hold Lender and its affiliates and all of the Lender's and such affiliates' respective directors, shareholders, members, officers, employees, agents, predecessors, attorneys-in-fact, lawyers, successors and assigns (Lender, its affiliates and all of such other parties and entities sometimes hereinafter collectively, the "**Indemnified Parties**") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, out of pocket costs, attorney's fees, expenses or disbursements of any kind or nature whatsoever ("**Claims**") arising with respect to or in connection with (i) the Airframe, the Engines, or any APUs or Parts, or any of the other Collateral, including (whether by or through Customer, Vendor, any Interested Third Party, or any other Person), the manufacture, inspection, ownership, lease, sublease, management, pooling, interchange, time sharing, chartering, possession, use, operation, maintenance, security, condition (whether prior to, upon or after delivery or acceptance of any of the same), repossession, storage, sale or other disposition of any of the same, or any accident in connection therewith, including Claims involving or alleging environmental damage, criminal acts, hijacking, acts of terrorism or similar acts, product liability or strict or absolute liability in tort, latent and other defects (whether or not discoverable) and for any other risk or matter, including any of the same that result in injuries, death, destruction, or other harm or loss to persons or property, or (ii) any of the Loan Documents, Third Party Agreements or other Transaction Documents, or the performance, breach (including any Default or Event of Default) or enforcement of any of the terms hereof or thereof, provided, that Customer shall have no obligation to indemnify an Indemnified Party with respect to Claims arising from the gross negligence or willful misconduct of such Indemnified Party (unless if imputed by Applicable Law). If any Claim is made against any Indemnified Party, the party receiving notice or otherwise becoming aware of such Claim shall promptly notify the other, but the failure of the party having knowledge of a Claim to so notify the other party shall not relieve Customer of any obligation hereunder.

If any Customer Party fails to perform or comply with any of its agreements contained herein or in the other Loan Documents, including, without limitation, its obligations to keep the Collateral free of Liens (other than the Permitted Liens), comply with Applicable Standards, or obtain the Required Coverages, Lender shall have the right, but shall not be obligated, to effect such performance or compliance, with such agreement. Any expenses of Lender incurred in connection with effecting such performance or compliance, together with interest thereon at the default rate of interest provided for in the Note from the date incurred until reimbursed, shall be payable by Customer to Lender promptly on demand and until such payment shall constitute part of the Obligations secured hereby. Any such action shall not be a cure or waiver of any Default or Event of Default hereunder.

Entire Agreement; Modifications. This Agreement and the other Loan Documents constitute the entire understanding and agreement of the parties hereto with respect to the matters contained herein and therein, and shall completely and fully supersede all other prior agreements (including any proposal letter, commitment letter, and/or term sheet), both written and oral, between Lender and Customer relating to the Obligations. Neither this Agreement, nor any terms hereof, may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of a change, waiver, discharge or termination is sought.

Construction of this Agreement and Related Matters. All representations and warranties made in this Agreement and in the other Loan Documents shall survive the execution and delivery of this Agreement and the making of the Loan hereunder. Customer's obligations contained in this Section 8 shall survive the payment and performance of the Obligations, the termination of this Agreement, and the release of the Collateral. This Agreement may be executed by the parties hereto on any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. The headings of the Sections hereof are for convenience only, are not part of this Agreement and shall not be deemed to affect the meaning or construction of any of the provisions hereof. Time is of the essence in the payment and performance of all of Customer's obligations under this Agreement. Any provision of this Agreement that may be determined to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective in such jurisdiction to the extent thereof without invalidating the remaining provisions of this Agreement, which shall remain in full force and effect.

Lender's Assignment. Lender, may at any time, with or without notice to Customer, freely grant a security interest in, sell, assign, participate or otherwise transfer (an " **Assignment** ") all or any part of its interest in this Agreement and the other Loan Documents (including all associated rights associated with or secured thereby and the related international interests) or any amount due or to become due hereunder or thereunder, and Customer shall perform all of its obligations under the Loan Documents, to the extent so transferred, for the benefit of the beneficiary of such Assignment (such beneficiary, including any successors and assigns, an " **Assignee** "); provided, however, if such Assignee is not an Affiliate of Lender and if no Default or Event of Default exists, Lender will provide prior notice of any such Assignment to a third party. Customer hereby waives any right to assert, and agrees not to assert, against any Assignee any abatement, reduction, defense, setoff, recoupment, claim or counterclaim that Customer may have against Lender, provided that Lender remains fully responsible therefor. Upon the assumption by such Assignee of Lender's obligations hereunder, Lender shall be relieved of any such assumed obligations. Customer hereby consents to any such assignment, grant, sale or transfer, including, without limitation, for purposes of the Cape Town Convention. If so directed in writing, Customer shall pay all amounts due or to become due under the Loan Documents, including any of the same constituting associated rights or proceeds directly to the Assignee or any other party designated in writing by Lender or such Assignee. Customer acknowledges and agrees that Lender's right to enter into an Assignment is essential to Lender and, accordingly, waives any restrictions under Applicable Law with respect to an Assignment and any related remedies. Upon the request of Lender or any Assignee, Customer also agrees (a) to promptly execute and deliver, and cause to be executed and delivered by any Guarantor or any other Transaction Party, to Lender or to such Assignee an acknowledgment of assignment in form and substance satisfactory to the requesting party, an insurance certificate naming Assignee as additional insured and loss payee and otherwise evidencing the Required Coverages, an IDERA in favor of Assignee, and such other documents and assurances reasonably requested by Lender or Assignee, (b) to make, or cause to be made, all registrations (including all assignments and subordinations) and all amendments, extensions and discharges with the International Registry reasonably requested by Lender or Assignee (and give or obtain any necessary consent thereto, as well as renew any authorization required by the International Registry in connection therewith, including renewing its transacting user entity status and re-designating a professional user entity, if necessary in Lender's judgment), and (c) to comply with any and all other reasonable requirements of any such Assignee in connection with any such Assignment.

Jurisdiction. Customer and Lender each hereby irrevocably consents and agrees that any legal action, suit or proceeding arising out of or in any way in connection with this Agreement or any of the other Loan Documents may be instituted or brought in the courts of the State of New York or in the United States Courts for the Southern District of New York, as Customer or Lender may elect or in any other state or Federal court as Lender shall deem appropriate, and by execution and delivery of this Agreement, Customer and Lender each hereby irrevocably accepts and submits to, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of any such court, and to all proceedings in such courts. Customer and Lender each irrevocably consents to service of any summons and/or legal process by first class, certified United States air mail, postage prepaid, to Customer at the address set forth below its signature hereto, such method of service to constitute, in every respect, sufficient and effective service of process in any such legal action or proceeding. Nothing in this Agreement or in any of the other Loan Documents shall affect the right to service of process in any other manner permitted by law or limit the right of Lender to bring actions, suits or proceedings in the courts of any other jurisdiction. Customer and Lender each further agrees that final judgment against it in any such legal action, suit or proceeding shall 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 shall be conclusive evidence of the fact and the amount of the liability. Notwithstanding anything in the foregoing to the contrary, Lender and Customer may bring a judicial proceeding in the Republic of Ireland, solely with respect to matters relating to the International Registry.

Governing Law; Binding Effect. This Agreement shall be construed and enforced in accordance with, and the rights of both parties shall be governed by, the internal laws of the State of New York (without regard to the conflict of laws principles of such state, except as to the effect of Title 14, Section 5-1401 of the New York General Obligations Law), including all matters of construction, validity, and performance. This Agreement shall be binding upon and inure to the benefit of Customer and Lender and their respective successors and assigns (but without limiting the provisions of Section 8.5); except that Customer may not assign or transfer its rights or obligations hereunder or under any other Loan Agreement, or any interest herein or therein; and any such purported or attempted assignment or transfer by Customer shall be null and void.

Customer's Capacity as Owner Trustee. TVPX Aircraft Solutions Inc. ("TVPX") is executing this Agreement, and the other Loan Documents solely in its capacity as Owner Trustee under the Trust Agreement and not in its individual capacity and in no case shall TVPX be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of the Customer hereunder, or under any Loan Document, all such liability, if any, being expressly waived by the parties hereto and any Person claiming by, through, or under such party. Under no circumstances shall TVPX be personally liable for the payment of any other amount stated to be due from the Customer hereunder, or under any Loan Document, or be personally liable for the breach or failure of any of Customer's representations, warranties, covenants, obligations, undertakings and agreements hereunder, or under any Loan Documents; provided, however, that the Customer (or any such successor owner trustee) shall be personally liable hereunder for its own gross negligence or willful misconduct or for its breach of its covenants, representations and warranties contained herein, or in any Loan Document, to the extent covenanted or made in its individual capacity.

Jury Waiver. CUSTOMER AND LENDER EACH HEREBY KNOWINGLY AND FREELY WAIVES THEIR RESPECTIVE RIGHTS TO A JURY TRIAL IN ANY ACTION, SUIT OR PROCEEDING RELATING TO, ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE NOTE OR ANY OF THE OTHER LOAN DOCUMENTS.

**[Signatures On Next Page]**

BANC OF AMERICA LEASING & CAPITAL, LLC, Lender

TVPX AIRCRAFT SOLUTIONS INC., a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated July \_\_\_, 2017, Customer

By:  
Name:  
Title:  
Notice Address:

By:  
Name:  
Title:  
Notice Address:

One Financial Plaza, 2nd Floor  
Providence, Rhode Island 02903  
Attention: Director of Aircraft Operations  
Telephone: 800-238-3737  
Facsimile: 401-278-7941

39 East Eagle Ridge Drive, Ste. 201  
North Salt Lake, UT 84054  
Telephone: (801) 924-367  
Facsimile: (801) 877-0478

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**LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)**

**THIS LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)** (together with all Addenda, Riders and Annexes hereto, this "Agreement") is dated as of July 27, 2017 (the "Closing Date"), by and between **TVPX AIRCRAFT SOLUTIONS INC.**, a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated as of July 27, 2017 ("Customer") and **BANC OF AMERICA LEASING & CAPITAL, LLC**, a Delaware limited liability company ("Lender").

In consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

Capitalized and certain other terms used but not otherwise defined in this Agreement shall have the meanings ascribed to them in Annex A attached hereto and made a part hereof.

**Terms of Loan .**

Loan and Use of Proceeds . Subject to the terms and conditions of this Agreement, Lender agrees to make a loan to Customer in the principal amount set forth in Annex B attached hereto and made a part hereof (the "Loan"). Customer shall use the proceeds of the Loan to finance the costs of the acquisition of the Aircraft.

Repayment and Prepayment . The Customer's obligation to repay the Loan shall be evidenced by one or more Promissory Notes dated on and/or after the Closing Date, payable by Customer to the order of Lender in the original principal amount of the Loan (as amended, modified, restated, extended and renewed from time to time, the "Note"). The Loan shall bear interest and be repaid by Customer at the times and in the manner set forth in the Note. The Loan may be prepaid only in the manner and subject to terms and conditions set forth in the Note and, if applicable, Section 4.7 hereof.

Conditions of Borrowing . Lender's obligation to make the Loan shall be both subject to and conditioned upon the satisfaction of all of the conditions precedent specified in the Closing Terms Addendum attached to and made a part of this Agreement.

Representations and Warranties . In order to induce Lender to enter into this Agreement and to make the Loan herein provided for, Customer represents, warrants and covenants to Lender that:

(i) Customer (A) is duly qualified to do business in each jurisdiction in which the conduct of its business or the ownership or operation of its assets requires such qualification, including the jurisdiction of the Primary Hangar Location and wherever any of the Collateral may become located; (B) has the necessary authority and power to own and operate the Aircraft and its other assets and to transact the business in which it is engaged; (C) is a "citizen of the United States" within the meaning of the Transportation Code; and (D) has the form of business organization set forth in Annex B hereto and is and will remain duly organized, validly existing and in good standing under the laws of the state of its organization set forth in Annex B hereto, its federal tax identification number is as set forth in Annex B hereto, and its state-issued organizational identification number (if any), chief executive office and principal place of business address are all as set forth on Annex B hereto; and (ii) its name as shown in the preamble of this Agreement is its exact legal name as shown on its charter, by-laws, articles of organization or operating agreement, as applicable, each as amended as of the Closing Date;

(i) Customer's execution and delivery of, and performance of its obligations under and with respect to, each of the Loan Documents (including its borrowing the amounts constituting the Loan, granting the Lender's Lien against the Aircraft and other Collateral and participating in the other transactions contemplated herein and therein), (A) have been duly authorized by all necessary action on the part of Customer consistent with its form of organization, (B) do not contravene or constitute a default under any Applicable Law, any of Customer's Organizational Documents, or any agreement, indenture, or other instrument to which Customer is a party or by which it may be bound, (C) do not require the approval of or notice to (1) any Governmental Authority, except for the filings and registrations specified in the Closing Terms Addendum, all of which shall have been duly effected prior to or concurrently with Lender making the Loan, or (2) any other party (including any trustees or holders of indebtedness), and (D) will not result in the creation or imposition of any Lien on any of the assets of Customer other than the Lender's Lien created hereby and by the other Loan Documents with respect to the Collateral; (ii) each of the Transaction Documents referenced in the Closing Terms Addendum to which Customer is a party has been duly executed and delivered by an authorized representative of the Customer, and constitutes the legal, valid and

binding obligation of the Customer, enforceable against it in accordance with the respective terms of such Transaction Documents (including, without limitation, the grant of the Lender's Lien); and (iii) without limiting the foregoing, upon Lender's advancing the Loan on the Closing Date, (A) Customer will have satisfied or complied with all conditions precedent and requirements as set forth in the Loan Documents required to have been satisfied or complied with concurrently with or prior to such advance and (B) no Default or Event of Default shall be then existing;

there are no proceedings pending or, so far as the officers, managers, or members of Customer know, threatened against or affecting Customer or any of its property before any Governmental Authority that could impair Customer's title to the Aircraft or any of the other Collateral, or that, if decided adversely, could materially affect the financial condition or operations of Customer or its ability to perform its obligations under any of the Loan Documents;

(i) Customer has, and shall continue to have, good and marketable title to the Collateral, free and clear of Liens, except Permitted Liens; (ii) the Lender's Lien in the Airframe, the Engines and the other Collateral is and shall remain validly created and perfected, and has and shall continue to have first priority over any other Liens pursuant to all Applicable Laws; and (iii) all filings, recordings, registrations or other actions necessary or desirable in order to vest such title in Customer, and establish, perfect and give first priority to Lender's Lien and other rights and interests in, against or with respect to the Collateral, have been duly effected, and all Impositions in connection therewith have been duly paid;

without limiting any of the other representations and warranties in this Agreement, for the purposes of the Cape Town Convention and any other Applicable Law, (i) upon the conclusion of the sale of the Aircraft to Customer, and Customer's grants and assignments, and (if constituting a lease) any Permitted Third Party Agreement, contemplated in the Loan Documents or other Transaction Documents, Customer and (if a lessee) any Interested Third Party shall be situated in, and Customer will cause the Aircraft to be duly registered in, the United States of America (which is a contracting state), (ii) with respect to any of the Transaction Documents relating to the Airframe or Engine, each of the respective parties thereto has power to dispose of the Airframe and Engine, as contemplated therein by way of the relevant Transaction Document, and (iii) the Purchase Documents qualify as a "contract of sale", and (if constituting a lease) any Permitted Third Party Agreement and the Loan Documents are effective to constitute international interests in the Airframe and Engine and security assignments of the related associated rights and transfer of the related international interests, as contemplated therein, and each such Registerable Interest will be effective against third parties upon registration at the International Registry, without any further filings or registrations (except as contemplated in the Loan Documents);

(i) the Aircraft (A) has been delivered to Customer, is in Customer's possession and is, as of the Closing Date, unconditionally, irrevocably and fully accepted by Customer, (B) has been inspected by Customer to its complete satisfaction and, without limiting the foregoing, (1) has been found to be in good working order, repair and condition and fully equipped to operate for its intended purpose, and (2) is in conformity with the requirements of the Purchase Agreement and the Applicable Standards, (C) is, or will be at the time of the funding of the Loan, currently certified under existing FAA rules and regulations and any other Applicable Laws and is airworthy in all respects, and (D) is and will remain primarily hangared at the Primary Hangar Location; and (ii) without limiting the foregoing, (A) solely as between Lender and Customer (and without prejudicing Customer's rights against Vendor or any other third party, which rights are not being disclaimed hereby), Customer has no pending claims and has no knowledge of any facts upon which a future claim may be based, against any prior owner, the seller, manufacturer or supplier of the Aircraft or any of the other Collateral, for breach of warranty or otherwise, and (B) all of the information contained in Annex C, including the registration number of the Aircraft, and the serial numbers, manufacturer and model numbers of the Airframe, Engines, and APU, are true and accurate in all respects; and

(h) the Aircraft (i) is currently capable of being certified under existing FAA rules and regulations and completely airworthy in all respects, (ii) will undergo an inspection by a Designated Airworthiness Representative of the FAA ("DAR") on the Closing Date and (iii) an FAA Standard Airworthiness Certificate (AC Form 8100-2) shall be issued for the Aircraft no later than two (2) Business Days after the Closing Date.

**Covenants** . Customer covenants and agrees that from and after the Closing Date and so long as any of the Obligations are outstanding:

Notices; Financial Information; and Further Assurances . Customer will, at its sole expense:

promptly give written notice to Lender of (i) the occurrence of any Default or Event of Default; (ii) the occurrence of any Event of Loss or event of which Customer may be aware that could become an Event of Loss; (iii) the commencement or written threat of any material litigation or proceedings affecting Customer or any material litigation or proceedings affecting the Aircraft or any of the other Collateral, or the ability of Customer to comply with its obligations under the Loan Documents; and (iv) any material dispute between Customer or any Interested Third Party and any Governmental Authority or other party that involves the Aircraft or any of the other Collateral or that might materially interfere with the normal business operations of Customer;

cause Guarantor to comply with the financial reporting requirements set forth in the Guaranty and promptly furnish to Lender any such financial and other information regarding the Customer or Guarantor or any of its Affiliates as Lender may from time to time reasonably request; and

promptly execute and deliver to Lender such further instruments, UCC and FAA filings (including an IDERA) and other documents, make, cause to be made and/or consent to all registrations (including any discharges and subordinations, or as to the prospective or actual sale of, and any international interest in, the Engines) with the International Registry, and take such further action, as Lender may from time to time reasonably request in order to further carry out the intent and purpose of the Loan Documents and to establish, protect and enforce the rights, interests, remedies and Liens (including the first priority thereof) created, or intended to be created, in favor of Lender thereby.

General Obligations . (a) Customer agrees that it shall (i) duly observe and conform to all requirements of Applicable Law relating to the conduct of its business and/or the Aircraft, (ii) remain a "citizen of the United States" within the meaning of the Transportation Code, (iii) obtain and keep in full force and effect (A) all rights, franchises, licenses and permits that are necessary to the proper conduct of its business, and (B) all approvals by any Governmental Authority required with respect to the performance of its obligations under the Loan Documents and the operation of the Aircraft and its business, (iv) cause the Aircraft to remain primarily hangared at the Primary Hangar Location, and duly registered in Customer's name under the Transportation Code (including, by making all necessary reports, re-registering its ownership of the Aircraft, and taking all other actions required by Applicable Law), and (v) pay and perform all of its obligations and liabilities when due. (b) Customer agrees that (i) it shall not change its presently existing legal name or its form or state of organization on or after the date of this Agreement, without Lender's prior written consent, (ii) if its presently existing state organizational identification number changes, or if Customer currently has no such state organizational number but is subsequently issued such a number, on or at any time after the date of this Agreement, Customer shall immediately notify Lender thereof, and (iii) it shall not change the presently existing mailing, chief executive office and/or principal place of business address on or after the date of this Agreement without giving Lender thirty (30) days written notice of the same.

Taxes . (a) Customer will file or cause to be filed with all appropriate taxing authorities all Federal, state and local income tax returns that are required to be filed and all registrations, declarations, returns and other documentation with respect to any personal property taxes (or any other taxes in the nature of or imposed in lieu of property taxes) due or to become due with respect to the Aircraft or any of the other Collateral. (b) Customer will pay (or cause to be paid) (i) on or before the date when due all taxes as shown on said returns and all taxes assessed, billed or otherwise payable with respect to the Aircraft or the other Collateral directly to the appropriate taxing authorities; and (ii) when due all license and/or registration or filing fees, assessments, governmental charges and sales, use, property, excise, privilege, value added and other taxes (including any related interest or penalties) or other charges or fees now or hereafter imposed by any governmental body or agency upon Customer or the Aircraft or any of the other Collateral, with respect to the landing, airport use, manufacturing, ordering, shipment, purchase, ownership, delivery,

installation, leasing, chartering, operation, possession, use or disposition of the Aircraft or any of the other Collateral, or any interest therein (the items referred to in (i) and (ii) above being referred to herein collectively, as “**Impositions**”).

No Disposition of Collateral or Liens; Title and Security Interest.

Customer shall not sell, assign, enter into any Third Party Agreement, convey, mortgage, exchange or otherwise transfer or relinquish possession of (including by any seizure or other taking by any foreign or domestic governmental authority) or dispose of the Airframe or Engines, any Part, any related associated rights, international interests or prospective international interests, any proceeds or any of the other Collateral, or attempt or offer to do, or suffer or permit any of the foregoing. Customer shall be permitted, however, to deliver possession of the Airframe, the Engines, or any APU or Part to another Person for testing, service, repair, maintenance, overhaul, alteration or modification, and to enter into Permitted Third Party Agreements, in each case, if and to the extent consistent with the provisions of the Loan Documents. Customer will warrant and defend its good and marketable title to the Airframe, the Engines and the other Collateral, and the validity, perfection and first priority of Lender's Lien in the Collateral, against all other Liens, claims and demands whatsoever, except Permitted Liens; and without limiting the foregoing, Customer will (i) not create, assume or suffer to exist any Liens on or with respect to the Airframe, the Engines, or any of the other Collateral, or Customer's interest therein (other than Permitted Liens); and (ii) promptly take such action as directed by Lender to duly discharge any such unpermitted Liens.

So long as no Default or Event of Default is then existing, Customer may enter into and remain a party to Third Party Agreements, in each such case, subject to the satisfaction of, and compliance by Customer and each Interested Third Party with, all of the following throughout the term of such arrangement: (i) Each such Interested Third Party shall (A) be and remain solvent, and (unless an individual) organized under the laws of a state within the United States; and (B) if engaged by Customer with the prior written consent of Lender as a manager and/or charter operator (including the Manager pursuant to the Management Agreement), while so engaged, (1) have a recognized favorable reputation as a manager and/or charter operator, as the case may be, of aircraft similar to the Aircraft, (2) be providing management and/or charter operation services for other aircraft owners similar to the services contemplated therein, and (3) if and at all times while conducting any charter operations (x) have and maintain a valid Part 135 Certificate evidencing its authority to conduct such operations, (y) list the Aircraft on its operations specifications, and (z) comply with all Applicable Standards pertaining to such charter operations. (ii) Any operation of the Aircraft pursuant to any such Third Party Agreement shall be limited to (A) if by Customer, Parent Guarantor or any Affiliate of Parent Guarantor, any time sharing agreements (as defined in Section 91.501(c)(1)) complying with Part 91 of the FARs and all other Applicable Standards, (B) if by a manager and/or a charter operator with Lender's prior written consent, pursuant to and in full compliance with the requirements of Part 135 of the FARs and all other Applicable Standards, or (C) if such Third Party Agreement is a “dry lease” by Customer, as lessor, to Parent Guarantor or an Affiliate of Parent Guarantor or other Interested Third Party permitted pursuant hereto, as lessee, operation by such lessee complying with (1) Part 91 and any other applicable provision of the FARs, and all other Applicable Standards, and (2) the provisions hereof and of the other Loan Documents pertinent to the operation of the Aircraft (whether by Customer or any permitted Interested Third Party). (iii) The related Third Party Agreement shall (A) be and remain, subject and subordinate to Lender's Lien in and with respect to the Collateral, and Lender's rights and remedies under the Loan Documents (and such subordination shall be expressly acknowledged therein), (B) not convey any Lien on, or other property interest in or against the Airframe, the Engines or any of the other Collateral, except for a Permitted Lien (but, without giving effect to clause (a) of the definition of such term), (C) not permit any further sublease or disposition of or unpermitted Lien against the Aircraft or any of the other Collateral by any of the Interested Parties thereto or any other Person, or any change in registration or unpermitted change in hangaring of the Aircraft, (D) not contain provisions that are inconsistent with the provisions of any of the Loan Documents or cause Customer to breach any of its representations, warranties or agreements under any of the Loan Documents, (E) be in conformity with all requirements of the FARs and other Applicable Laws, and (F) otherwise conform to any Operating Consent required by Lender with respect thereto. (iv) (A) Customer shall have specified such Third Party Agreement on Annex B if existing on the Closing Date, or if not then existing shall require Lender's prior written consent and at least thirty (30) Business Days' prior written notice of its intention to enter into a Third Party Agreement and (B) no later than the effective date thereof Customer shall comply with, and at all times thereafter remain in compliance with, any related requirements by Lender, including (1) entering into, and causing any related Interested Third Parties to enter into, an Operating Consent, (2) causing Lender to be covered by the Required Coverages (which, for the purposes hereof, may include insurance coverages obtained and maintained by an Interested Third Party, conforming to the insurance requirements herein and in any of the other Loan Documents), and (3) entering into or delivering, or causing to be entered into and delivered, all such other documents, filings and assurances, making or causing to be made such filings and registrations, and taking or causing to be taken all such other actions, in each case as may be required by Lender and (4) paying or reimbursing Lender for any related costs or expenses. (v) Lender shall have the right, but not the obligation, to (A) require reasonable evidence that any Interested Third Party satisfies the requirements provided herein, and (B) review any such Third Party Agreement, as from time to time supplemented and amended, to determine its conformity with the provisions hereof, but without assuming any responsibility with respect thereto. (vi) Customer shall neither make, nor permit to be made, any filing or registration with respect to any Permitted Third Party Agreement, unless so directed by Lender pursuant to Section 5.2 or otherwise. Notwithstanding the foregoing limitations Parent Guarantor or any Affiliate shall be permitted to conduct the carriage of Parent Guarantor or any Affiliate and/or their respective guests pursuant to 14 CFR Section 91.501(b)(4), affiliated group operations pursuant to 14 CFR Section 91.501(b)(5) and/or (6), demonstration flights pursuant to 14 CFR Section 91.501(b)(3), time sharing or interchange operations pursuant to 14 CFR Section 91.501(b)(6), the carriage of customers pursuant to 14 CFR Section 91.501(b)(9) and/or the carriage of candidates in Federal elections conducted pursuant to 14 CFR Section 91.321.

With respect to any Third Party Agreements complying with all of the provisions of Section 4.4(b) (each a “**Permitted Third Party Agreement**”), although certain of the duties and obligations of Customer under the Loan Documents may be performed by one or more of the Interested Third Parties, (i) no such Permitted Third Party Agreement shall reduce any of Customer's obligations, or Lender's rights, under any of the Loan Documents, (ii) all of Customer's obligations under the Loan Documents shall be and remain primary and continue in full force and effect as the obligations of a principal and not of a guarantor or surety, and (iii) Lender is not waiving the right to require full and timely performance of any such obligations in strict accordance with the provisions hereof and of the other Loan Documents. By way of clarification and not limitation, with respect to any provisions of this Agreement or any of the other Loan Documents requiring Customer to take or refrain from taking an action relating to the Aircraft or any of the other Collateral, such provision may also be read to mean that Customer shall cause the same to be done in accordance therewith, if at that time the Aircraft or such other Collateral is in the possession or control of an Interested Third Party pursuant to a Permitted Third Party Agreement.

Use of Aircraft; Maintenance; Modifications; Security.

Customer will operate the Aircraft or shall cause the Aircraft to be operated under and in compliance with Part 91 and any other applicable provision of the FARs, and all other Applicable Standards. Unless otherwise expressly permitted hereunder, (i) Customer shall not operate or permit the Aircraft to be operated for air taxi operations or otherwise under Part 135 of the FARs; and (ii) Customer, an Affiliate or other Interested Third Party shall at all times have, and maintain, “operational control” of the Aircraft (as such term is then interpreted by the FAA or such other applicable Governmental Authority), and no other Person shall operate the Aircraft. The Aircraft at all times will be operated by duly qualified pilots having satisfied all requirements established and specified by the FAA, the TSA, any other applicable Governmental Authority and the Required Coverages.

the Aircraft may be flown temporarily to any country in the world, provided that the Aircraft (i) shall at all times be

based in the continental United States; and (ii) shall not be flown, operated, used or located in, to or over any such country or area (temporarily or otherwise) (A) that is excluded from the Required Coverages (or specifically not covered by such insurance), (B) with which the U.S. does not maintain favorable diplomatic relations (which is any country or jurisdiction not marked with an "\*" on the list maintained by the U.S. Department of State, at <http://www.state.gov/s/inr/rls/4250.htm> or any replacement or equivalent website maintained by the U.S. Department of State), provided that the prohibition in this clause (B) does not prohibit the operation of the Aircraft on an approved and assigned air traffic control route (if and so long as such use is otherwise in compliance with the provisions of the this Agreement and does not violate any insurance policies in effect with respect to the Aircraft), (C) to the extent that payment of any claim under the Required Coverages directly or indirectly arising or resulting from or connected with any such flight, operation, use or location would be prohibited under any trade or other economic sanction or embargo by the United States of America, or (D) in violation of any of the Loan Documents or any Applicable Standards. Customer shall adopt, implement and comply with all security measures required by any Applicable Law, or by any Required Coverages, or that are necessary or appropriate for the proper protection of the Aircraft (whether on the ground or in flight) against theft, vandalism, hijacking, destruction, bombing, terrorism or similar acts.

Customer agrees that, with respect to the Airframe, the Engines, each APU and each Part, Customer will at its own expense, (i) maintain, inspect, service, repair, overhaul and test the same in accordance with Applicable Standards; (ii) make any alterations or modifications that may at any time be required to comply with Applicable Standards, and to cause the Aircraft to remain airworthy; (iii) furnish all required parts, replacements, mechanisms, devices and servicing so that the condition and operating efficiency thereof will at all times be no less than its condition and operating efficiency as and when delivered to Customer, ordinary wear and tear from proper use alone excepted; (iv) promptly replace all Parts (A) which become worn out, lost, stolen, taken, destroyed, damaged beyond repair or permanently rendered or declared unfit for use for any reason whatsoever, or (B) if not previously replaced pursuant to clause (A), as and when required by any Applicable Standards, including any applicable life limits; and (v) maintain (in English) all Records in accordance with Applicable Standards; and (vi) enroll and maintain the Engines in an Engine Maintenance Program and the APU in an APU Maintenance Program or shall cause the foregoing to be done. All maintenance procedures shall be performed by properly trained, licensed, and certified maintenance sources and personnel utilizing replacement parts approved by the FAA and the manufacturer of (as applicable) the Airframe, the Engines, or any APU or Part. Without limiting the foregoing, Customer shall comply with all mandatory service bulletins and airworthiness directives by causing compliance to such bulletins and/or directives to be completed through corrective modification in lieu of operating manual restrictions.

Customer will not make, authorize or permit any improvement, change, addition or alteration to the Aircraft that will impair the originally intended function or use of the Aircraft, diminish the value of the Aircraft as it existed immediately prior thereto, or violate any Applicable Standard. All repairs, parts, replacements, mechanisms and devices added by Customer or on its behalf shall immediately, without further act, become part of the Aircraft and subject to the Lender's Lien granted under this Agreement.

#### Insurance.

Customer agrees to maintain or cause to be maintained at all times, at its sole cost and expense, with insurers of recognized reputation and responsibility satisfactory to Lender (but in no event having an A.M. Best or comparable agency rating of less than "A-"):

(A) comprehensive aircraft liability insurance against bodily injury or property damage claims including, without limitation, contractual liability, premises liability, death and property damage liability, public and passenger legal liability coverage, and sudden accident pollution coverage, in an amount not less than \$200,000,000.00 for 20 or more seats, or if the Aircraft will be chartered, or \$100,000,000.00 for 10 or more seats, or \$50,000,000.00 for fewer than 10 seats for each single occurrence, and (B) personal injury liability in an amount not less than \$25,000,000.00; but, in no event shall the amounts of coverage required by sub-clauses (A) and (B) be less than the coverage amounts as may then be required by Applicable Law;

"all-risk" ground, taxiing, and flight hull insurance on an agreed-value basis, covering the Aircraft, provided that such insurance shall at all times be in an amount not less than the greater of (1) the full replacement value of the Aircraft (as determined by Lender), or (2) the unpaid principal amount of the Note (each such amount re-determined as of each anniversary of the date hereof for the next succeeding year throughout the term of this Agreement); and

war risk and allied perils (including confiscation, appropriation, expropriation, terrorism and hijacking insurance) in the amounts required in paragraphs (i) and (ii), as applicable.

Any policies of insurance carried in accordance with this Section 4.6 and any policies taken out in substitution or replacement of any such policies shall (i) be endorsed to name Lender as an additional insured as its interests may appear (but without responsibility for premiums), (ii) provide, with respect to insurance carried in accordance with Section 4.6(a)(ii) or (a)(iii) above, that any amount payable thereunder shall be paid directly to Lender as sole loss payee and not to Lender and Customer jointly, (iii) provide for thirty (30) days' (seven (7) days' in the case of war, hijacking and allied perils) prior written notice by such insurer of cancellation, material change, or non-renewal, (iv) include a severability of interest clause providing that such policy shall operate in the same manner as if there were a separate policy covering each insured, (v) waive any right of set-off against Lender, and any rights of subrogation against Lender, (vi) provide that in respect of the interests of Lender in such policies, that the insurance shall not be invalidated by any action or inaction of Customer or any other Person operating or in possession of the Aircraft, regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by or binding upon Customer or any other Person operating or in possession of the Aircraft, and (vii) be primary, not subject to any co-insurance clause and shall be without right of contribution from any other insurance.

Customer shall not self-insure (by deductible, premium adjustment, or risk retention arrangement of any kind) with respect to any of the risks required to be insured pursuant to this Section 4.6. Customer agrees that it shall obtain and maintain such other insurance coverages, or cause adjustments to be made to the scope, amount or other aspects of the existing insurance coverages, promptly upon Lender's request, as and when Lender deems such additional insurance coverages or modifications to be appropriate in light of any changes in Applicable Law, prudent industry practices, the insurance market, Customer's anticipated use of the Aircraft or other pertinent circumstances. All of the coverages required herein shall be in full force and effect worldwide throughout any geographical areas to, in or over which the Aircraft is operated. All insurance proceeds payable under the requisite policies shall be payable in U.S. Dollars.

At least ten (10) days prior to the policy expiration date for any insurance coverage required by this Section 4.6, Customer shall furnish to Lender evidence (having the form and substance consistent with Section 1(f) of the Closing Terms Addendum) of the renewal or replacement of such coverage, complying with the terms hereof, for a twelve (12) month or greater period commencing from and after such expiration date.

#### Event of Loss; Loaner Engines.

Upon the occurrence of any Event of Loss with respect to the Aircraft and/or the Airframe, Customer shall notify Lender of any such Event of Loss within five (5) days of the date thereof. Customer shall pay the then Outstanding Balance promptly upon its receipt of insurance proceeds relating to such Event of Loss, but in no event later than ninety (90) days after the occurrence of such Event of Loss (irrespective as to whether any or all of such proceeds have been received). Upon Lender's receipt in good and indefeasible funds of all of the amounts required to be paid pursuant to the preceding sentence (whether by applying Customer's payment of such amounts, or any such insurance proceeds, or both) the

Aircraft shall be released from the Lender's Lien, and Lender shall remit to Customer any such insurance proceeds so received by Lender, to the extent then remaining.

Upon an Event of Loss with respect to an Engine or any APU (as applicable, a " **Lost Item** ") under circumstances in which there has not occurred an Event of Loss with respect to the Airframe, Customer shall, within one hundred twenty (120) days after the occurrence of such Event of Loss, replace such Lost Item, with a Permitted Replacement. Any engine or auxiliary power unit constituting a " **Permitted Replacement** " for a Lost Item shall (i) be of the same make and model number as the Lost Item, (ii) be free and clear of all Liens and (iii) have a value, utility and useful life at least equal to, and be in as good an operating condition as, the Lost Item, assuming such Lost Item was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss. Customer, at its own cost and expense, shall (i) furnish Lender with such documents to evidence such conveyance, (ii) cause the Permitted Replacement to be subject to the Lender's Lien under this Agreement, and (iii) take such other actions as may be required by Lender to cause the Lender's Lien therein to be validly created, perfected and have first priority, including as evidenced on the FAA Registry, the International Registry, and any other recording office. Each such Permitted Replacement shall, after such conveyance, be deemed an "Engine" or "APU" (as defined herein), as applicable, and shall be deemed part of the same Aircraft as was the Lost Item replaced thereby.

In the event an Engine is damaged and is being repaired, or is being inspected or overhauled, Customer, at its option, may temporarily substitute another engine during the period of such repair or overhaul, so long as such engine is of the same make and model as the Engine being repaired or overhauled, is free and clear of any Lien that might impair Lender's rights or interests in the Airframe and is maintained in accordance herewith (any such substitute engine being hereinafter referred to as a " **Loaner Engine** "). Customer shall (i) cause such Loaner Engine to be installed and removed, as applicable, by a maintenance facility certified by the FAA and manufacturer with respect to the Aircraft, and (ii) cause the repaired or overhauled original Engine to be reinstalled on the Airframe promptly upon completion of the repair or overhaul, but in no event later than the earlier of one hundred twenty (120) days after removal or the occurrence of an Event of Default.

So long as no Default has occurred and is continuing, and no Event of Default or Event of Loss with respect to the Aircraft has occurred, any loss or damage proceeds of the Required Coverages received by Lender shall be released promptly by Lender to Customer to reimburse Customer for paying the costs actually incurred with respect to repairs made to the Aircraft so as to restore it to the condition required by this Agreement, or for the purchase of a Permitted Replacement pursuant to Section 4.7(b), or shall be disbursed by Lender as otherwise required by this Agreement.

**Aircraft Registration.** On or before the Closing Date, and at all times thereafter, so long as any of the Obligations are outstanding, Customer shall remain solely responsible pursuant to the applicable provisions of this Agreement to cause (i) the Aircraft to be effectively and otherwise validly registered in Customer's name on the Registry, and (ii) the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft, in each case, accordance with the Registration Requirements; and without limiting the foregoing, or any other provision of this Agreement, Customer shall:

cause the Registration Certificate to be maintained within the Aircraft and cause the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft; including by (A) notifying Lender immediately of any event or circumstance with respect to which the Registration Requirements require further action by Customer, the Registry or any other Governmental Authority or other Person, (B) immediately upon receipt, placing the original, replacement or renewal Registration Certificate on the Aircraft prior to the expiration or other invalidation of any previously issued Registration Certificate (whether the certificate or any other document constituting the Registration Certificate as defined herein) under the Registration Requirements, and (C) complying with any and all of the other Registration Requirements relating to such Registration Certificate, and to the Registration Certificate replaced thereby (including any of the same relating to the destruction or return thereof, as the case may be); and

upon the occurrence, and at all times thereafter, of any Defective Registration (and without waiving Customer's responsibility to avoid such circumstance), or if the operation of the Aircraft is no longer authorized by the Registration Requirements, Customer shall (A) neither operate nor permit or suffer the operation of the Aircraft without a currently effective and otherwise valid Registration Certificate (and shall cause the pilots to be made aware of the Defective Registration), and otherwise comply with the FARs and other Applicable Laws relating to such Defective Registration, (B) ground and store the Aircraft in a manner reasonably acceptable to Lender, and (C) inform the insurer or insurers thereof, and obtain and maintain adjustments to the insurance coverages required pursuant Section 4.6 of this Agreement which may be necessary or desirable to Lender so as to reflect any changes in the insurable risks relating to any Defective Registration.

**Security Interest; Power of Attorney; Inspection .**

**Grant of Security Interest.** As collateral security for the prompt and complete payment and performance as and when due of all of the Obligations and in order to induce Lender to enter into this Agreement and make the Loan to Customer in accordance with the terms hereof, Customer hereby grants, pledges and assigns to Lender a first priority security interest, collateral assignment, international interest, prospective international interest, security assignment and prospective security assignment, in, against, under and with respect to (the " **Lender's Lien** ") all of Customer's right, title and interest in, to and under all of the following collateral, whether now existing or hereafter acquired (collectively, the " **Collateral** "): (i) the Aircraft, including the Airframe, the Engines, each of the APU and Parts, and the Records; (ii) any and all present and future Third Party Agreements; (iii) any and all other associated rights secured by or associated with the Airframe and/or the Engines, together with any related international interests and prospective international interests; (iv) any collateral described in the other Loan Documents (including in any Operating Consent); and (v) all proceeds of the foregoing. By way of clarification and not limitation, the foregoing grant of the Lender's Lien shall include, as applicable (and in each case, being validly registered and having first priority), an international interest in the Airframe and in each Engine. Notwithstanding the foregoing, (i) Customer shall not enter into any Third Party Agreements unless expressly permitted by Section 4.4 and (ii) Lender is not assuming, nor shall it be responsible for, any obligations, liabilities or duties of any kind whatsoever of Customer (and/or of any other Person) relating to the Collateral. Customer agrees that it shall perform and procure performance in accordance with any Third Party Agreement or other agreement or instrument giving rise to any associated rights that are or may become subjected to the Lender's Lien.

**UCCs, Registrations, Etc.: Lender as Attorney-in-Fact.** Customer hereby irrevocably:

authorizes Lender to prepare and file any UCC financing statements, amendments, continuations, terminations, assignments and other filings, or take such other actions for the purpose of perfecting, affording first and exclusive priority to or otherwise relating to Lender's Lien under this Agreement or the other Loan Documents;

consents to, and authorizes its professional user entity to consent to, the registration of each Registerable Interest requested by Lender or its Assignee, or otherwise required by the provisions of this Agreement or any of the other Loan Documents, including any subordination, amendment, assignment, discharge or undertaking permitted by the Cape Town Convention with respect thereto; and

constitutes and appoints Lender (including any Person acting on Lender's behalf), as its true and lawful attorney-in-fact with full power and authority in the place and stead of Customer and in the name of Customer or in its own name, for the purpose of carrying out the terms of this Agreement; which authority shall include the following undertakings that may be exercisable by Lender in its sole discretion at any time, and from time to time, if an Event of Default is then existing or upon the occurrence of an Event of Loss: (i) in Customer's name, file and/or record, such further instruments, filings and other documents, make, cause to be made and/or consent to all registrations with the International Registry, and take such further action, to establish and protect Lender's rights, interests and remedies created, or intended to be created, pursuant to the Loan Documents; (ii) endorse Customer's name on any checks, notes, drafts or any other payments or instruments, or set off, apply, or take such other

actions with respect to any funds relating to the Collateral that come into Lender's possession or control; and (iii) to settle, adjust, receive payment and make claim or proof of loss, and take such other actions relating to the Required Coverages. This appointment is coupled with an interest, is irrevocable and shall terminate only upon indefeasible payment and performance in full of all of the Obligations. The powers conferred on Lender hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Lender shall be accountable only for amounts that it actually receives in good and indefeasible funds as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to Customer for any act or failure to act. Without limiting the foregoing, Customer agrees that within five (5) Business Days of Lender's request, Customer will enter into an irrevocable power-of-attorney authorizing Aviation Counsel or Lender's other designee as Customer's professional user entity and administrator for the purpose of discharging any Registerable Interests as and when directed to do so by Lender in connection with its exercise of its rights and remedies under the Loan Documents.

**Inspection.** Lender or its authorized representatives shall have the right, but not the duty, to inspect the Aircraft, any part thereof and/or the Records, at its own cost any reasonable time and from time to time, wherever located, upon reasonable prior notice to Customer; except that after the occurrence of a Default or an Event of Default, such inspection may be conducted at any time without prior notice and at Customer's sole expense, and it shall pay Lender promptly upon demand any inspection costs incurred by Lender. So long as no Default or Event of Default exists, any such inspections shall be conducted during normal business hours and without interruption of the use and operation of the Aircraft as permitted hereby. Upon the request of Lender, Customer shall promptly confirm to Lender the location of the Aircraft or any of the other Collateral.

**Events of Default.** The term " **Event of Default** ", wherever used herein, shall mean:

Customer shall fail to pay any Obligation within ten (10) days after the same shall become due and payable (whether at the stated maturity, by acceleration, upon demand or otherwise); or

(i) any Customer Party shall default in the payment or performance of any indebtedness, liability or obligation to Lender or any Affiliate of Lender under any note, security agreement, lease, title retention or conditional sales agreement or any other instrument or agreement; or (ii) any Customer Party shall fail to pay any Indebtedness (other than the Obligations) exceeding \$5,000,000.00, and such failure shall continue beyond any applicable grace period (or, with respect to trade Indebtedness which is not subject to a grace period, within ninety (90) days of the date such trade Indebtedness is incurred); or

(i) any of the Required Coverages are not kept in full force and effect, or a breach or violation shall exist with respect to any provisions thereof; or the Aircraft is operated in a manner, at a time or in or over or located at a place with respect to which such Required Coverages shall not be in effect; (ii) Customer shall fail to cause the Airframe or the Engines to be used, operated, maintained or otherwise kept in a condition so as to be in compliance with all Applicable Laws; or (iii) any Customer Party shall fail to comply with (A) any financial covenants as and to the extent set forth or incorporated in any Guaranty or in any of the other Loan Documents, or (B) any provision of any of the Loan Documents restricting Liens and other dispositions relating to either the Collateral or any rights or obligations under any of the Transaction Documents (including Section 4.4 hereof), or (iv) the occurrence of any Defective Registration; or

(i) any representation or warranty made by any Customer Party in any of the Loan Documents or in any related agreement, document or certificate shall prove to have been incorrect, misleading, or inaccurate in any material respect when made or given (or, if a continuing representation or warranty, at any time); or (ii) any Customer Party shall fail to (A) perform or observe any other agreement (other than those specifically referred to in this Section 6) required to be performed or observed by it under this Agreement or in any of the other Loan Documents, and such failure shall continue uncured for thirty (30) days after the earlier of written notice thereof from Lender to such Customer Party or such Customer Party's actual knowledge thereof (but such notice and cure period will not be applicable unless such breach is curable by practical means within such notice period) or (B) notify Lender of any Default or Event of Default within ten (10) Business Days of its occurrence; or

(i) any Customer Party shall (A) generally fail to pay its, or his or her debts as they become due, admit its, or his or her inability to pay its, or his or her debts or obligations generally as they fall due, or shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws or other insolvency laws, or an answer admitting the material allegations of such a petition filed against such Customer Party in any such proceeding; or (B) by voluntary petition, answer or consent, seek relief under the provisions of any other bankruptcy or other insolvency or similar law providing for the reorganization or liquidation of corporations, or providing for an assignment for the benefit of creditors, or providing for an agreement, composition, extension or adjustment with its, or his or her creditors; or (ii) a petition against any Customer Party in a proceeding under applicable bankruptcy laws or other insolvency laws, as now or hereafter in effect, shall be filed and shall not be withdrawn or dismissed within one hundred twenty (120) days thereafter, or if, under the provisions of any law providing for reorganization or liquidation of business entities that may apply to any Customer Party, any court of competent jurisdiction shall assume jurisdiction, custody or control of such Customer Party or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of one hundred eighty (180) days after the filing date; or

the occurrence of any of the following events with respect to any Customer Party: (A) it enters into any transaction of merger, consolidation or reorganization; (B) it ceases to do business as a going concern, liquidates, or dissolves, or sells, transfers or otherwise disposes of all or substantially all of its assets or properties (in one or more transactions); (C) it becomes the subject of, or engages in, a leveraged buy out; (D) it changes the form of organization of its business; (E) if it is privately owned as of the Closing Date, there is any substantial change in the ownership or control of its capital stock or membership interests such that the holder(s) that own or control one hundred percent (100%) of such equity interests as of the Closing Date no longer do so; or (F) if it is publicly held as of the Closing Date, any change so that it is no longer subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or no longer registered under Section 12 of the Securities Act of 1933, as amended; or

(i) the conviction of or guilty plea by any Customer Party with respect to any criminal act constituting a felony, (ii) any repudiation by any Customer Party of its obligation for the payment or performance of the Obligations, (iii) any allegation by any Customer Party or judicial determination that any of the Loan Documents is unenforceable in any material respect or (iv) a Default (as defined in any Guaranty) shall occur; or any event or condition constituting a breach or other default under any Operating Consent.

## **Remedies .**

**Acceleration; Termination of Commitment.** If any Event of Default shall occur, Lender, in its sole discretion, may (a) declare the Obligations to be immediately due and payable, and upon such declaration the Obligations (including, the unpaid principal amount of the Note, together with all accrued but unpaid interest thereon, any prepayment fees and all other amounts due and payable under or with respect to the Loan Documents), shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the other Loan Documents to the contrary notwithstanding, (b) terminate any then outstanding commitment whether to Customer or any Affiliate to make the Loan or any advance thereof, or any other financial accommodations, whether related to the Loan or otherwise, and/or (c) pursue and enforce any of Lender's rights and remedies under this Section 7; provided, however, if an Event of Default specified in Section 6 (e) above shall occur, the Obligations shall become immediately due and payable, all such commitments shall terminate, and Lender shall have all such other rights and remedies contemplated in the preceding clauses (a), (b) and (c), automatically, and without any notice or other action by Lender.

**Additional Remedies.** If an Event of Default occurs, in addition to all other rights and remedies granted to it in this Agreement and in the

other Loan Documents, Lender may exercise all rights and remedies of a secured party under the UCC or as a creditor, chargee or security assignee under the Cape Town Convention (including any and all remedies thereunder requiring agreement by Customer), or otherwise available to Lender under any other Applicable Law. Without limiting the generality of the foregoing, Customer agrees that upon the occurrence of an Event of Default, Lender, without demand or notice of any kind (except as specified below) to or upon Customer or any other Person, in its sole discretion, may exercise any one or more of the following remedies:

(i) peacefully enter the premises where the Aircraft, the Engines, or any other Collateral is located, take immediate possession of, remove (or disable in place), or otherwise take control or custody of the Airframe, the Engines or any other Collateral (whether or not then attached to the Airframe) by self-help, summary proceedings or otherwise without liability, (ii) preserve the Airframe, the Engines or the other Collateral, and their respective value (but without any obligation to do so), and immobilize or keep idle the Airframe or Engines, and/or (iii) use Customer's premises for storage without liability; and Customer agrees, at Lender's request, to assemble the Collateral, and make it available to Lender at such places as Lender shall reasonably select, whether at Customer's premises or elsewhere;

(i) terminate the right of any Interested Third Party, and any other third party to use, possess or control the Airframe, the Engines or any of the other Collateral, including under any Permitted Third Party Agreement or other Third Party Agreement, without regard as to the existence of any event of default thereunder, (ii) recover from, and/or cause Customer and any such Interested Third Party, and any other third party, to relinquish possession and return the Airframe, the Engines and any other Collateral pursuant to this Section 7, and/or (iii) exercise any and all other remedies under any Operating Consents in Customer's stead, to the extent provided for under, or otherwise available to Customer in connection with any related Permitted Third Party Agreement or such other Third Party Agreement;

(i) manage, sell, lease, assign or otherwise dispose of the Airframe, the Engines or any other Collateral, in whole or in part, whether or not in Lender's possession, in one or more parcels or transactions, at public or private sale or sales, with or without notice to Customer (except as required by Applicable Law, and in furtherance thereof, Lender agrees that it shall give Customer no less than ten (10) working days' prior notice of any proposed sale or lease of the Airframe or Engines, which Customer acknowledges as constituting "reasonable prior notice" for the purposes of the Cape Town Convention) at such prices as Lender may deem best, and/or (ii) purchase the Collateral, in whole or in part, upon any public sale or sales, and to the extent permitted by Applicable Law upon any private sale or sales, free of any right or equity of redemption in Customer, which right or equity of redemption is hereby expressly released;

(i) collect, receive, appropriate and realize upon the Collateral, or any part thereof, including by applying any deposit or other cash collateral, or collecting or receiving, appropriating and realizing upon any income, profits or other proceeds arising from the management or use of the Airframe, the Engines or any of the other Collateral, and applying the same (after deducting all taxes, costs, expenses and other reductions of every kind incurred in connection therewith) to the payment in whole or in part of the Obligations, in such order and manner as Lender may elect; and (ii) after making such application, (A) remitting to Customer or to such other Person any excess then remaining, as and to the extent Lender is required by Applicable Law to make such remittance and (B) demanding, collecting and receiving from Customer any deficiency then remaining (and Customer agrees that it shall remain liable for, and pay upon demand, the full amount of any such deficiency);

(i) demand and obtain from any court speedy relief pending final determination available at law (including, possession, control, custody or immobilization of the Airframe and Engines, or preservation of the Airframe and the Engines and their respective value), (ii) procure the deregistration and/or export and physical transfer of the Airframe from the territory in which it is then situated (including pursuant to an IDERA, if any, executed by Customer), and/or (iii) otherwise proceed at law or in equity, to enforce specifically Customer's performance or to recover damages; and/or

exercise any and all other rights and remedies under or with respect to the Loan Documents or Applicable Law, including the Cape Town Convention and the UCC.

**No Waiver: Cumulative Remedies.** No right or remedy is exclusive. Customer hereby acknowledges that none of the provisions of this Section 7, including any remedies set forth or referenced herein, is "manifestly unreasonable" for the purposes of the Cape Town Convention. Each may be used successively and cumulatively and in addition to any other right or remedy referred to above or otherwise available to Lender at law or in equity, but in no event shall Lender be entitled to recover any amount in excess of the maximum amount recoverable under Applicable Law with respect to any Event of Default. No express or implied waiver by Lender of any Default or Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default. The failure or delay of Lender in exercising any rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies, and any single or partial exercise of any particular right by Lender shall not exhaust the same or constitute a waiver of any other right provided for or otherwise referred to herein. After the occurrence of any Default or Event of Default, the acceptance by Lender of any payment or performance of any of the Obligations, including the payment of any installment of principal and/or interest or of any other sum owing hereunder or under the other Loan Documents shall not constitute a waiver of such Default or Event of Default, regardless of Lender's knowledge or lack of knowledge thereof at the time of acceptance of any such payment or performance and shall not constitute a reinstatement of any of the Loan Documents, unless Lender shall have agreed in writing to reinstate the same and waive the Default or Event of Default. To the extent permitted by Applicable Law, Customer waives any rights now or hereafter conferred thereby, that (a) limit or modify any of Lender's rights or remedies under this Agreement or any of the other Loan Documents, including the provisions of Article 13(2) of the Convention, or (b) would otherwise entitle Customer to (i) receive notices or demands as a condition to Lender's exercise of any rights or remedies, except as expressly required above or (ii) make claims, damages and demands against Lender arising out of the repossession, retention, sale or other disposition of the Collateral.

#### **MISCELLANEOUS**

**Notices.** All communications and notices provided for herein shall be in writing and shall be deemed to have been duly given or made (i) upon hand delivery, or (ii) upon delivery by an overnight delivery service, or (iii) when sent by telecopy (with customary confirmation of receipt of such telecopy) on the Business Day when sent or upon the next Business Day if sent on other than a Business Day.

#### **Expenses and Fees; Indemnity; Performance of Customer's Obligations.**

Customer shall pay to Lender upon demand all reasonable fees, costs and expenses incurred by or on behalf of Lender at any time in connection with (i) the negotiation, preparation, execution, delivery and enforcement of the Loan Documents and the collection of the Obligations (both before and after the occurrence of a Default or Event of Default), (ii) the creation, preservation and protection of the Collateral and the perfection, first priority and enforcement of Lender's Lien, or (iii) Customer's exercise of any right granted under, or any amendment or other modification to any of, the Loan Documents. Such fees, costs and expenses shall include, without limitation, reasonable appraisal and inspection fees, the reasonable fees and expenses of Aviation Counsel and of Lender's counsel, consultants and brokers, UCC, FAA, International Registry and other applicable title, interest and lien searches, and reasonable costs and expenses relating to recovery, repossession, storage, insurance, transportation, repair, refurbishment, advertising, sale and other dispositions of the Aircraft or any of the other Collateral. Customer shall also pay all reasonable fees (including license, filing and registration fees), Impositions and other charges of whatever kind or nature that may be payable or determined to be payable in connection with (A) the execution, delivery, recording or performance of this Agreement or any of the other Loan Documents, or any modification thereof, and (B) the filings, registrations and other undertakings relating thereto. Notwithstanding the foregoing, as long as there are no more than two (2) revised drafts of any Loan Document provided by Customer or its counsel to Lender or Lender's counsel, Customer shall be responsible for not more than \$35,000.00 in the aggregate for the legal fees of outside counsel to Lender (including, Aviation

Counsel) and appraisal, inspection, processing, credit verification, lien searches, FAA and International Registry fees and other fees incurred in connection with the initial negotiation, preparation and execution of this Agreement and the other Loan Documents executed and delivered on or before the Closing Date (and the consummation of the closing contemplated to occur thereon); provided that in the event that the negotiation exceeds two (2) revised drafts of any Loan Document, then Customer shall pay for the actual amount of such out of pocket fees incurred by Lender relating to the drafting and negotiation in excess of such two (2) revised drafts. Lender shall apply the previously paid deposit amount of \$35,000.00 to such fees and shall refund to Customer the amount by which the deposit exceeds such fees.

Customer hereby further agrees, whether or not the transactions contemplated by this Agreement shall be consummated, to pay, indemnify, and hold Lender and its affiliates and all of the Lender's and such affiliates' respective directors, shareholders, members, officers, employees, agents, predecessors, attorneys-in-fact, lawyers, successors and assigns (Lender, its affiliates and all of such other parties and entities sometimes hereinafter collectively, the "**Indemnified Parties**") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, out of pocket costs, attorney's fees, expenses or disbursements of any kind or nature whatsoever ("**Claims**") arising with respect to or in connection with (i) the Airframe, the Engines, or any APUs or Parts, or any of the other Collateral, including (whether by or through Customer, Vendor, any Interested Third Party, or any other Person), the manufacture, inspection, ownership, lease, sublease, management, pooling, interchange, time sharing, chartering, possession, use, operation, maintenance, security, condition (whether prior to, upon or after delivery or acceptance of any of the same), repossession, storage, sale or other disposition of any of the same, or any accident in connection therewith, including Claims involving or alleging environmental damage, criminal acts, hijacking, acts of terrorism or similar acts, product liability or strict or absolute liability in tort, latent and other defects (whether or not discoverable) and for any other risk or matter, including any of the same that result in injuries, death, destruction, or other harm or loss to persons or property, or (ii) any of the Loan Documents, Third Party Agreements or other Transaction Documents, or the performance, breach (including any Default or Event of Default) or enforcement of any of the terms hereof or thereof, provided, that Customer shall have no obligation to indemnify an Indemnified Party with respect to Claims arising from the gross negligence or willful misconduct of such Indemnified Party (unless if imputed by Applicable Law). If any Claim is made against any Indemnified Party, the party receiving notice or otherwise becoming aware of such Claim shall promptly notify the other, but the failure of the party having knowledge of a Claim to so notify the other party shall not relieve Customer of any obligation hereunder.

If any Customer Party fails to perform or comply with any of its agreements contained herein or in the other Loan Documents, including, without limitation, its obligations to keep the Collateral free of Liens (other than the Permitted Liens), comply with Applicable Standards, or obtain the Required Coverages, Lender shall have the right, but shall not be obligated, to effect such performance or compliance, with such agreement. Any expenses of Lender incurred in connection with effecting such performance or compliance, together with interest thereon at the default rate of interest provided for in the Note from the date incurred until reimbursed, shall be payable by Customer to Lender promptly on demand and until such payment shall constitute part of the Obligations secured hereby. Any such action shall not be a cure or waiver of any Default or Event of Default hereunder.

Entire Agreement; Modifications. This Agreement and the other Loan Documents constitute the entire understanding and agreement of the parties hereto with respect to the matters contained herein and therein, and shall completely and fully supersede all other prior agreements (including any proposal letter, commitment letter, and/or term sheet), both written and oral, between Lender and Customer relating to the Obligations. Neither this Agreement, nor any terms hereof, may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of a change, waiver, discharge or termination is sought.

Construction of this Agreement and Related Matters. All representations and warranties made in this Agreement and in the other Loan Documents shall survive the execution and delivery of this Agreement and the making of the Loan hereunder. Customer's obligations contained in this Section 8 shall survive the payment and performance of the Obligations, the termination of this Agreement, and the release of the Collateral. This Agreement may be executed by the parties hereto on any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. The headings of the Sections hereof are for convenience only, are not part of this Agreement and shall not be deemed to affect the meaning or construction of any of the provisions hereof. Time is of the essence in the payment and performance of all of Customer's obligations under this Agreement. Any provision of this Agreement that may be determined to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective in such jurisdiction to the extent thereof without invalidating the remaining provisions of this Agreement, which shall remain in full force and effect.

Lender's Assignment. Lender, may at any time, with or without notice to Customer, freely grant a security interest in, sell, assign, participate or otherwise transfer (an "**Assignment**") all or any part of its interest in this Agreement and the other Loan Documents (including all associated rights associated with or secured thereby and the related international interests) or any amount due or to become due hereunder or thereunder, and Customer shall perform all of its obligations under the Loan Documents, to the extent so transferred, for the benefit of the beneficiary of such Assignment (such beneficiary, including any successors and assigns, an "**Assignee**"); provided, however, if such Assignee is not an Affiliate of Lender and if no Default or Event of Default exists, Lender will provide prior notice of any such Assignment to a third party. Customer hereby waives any right to assert, and agrees not to assert, against any Assignee any abatement, reduction, defense, setoff, recoupment, claim or counterclaim that Customer may have against Lender, provided that Lender remains fully responsible therefor. Upon the assumption by such Assignee of Lender's obligations hereunder, Lender shall be relieved of any such assumed obligations. Customer hereby consents to any such assignment, grant, sale or transfer, including, without limitation, for purposes of the Cape Town Convention. If so directed in writing, Customer shall pay all amounts due or to become due under the Loan Documents, including any of the same constituting associated rights or proceeds directly to the Assignee or any other party designated in writing by Lender or such Assignee. Customer acknowledges and agrees that Lender's right to enter into an Assignment is essential to Lender and, accordingly, waives any restrictions under Applicable Law with respect to an Assignment and any related remedies. Upon the request of Lender or any Assignee, Customer also agrees (a) to promptly execute and deliver, and cause to be executed and delivered by any Guarantor or any other Transaction Party, to Lender or to such Assignee an acknowledgment of assignment in form and substance satisfactory to the requesting party, an insurance certificate naming Assignee as additional insured and loss payee and otherwise evidencing the Required Coverages, an IDERA in favor of Assignee, and such other documents and assurances reasonably requested by Lender or Assignee, (b) to make, or cause to be made, all registrations (including all assignments and subordinations) and all amendments, extensions and discharges with the International Registry reasonably requested by Lender or Assignee (and give or obtain any necessary consent thereto, as well as renew any authorization required by the International Registry in connection therewith, including renewing its transacting user entity status and re-designating a professional user entity, if necessary in Lender's judgment), and (c) to comply with any and all other reasonable requirements of any such Assignee in connection with any such Assignment.

Jurisdiction. Customer and Lender each hereby irrevocably consents and agrees that any legal action, suit or proceeding arising out of or in any way in connection with this Agreement or any of the other Loan Documents may be instituted or brought in the courts of the State of New York or in the United States Courts for the Southern District of New York, as Customer or Lender may elect or in any other state or Federal court as Lender shall deem appropriate, and by execution and delivery of this Agreement, Customer and Lender each hereby irrevocably accepts and submits to, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of any such court, and to all proceedings in such courts. Customer and Lender each irrevocably consents to service of any summons and/or legal process by first class, certified United States air mail, postage prepaid, to Customer at the address set forth below its signature hereto, such method of service to constitute, in every respect, sufficient and effective service of process in any such legal action or proceeding. Nothing in this Agreement or in any of the other

Loan Documents shall affect the right to service of process in any other manner permitted by law or limit the right of Lender to bring actions, suits or proceedings in the courts of any other jurisdiction. Customer and Lender each further agrees that final judgment against it in any such legal action, suit or proceeding shall 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 shall be conclusive evidence of the fact and the amount of the liability. Notwithstanding anything in the foregoing to the contrary, Lender and Customer may bring a judicial proceeding in the Republic of Ireland, solely with respect to matters relating to the International Registry.

Governing Law; Binding Effect. This Agreement shall be construed and enforced in accordance with, and the rights of both parties shall be governed by, the internal laws of the State of New York (without regard to the conflict of laws principles of such state, except as to the effect of Title 14, Section 5-1401 of the New York General Obligations Law), including all matters of construction, validity, and performance. This Agreement shall be binding upon and inure to the benefit of Customer and Lender and their respective successors and assigns (but without limiting the provisions of Section 8.5); except that Customer may not assign or transfer its rights or obligations hereunder or under any other Loan Agreement, or any interest herein or therein; and any such purported or attempted assignment or transfer by Customer shall be null and void.

Customer's Capacity as Owner Trustee. TVPX Aircraft Solutions Inc. ("TVPX") is executing this Agreement, and the other Loan Documents solely in its capacity as Owner Trustee under the Trust Agreement and not in its individual capacity and in no case shall TVPX be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of the Customer hereunder, or under any Loan Document, all such liability, if any, being expressly waived by the parties hereto and any Person claiming by, through, or under such party. Under no circumstances shall TVPX be personally liable for the payment of any other amount stated to be due from the Customer hereunder, or under any Loan Document, or be personally liable for the breach or failure of any of Customer's representations, warranties, covenants, obligations, undertakings and agreements hereunder, or under any Loan Documents; provided, however, that the Customer (or any such successor owner trustee) shall be personally liable hereunder for its own gross negligence or willful misconduct or for its breach of its covenants, representations and warranties contained herein, or in any Loan Document, to the extent covenanted or made in its individual capacity.

Jury Waiver. CUSTOMER AND LENDER EACH HEREBY KNOWINGLY AND FREELY WAIVES THEIR RESPECTIVE RIGHTS TO A JURY TRIAL IN ANY ACTION, SUIT OR PROCEEDING RELATING TO, ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE NOTE OR ANY OF THE OTHER LOAN DOCUMENTS.

**[Signatures On Next Page]**

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Loan and Aircraft Security Agreement

IN WITNESS WHEREOF, the parties hereto have caused this Loan and Aircraft Security Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

BANC OF AMERICA LEASING & CAPITAL, LLC, Lender

TVPX AIRCRAFT SOLUTIONS INC., a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated July \_\_\_\_, 2017,  
Customer

By:  
Name:  
Title:  
Notice Address:

One Financial Plaza, 2nd Floor  
Providence, Rhode Island 02903  
Attention: Director of Aircraft Operations  
Telephone: 800-238-3737  
Facsimile: 401-278-7941

By:  
Name:  
Title:  
Notice Address:

39 East Eagle Ridge Drive, Ste. 201  
North Salt Lake, UT 84054  
Telephone: (801) 924-367  
Facsimile: (801) 877-0478

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**Outstanding Balance** shall mean, as of the date of determination, the then outstanding principal balance of the Note, together with all then accrued interest thereon, the then applicable prepayment fee (unless otherwise expressly excluded by the prepayment or acceleration provision with respect to which such amount is being determined), and all other amounts then due and payable by any Customer Party under the Note, the Agreement and the other Loan Documents.

**Parent Guarantor** shall mean the guarantor, identified as “Parent Guarantor” in Annex B and including any successor or permitted assign, heir or estate.

**Part 135 Certificate** shall mean an air carrier certificate, with the associated operations specifications, issued in accordance with Part 135 of the FARs.

**Parts** shall mean all appliances, avionics, parts, instruments, appurtenances, accessories, furnishings and other equipment of whatever nature (other than a complete Engine or APU) that may from time to time be incorporated or installed in or attached to the Airframe, the Engines or the APU, and any and all such appliances, avionics, parts, instruments, appurtenances, accessories, furnishings and other equipment removed therefrom so long as the same have not been released from the Lender’s Lien pursuant to the applicable terms of the Agreement.

**Permitted Liens** shall mean (a) the Lender’s Lien, (b) any Permitted Third Party Agreements, (c) Liens for taxes either not yet due or being contested, and (d) inchoate materialmen’s, mechanic’s, workmen’s, repairmen’s, employee’s, or other like Liens arising in the ordinary course of business of Customer for sums not yet delinquent or being contested; except that any such contest described in clauses (c) or (d) must be conducted by Customer, in good faith, with due diligence and by appropriate proceedings, so long as such proceedings do not involve, in Lender’s sole judgment, any material danger of the sale, foreclosure, transfer, forfeiture or loss of the Collateral, or title thereto, the rights of Lender hereunder or Lender’s interest therein, and for the payment of which adequate reserves are being maintained in accordance with GAAP or other appropriate provisions satisfactory to Lender have been made; and with respect to any such Lien existing at the time the related Collateral shall become subject to Lender’s Lien, such Lien must be effectively subordinated, as and to the extent required in any of the Loan Documents. Notwithstanding the foregoing, in no event shall any Lien held by any Person (other than Lender) against or with respect to any of the Collateral at the time of the making of the Loan or any advance thereof constitute a Permitted Lien, if in the reasonable opinion of Lender such Lien would be deemed pursuant to Applicable Law to have priority over Lender’s Lien with respect to such Collateral.

**Permitted Replacement** shall have the meaning provided in Section 4.7(b).

**Permitted Third Party Agreements** shall have the meaning provided in Section 4.4(c).

**Person** shall mean any individual, partnership, corporation, limited liability company, trust, association, joint venture, joint stock company, or non-incorporated organization or Governmental Authority, or any other entity of any kind whatsoever.

**Primary Hangar Location** shall mean the location identified as such on Annex C hereto.

**proceeds** shall have the meaning assigned to it in the UCC, and in any event, shall include, but not be limited to, all goods, accounts, chattel paper, documents, instruments, general intangibles, investment property, deposit accounts, letter of credit rights, investment property, deposit accounts and supporting obligations (to the extent any of the foregoing terms are defined in the UCC, any such foregoing terms shall have the meanings given to the same in the UCC), and all of Customer’s rights in and to any of the foregoing, and any and all rents, payments, charter hire and other amounts of any kind whatsoever due or payable under or in connection with the Airframe, the Engines or other Collateral, including, without limitation, (A) any and all proceeds of any insurance, indemnity, warranty or guaranty payable to Customer from time to time, (B) any and all payments (in any form whatsoever) made or due and payable to Customer from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture by any Governmental Authority or any other Person (whether or not acting under color of any Governmental Authority), and (C) any and all other rents or profits or other amounts from time to time paid or payable.

**Purchase Documents** shall mean the purchase documents specified in Section 1(b)(i) of the Closing Terms Addendum.

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### LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)

**THIS LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)** (together with all Addenda, Riders and Annexes hereto, this “**Agreement**”) is dated as of July 27, 2017 (the “**Closing Date**”), by and between **TVPX AIRCRAFT SOLUTIONS INC.**, a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated as of July 27, 2017 (“**Customer**”) and **BANC OF AMERICA LEASING & CAPITAL, LLC**, a Delaware limited liability company (“**Lender**”).

In consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

Capitalized and certain other terms used but not otherwise defined in this Agreement shall have the meanings ascribed to them in Annex A attached hereto and made a part hereof.

#### **Terms of Loan .**

Loan and Use of Proceeds . Subject to the terms and conditions of this Agreement, Lender agrees to make a loan to Customer in the principal amount set forth in Annex B attached hereto and made a part hereof (the “ **Loan** ”). Customer shall use the proceeds of the Loan to finance the costs of the acquisition of the Aircraft.

Repayment and Prepayment . The Customer's obligation to repay the Loan shall be evidenced by one or more Promissory Notes dated on and/or after the Closing Date, payable by Customer to the order of Lender in the original principal amount of the Loan (as amended, modified, restated, extended and renewed from time to time, the “ **Note** ”). The Loan shall bear interest and be repaid by Customer at the times and in the manner set forth in the Note. The Loan may be prepaid only in the manner and subject to terms and conditions set forth in the Note and, if applicable, Section 4.7 hereof.

Conditions of Borrowing . Lender's obligation to make the Loan shall be both subject to and conditioned upon the satisfaction of all of the conditions precedent specified in the Closing Terms Addendum attached to and made a part of this Agreement.

Representations and Warranties . In order to induce Lender to enter into this Agreement and to make the Loan herein provided for, Customer represents, warrants and covenants to Lender that:

(i) Customer (A) is duly qualified to do business in each jurisdiction in which the conduct of its business or the ownership or operation of its assets requires such qualification, including the jurisdiction of the Primary Hangar Location and wherever any of the Collateral may become located; (B) has the necessary authority and power to own and operate the Aircraft and its other assets and to transact the business in which it is engaged; (C) is a “citizen of the United States” within the meaning of the Transportation Code; and (D) has the form of business organization set forth in Annex B hereto and is and will remain duly organized, validly existing and in good standing under the laws of the state of its organization set forth in Annex B hereto, its federal tax identification number is as set forth in Annex B hereto, and its state-issued organizational identification number (if any), chief executive office and principal place of business address are all as set forth on Annex B hereto; and (ii) its name as shown in the preamble of this Agreement is its exact legal name as shown on its charter, by-laws, articles of organization or operating agreement, as applicable, each as amended as of the Closing Date;

(i) Customer's execution and delivery of, and performance of its obligations under and with respect to, each of the Loan Documents (including its borrowing the amounts constituting the Loan, granting the Lender's Lien against the Aircraft and other Collateral and participating in the other transactions contemplated herein and therein), (A) have been duly authorized by all necessary action on the part of Customer consistent with its form of organization, (B) do not contravene or constitute a default under any Applicable Law, any of Customer's Organizational Documents, or any agreement, indenture, or other instrument to which Customer is a party or by which it may be bound, (C) do not require the approval of or notice to (1) any Governmental Authority, except for the filings and registrations specified in the Closing Terms Addendum, all of which shall have been duly effected prior to or concurrently with Lender making the Loan, or (2) any other party (including any trustees or holders of indebtedness), and (D) will not result in the creation or imposition of any Lien on any of the assets of Customer other than the Lender's Lien created hereby and by the other Loan Documents with respect to the Collateral; (ii) each of the Transaction Documents referenced in the Closing Terms Addendum to which Customer is a party has been duly executed and delivered by an authorized representative of the Customer, and constitutes the legal, valid and binding obligation of the Customer, enforceable against it in accordance with the respective terms of such Transaction Documents (including, without limitation, the grant of the Lender's Lien); and (iii) without limiting the foregoing, upon Lender's advancing the Loan on the Closing Date, (A) Customer will have satisfied or complied with all conditions precedent and requirements as set forth in the Loan Documents required to have been satisfied or complied with concurrently with or prior to such advance and (B) no Default or Event of Default shall be then existing;

there are no proceedings pending or, so far as the officers, managers, or members of Customer know, threatened against or affecting Customer or any of its property before any Governmental Authority that could impair Customer's title to the Aircraft or any of the other Collateral, or that, if decided adversely, could materially affect the financial condition or operations of Customer or its ability to perform its obligations under any of the Loan Documents;

(i) Customer has, and shall continue to have, good and marketable title to the Collateral, free and clear of Liens, except Permitted Liens; (ii) the Lender's Lien in the Airframe, the Engines and the other Collateral is and shall remain validly created and perfected, and has and shall continue to have first priority over any other Liens pursuant to all Applicable Laws; and (iii) all filings, recordings, registrations or other actions necessary or desirable in order to vest such title in Customer, and establish, perfect and give first priority to Lender's Lien and other rights and interests in, against or with respect to the Collateral, have been duly effected, and all Impositions in connection therewith have been duly paid;

without limiting any of the other representations and warranties in this Agreement, for the purposes of the Cape Town Convention and any other Applicable Law, (i) upon the conclusion of the sale of the Aircraft to Customer, and Customer's grants and assignments, and (if constituting a lease) any Permitted Third Party Agreement, contemplated in the Loan Documents or other Transaction Documents, Customer and (if a lessee) any Interested Third Party shall be situated in, and Customer will cause the Aircraft to be duly registered in, the United States of America (which is a contracting state), (ii) with respect to any of the Transaction Documents relating to the Airframe or Engine, each of the respective parties thereto has power to dispose of the Airframe and Engine, as contemplated therein by way of the relevant Transaction Document, and (iii) the Purchase Documents qualify as a “contract of sale”, and (if constituting a lease) any Permitted Third Party Agreement and the Loan Documents are effective to constitute international interests in the Airframe and Engine and security assignments of the related associated rights and transfer of the related international interests, as contemplated therein, and each such Registerable Interest will be effective against third parties upon registration at the International Registry, without any further filings or registrations (except as contemplated in the Loan Documents);

(i) the Aircraft (A) has been delivered to Customer, is in Customer's possession and is, as of the Closing Date, unconditionally, irrevocably and fully accepted by Customer, (B) has been inspected by Customer to its complete satisfaction and, without limiting the foregoing, (1) has been found to be in good working order, repair and condition and fully equipped to operate for its intended purpose, and (2) is in conformity with the requirements of the Purchase Agreement and the Applicable Standards, (C) is, or will be at the time of the funding of the Loan, currently certified under existing FAA rules and regulations and any other Applicable Laws and is airworthy in all respects, and (D) is and will remain primarily hangared at the Primary Hangar Location; and (ii) without limiting the foregoing, (A) solely as between Lender and Customer (and without prejudicing Customer's rights against Vendor or any other third party, which rights are not being disclaimed hereby), Customer has no pending claims and has no knowledge of any facts upon which a future claim may be based, against any prior owner, the seller, manufacturer or supplier of the Aircraft or any of the other Collateral, for breach of warranty or otherwise, and (B) all of the information contained in Annex C , including the registration number of the Aircraft, and the serial numbers, manufacturer and model numbers of the Airframe, Engines, and APU, are true and accurate in all respects; and

(h) the Aircraft (i) is currently capable of being certified under existing FAA rules and regulations and completely airworthy in all respects, (ii) will undergo an inspection by a Designated Airworthiness Representative of the FAA (“ **DAR** ”) on the Closing Date and (iii) an FAA Standard Airworthiness Certificate (AC Form 8100-2) shall be issued for the Aircraft no later than two (2) Business Days after the Closing Date.

**Covenants** . Customer covenants and agrees that from and after the Closing Date and so long as any of the Obligations are outstanding:

Notices; Financial Information; and Further Assurances. Customer will, at its sole expense:

promptly give written notice to Lender of (i) the occurrence of any Default or Event of Default; (ii) the occurrence of any Event of Loss or event of which Customer may be aware that could become an Event of Loss; (iii) the commencement or written threat of any material litigation or proceedings affecting Customer or any material litigation or proceedings affecting the Aircraft or any of the other Collateral, or the ability of Customer to comply with its obligations under the Loan Documents; and (iv) any material dispute between Customer or any Interested Third Party and any Governmental Authority or other party that involves the Aircraft or any of the other Collateral or that might materially interfere with the normal business operations of Customer;

cause Guarantor to comply with the financial reporting requirements set forth in the Guaranty and promptly furnish to Lender any such financial and other information regarding the Customer or Guarantor or any of its Affiliates as Lender may from time to time reasonably request; and

promptly execute and deliver to Lender such further instruments, UCC and FAA filings (including an IDERA) and other documents, make, cause to be made and/or consent to all registrations (including any discharges and subordinations, or as to the prospective or actual sale of, and any international interest in, the Engines) with the International Registry, and take such further action, as Lender may from time to time reasonably request in order to further carry out the intent and purpose of the Loan Documents and to establish, protect and enforce the rights, interests, remedies and Liens (including the first priority thereof) created, or intended to be created, in favor of Lender thereby.

General Obligations. (a) Customer agrees that it shall (i) duly observe and conform to all requirements of Applicable Law relating to the conduct of its business and/or the Aircraft, (ii) remain a "citizen of the United States" within the meaning of the Transportation Code, (iii) obtain and keep in full force and effect (A) all rights, franchises, licenses and permits that are necessary to the proper conduct of its business, and (B) all approvals by any Governmental Authority required with respect to the performance of its obligations under the Loan Documents and the operation of the Aircraft and its business, (iv) cause the Aircraft to remain primarily hangared at the Primary Hangar Location, and duly registered in Customer's name under the Transportation Code (including, by making all necessary reports, re-registering its ownership of the Aircraft, and taking all other actions required by Applicable Law), and (v) pay and perform all of its obligations and liabilities when due. (b) Customer agrees that (i) it shall not change its presently existing legal name or its form or state of organization on or after the date of this Agreement, without Lender's prior written consent, (ii) if its presently existing state organizational identification number changes, or if Customer currently has no such state organizational number but is subsequently issued such a number, on or at any time after the date of this Agreement, Customer shall immediately notify Lender thereof, and (iii) it shall not change the presently existing mailing, chief executive office and/or principal place of business address on or after the date of this Agreement without giving Lender thirty (30) days written notice of the same.

Taxes. (a) Customer will file or cause to be filed with all appropriate taxing authorities all Federal, state and local income tax returns that are required to be filed and all registrations, declarations, returns and other documentation with respect to any personal property taxes (or any other taxes in the nature of or imposed in lieu of property taxes) due or to become due with respect to the Aircraft or any of the other Collateral. (b) Customer will pay (or cause to be paid) (i) on or before the date when due all taxes as shown on said returns and all taxes assessed, billed or otherwise payable with respect to the Aircraft or the other Collateral directly to the appropriate taxing authorities; and (ii) when due all license and/or registration or filing fees, assessments, governmental charges and sales, use, property, excise, privilege, value added and other taxes (including any related interest or penalties) or other charges or fees now or hereafter imposed by any governmental body or agency upon Customer or the Aircraft or any of the other Collateral, with respect to the landing, airport use, manufacturing, ordering, shipment, purchase, ownership, delivery, installation, leasing, chartering, operation, possession, use or disposition of the Aircraft or any of the other Collateral, or any interest therein (the items referred to in (i) and (ii) above being referred to herein collectively, as "**Impositions**").

No Disposition of Collateral or Liens; Title and Security Interest.

Customer shall not sell, assign, enter into any Third Party Agreement, convey, mortgage, exchange or otherwise transfer or relinquish possession of (including by any seizure or other taking by any foreign or domestic governmental authority) or dispose of the Airframe or Engines, any Part, any related associated rights, international interests or prospective international interests, any proceeds or any of the other Collateral, or attempt or offer to do, or suffer or permit any of the foregoing. Customer shall be permitted, however, to deliver possession of the Airframe, the Engines, or any APU or Part to another Person for testing, service, repair, maintenance, overhaul, alteration or modification, and to enter into Permitted Third Party Agreements, in each case, if and to the extent consistent with the provisions of the Loan Documents. Customer will warrant and defend its good and marketable title to the Airframe, the Engines and the other Collateral, and the validity, perfection and first priority of Lender's Lien in the Collateral, against all other Liens, claims and demands whatsoever, except Permitted Liens; and without limiting the foregoing, Customer will (i) not create, assume or suffer to exist any Liens on or with respect to the Airframe, the Engines, or any of the other Collateral, or Customer's interest therein (other than Permitted Liens); and (ii) promptly take such action as directed by Lender to duly discharge any such unpermitted Liens.

So long as no Default or Event of Default is then existing, Customer may enter into and remain a party to Third Party Agreements, in each such case, subject to the satisfaction of, and compliance by Customer and each Interested Third Party with, all of the following throughout the term of such arrangement: (i) Each such Interested Third Party shall (A) be and remain solvent, and (unless an individual) organized under the laws of a state within the United States; and (B) if engaged by Customer with the prior written consent of Lender as a manager and/or charter operator (including the Manager pursuant to the Management Agreement), while so engaged, (1) have a recognized favorable reputation as a manager and/or charter operator, as the case may be, of aircraft similar to the Aircraft, (2) be providing management and/or charter operation services for other aircraft owners similar to the services contemplated therein, and (3) if and at all times while conducting any charter operations (x) have and maintain a valid Part 135 Certificate evidencing its authority to conduct such operations, (y) list the Aircraft on its operations specifications, and (z) comply with all Applicable Standards pertaining to such charter operations. (ii) Any operation of the Aircraft pursuant to any such Third Party Agreement shall be limited to (A) if by Customer, Parent Guarantor or any Affiliate of Parent Guarantor, any time sharing agreements (as defined in Section 91.501(c)(1)) complying with Part 91 of the FARs and all other Applicable Standards, (B) if by a manager and/or a charter operator with Lender's prior written consent, pursuant to and in full compliance with the requirements of Part 135 of the FARs and all other Applicable Standards, or (C) if such Third Party Agreement is a "dry lease" by Customer, as lessor, to Parent Guarantor or an Affiliate of Parent Guarantor or other Interested Third Party permitted pursuant hereto, as lessee, operation by such lessee complying with (1) Part 91 and any other applicable provision of the FARs, and all other Applicable Standards, and (2) the provisions hereof and of the other Loan Documents pertinent to the operation of the Aircraft (whether by Customer or any permitted Interested Third Party). (iii) The related Third Party Agreement shall (A) be and remain, subject and subordinate to Lender's Lien in and with respect to the Collateral, and Lender's rights and remedies under the Loan Documents (and such subordination shall be expressly acknowledged therein), (B) not convey any Lien on, or other property interest in or against the Airframe, the Engines or any of the other Collateral, except for a Permitted Lien (but, without giving effect to clause (a) of the definition of such term), (C) not permit any further sublease or disposition of or unpermitted Lien against the Aircraft or any of the other Collateral by any of the Interested Parties thereto or any other Person, or any change in registration or unpermitted change in hangaring of the Aircraft, (D) not contain provisions that are inconsistent with the provisions of any of the Loan Documents or cause Customer to breach any of its representations, warranties or agreements under any of the Loan Documents, (E) be in conformity with all requirements of the FARs and other Applicable Laws, and (F) otherwise conform to any Operating Consent required by Lender with respect thereto. (iv) (A) Customer shall have specified such Third Party Agreement on Annex B if existing on the Closing Date, or if not then existing shall require Lender's prior written consent and at least thirty (30) Business Days' prior written

notice of its intention to enter into a Third Party Agreement and (B) no later than the effective date thereof Customer shall comply with, and at all times thereafter remain in compliance with, any related requirements by Lender, including (1) entering into, and causing any related Interested Third Parties to enter into, an Operating Consent, (2) causing Lender to be covered by the Required Coverages (which, for the purposes hereof, may include insurance coverages obtained and maintained by an Interested Third Party, conforming to the insurance requirements herein and in any of the other Loan Documents), and (3) entering into or delivering, or causing to be entered into and delivered, all such other documents, filings and assurances, making or causing to be made such filings and registrations, and taking or causing to be taken all such other actions, in each case as may be required by Lender and (4) paying or reimbursing Lender for any related costs or expenses. (v) Lender shall have the right, but not the obligation, to (A) require reasonable evidence that any Interested Third Party satisfies the requirements provided herein, and (B) review any such Third Party Agreement, as from time to time supplemented and amended, to determine its conformity with the provisions hereof, but without assuming any responsibility with respect thereto. (vi) Customer shall neither make, nor permit to be made, any filing or registration with respect to any Permitted Third Party Agreement, unless so directed by Lender pursuant to Section 5.2 or otherwise. Notwithstanding the foregoing limitations Parent Guarantor or any Affiliate shall be permitted to conduct the carriage of Parent Guarantor or any Affiliate and/or their respective guests pursuant to 14 CFR Section 91.501(b)(4), affiliated group operations pursuant to 14 CFR Section 91.501(b)(5) and/or (6), demonstration flights pursuant to 14 CFR Section 91.501(b)(3), time sharing or interchange operations pursuant to 14 CFR Section 91.501(b)(6), the carriage of customers pursuant to 14 CFR Section 91.501(b)(9) and/or the carriage of candidates in Federal elections conducted pursuant to 14 CFR Section 91.321.

With respect to any Third Party Agreements complying with all of the provisions of Section 4.4(b) (each a “ **Permitted Third Party Agreement** ”), although certain of the duties and obligations of Customer under the Loan Documents may be performed by one or more of the Interested Third Parties, (i) no such Permitted Third Party Agreement shall reduce any of Customer’s obligations, or Lender’s rights, under any of the Loan Documents, (ii) all of Customer’s obligations under the Loan Documents shall be and remain primary and continue in full force and effect as the obligations of a principal and not of a guarantor or surety, and (iii) Lender is not waiving the right to require full and timely performance of any such obligations in strict accordance with the provisions hereof and of the other Loan Documents. By way of clarification and not limitation, with respect to any provisions of this Agreement or any of the other Loan Documents requiring Customer to take or refrain from taking an action relating to the Aircraft or any of the other Collateral, such provision may also be read to mean that Customer shall cause the same to be done in accordance therewith, if at that time the Aircraft or such other Collateral is in the possession or control of an Interested Third Party pursuant to a Permitted Third Party Agreement.

Use of Aircraft; Maintenance; Modifications; Security.

Customer will operate the Aircraft or shall cause the Aircraft to be operated under and in compliance with Part 91 and any other applicable provision of the FARs, and all other Applicable Standards. Unless otherwise expressly permitted hereunder, (i) Customer shall not operate or permit the Aircraft to be operated for air taxi operations or otherwise under Part 135 of the FARs; and (ii) Customer, an Affiliate or other Interested Third Party shall at all times have, and maintain, “operational control” of the Aircraft (as such term is then interpreted by the FAA or such other applicable Governmental Authority), and no other Person shall operate the Aircraft. The Aircraft at all times will be operated by duly qualified pilots having satisfied all requirements established and specified by the FAA, the TSA, any other applicable Governmental Authority and the Required Coverages.

the Aircraft may be flown temporarily to any country in the world, provided that the Aircraft (i) shall at all times be based in the continental United States; and (ii) shall not be flown, operated, used or located in, to or over any such country or area (temporarily or otherwise) (A) that is excluded from the Required Coverages (or specifically not covered by such insurance), (B) with which the U.S. does not maintain favorable diplomatic relations (which is any country or jurisdiction not marked with an “\*” on the list maintained by the U.S. Department of State, at <http://www.state.gov/s/inr/rls/4250.htm> or any replacement or equivalent website maintained by the U.S. Department of State), provided that the prohibition in this clause (B) does not prohibit the operation of the Aircraft on an approved and assigned air traffic control route (if and so long as such use is otherwise in compliance with the provisions of the this Agreement and does not violate any insurance policies in effect with respect to the Aircraft) , (C) to the extent that payment of any claim under the Required Coverages directly or indirectly arising or resulting from or connected with any such flight, operation, use or location would be prohibited under any trade or other economic sanction or embargo by the United States of America, or (D) in violation of any of the Loan Documents or any Applicable Standards. Customer shall adopt, implement and comply with all security measures required by any Applicable Law, or by any Required Coverages, or that are necessary or appropriate for the proper protection of the Aircraft (whether on the ground or in flight) against theft, vandalism, hijacking, destruction, bombing, terrorism or similar acts.

Customer agrees that, with respect to the Airframe, the Engines, each APU and each Part, Customer will at its own expense, (i) maintain, inspect, service, repair, overhaul and test the same in accordance with Applicable Standards; (ii) make any alterations or modifications that may at any time be required to comply with Applicable Standards, and to cause the Aircraft to remain airworthy; (iii) furnish all required parts, replacements, mechanisms, devices and servicing so that the condition and operating efficiency thereof will at all times be no less than its condition and operating efficiency as and when delivered to Customer, ordinary wear and tear from proper use alone excepted; (iv) promptly replace all Parts (A) which become worn out, lost, stolen, taken, destroyed, damaged beyond repair or permanently rendered or declared unfit for use for any reason whatsoever, or (B) if not previously replaced pursuant to clause (A), as and when required by any Applicable Standards, including any applicable life limits; and (v) maintain (in English) all Records in accordance with Applicable Standards; and (vi) enroll and maintain the Engines in an Engine Maintenance Program and the APU in an APU Maintenance Program or shall cause the foregoing to be done. All maintenance procedures shall be performed by properly trained, licensed, and certified maintenance sources and personnel utilizing replacement parts approved by the FAA and the manufacturer of (as applicable) the Airframe, the Engines, or any APU or Part. Without limiting the foregoing, Customer shall comply with all mandatory service bulletins and airworthiness directives by causing compliance to such bulletins and/or directives to be completed through corrective modification in lieu of operating manual restrictions.

Customer will not make, authorize or permit any improvement, change, addition or alteration to the Aircraft that will impair the originally intended function or use of the Aircraft, diminish the value of the Aircraft as it existed immediately prior thereto, or violate any Applicable Standard. All repairs, parts, replacements, mechanisms and devices added by Customer or on its behalf shall immediately, without further act, become part of the Aircraft and subject to the Lender’s Lien granted under this Agreement.

Insurance.

Customer agrees to maintain or cause to be maintained at all times, at its sole cost and expense, with insurers of recognized reputation and responsibility satisfactory to Lender (but in no event having an A.M. Best or comparable agency rating of less than “A-”):

(A) comprehensive aircraft liability insurance against bodily injury or property damage claims including, without limitation, contractual liability, premises liability, death and property damage liability, public and passenger legal liability coverage, and sudden accident pollution coverage, in an amount not less than \$200,000,000.00 for 20 or more seats, or if the Aircraft will be chartered, or \$100,000,000.00 for 10 or more seats, or \$50,000,000.00 for fewer than 10 seats for each single occurrence, and (B) personal injury liability in an amount not less than

\$25,000,000.00; but, in no event shall the amounts of coverage required by sub-clauses (A) and (B) be less than the coverage amounts as may then be required by Applicable Law;

“all-risk” ground, taxiing, and flight hull insurance on an agreed-value basis, covering the Aircraft, provided that such insurance shall at all times be in an amount not less than the greater of (1) the full replacement value of the Aircraft (as determined by Lender), or (2) the unpaid principal amount of the Note (each such amount re-determined as of each anniversary of the date hereof for the next succeeding year throughout the term of this Agreement); and

war risk and allied perils (including confiscation, appropriation, expropriation, terrorism and hijacking insurance) in the amounts required in paragraphs (i) and (ii), as applicable.

Any policies of insurance carried in accordance with this Section 4.6 and any policies taken out in substitution or replacement of any such policies shall (i) be endorsed to name Lender as an additional insured as its interests may appear (but without responsibility for premiums), (ii) provide, with respect to insurance carried in accordance with Section 4.6(a)(ii) or (a)(iii) above, that any amount payable thereunder shall be paid directly to Lender as sole loss payee and not to Lender and Customer jointly, (iii) provide for thirty (30) days’ (seven (7) days’ in the case of war, hijacking and allied perils) prior written notice by such insurer of cancellation, material change, or non-renewal, (iv) include a severability of interest clause providing that such policy shall operate in the same manner as if there were a separate policy covering each insured, (v) waive any right of set-off against Lender, and any rights of subrogation against Lender, (vi) provide that in respect of the interests of Lender in such policies, that the insurance shall not be invalidated by any action or inaction of Customer or any other Person operating or in possession of the Aircraft, regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by or binding upon Customer or any other Person operating or in possession of the Aircraft, and (vii) be primary, not subject to any co-insurance clause and shall be without right of contribution from any other insurance.

Customer shall not self-insure (by deductible, premium adjustment, or risk retention arrangement of any kind) with respect to any of the risks required to be insured pursuant to this Section 4.6. Customer agrees that it shall obtain and maintain such other insurance coverages, or cause adjustments to be made to the scope, amount or other aspects of the existing insurance coverages, promptly upon Lender’s request, as and when Lender deems such additional insurance coverages or modifications to be appropriate in light of any changes in Applicable Law, prudent industry practices, the insurance market, Customer’s anticipated use of the Aircraft or other pertinent circumstances. All of the coverages required herein shall be in full force and effect worldwide throughout any geographical areas to, in or over which the Aircraft is operated. All insurance proceeds payable under the requisite policies shall be payable in U.S. Dollars.

At least ten (10) days prior to the policy expiration date for any insurance coverage required by this Section 4.6, Customer shall furnish to Lender evidence (having the form and substance consistent with Section 1(f) of the Closing Terms Addendum) of the renewal or replacement of such coverage, complying with the terms hereof, for a twelve (12) month or greater period commencing from and after such expiration date.

#### Event of Loss; Loaner Engines.

Upon the occurrence of any Event of Loss with respect to the Aircraft and/or the Airframe, Customer shall notify Lender of any such Event of Loss within five (5) days of the date thereof. Customer shall pay the then Outstanding Balance promptly upon its receipt of insurance proceeds relating to such Event of Loss, but in no event later than ninety (90) days after the occurrence of such Event of Loss (irrespective as to whether any or all of such proceeds have been received). Upon Lender’s receipt in good and indefeasible funds of all of the amounts required to be paid pursuant to the preceding sentence (whether by applying Customer’s payment of such amounts, or any such insurance proceeds, or both) the Aircraft shall be released from the Lender’s Lien, and Lender shall remit to Customer any such insurance proceeds so received by Lender, to the extent then remaining.

Upon an Event of Loss with respect to an Engine or any APU (as applicable, a “ **Lost Item** ”) under circumstances in which there has not occurred an Event of Loss with respect to the Airframe, Customer shall, within one hundred twenty (120) days after the occurrence of such Event of Loss, replace such Lost Item, with a Permitted Replacement. Any engine or auxiliary power unit constituting a “ **Permitted Replacement** ” for a Lost Item shall (i) be of the same make and model number as the Lost Item, (ii) be free and clear of all Liens and (iii) have a value, utility and useful life at least equal to, and be in as good an operating condition as, the Lost Item, assuming such Lost Item was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss. Customer, at its own cost and expense, shall (i) furnish Lender with such documents to evidence such conveyance, (ii) cause the Permitted Replacement to be subject to the Lender’s Lien under this Agreement, and (iii) take such other actions as may be required by Lender to cause the Lender’s Lien therein to be validly created, perfected and have first priority, including as evidenced on the FAA Registry, the International Registry, and any other recording office. Each such Permitted Replacement shall, after such conveyance, be deemed an “Engine” or “APU” (as defined herein), as applicable, and shall be deemed part of the same Aircraft as was the Lost Item replaced thereby.

In the event an Engine is damaged and is being repaired, or is being inspected or overhauled, Customer, at its option, may temporarily substitute another engine during the period of such repair or overhaul, so long as such engine is of the same make and model as the Engine being repaired or overhauled, is free and clear of any Lien that might impair Lender’s rights or interests in the Airframe and is maintained in accordance herewith (any such substitute engine being hereinafter referred to as a “ **Loaner Engine** ”). Customer shall (i) cause such Loaner Engine to be installed and removed, as applicable, by a maintenance facility certified by the FAA and manufacturer with respect to the Aircraft, and (ii) cause the repaired or overhauled original Engine to be reinstalled on the Airframe promptly upon completion of the repair or overhaul, but in no event later than the earlier of one hundred twenty (120) days after removal or the occurrence of an Event of Default.

So long as no Default has occurred and is continuing, and no Event of Default or Event of Loss with respect to the Aircraft has occurred, any loss or damage proceeds of the Required Coverages received by Lender shall be released promptly by Lender to Customer to reimburse Customer for paying the costs actually incurred with respect to repairs made to the Aircraft so as to restore it to the condition required by this Agreement, or for the purchase of a Permitted Replacement pursuant to Section 4.7(b), or shall be disbursed by Lender as otherwise required by this Agreement.

Aircraft Registration. On or before the Closing Date, and at all times thereafter, so long as any of the Obligations are outstanding, Customer shall remain solely responsible pursuant to the applicable provisions of this Agreement to cause (i) the Aircraft to be effectively and otherwise validly registered in Customer’s name on the Registry, and (ii) the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft, in each case, accordance with the Registration Requirements; and without limiting the foregoing, or any other provision of this Agreement, Customer shall:

cause the Registration Certificate to be maintained within the Aircraft and cause the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft; including by (A) notifying Lender immediately of any event or circumstance with respect to which the Registration Requirements require further action by Customer, the Registry or any other Governmental Authority or other Person, (B) immediately upon receipt, placing the original, replacement or renewal Registration Certificate on the Aircraft prior to the expiration or other invalidation of any previously issued Registration Certificate (whether the certificate or any other document constituting the Registration Certificate as defined herein) under the Registration Requirements, and (C) complying with any and all of the other Registration Requirements relating to such Registration Certificate, and to the Registration Certificate replaced thereby (including any of the same relating to the destruction or return thereof, as the case may be); and



within such notice period) or (B) notify Lender of any Default or Event of Default within ten (10) Business Days of its occurrence; or

(i) any Customer Party shall (A) generally fail to pay its, or his or her debts as they become due, admit its, or his or her inability to pay its, or his or her debts or obligations generally as they fall due, or shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws or other insolvency laws, or an answer admitting the material allegations of such a petition filed against such Customer Party in any such proceeding; or (B) by voluntary petition, answer or consent, seek relief under the provisions of any other bankruptcy or other insolvency or similar law providing for the reorganization or liquidation of corporations, or providing for an assignment for the benefit of creditors, or providing for an agreement, composition, extension or adjustment with its, or his or her creditors; or (ii) a petition against any Customer Party in a proceeding under applicable bankruptcy laws or other insolvency laws, as now or hereafter in effect, shall be filed and shall not be withdrawn or dismissed within one hundred twenty (120) days thereafter, or if, under the provisions of any law providing for reorganization or liquidation of business entities that may apply to any Customer Party, any court of competent jurisdiction shall assume jurisdiction, custody or control of such Customer Party or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of one hundred eighty (180) days after the filing date; or

the occurrence of any of the following events with respect to any Customer Party: (A) it enters into any transaction of merger, consolidation or reorganization; (B) it ceases to do business as a going concern, liquidates, or dissolves, or sells, transfers or otherwise disposes of all or substantially all of its assets or properties (in one or more transactions); (C) it becomes the subject of, or engages in, a leveraged buy out; (D) it changes the form of organization of its business; (E) if it is privately owned as of the Closing Date, there is any substantial change in the ownership or control of its capital stock or membership interests such that the holder(s) that own or control one hundred percent (100%) of such equity interests as of the Closing Date no longer do so; or (F) if it is publicly held as of the Closing Date, any change so that it is no longer subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or no longer registered under Section 12 of the Securities Act of 1933, as amended; or

(i) the conviction of or guilty plea by any Customer Party with respect to any criminal act constituting a felony, (ii) any repudiation by any Customer Party of its obligation for the payment or performance of the Obligations, (iii) any allegation by any Customer Party or judicial determination that any of the Loan Documents is unenforceable in any material respect or (iv) a Default (as defined in any Guaranty) shall occur; or any event or condition constituting a breach or other default under any Operating Consent.

## **Remedies .**

Acceleration; Termination of Commitment . If any Event of Default shall occur, Lender, in its sole discretion, may (a) declare the Obligations to be immediately due and payable, and upon such declaration the Obligations (including, the unpaid principal amount of the Note, together with all accrued but unpaid interest thereon, any prepayment fees and all other amounts due and payable under or with respect to the Loan Documents), shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the other Loan Documents to the contrary notwithstanding, (b) terminate any then outstanding commitment whether to Customer or any Affiliate to make the Loan or any advance thereof, or any other financial accommodations, whether related to the Loan or otherwise, and/or (c) pursue and enforce any of Lender's rights and remedies under this Section 7; provided, however, if an Event of Default specified in Section 6 (e) above shall occur, the Obligations shall become immediately due and payable, all such commitments shall terminate, and Lender shall have all such other rights and remedies contemplated in the preceding clauses (a), (b) and (c), automatically, and without any notice or other action by Lender.

Additional Remedies . If an Event of Default occurs, in addition to all other rights and remedies granted to it in this Agreement and in the other Loan Documents, Lender may exercise all rights and remedies of a secured party under the UCC or as a creditor, chargee or security assignee under the Cape Town Convention (including any and all remedies thereunder requiring agreement by Customer), or otherwise available to Lender under any other Applicable Law. Without limiting the generality of the foregoing, Customer agrees that upon the occurrence of an Event of Default, Lender, without demand or notice of any kind (except as specified below) to or upon Customer or any other Person, in its sole discretion, may exercise any one or more of the following remedies:

(i) peacefully enter the premises where the Aircraft, the Engines, or any other Collateral is located, take immediate possession of, remove (or disable in place), or otherwise take control or custody of the Airframe, the Engines or any other Collateral (whether or not then attached to the Airframe) by self-help, summary proceedings or otherwise without liability, (ii) preserve the Airframe, the Engines or the other Collateral, and their respective value (but without any obligation to do so), and immobilize or keep idle the Airframe or Engines, and/or (iii) use Customer's premises for storage without liability; and Customer agrees, at Lender's request, to assemble the Collateral, and make it available to Lender at such places as Lender shall reasonably select, whether at Customer's premises or elsewhere;

(i) terminate the right of any Interested Third Party, and any other third party to use, possess or control the Airframe, the Engines or any of the other Collateral, including under any Permitted Third Party Agreement or other Third Party Agreement, without regard as to the existence of any event of default thereunder, (ii) recover from, and/or cause Customer and any such Interested Third Party, and any other third party, to relinquish possession and return the Airframe, the Engines and any other Collateral pursuant to this Section 7, and/or (iii) exercise any and all other remedies under any Operating Consents in Customer's stead, to the extent provided for under, or otherwise available to Customer in connection with any related Permitted Third Party Agreement or such other Third Party Agreement;

(i) manage, sell, lease, assign or otherwise dispose of the Airframe, the Engines or any other Collateral, in whole or in part, whether or not in Lender's possession, in one or more parcels or transactions, at public or private sale or sales, with or without notice to Customer (except as required by Applicable Law, and in furtherance thereof, Lender agrees that it shall give Customer no less than ten (10) working days' prior notice of any proposed sale or lease of the Airframe or Engines, which Customer acknowledges as constituting "reasonable prior notice" for the purposes of the Cape Town Convention) at such prices as Lender may deem best, and/or (ii) purchase the Collateral, in whole or in part, upon any public sale or sales, and to the extent permitted by Applicable Law upon any private sale or sales, free of any right or equity of redemption in Customer, which right or equity of redemption is hereby expressly released;

(i) collect, receive, appropriate and realize upon the Collateral, or any part thereof, including by applying any deposit or other cash collateral, or collecting or receiving, appropriating and realizing upon any income, profits or other proceeds arising from the management or use of the Airframe, the Engines or any of the other Collateral, and applying the same (after deducting all taxes, costs, expenses and other reductions of every kind incurred in connection therewith) to the payment in whole or in part of the Obligations, in such order and manner as Lender may elect; and (ii) after making such application, (A) remitting to Customer or to such other Person any excess then remaining, as and to the extent Lender is required by Applicable Law to make such remittance and (B) demanding, collecting and receiving from Customer any deficiency then remaining (and Customer agrees that it shall remain liable for, and pay upon demand, the full amount of any such deficiency);

(i) demand and obtain from any court speedy relief pending final determination available at law (including, possession, control, custody or immobilization of the Airframe and Engines, or preservation of the Airframe and the Engines and their respective value), (ii) procure the deregistration and/or export and physical transfer of the Airframe from the territory in which it is then situated (including pursuant to an IDERA, if any, executed by Customer), and/or (iii) otherwise proceed at law or in equity, to enforce specifically Customer's performance or to recover damages; and/or

exercise any and all other rights and remedies under or with respect to the Loan Documents or Applicable Law, including the Cape Town Convention and the UCC.

No Waiver: Cumulative Remedies . No right or remedy is exclusive. Customer hereby acknowledges that none of the provisions of this Section 7, including any remedies set forth or referenced herein, is "manifestly unreasonable" for the purposes of the Cape Town Convention. Each may be used successively and cumulatively and in addition to any other right or remedy referred to above or otherwise available to Lender at law or in equity, but in no event shall Lender be entitled to recover any amount in excess of the maximum amount recoverable under Applicable Law with respect to any Event of Default. No express or implied waiver by Lender of any Default or Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default. The failure or delay of Lender in exercising any rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or reoccurrence of any such contingencies or similar contingencies, and any single or partial exercise of any particular right by Lender shall not exhaust the same or constitute a waiver of any other right provided for or otherwise referred to herein. After the occurrence of any Default or Event of Default, the acceptance by Lender of any payment or performance of any of the Obligations, including the payment of any installment of principal and/or interest or of any other sum owing hereunder or under the other Loan Documents shall not constitute a waiver of such Default or Event of Default, regardless of Lender's knowledge or lack of knowledge thereof at the time of acceptance of any such payment or performance and shall not constitute a reinstatement of any of the Loan Documents, unless Lender shall have agreed in writing to reinstate the same and waive the Default or Event of Default. To the extent permitted by Applicable Law, Customer waives any rights now or hereafter conferred thereby, that (a) limit or modify any of Lender's rights or remedies under this Agreement or any of the other Loan Documents, including the provisions of Article 13(2) of the Convention, or (b) would otherwise entitle Customer to (i) receive notices or demands as a condition to Lender's exercise of any rights or remedies, except as expressly required above or (ii) make claims, damages and demands against Lender arising out of the repossession, retention, sale or other disposition of the Collateral.

#### **MISCELLANEOUS**

Notices . All communications and notices provided for herein shall be in writing and shall be deemed to have been duly given or made (i) upon hand delivery, or (ii) upon delivery by an overnight delivery service, or (iii) when sent by telecopy (with customary confirmation of receipt of such telecopy) on the Business Day when sent or upon the next Business Day if sent on other than a Business Day.

#### Expenses and Fees; Indemnity; Performance of Customer's Obligations .

Customer shall pay to Lender upon demand all reasonable fees, costs and expenses incurred by or on behalf of Lender at any time in connection with (i) the negotiation, preparation, execution, delivery and enforcement of the Loan Documents and the collection of the Obligations (both before and after the occurrence of a Default or Event of Default), (ii) the creation, preservation and protection of the Collateral and the perfection, first priority and enforcement of Lender's Lien, or (iii) Customer's exercise of any right granted under, or any amendment or other modification to any of, the Loan Documents. Such fees, costs and expenses shall include, without limitation, reasonable appraisal and inspection fees, the reasonable fees and expenses of Aviation Counsel and of Lender's counsel, consultants and brokers, UCC, FAA, International Registry and other applicable title, interest and lien searches, and reasonable costs and expenses relating to recovery, repossession, storage, insurance, transportation, repair, refurbishment, advertising, sale and other dispositions of the Aircraft or any of the other Collateral. Customer shall also pay all reasonable fees (including license, filing and registration fees), Impositions and other charges of whatever kind or nature that may be payable or determined to be payable in connection with (A) the execution, delivery, recording or performance of this Agreement or any of the other Loan Documents, or any modification thereof, and (B) the filings, registrations and other undertakings relating thereto. Notwithstanding the foregoing, as long as there are no more than two (2) revised drafts of any Loan Document provided by Customer or its counsel to Lender or Lender's counsel, Customer shall be responsible for not more than \$35,000.00 in the aggregate for the legal fees of outside counsel to Lender (including, Aviation Counsel) and appraisal, inspection, processing, credit verification, lien searches, FAA and International Registry fees and other fees incurred in connection with the initial negotiation, preparation and execution of this Agreement and the other Loan Documents executed and delivered on or before the Closing Date (and the consummation of the closing contemplated to occur thereon); provided that in the event that the negotiation exceeds two (2) revised drafts of any Loan Document, then Customer shall pay for the actual amount of such out of pocket fees incurred by Lender relating to the drafting and negotiation in excess of such two (2) revised drafts. Lender shall apply the previously paid deposit amount of \$35,000.00 to such fees and shall refund to Customer the amount by which the deposit exceeds such fees.

Customer hereby further agrees, whether or not the transactions contemplated by this Agreement shall be consummated, to pay, indemnify, and hold Lender and its affiliates and all of the Lender's and such affiliates' respective directors, shareholders, members, officers, employees, agents, predecessors, attorneys-in-fact, lawyers, successors and assigns (Lender, its affiliates and all of such other parties and entities sometimes hereinafter collectively, the "**Indemnified Parties** ") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, out of pocket costs, attorney's fees, expenses or disbursements of any kind or nature whatsoever ("**Claims** ") arising with respect to or in connection with (i) the Airframe, the Engines, or any APUs or Parts, or any of the other Collateral, including (whether by or through Customer, Vendor, any Interested Third Party, or any other Person), the manufacture, inspection, ownership, lease, sublease, management, pooling, interchange, time sharing, chartering, possession, use, operation, maintenance, security, condition (whether prior to, upon or after delivery or acceptance of any of the same), repossession, storage, sale or other disposition of any of the same, or any accident in connection therewith, including Claims involving or alleging environmental damage, criminal acts, hijacking, acts of terrorism or similar acts, product liability or strict or absolute liability in tort, latent and other defects (whether or not discoverable) and for any other risk or matter, including any of the same that result in injuries, death, destruction, or other harm or loss to persons or property, or (ii) any of the Loan Documents, Third Party Agreements or other Transaction Documents, or the performance, breach (including any Default or Event of Default) or enforcement of any of the terms hereof or thereof, provided, that Customer shall have no obligation to indemnify an Indemnified Party with respect to Claims arising from the gross negligence or willful misconduct of such Indemnified Party (unless if imputed by Applicable Law). If any Claim is made against any Indemnified Party, the party receiving notice or otherwise becoming aware of such Claim shall promptly notify the other, but the failure of the party having knowledge of a Claim to so notify the other party shall not relieve Customer of any obligation hereunder.

If any Customer Party fails to perform or comply with any of its agreements contained herein or in the other Loan Documents, including, without limitation, its obligations to keep the Collateral free of Liens (other than the Permitted Liens), comply with Applicable Standards, or obtain the Required Coverages, Lender shall have the right, but shall not be obligated, to effect such performance or compliance, with such agreement. Any expenses of Lender incurred in connection with effecting such performance or compliance, together with interest thereon at the default rate of interest provided for in the Note from the date incurred until reimbursed, shall be payable by Customer to Lender promptly on demand and until such payment shall constitute part of the Obligations secured hereby. Any such action shall not be a cure or waiver of any Default or Event of Default hereunder.

Entire Agreement; Modifications . This Agreement and the other Loan Documents constitute the entire understanding and agreement of the parties hereto with respect to the matters contained herein and therein, and shall completely and fully supersede all other prior agreements (including any proposal letter, commitment letter, and/or term sheet), both written and oral, between Lender and Customer relating to the Obligations. Neither this Agreement, nor any terms hereof, may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of a change, waiver, discharge or termination is sought.

Construction of this Agreement and Related Matters . All representations and warranties made in this Agreement and in the other Loan Documents shall survive the execution and delivery of this Agreement and the making of the Loan hereunder. Customer's obligations contained in this Section 8 shall survive the payment and performance of the Obligations, the termination of this Agreement, and the release of the Collateral.

This Agreement may be executed by the parties hereto on any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. The headings of the Sections hereof are for convenience only, are not part of this Agreement and shall not be deemed to affect the meaning or construction of any of the provisions hereof. Time is of the essence in the payment and performance of all of Customer's obligations under this Agreement. Any provision of this Agreement that may be determined to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective in such jurisdiction to the extent thereof without invalidating the remaining provisions of this Agreement, which shall remain in full force and effect.

**Lender's Assignment.** Lender, may at any time, with or without notice to Customer, freely grant a security interest in, sell, assign, participate or otherwise transfer (an "Assignment") all or any part of its interest in this Agreement and the other Loan Documents (including all associated rights associated with or secured thereby and the related international interests) or any amount due or to become due hereunder or thereunder, and Customer shall perform all of its obligations under the Loan Documents, to the extent so transferred, for the benefit of the beneficiary of such Assignment (such beneficiary, including any successors and assigns, an "Assignee"); provided, however, if such Assignee is not an Affiliate of Lender and if no Default or Event of Default exists, Lender will provide prior notice of any such Assignment to a third party. Customer hereby waives any right to assert, and agrees not to assert, against any Assignee any abatement, reduction, defense, setoff, recoupment, claim or counterclaim that Customer may have against Lender, provided that Lender remains fully responsible therefor. Upon the assumption by such Assignee of Lender's obligations hereunder, Lender shall be relieved of any such assumed obligations. Customer hereby consents to any such assignment, grant, sale or transfer, including, without limitation, for purposes of the Cape Town Convention. If so directed in writing, Customer shall pay all amounts due or to become due under the Loan Documents, including any of the same constituting associated rights or proceeds directly to the Assignee or any other party designated in writing by Lender or such Assignee. Customer acknowledges and agrees that Lender's right to enter into an Assignment is essential to Lender and, accordingly, waives any restrictions under Applicable Law with respect to an Assignment and any related remedies. Upon the request of Lender or any Assignee, Customer also agrees (a) to promptly execute and deliver, and cause to be executed and delivered by any Guarantor or any other Transaction Party, to Lender or to such Assignee an acknowledgment of assignment in form and substance satisfactory to the requesting party, an insurance certificate naming Assignee as additional insured and loss payee and otherwise evidencing the Required Coverages, an IDERA in favor of Assignee, and such other documents and assurances reasonably requested by Lender or Assignee, (b) to make, or cause to be made, all registrations (including all assignments and subordinations) and all amendments, extensions and discharges with the International Registry reasonably requested by Lender or Assignee (and give or obtain any necessary consent thereto, as well as renew any authorization required by the International Registry in connection therewith, including renewing its transacting user entity status and re-designating a professional user entity, if necessary in Lender's judgment), and (c) to comply with any and all other reasonable requirements of any such Assignee in connection with any such Assignment.

**Jurisdiction.** Customer and Lender each hereby irrevocably consents and agrees that any legal action, suit or proceeding arising out of or in any way in connection with this Agreement or any of the other Loan Documents may be instituted or brought in the courts of the State of New York or in the United States Courts for the Southern District of New York, as Customer or Lender may elect or in any other state or Federal court as Lender shall deem appropriate, and by execution and delivery of this Agreement, Customer and Lender each hereby irrevocably accepts and submits to, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of any such court, and to all proceedings in such courts. Customer and Lender each irrevocably consents to service of any summons and/or legal process by first class, certified United States air mail, postage prepaid, to Customer at the address set forth below its signature hereto, such method of service to constitute, in every respect, sufficient and effective service of process in any such legal action or proceeding. Nothing in this Agreement or in any of the other Loan Documents shall affect the right to service of process in any other manner permitted by law or limit the right of Lender to bring actions, suits or proceedings in the courts of any other jurisdiction. Customer and Lender each further agrees that final judgment against it in any such legal action, suit or proceeding shall 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 shall be conclusive evidence of the fact and the amount of the liability. Notwithstanding anything in the foregoing to the contrary, Lender and Customer may bring a judicial proceeding in the Republic of Ireland, solely with respect to matters relating to the International Registry.

**Governing Law; Binding Effect.** This Agreement shall be construed and enforced in accordance with, and the rights of both parties shall be governed by, the internal laws of the State of New York (without regard to the conflict of laws principles of such state, except as to the effect of Title 14, Section 5-1401 of the New York General Obligations Law), including all matters of construction, validity, and performance. This Agreement shall be binding upon and inure to the benefit of Customer and Lender and their respective successors and assigns (but without limiting the provisions of Section 8.5); except that Customer may not assign or transfer its rights or obligations hereunder or under any other Loan Agreement, or any interest herein or therein; and any such purported or attempted assignment or transfer by Customer shall be null and void.

**Customer's Capacity as Owner Trustee.** TVPX Aircraft Solutions Inc. ("TVPX") is executing this Agreement, and the other Loan Documents solely in its capacity as Owner Trustee under the Trust Agreement and not in its individual capacity and in no case shall TVPX be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of the Customer hereunder, or under any Loan Document, all such liability, if any, being expressly waived by the parties hereto and any Person claiming by, through, or under such party. Under no circumstances shall TVPX be personally liable for the payment of any other amount stated to be due from the Customer hereunder, or under any Loan Document, or be personally liable for the breach or failure of any of Customer's representations, warranties, covenants, obligations, undertakings and agreements hereunder, or under any Loan Documents; provided, however, that the Customer (or any such successor owner trustee) shall be personally liable hereunder for its own gross negligence or willful misconduct or for its breach of its covenants, representations and warranties contained herein, or in any Loan Document, to the extent covenanted or made in its individual capacity.

**Jury Waiver.** CUSTOMER AND LENDER EACH HEREBY KNOWINGLY AND FREELY WAIVES THEIR RESPECTIVE RIGHTS TO A JURY TRIAL IN ANY ACTION, SUIT OR PROCEEDING RELATING TO, ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE NOTE OR ANY OF THE OTHER LOAN DOCUMENTS.

**[Signatures On Next Page]**

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Loan and Aircraft Security Agreement

IN WITNESS WHEREOF, the parties hereto have caused this Loan and Aircraft Security Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

BANC OF AMERICA LEASING & CAPITAL, LLC, Lender

TVPX AIRCRAFT SOLUTIONS INC., a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated July \_\_\_\_, 2017,

Customer

By:  
Name:  
Title:  
Notice Address:

One Financial Plaza, 2nd Floor  
Providence, Rhode Island 02903  
Attention: Director of Aircraft Operations  
Telephone: 800-238-3737  
Facsimile: 401-278-7941

By:  
Name:  
Title:

Notice Address:

39 East Eagle Ridge Drive, Ste. 201  
North Salt Lake, UT 84054  
Telephone: (801) 924-367  
Facsimile: (801) 877-0478

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### LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)

**THIS LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)** (together with all Addenda, Riders and Annexes hereto, this “**Agreement**”) is dated as of July 27, 2017 (the “**Closing Date**”), by and between **TVPX AIRCRAFT SOLUTIONS INC.**, a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated as of July 27, 2017 (“**Customer**”) and **BANC OF AMERICA LEASING & CAPITAL, LLC**, a Delaware limited liability company (“**Lender**”).

In consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

Capitalized and certain other terms used but not otherwise defined in this Agreement shall have the meanings ascribed to them in Annex A attached hereto and made a part hereof.

#### Terms of Loan .

Loan and Use of Proceeds . Subject to the terms and conditions of this Agreement, Lender agrees to make a loan to Customer in the principal amount set forth in Annex B attached hereto and made a part hereof (the “**Loan**”). Customer shall use the proceeds of the Loan to finance the costs of the acquisition of the Aircraft.

Repayment and Prepayment . The Customer’s obligation to repay the Loan shall be evidenced by one or more Promissory Notes dated on and/or after the Closing Date, payable by Customer to the order of Lender in the original principal amount of the Loan (as amended, modified, restated, extended and renewed from time to time, the “**Note**”). The Loan shall bear interest and be repaid by Customer at the times and in the manner set forth in the Note. The Loan may be prepaid only in the manner and subject to terms and conditions set forth in the Note and, if applicable, Section 4.7 hereof.

Conditions of Borrowing . Lender’s obligation to make the Loan shall be both subject to and conditioned upon the satisfaction of all of the conditions precedent specified in the Closing Terms Addendum attached to and made a part of this Agreement.

Representations and Warranties . In order to induce Lender to enter into this Agreement and to make the Loan herein provided for, Customer represents, warrants and covenants to Lender that:

(i) Customer (A) is duly qualified to do business in each jurisdiction in which the conduct of its business or the ownership or operation of its assets requires such qualification, including the jurisdiction of the Primary Hangar Location and wherever any of the Collateral may become located; (B) has the necessary authority and power to own and operate the Aircraft and its other assets and to transact the business in which it is engaged; (C) is a “citizen of the United States” within the meaning of the Transportation Code; and (D) has the form of business organization set forth in Annex B hereto and is and will remain duly organized, validly existing and in good standing under the laws of the state of its organization set forth in Annex B hereto, its federal tax identification number is as set forth in Annex B hereto, and its state-issued organizational identification number (if any), chief executive office and principal place of business address are all as set forth on Annex B hereto; and (ii) its name as shown in the preamble of this Agreement is its exact legal name as shown on its charter, by-laws, articles of organization or operating agreement, as applicable, each as amended as of the Closing Date;

(i) Customer’s execution and delivery of, and performance of its obligations under and with respect to, each of the Loan Documents (including its borrowing the amounts constituting the Loan, granting the Lender’s Lien against the Aircraft and other Collateral and participating in the other transactions contemplated herein and therein), (A) have been duly authorized by all necessary action on the part of Customer consistent with its form of organization, (B) do not contravene or constitute a default under any Applicable Law, any of Customer’s Organizational Documents, or any agreement, indenture, or other instrument to which Customer is a party or by which it may be bound, (C) do not require the approval of or notice to (1) any Governmental Authority, except for the filings and registrations specified in the Closing Terms Addendum, all of which shall have been duly effected prior to or concurrently with Lender making the Loan, or (2) any other party (including any trustees or holders of indebtedness), and (D) will not result in the creation or imposition of any Lien on any of the assets of Customer other than the Lender’s Lien created hereby and by the other Loan Documents with respect to the Collateral; (ii) each of the Transaction Documents referenced in the Closing Terms Addendum to which Customer is a party has been duly executed and delivered by an authorized representative of the Customer, and constitutes the legal, valid and binding obligation of the Customer, enforceable against it in accordance with the respective terms of such Transaction Documents (including, without limitation, the grant of the Lender’s Lien); and (iii) without limiting the foregoing, upon Lender’s advancing the Loan on the Closing Date, (A) Customer will have satisfied or complied with all conditions precedent and requirements as set forth in the Loan Documents required to have been

satisfied or complied with concurrently with or prior to such advance and (B) no Default or Event of Default shall be then existing;

there are no proceedings pending or, so far as the officers, managers, or members of Customer know, threatened against or affecting Customer or any of its property before any Governmental Authority that could impair Customer's title to the Aircraft or any of the other Collateral, or that, if decided adversely, could materially affect the financial condition or operations of Customer or its ability to perform its obligations under any of the Loan Documents;

(i) Customer has, and shall continue to have, good and marketable title to the Collateral, free and clear of Liens, except Permitted Liens; (ii) the Lender's Lien in the Airframe, the Engines and the other Collateral is and shall remain validly created and perfected, and has and shall continue to have first priority over any other Liens pursuant to all Applicable Laws; and (iii) all filings, recordings, registrations or other actions necessary or desirable in order to vest such title in Customer, and establish, perfect and give first priority to Lender's Lien and other rights and interests in, against or with respect to the Collateral, have been duly effected, and all Impositions in connection therewith have been duly paid;

without limiting any of the other representations and warranties in this Agreement, for the purposes of the Cape Town Convention and any other Applicable Law, (i) upon the conclusion of the sale of the Aircraft to Customer, and Customer's grants and assignments, and (if constituting a lease) any Permitted Third Party Agreement, contemplated in the Loan Documents or other Transaction Documents, Customer and (if a lessee) any Interested Third Party shall be situated in, and Customer will cause the Aircraft to be duly registered in, the United States of America (which is a contracting state), (ii) with respect to any of the Transaction Documents relating to the Airframe or Engine, each of the respective parties thereto has power to dispose of the Airframe and Engine, as contemplated therein by way of the relevant Transaction Document, and (iii) the Purchase Documents qualify as a "contract of sale", and (if constituting a lease) any Permitted Third Party Agreement and the Loan Documents are effective to constitute international interests in the Airframe and Engine and security assignments of the related associated rights and transfer of the related international interests, as contemplated therein, and each such Registerable Interest will be effective against third parties upon registration at the International Registry, without any further filings or registrations (except as contemplated in the Loan Documents);

(i) the Aircraft (A) has been delivered to Customer, is in Customer's possession and is, as of the Closing Date, unconditionally, irrevocably and fully accepted by Customer, (B) has been inspected by Customer to its complete satisfaction and, without limiting the foregoing, (1) has been found to be in good working order, repair and condition and fully equipped to operate for its intended purpose, and (2) is in conformity with the requirements of the Purchase Agreement and the Applicable Standards, (C) is, or will be at the time of the funding of the Loan, currently certified under existing FAA rules and regulations and any other Applicable Laws and is airworthy in all respects, and (D) is and will remain primarily hangared at the Primary Hangar Location; and (ii) without limiting the foregoing, (A) solely as between Lender and Customer (and without prejudicing Customer's rights against Vendor or any other third party, which rights are not being disclaimed hereby), Customer has no pending claims and has no knowledge of any facts upon which a future claim may be based, against any prior owner, the seller, manufacturer or supplier of the Aircraft or any of the other Collateral, for breach of warranty or otherwise, and (B) all of the information contained in Annex C, including the registration number of the Aircraft, and the serial numbers, manufacturer and model numbers of the Airframe, Engines, and APU, are true and accurate in all respects; and

(h) the Aircraft (i) is currently capable of being certified under existing FAA rules and regulations and completely airworthy in all respects, (ii) will undergo an inspection by a Designated Airworthiness Representative of the FAA ("DAR") on the Closing Date and (iii) an FAA Standard Airworthiness Certificate (AC Form 8100-2) shall be issued for the Aircraft no later than two (2) Business Days after the Closing Date.

**Covenants** . Customer covenants and agrees that from and after the Closing Date and so long as any of the Obligations are outstanding:

Notices; Financial Information; and Further Assurances . Customer will, at its sole expense:

promptly give written notice to Lender of (i) the occurrence of any Default or Event of Default; (ii) the occurrence of any Event of Loss or event of which Customer may be aware that could become an Event of Loss; (iii) the commencement or written threat of any material litigation or proceedings affecting Customer or any material litigation or proceedings affecting the Aircraft or any of the other Collateral, or the ability of Customer to comply with its obligations under the Loan Documents; and (iv) any material dispute between Customer or any Interested Third Party and any Governmental Authority or other party that involves the Aircraft or any of the other Collateral or that might materially interfere with the normal business operations of Customer;

cause Guarantor to comply with the financial reporting requirements set forth in the Guaranty and promptly furnish to Lender any such financial and other information regarding the Customer or Guarantor or any of its Affiliates as Lender may from time to time reasonably request; and

promptly execute and deliver to Lender such further instruments, UCC and FAA filings (including an IDERA) and other documents, make, cause to be made and/or consent to all registrations (including any discharges and subordinations, or as to the prospective or actual sale of, and any international interest in, the Engines) with the International Registry, and take such further action, as Lender may from time to time reasonably request in order to further carry out the intent and purpose of the Loan Documents and to establish, protect and enforce the rights, interests, remedies and Liens (including the first priority thereof) created, or intended to be created, in favor of Lender thereby.

General Obligations . (a) Customer agrees that it shall (i) duly observe and conform to all requirements of Applicable Law relating to the conduct of its business and/or the Aircraft, (ii) remain a "citizen of the United States" within the meaning of the Transportation Code, (iii) obtain and keep in full force and effect (A) all rights, franchises, licenses and permits that are necessary to the proper conduct of its business, and (B) all approvals by any Governmental Authority required with respect to the performance of its obligations under the Loan Documents and the operation of the Aircraft and its business, (iv) cause the Aircraft to remain primarily hangared at the Primary Hangar Location, and duly registered in Customer's name under the Transportation Code (including, by making all necessary reports, re-registering its ownership of the Aircraft, and taking all other actions required by Applicable Law), and (v) pay and perform all of its obligations and liabilities when due. (b) Customer agrees that (i) it shall not change its presently existing legal name or its form or state of organization on or after the date of this Agreement, without Lender's prior written consent, (ii) if its presently existing state organizational identification number changes, or if Customer currently has no such state organizational number but is subsequently issued such a number, on or at any time after the date of this Agreement, Customer shall immediately notify Lender thereof, and (iii) it shall not change the presently existing mailing, chief executive office and/or principal place of business address on or after the date of this Agreement without giving Lender thirty (30) days written notice of the same.

Taxes . (a) Customer will file or cause to be filed with all appropriate taxing authorities all Federal, state and local income tax returns that are required to be filed and all registrations, declarations, returns and other documentation with respect to any personal property taxes (or any other taxes in the nature of or imposed in lieu of property taxes) due or to become due with respect to the Aircraft or any of the other Collateral. (b) Customer will pay (or cause to be paid) (i) on or before the date when due all taxes as shown on said returns and all taxes assessed, billed or otherwise payable with respect to the Aircraft or the other Collateral directly to the appropriate taxing authorities; and (ii) when due all license and/or registration or filing fees, assessments, governmental charges and sales, use, property, excise, privilege, value added and other taxes (including any related interest or penalties) or other charges or fees now or hereafter imposed by any governmental body or agency upon Customer or the Aircraft or any of the other Collateral, with respect to the landing, airport use, manufacturing, ordering, shipment, purchase, ownership, delivery, installation, leasing, chartering, operation, possession, use or disposition of the Aircraft or any of the other Collateral, or any interest therein (the items referred to in (i) and (ii) above being referred to herein collectively, as "Impositions").

No Disposition of Collateral or Liens; Title and Security Interest .

Customer shall not sell, assign, enter into any Third Party Agreement, convey, mortgage, exchange or otherwise transfer or relinquish possession of (including by any seizure or other taking by any foreign or domestic governmental authority) or dispose of the Airframe or Engines, any Part, any related associated rights, international interests or prospective international interests, any proceeds or any of the other Collateral, or attempt or offer to do, or suffer or permit any of the foregoing. Customer shall be permitted, however, to deliver possession of the Airframe, the Engines, or any APU or Part to another Person for testing, service, repair, maintenance, overhaul, alteration or modification, and to enter into Permitted Third Party Agreements, in each case, if and to the extent consistent with the provisions of the Loan Documents. Customer will warrant and defend its good and marketable title to the Airframe, the Engines and the other Collateral, and the validity, perfection and first priority of Lender's Lien in the Collateral, against all other Liens, claims and demands whatsoever, except Permitted Liens; and without limiting the foregoing, Customer will (i) not create, assume or suffer to exist any Liens on or with respect to the Airframe, the Engines, or any of the other Collateral, or Customer's interest therein (other than Permitted Liens); and (ii) promptly take such action as directed by Lender to duly discharge any such unpermitted Liens.

So long as no Default or Event of Default is then existing, Customer may enter into and remain a party to Third Party Agreements, in each such case, subject to the satisfaction of, and compliance by Customer and each Interested Third Party with, all of the following throughout the term of such arrangement: (i) Each such Interested Third Party shall (A) be and remain solvent, and (unless an individual) organized under the laws of a state within the United States; and (B) if engaged by Customer with the prior written consent of Lender as a manager and/or charter operator (including the Manager pursuant to the Management Agreement), while so engaged, (1) have a recognized favorable reputation as a manager and/or charter operator, as the case may be, of aircraft similar to the Aircraft, (2) be providing management and/or charter operation services for other aircraft owners similar to the services contemplated therein, and (3) if and at all times while conducting any charter operations (x) have and maintain a valid Part 135 Certificate evidencing its authority to conduct such operations, (y) list the Aircraft on its operations specifications, and (z) comply with all Applicable Standards pertaining to such charter operations. (ii) Any operation of the Aircraft pursuant to any such Third Party Agreement shall be limited to (A) if by Customer, Parent Guarantor or any Affiliate of Parent Guarantor, any time sharing agreements (as defined in Section 91.501(c)(1)) complying with Part 91 of the FARs and all other Applicable Standards, (B) if by a manager and/or a charter operator with Lender's prior written consent, pursuant to and in full compliance with the requirements of Part 135 of the FARs and all other Applicable Standards, or (C) if such Third Party Agreement is a "dry lease" by Customer, as lessor, to Parent Guarantor or an Affiliate of Parent Guarantor or other Interested Third Party permitted pursuant hereto, as lessee, operation by such lessee complying with (1) Part 91 and any other applicable provision of the FARs, and all other Applicable Standards, and (2) the provisions hereof and of the other Loan Documents pertinent to the operation of the Aircraft (whether by Customer or any permitted Interested Third Party). (iii) The related Third Party Agreement shall (A) be and remain, subject and subordinate to Lender's Lien in and with respect to the Collateral, and Lender's rights and remedies under the Loan Documents (and such subordination shall be expressly acknowledged therein), (B) not convey any Lien on, or other property interest in or against the Airframe, the Engines or any of the other Collateral, except for a Permitted Lien (but, without giving effect to clause (a) of the definition of such term), (C) not permit any further sublease or disposition of or unpermitted Lien against the Aircraft or any of the other Collateral by any of the Interested Parties thereto or any other Person, or any change in registration or unpermitted change in hanging of the Aircraft, (D) not contain provisions that are inconsistent with the provisions of any of the Loan Documents or cause Customer to breach any of its representations, warranties or agreements under any of the Loan Documents, (E) be in conformity with all requirements of the FARs and other Applicable Laws, and (F) otherwise conform to any Operating Consent required by Lender with respect thereto. (iv) (A) Customer shall have specified such Third Party Agreement on Annex B if existing on the Closing Date, or if not then existing shall require Lender's prior written consent and at least thirty (30) Business Days' prior written notice of its intention to enter into a Third Party Agreement and (B) no later than the effective date thereof Customer shall comply with, and at all times thereafter remain in compliance with, any related requirements by Lender, including (1) entering into, and causing any related Interested Third Parties to enter into, an Operating Consent, (2) causing Lender to be covered by the Required Coverages (which, for the purposes hereof, may include insurance coverages obtained and maintained by an Interested Third Party, conforming to the insurance requirements herein and in any of the other Loan Documents), and (3) entering into or delivering, or causing to be entered into and delivered, all such other documents, filings and assurances, making or causing to be made such filings and registrations, and taking or causing to be taken all such other actions, in each case as may be required by Lender and (4) paying or reimbursing Lender for any related costs or expenses. (v) Lender shall have the right, but not the obligation, to (A) require reasonable evidence that any Interested Third Party satisfies the requirements provided herein, and (B) review any such Third Party Agreement, as from time to time supplemented and amended, to determine its conformity with the provisions hereof, but without assuming any responsibility with respect thereto. (vi) Customer shall neither make, nor permit to be made, any filing or registration with respect to any Permitted Third Party Agreement, unless so directed by Lender pursuant to Section 5.2 or otherwise. Notwithstanding the foregoing limitations Parent Guarantor or any Affiliate shall be permitted to conduct the carriage of Parent Guarantor or any Affiliate and/or their respective guests pursuant to 14 CFR Section 91.501(b)(4), affiliated group operations pursuant to 14 CFR Section 91.501(b)(5) and/or (6), demonstration flights pursuant to 14 CFR Section 91.501(b)(3), time sharing or interchange operations pursuant to 14 CFR Section 91.501(b)(6), the carriage of customers pursuant to 14 CFR Section 91.501(b)(9) and/or the carriage of candidates in Federal elections conducted pursuant to 14 CFR Section 91.321.

With respect to any Third Party Agreements complying with all of the provisions of Section 4.4(b) (each a "**Permitted Third Party Agreement**"), although certain of the duties and obligations of Customer under the Loan Documents may be performed by one or more of the Interested Third Parties, (i) no such Permitted Third Party Agreement shall reduce any of Customer's obligations, or Lender's rights, under any of the Loan Documents, (ii) all of Customer's obligations under the Loan Documents shall be and remain primary and continue in full force and effect as the obligations of a principal and not of a guarantor or surety, and (iii) Lender is not waiving the right to require full and timely performance of any such obligations in strict accordance with the provisions hereof and of the other Loan Documents. By way of clarification and not limitation, with respect to any provisions of this Agreement or any of the other Loan Documents requiring Customer to take or refrain from taking an action relating to the Aircraft or any of the other Collateral, such provision may also be read to mean that Customer shall cause the same to be done in accordance therewith, if at that time the Aircraft or such other Collateral is in the possession or control of an Interested Third Party pursuant to a Permitted Third Party Agreement.

#### Use of Aircraft; Maintenance; Modifications; Security .

Customer will operate the Aircraft or shall cause the Aircraft to be operated under and in compliance with Part 91 and any other applicable provision of the FARs, and all other Applicable Standards. Unless otherwise expressly permitted hereunder, (i) Customer shall not operate or permit the Aircraft to be operated for air taxi operations or otherwise under Part 135 of the FARs; and (ii) Customer, an Affiliate or other Interested Third Party shall at all times have, and maintain, "operational control" of the Aircraft (as such term is then interpreted by the FAA or such other applicable Governmental Authority), and no other Person shall operate the Aircraft. The Aircraft at all times will be operated by duly qualified pilots having satisfied all requirements established and specified by the FAA, the TSA, any other applicable Governmental Authority and the Required Coverages.

the Aircraft may be flown temporarily to any country in the world, provided that the Aircraft (i) shall at all times be based in the continental United States; and (ii) shall not be flown, operated, used or located in, to or over any such country or area (temporarily or otherwise) (A) that is excluded from the Required Coverages (or specifically not covered by such

insurance), (B) with which the U.S. does not maintain favorable diplomatic relations (which is any country or jurisdiction not marked with an “\*” on the list maintained by the U.S. Department of State, at <http://www.state.gov/s/inr/rls/4250.htm> or any replacement or equivalent website maintained by the U.S. Department of State), provided that the prohibition in this clause (B) does not prohibit the operation of the Aircraft on an approved and assigned air traffic control route (if and so long as such use is otherwise in compliance with the provisions of the this Agreement and does not violate any insurance policies in effect with respect to the Aircraft), (C) to the extent that payment of any claim under the Required Coverages directly or indirectly arising or resulting from or connected with any such flight, operation, use or location would be prohibited under any trade or other economic sanction or embargo by the United States of America, or (D) in violation of any of the Loan Documents or any Applicable Standards. Customer shall adopt, implement and comply with all security measures required by any Applicable Law, or by any Required Coverages, or that are necessary or appropriate for the proper protection of the Aircraft (whether on the ground or in flight) against theft, vandalism, hijacking, destruction, bombing, terrorism or similar acts.

Customer agrees that, with respect to the Airframe, the Engines, each APU and each Part, Customer will at its own expense, (i) maintain, inspect, service, repair, overhaul and test the same in accordance with Applicable Standards; (ii) make any alterations or modifications that may at any time be required to comply with Applicable Standards, and to cause the Aircraft to remain airworthy; (iii) furnish all required parts, replacements, mechanisms, devices and servicing so that the condition and operating efficiency thereof will at all times be no less than its condition and operating efficiency as and when delivered to Customer, ordinary wear and tear from proper use alone excepted; (iv) promptly replace all Parts (A) which become worn out, lost, stolen, taken, destroyed, damaged beyond repair or permanently rendered or declared unfit for use for any reason whatsoever, or (B) if not previously replaced pursuant to clause (A), as and when required by any Applicable Standards, including any applicable life limits; and (v) maintain (in English) all Records in accordance with Applicable Standards; and (vi) enroll and maintain the Engines in an Engine Maintenance Program and the APU in an APU Maintenance Program or shall cause the foregoing to be done. All maintenance procedures shall be performed by properly trained, licensed, and certified maintenance sources and personnel utilizing replacement parts approved by the FAA and the manufacturer of (as applicable) the Airframe, the Engines, or any APU or Part. Without limiting the foregoing, Customer shall comply with all mandatory service bulletins and airworthiness directives by causing compliance to such bulletins and/or directives to be completed through corrective modification in lieu of operating manual restrictions.

Customer will not make, authorize or permit any improvement, change, addition or alteration to the Aircraft that will impair the originally intended function or use of the Aircraft, diminish the value of the Aircraft as it existed immediately prior thereto, or violate any Applicable Standard. All repairs, parts, replacements, mechanisms and devices added by Customer or on its behalf shall immediately, without further act, become part of the Aircraft and subject to the Lender's Lien granted under this Agreement.

#### Insurance.

Customer agrees to maintain or cause to be maintained at all times, at its sole cost and expense, with insurers of recognized reputation and responsibility satisfactory to Lender (but in no event having an A.M. Best or comparable agency rating of less than “A-”):

(A) comprehensive aircraft liability insurance against bodily injury or property damage claims including, without limitation, contractual liability, premises liability, death and property damage liability, public and passenger legal liability coverage, and sudden accident pollution coverage, in an amount not less than \$200,000,000.00 for 20 or more seats, or if the Aircraft will be chartered, or \$100,000,000.00 for 10 or more seats, or \$50,000,000.00 for fewer than 10 seats for each single occurrence, and (B) personal injury liability in an amount not less than \$25,000,000.00; but, in no event shall the amounts of coverage required by sub-clauses (A) and (B) be less than the coverage amounts as may then be required by Applicable Law;

“all-risk” ground, taxiing, and flight hull insurance on an agreed-value basis, covering the Aircraft, provided that such insurance shall at all times be in an amount not less than the greater of (1) the full replacement value of the Aircraft (as determined by Lender), or (2) the unpaid principal amount of the Note (each such amount re-determined as of each anniversary of the date hereof for the next succeeding year throughout the term of this Agreement); and

war risk and allied perils (including confiscation, appropriation, expropriation, terrorism and hijacking insurance) in the amounts required in paragraphs (i) and (ii), as applicable.

Any policies of insurance carried in accordance with this Section 4.6 and any policies taken out in substitution or replacement of any such policies shall (i) be endorsed to name Lender as an additional insured as its interests may appear (but without responsibility for premiums), (ii) provide, with respect to insurance carried in accordance with Section 4.6(a)(ii) or (a)(iii) above, that any amount payable thereunder shall be paid directly to Lender as sole loss payee and not to Lender and Customer jointly, (iii) provide for thirty (30) days' (seven (7) days' in the case of war, hijacking and allied perils) prior written notice by such insurer of cancellation, material change, or non-renewal, (iv) include a severability of interest clause providing that such policy shall operate in the same manner as if there were a separate policy covering each insured, (v) waive any right of set-off against Lender, and any rights of subrogation against Lender, (vi) provide that in respect of the interests of Lender in such policies, that the insurance shall not be invalidated by any action or inaction of Customer or any other Person operating or in possession of the Aircraft, regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by or binding upon Customer or any other Person operating or in possession of the Aircraft, and (vii) be primary, not subject to any co-insurance clause and shall be without right of contribution from any other insurance.

Customer shall not self-insure (by deductible, premium adjustment, or risk retention arrangement of any kind) with respect to any of the risks required to be insured pursuant to this Section 4.6. Customer agrees that it shall obtain and maintain such other insurance coverages, or cause adjustments to be made to the scope, amount or other aspects of the existing insurance coverages, promptly upon Lender's request, as and when Lender deems such additional insurance coverages or modifications to be appropriate in light of any changes in Applicable Law, prudent industry practices, the insurance market, Customer's anticipated use of the Aircraft or other pertinent circumstances. All of the coverages required herein shall be in full force and effect worldwide throughout any geographical areas to, in or over which the Aircraft is operated. All insurance proceeds payable under the requisite policies shall be payable in U.S. Dollars.

At least ten (10) days prior to the policy expiration date for any insurance coverage required by this Section 4.6, Customer shall furnish to Lender evidence (having the form and substance consistent with Section 1(f) of the Closing Terms Addendum) of the renewal or replacement of such coverage, complying with the terms hereof, for a twelve (12) month or greater period commencing from and after such expiration date.

#### Event of Loss: Loaner Engines.

Upon the occurrence of any Event of Loss with respect to the Aircraft and/or the Airframe, Customer shall notify Lender of any such Event of Loss within five (5) days of the date thereof. Customer shall pay the then Outstanding Balance promptly upon its receipt of insurance proceeds relating to such Event of Loss, but in no event later than ninety (90) days after the occurrence of such Event of Loss (irrespective as to whether any or all of such proceeds have been received). Upon Lender's receipt in good and indefeasible funds of all of the amounts required to be paid pursuant to the preceding sentence (whether by applying Customer's payment of such amounts, or any such insurance proceeds, or both) the Aircraft shall be released from the Lender's Lien, and Lender shall remit to Customer any such insurance proceeds so received by Lender, to the extent then remaining.

Upon an Event of Loss with respect to an Engine or any APU (as applicable, a “ **Lost Item** ”) under circumstances in which there has not occurred an Event of Loss with respect to the Airframe, Customer shall, within one hundred twenty (120) days after the occurrence of such Event of Loss, replace such Lost Item, with a Permitted Replacement. Any engine or auxiliary power unit constituting a “ **Permitted Replacement** ” for a Lost Item shall (i) be of the same make and model number as the Lost Item, (ii) be free and clear of all Liens and (iii) have a value, utility and useful life at least equal to, and be in as good an operating condition as, the Lost Item, assuming such Lost Item was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss. Customer, at its own cost and expense, shall (i) furnish Lender with such documents to evidence such conveyance, (ii) cause the Permitted Replacement to be subject to the Lender’s Lien under this Agreement, and (iii) take such other actions as may be required by Lender to cause the Lender’s Lien therein to be validly created, perfected and have first priority, including as evidenced on the FAA Registry, the International Registry, and any other recording office. Each such Permitted Replacement shall, after such conveyance, be deemed an “Engine” or “APU” (as defined herein), as applicable, and shall be deemed part of the same Aircraft as was the Lost Item replaced thereby.

In the event an Engine is damaged and is being repaired, or is being inspected or overhauled, Customer, at its option, may temporarily substitute another engine during the period of such repair or overhaul, so long as such engine is of the same make and model as the Engine being repaired or overhauled, is free and clear of any Lien that might impair Lender’s rights or interests in the Airframe and is maintained in accordance herewith (any such substitute engine being hereinafter referred to as a “ **Loaner Engine** ”). Customer shall (i) cause such Loaner Engine to be installed and removed, as applicable, by a maintenance facility certified by the FAA and manufacturer with respect to the Aircraft, and (ii) cause the repaired or overhauled original Engine to be reinstalled on the Airframe promptly upon completion of the repair or overhaul, but in no event later than the earlier of one hundred twenty (120) days after removal or the occurrence of an Event of Default.

So long as no Default has occurred and is continuing, and no Event of Default or Event of Loss with respect to the Aircraft has occurred, any loss or damage proceeds of the Required Coverages received by Lender shall be released promptly by Lender to Customer to reimburse Customer for paying the costs actually incurred with respect to repairs made to the Aircraft so as to restore it to the condition required by this Agreement, or for the purchase of a Permitted Replacement pursuant to Section 4.7(b), or shall be disbursed by Lender as otherwise required by this Agreement.

**Aircraft Registration.** On or before the Closing Date, and at all times thereafter, so long as any of the Obligations are outstanding, Customer shall remain solely responsible pursuant to the applicable provisions of this Agreement to cause (i) the Aircraft to be effectively and otherwise validly registered in Customer’s name on the Registry, and (ii) the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft, in each case, accordance with the Registration Requirements; and without limiting the foregoing, or any other provision of this Agreement, Customer shall:

cause the Registration Certificate to be maintained within the Aircraft and cause the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft; including by (A) notifying Lender immediately of any event or circumstance with respect to which the Registration Requirements require further action by Customer, the Registry or any other Governmental Authority or other Person, (B) immediately upon receipt, placing the original, replacement or renewal Registration Certificate on the Aircraft prior to the expiration or other invalidation of any previously issued Registration Certificate (whether the certificate or any other document constituting the Registration Certificate as defined herein) under the Registration Requirements, and (C) complying with any and all of the other Registration Requirements relating to such Registration Certificate, and to the Registration Certificate replaced thereby (including any of the same relating to the destruction or return thereof, as the case may be); and

upon the occurrence, and at all times thereafter, of any Defective Registration (and without waiving Customer’s responsibility to avoid such circumstance), or if the operation of the Aircraft is no longer authorized by the Registration Requirements, Customer shall (A) neither operate nor permit or suffer the operation of the Aircraft without a currently effective and otherwise valid Registration Certificate (and shall cause the pilots to be made aware of the Defective Registration), and otherwise comply with the FARs and other Applicable Laws relating to such Defective Registration, (B) ground and store the Aircraft in a manner reasonably acceptable to Lender, and (C) inform the insurer or insurers thereof, and obtain and maintain adjustments to the insurance coverages required pursuant Section 4.6 of this Agreement which may be necessary or desirable to Lender so as to reflect any changes in the insurable risks relating to any Defective Registration.

#### **Security Interest; Power of Attorney; Inspection .**

**Grant of Security Interest.** As collateral security for the prompt and complete payment and performance as and when due of all of the Obligations and in order to induce Lender to enter into this Agreement and make the Loan to Customer in accordance with the terms hereof, Customer hereby grants, pledges and assigns to Lender a first priority security interest, collateral assignment, international interest, prospective international interest, security assignment and prospective security assignment, in, against, under and with respect to (the “ **Lender’s Lien** ”) all of Customer’s right, title and interest in, to and under all of the following collateral, whether now existing or hereafter acquired (collectively, the “ **Collateral** ”): (i) the Aircraft, including the Airframe, the Engines, each of the APU and Parts, and the Records; (ii) any and all present and future Third Party Agreements; (iii) any and all other associated rights secured by or associated with the Airframe and/or the Engines, together with any related international interests and prospective international interests; (iv) any collateral described in the other Loan Documents (including in any Operating Consent); and (v) all proceeds of the foregoing. By way of clarification and not limitation, the foregoing grant of the Lender’s Lien shall include, as applicable (and in each case, being validly registered and having first priority), an international interest in the Airframe and in each Engine. Notwithstanding the foregoing, (i) Customer shall not enter into any Third Party Agreements unless expressly permitted by Section 4.4 and (ii) Lender is not assuming, nor shall it be responsible for, any obligations, liabilities or duties of any kind whatsoever of Customer (and/or of any other Person) relating to the Collateral. Customer agrees that it shall perform and procure performance in accordance with any Third Party Agreement or other agreement or instrument giving rise to any associated rights that are or may become subjected to the Lender’s Lien.

#### **UCCs, Registrations, Etc.; Lender as Attorney-in-Fact.** Customer hereby irrevocably:

authorizes Lender to prepare and file any UCC financing statements, amendments, continuations, terminations, assignments and other filings, or take such other actions for the purpose of perfecting, affording first and exclusive priority to or otherwise relating to Lender’s Lien under this Agreement or the other Loan Documents;

consents to, and authorizes its professional user entity to consent to, the registration of each Registerable Interest requested by Lender or its Assignee, or otherwise required by the provisions of this Agreement or any of the other Loan Documents, including any subordination, amendment, assignment, discharge or undertaking permitted by the Cape Town Convention with respect thereto; and

constitutes and appoints Lender (including any Person acting on Lender’s behalf), as its true and lawful attorney-in-fact with full power and authority in the place and stead of Customer and in the name of Customer or in its own name, for the purpose of carrying out the terms of this Agreement; which authority shall include the following undertakings that may be exercisable by Lender in its sole discretion at any time, and from time to time, if an Event of Default is then existing or upon the occurrence of an Event of Loss: (i) in Customer’s name, file and/or record, such further instruments, filings and other documents, make, cause to be made and/or consent to all registrations with the International Registry, and take such further action, to establish and protect Lender’s rights, interests and remedies created, or intended to be created, pursuant to the Loan Documents; (ii) endorse Customer’s name on any checks, notes, drafts or any other payments or instruments, or set off, apply, or take such other actions with respect to any funds relating to the Collateral that come into Lender’s possession or control; and (iii) to settle, adjust, receive payment and make claim or proof of loss, and take such other actions relating to the Required Coverages. This appointment is coupled with an interest, is

irrevocable and shall terminate only upon indefeasible payment and performance in full of all of the Obligations. The powers conferred on Lender hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Lender shall be accountable only for amounts that it actually receives in good and indefeasible funds as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to Customer for any act or failure to act. Without limiting the foregoing, Customer agrees that within five (5) Business Days of Lender's request, Customer will enter into an irrevocable power-of-attorney authorizing Aviation Counsel or Lender's other designee as Customer's professional user entity and administrator for the purpose of discharging any Registerable Interests as and when directed to do so by Lender in connection with its exercise of its rights and remedies under the Loan Documents.

**Inspection.** Lender or its authorized representatives shall have the right, but not the duty, to inspect the Aircraft, any part thereof and/or the Records, at its own cost any reasonable time and from time to time, wherever located, upon reasonable prior notice to Customer; except that after the occurrence of a Default or an Event of Default, such inspection may be conducted at any time without prior notice and at Customer's sole expense, and it shall pay Lender promptly upon demand any inspection costs incurred by Lender. So long as no Default or Event of Default exists, any such inspections shall be conducted during normal business hours and without interruption of the use and operation of the Aircraft as permitted hereby. Upon the request of Lender, Customer shall promptly confirm to Lender the location of the Aircraft or any of the other Collateral.

**Events of Default.** The term "**Event of Default**", wherever used herein, shall mean:

Customer shall fail to pay any Obligation within ten (10) days after the same shall become due and payable (whether at the stated maturity, by acceleration, upon demand or otherwise); or

(i) any Customer Party shall default in the payment or performance of any indebtedness, liability or obligation to Lender or any Affiliate of Lender under any note, security agreement, lease, title retention or conditional sales agreement or any other instrument or agreement; or

(ii) any Customer Party shall fail to pay any Indebtedness (other than the Obligations) exceeding \$5,000,000.00, and such failure shall continue beyond any applicable grace period (or, with respect to trade Indebtedness which is not subject to a grace period, within ninety (90) days of the date such trade Indebtedness is incurred); or

(i) any of the Required Coverages are not kept in full force and effect, or a breach or violation shall exist with respect to any provisions thereof; or the Aircraft is operated in a manner, at a time or in or over or located at a place with respect to which such Required Coverages shall not be in effect; (ii) Customer shall fail to cause the Airframe or the Engines to be used, operated, maintained or otherwise kept in a condition so as to be in compliance with all Applicable Laws; or (iii) any Customer Party shall fail to comply with (A) any financial covenants as and to the extent set forth or incorporated in any Guaranty or in any of the other Loan Documents, or (B) any provision of any of the Loan Documents restricting Liens and other dispositions relating to either the Collateral or any rights or obligations under any of the Transaction Documents (including Section 4.4 hereof), or (iv) the occurrence of any Defective Registration; or

(i) any representation or warranty made by any Customer Party in any of the Loan Documents or in any related agreement, document or certificate shall prove to have been incorrect, misleading, or inaccurate in any material respect when made or given (or, if a continuing representation or warranty, at any time); or (ii) any Customer Party shall fail to (A) perform or observe any other agreement (other than those specifically referred to in this Section 6) required to be performed or observed by it under this Agreement or in any of the other Loan Documents, and such failure shall continue uncured for thirty (30) days after the earlier of written notice thereof from Lender to such Customer Party or such Customer Party's actual knowledge thereof (but such notice and cure period will not be applicable unless such breach is curable by practical means within such notice period) or (B) notify Lender of any Default or Event of Default within ten (10) Business Days of its occurrence; or

(i) any Customer Party shall (A) generally fail to pay its, or his or her debts as they become due, admit its, or his or her inability to pay its, or his or her debts or obligations generally as they fall due, or shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws or other insolvency laws, or an answer admitting the material allegations of such a petition filed against such Customer Party in any such proceeding; or (B) by voluntary petition, answer or consent, seek relief under the provisions of any other bankruptcy or other insolvency or similar law providing for the reorganization or liquidation of corporations, or providing for an assignment for the benefit of creditors, or providing for an agreement, composition, extension or adjustment with its, or his or her creditors; or (ii) a petition against any Customer Party in a proceeding under applicable bankruptcy laws or other insolvency laws, as now or hereafter in effect, shall be filed and shall not be withdrawn or dismissed within one hundred twenty (120) days thereafter, or if, under the provisions of any law providing for reorganization or liquidation of business entities that may apply to any Customer Party, any court of competent jurisdiction shall assume jurisdiction, custody or control of such Customer Party or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of one hundred eighty (180) days after the filing date; or

the occurrence of any of the following events with respect to any Customer Party: (A) it enters into any transaction of merger, consolidation or reorganization; (B) it ceases to do business as a going concern, liquidates, or dissolves, or sells, transfers or otherwise disposes of all or substantially all of its assets or properties (in one or more transactions); (C) it becomes the subject of, or engages in, a leveraged buy out; (D) it changes the form of organization of its business; (E) if it is privately owned as of the Closing Date, there is any substantial change in the ownership or control of its capital stock or membership interests such that the holder(s) that own or control one hundred percent (100%) of such equity interests as of the Closing Date no longer do so; or (F) if it is publicly held as of the Closing Date, any change so that it is no longer subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or no longer registered under Section 12 of the Securities Act of 1933, as amended; or

(i) the conviction of or guilty plea by any Customer Party with respect to any criminal act constituting a felony, (ii) any repudiation by any Customer Party of its obligation for the payment or performance of the Obligations, (iii) any allegation by any Customer Party or judicial determination that any of the Loan Documents is unenforceable in any material respect or (iv) a Default (as defined in any Guaranty) shall occur; or

any event or condition constituting a breach or other default under any Operating Consent.

## **Remedies .**

**Acceleration; Termination of Commitment.** If any Event of Default shall occur, Lender, in its sole discretion, may (a) declare the Obligations to be immediately due and payable, and upon such declaration the Obligations (including, the unpaid principal amount of the Note, together with all accrued but unpaid interest thereon, any prepayment fees and all other amounts due and payable under or with respect to the Loan Documents), shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the other Loan Documents to the contrary notwithstanding, (b) terminate any then outstanding commitment whether to Customer or any Affiliate to make the Loan or any advance thereof, or any other financial accommodations, whether related to the Loan or otherwise, and/or (c) pursue and enforce any of Lender's rights and remedies under this Section 7; provided, however, if an Event of Default specified in Section 6 (e) above shall occur, the Obligations shall become immediately due and payable, all such commitments shall terminate, and Lender shall have all such other rights and remedies contemplated in the preceding clauses (a), (b) and (c), automatically, and without any notice or other action by Lender.

**Additional Remedies.** If an Event of Default occurs, in addition to all other rights and remedies granted to it in this Agreement and in the other Loan Documents, Lender may exercise all rights and remedies of a secured party under the UCC or as a creditor, chargee or security assignee under the Cape Town Convention (including any and all remedies thereunder requiring agreement by Customer), or otherwise available to

Lender under any other Applicable Law. Without limiting the generality of the foregoing, Customer agrees that upon the occurrence of an Event of Default, Lender, without demand or notice of any kind (except as specified below) to or upon Customer or any other Person, in its sole discretion, may exercise any one or more of the following remedies:

(i) peacefully enter the premises where the Aircraft, the Engines, or any other Collateral is located, take immediate possession of, remove (or disable in place), or otherwise take control or custody of the Airframe, the Engines or any other Collateral (whether or not then attached to the Airframe) by self-help, summary proceedings or otherwise without liability, (ii) preserve the Airframe, the Engines or the other Collateral, and their respective value (but without any obligation to do so), and immobilize or keep idle the Airframe or Engines, and/or (iii) use Customer's premises for storage without liability; and Customer agrees, at Lender's request, to assemble the Collateral, and make it available to Lender at such places as Lender shall reasonably select, whether at Customer's premises or elsewhere;

(i) terminate the right of any Interested Third Party, and any other third party to use, possess or control the Airframe, the Engines or any of the other Collateral, including under any Permitted Third Party Agreement or other Third Party Agreement, without regard as to the existence of any event of default thereunder, (ii) recover from, and/or cause Customer and any such Interested Third Party, and any other third party, to relinquish possession and return the Airframe, the Engines and any other Collateral pursuant to this Section 7, and/or (iii) exercise any and all other remedies under any Operating Consents in Customer's stead, to the extent provided for under, or otherwise available to Customer in connection with any related Permitted Third Party Agreement or such other Third Party Agreement;

(i) manage, sell, lease, assign or otherwise dispose of the Airframe, the Engines or any other Collateral, in whole or in part, whether or not in Lender's possession, in one or more parcels or transactions, at public or private sale or sales, with or without notice to Customer (except as required by Applicable Law, and in furtherance thereof, Lender agrees that it shall give Customer no less than ten (10) working days' prior notice of any proposed sale or lease of the Airframe or Engines, which Customer acknowledges as constituting "reasonable prior notice" for the purposes of the Cape Town Convention) at such prices as Lender may deem best, and/or (ii) purchase the Collateral, in whole or in part, upon any public sale or sales, and to the extent permitted by Applicable Law upon any private sale or sales, free of any right or equity of redemption in Customer, which right or equity of redemption is hereby expressly released;

(i) collect, receive, appropriate and realize upon the Collateral, or any part thereof, including by applying any deposit or other cash collateral, or collecting or receiving, appropriating and realizing upon any income, profits or other proceeds arising from the management or use of the Airframe, the Engines or any of the other Collateral, and applying the same (after deducting all taxes, costs, expenses and other reductions of every kind incurred in connection therewith) to the payment in whole or in part of the Obligations, in such order and manner as Lender may elect; and (ii) after making such application, (A) remitting to Customer or to such other Person any excess then remaining, as and to the extent Lender is required by Applicable Law to make such remittance and (B) demanding, collecting and receiving from Customer any deficiency then remaining (and Customer agrees that it shall remain liable for, and pay upon demand, the full amount of any such deficiency);

(i) demand and obtain from any court speedy relief pending final determination available at law (including, possession, control, custody or immobilization of the Airframe and Engines, or preservation of the Airframe and the Engines and their respective value), (ii) procure the deregistration and/or export and physical transfer of the Airframe from the territory in which it is then situated (including pursuant to an IDERA, if any, executed by Customer), and/or (iii) otherwise proceed at law or in equity, to enforce specifically Customer's performance or to recover damages; and/or

exercise any and all other rights and remedies under or with respect to the Loan Documents or Applicable Law, including the Cape Town Convention and the UCC.

No Waiver: Cumulative Remedies. No right or remedy is exclusive. Customer hereby acknowledges that none of the provisions of this Section 7, including any remedies set forth or referenced herein, is "manifestly unreasonable" for the purposes of the Cape Town Convention. Each may be used successively and cumulatively and in addition to any other right or remedy referred to above or otherwise available to Lender at law or in equity, but in no event shall Lender be entitled to recover any amount in excess of the maximum amount recoverable under Applicable Law with respect to any Event of Default. No express or implied waiver by Lender of any Default or Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default. The failure or delay of Lender in exercising any rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or reoccurrence of any such contingencies or similar contingencies, and any single or partial exercise of any particular right by Lender shall not exhaust the same or constitute a waiver of any other right provided for or otherwise referred to herein. After the occurrence of any Default or Event of Default, the acceptance by Lender of any payment or performance of any of the Obligations, including the payment of any installment of principal and/or interest or of any other sum owing hereunder or under the other Loan Documents shall not constitute a waiver of such Default or Event of Default, regardless of Lender's knowledge or lack of knowledge thereof at the time of acceptance of any such payment or performance and shall not constitute a reinstatement of any of the Loan Documents, unless Lender shall have agreed in writing to reinstate the same and waive the Default or Event of Default. To the extent permitted by Applicable Law, Customer waives any rights now or hereafter conferred thereby, that (a) limit or modify any of Lender's rights or remedies under this Agreement or any of the other Loan Documents, including the provisions of Article 13(2) of the Convention, or (b) would otherwise entitle Customer to (i) receive notices or demands as a condition to Lender's exercise of any rights or remedies, except as expressly required above or (ii) make claims, damages and demands against Lender arising out of the repossession, retention, sale or other disposition of the Collateral.

#### **MISCELLANEOUS**

Notices. All communications and notices provided for herein shall be in writing and shall be deemed to have been duly given or made (i) upon hand delivery, or (ii) upon delivery by an overnight delivery service, or (iii) when sent by telecopy (with customary confirmation of receipt of such telecopy) on the Business Day when sent or upon the next Business Day if sent on other than a Business Day.

#### Expenses and Fees; Indemnity; Performance of Customer's Obligations

Customer shall pay to Lender upon demand all reasonable fees, costs and expenses incurred by or on behalf of Lender at any time in connection with (i) the negotiation, preparation, execution, delivery and enforcement of the Loan Documents and the collection of the Obligations (both before and after the occurrence of a Default or Event of Default), (ii) the creation, preservation and protection of the Collateral and the perfection, first priority and enforcement of Lender's Lien, or (iii) Customer's exercise of any right granted under, or any amendment or other modification to any of, the Loan Documents. Such fees, costs and expenses shall include, without limitation, reasonable appraisal and inspection fees, the reasonable fees and expenses of Aviation Counsel and of Lender's counsel, consultants and brokers, UCC, FAA, International Registry and other applicable title, interest and lien searches, and reasonable costs and expenses relating to recovery, repossession, storage, insurance, transportation, repair, refurbishment, advertising, sale and other dispositions of the Aircraft or any of the other Collateral. Customer shall also pay all reasonable fees (including license, filing and registration fees), Impositions and other charges of whatever kind or nature that may be payable or determined to be payable in connection with (A) the execution, delivery, recording or performance of this Agreement or any of the other Loan Documents, or any modification thereof, and (B) the filings, registrations and other undertakings relating thereto. Notwithstanding the foregoing, as long as there are no more than two (2) revised drafts of any Loan Document provided by Customer or its counsel to Lender or Lender's counsel, Customer shall be responsible for not more than \$35,000.00 in the aggregate for the legal fees of outside counsel to Lender (including, Aviation Counsel) and appraisal, inspection, processing, credit verification, lien searches, FAA and International Registry fees and other fees incurred in connection with the initial negotiation, preparation and execution of this Agreement and the other Loan Documents executed and delivered on or

before the Closing Date (and the consummation of the closing contemplated to occur thereon); provided that in the event that the negotiation exceeds two (2) revised drafts of any Loan Document, then Customer shall pay for the actual amount of such out of pocket fees incurred by Lender relating to the drafting and negotiation in excess of such two (2) revised drafts. Lender shall apply the previously paid deposit amount of \$35,000.00 to such fees and shall refund to Customer the amount by which the deposit exceeds such fees.

Customer hereby further agrees, whether or not the transactions contemplated by this Agreement shall be consummated, to pay, indemnify, and hold Lender and its affiliates and all of the Lender's and such affiliates' respective directors, shareholders, members, officers, employees, agents, predecessors, attorneys-in-fact, lawyers, successors and assigns (Lender, its affiliates and all of such other parties and entities sometimes hereinafter collectively, the "**Indemnified Parties**") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, out of pocket costs, attorney's fees, expenses or disbursements of any kind or nature whatsoever ("**Claims**") arising with respect to or in connection with (i) the Airframe, the Engines, or any APUs or Parts, or any of the other Collateral, including (whether by or through Customer, Vendor, any Interested Third Party, or any other Person), the manufacture, inspection, ownership, lease, sublease, management, pooling, interchange, time sharing, chartering, possession, use, operation, maintenance, security, condition (whether prior to, upon or after delivery or acceptance of any of the same), repossession, storage, sale or other disposition of any of the same, or any accident in connection therewith, including Claims involving or alleging environmental damage, criminal acts, hijacking, acts of terrorism or similar acts, product liability or strict or absolute liability in tort, latent and other defects (whether or not discoverable) and for any other risk or matter, including any of the same that result in injuries, death, destruction, or other harm or loss to persons or property, or (ii) any of the Loan Documents, Third Party Agreements or other Transaction Documents, or the performance, breach (including any Default or Event of Default) or enforcement of any of the terms hereof or thereof, provided, that Customer shall have no obligation to indemnify an Indemnified Party with respect to Claims arising from the gross negligence or willful misconduct of such Indemnified Party (unless if imputed by Applicable Law). If any Claim is made against any Indemnified Party, the party receiving notice or otherwise becoming aware of such Claim shall promptly notify the other, but the failure of the party having knowledge of a Claim to so notify the other party shall not relieve Customer of any obligation hereunder.

If any Customer Party fails to perform or comply with any of its agreements contained herein or in the other Loan Documents, including, without limitation, its obligations to keep the Collateral free of Liens (other than the Permitted Liens), comply with Applicable Standards, or obtain the Required Coverages, Lender shall have the right, but shall not be obligated, to effect such performance or compliance, with such agreement. Any expenses of Lender incurred in connection with effecting such performance or compliance, together with interest thereon at the default rate of interest provided for in the Note from the date incurred until reimbursed, shall be payable by Customer to Lender promptly on demand and until such payment shall constitute part of the Obligations secured hereby. Any such action shall not be a cure or waiver of any Default or Event of Default hereunder.

Entire Agreement; Modifications. This Agreement and the other Loan Documents constitute the entire understanding and agreement of the parties hereto with respect to the matters contained herein and therein, and shall completely and fully supersede all other prior agreements (including any proposal letter, commitment letter, and/or term sheet), both written and oral, between Lender and Customer relating to the Obligations. Neither this Agreement, nor any terms hereof, may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of a change, waiver, discharge or termination is sought.

Construction of this Agreement and Related Matters. All representations and warranties made in this Agreement and in the other Loan Documents shall survive the execution and delivery of this Agreement and the making of the Loan hereunder. Customer's obligations contained in this Section 8 shall survive the payment and performance of the Obligations, the termination of this Agreement, and the release of the Collateral. This Agreement may be executed by the parties hereto on any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. The headings of the Sections hereof are for convenience only, are not part of this Agreement and shall not be deemed to affect the meaning or construction of any of the provisions hereof. Time is of the essence in the payment and performance of all of Customer's obligations under this Agreement. Any provision of this Agreement that may be determined to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective in such jurisdiction to the extent thereof without invalidating the remaining provisions of this Agreement, which shall remain in full force and effect.

Lender's Assignment. Lender, may at any time, with or without notice to Customer, freely grant a security interest in, sell, assign, participate or otherwise transfer (an "**Assignment**") all or any part of its interest in this Agreement and the other Loan Documents (including all associated rights associated with or secured thereby and the related international interests) or any amount due or to become due hereunder or thereunder, and Customer shall perform all of its obligations under the Loan Documents, to the extent so transferred, for the benefit of the beneficiary of such Assignment (such beneficiary, including any successors and assigns, an "**Assignee**"); provided, however, if such Assignee is not an Affiliate of Lender and if no Default or Event of Default exists, Lender will provide prior notice of any such Assignment to a third party. Customer hereby waives any right to assert, and agrees not to assert, against any Assignee any abatement, reduction, defense, setoff, recoupment, claim or counterclaim that Customer may have against Lender, provided that Lender remains fully responsible therefor. Upon the assumption by such Assignee of Lender's obligations hereunder, Lender shall be relieved of any such assumed obligations. Customer hereby consents to any such assignment, grant, sale or transfer, including, without limitation, for purposes of the Cape Town Convention. If so directed in writing, Customer shall pay all amounts due or to become due under the Loan Documents, including any of the same constituting associated rights or proceeds directly to the Assignee or any other party designated in writing by Lender or such Assignee. Customer acknowledges and agrees that Lender's right to enter into an Assignment is essential to Lender and, accordingly, waives any restrictions under Applicable Law with respect to an Assignment and any related remedies. Upon the request of Lender or any Assignee, Customer also agrees (a) to promptly execute and deliver, and cause to be executed and delivered by any Guarantor or any other Transaction Party, to Lender or to such Assignee an acknowledgment of assignment in form and substance satisfactory to the requesting party, an insurance certificate naming Assignee as additional insured and loss payee and otherwise evidencing the Required Coverages, an IDERA in favor of Assignee, and such other documents and assurances reasonably requested by Lender or Assignee, (b) to make, or cause to be made, all registrations (including all assignments and subordinations) and all amendments, extensions and discharges with the International Registry reasonably requested by Lender or Assignee (and give or obtain any necessary consent thereto, as well as renew any authorization required by the International Registry in connection therewith, including renewing its transacting user entity status and re-designating a professional user entity, if necessary in Lender's judgment), and (c) to comply with any and all other reasonable requirements of any such Assignee in connection with any such Assignment.

Jurisdiction. Customer and Lender each hereby irrevocably consents and agrees that any legal action, suit or proceeding arising out of or in any way in connection with this Agreement or any of the other Loan Documents may be instituted or brought in the courts of the State of New York or in the United States Courts for the Southern District of New York, as Customer or Lender may elect or in any other state or Federal court as Lender shall deem appropriate, and by execution and delivery of this Agreement, Customer and Lender each hereby irrevocably accepts and submits to, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of any such court, and to all proceedings in such courts. Customer and Lender each irrevocably consents to service of any summons and/or legal process by first class, certified United States air mail, postage prepaid, to Customer at the address set forth below its signature hereto, such method of service to constitute, in every respect, sufficient and effective service of process in any such legal action or proceeding. Nothing in this Agreement or in any of the other Loan Documents shall affect the right to service of process in any other manner permitted by law or limit the right of Lender to bring actions, suits or proceedings in the courts of any other jurisdiction. Customer and Lender each further agrees that final judgment against it in any such legal action,

suit or proceeding shall 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 shall be conclusive evidence of the fact and the amount of the liability. Notwithstanding anything in the foregoing to the contrary, Lender and Customer may bring a judicial proceeding in the Republic of Ireland, solely with respect to matters relating to the International Registry.

Governing Law; Binding Effect. This Agreement shall be construed and enforced in accordance with, and the rights of both parties shall be governed by, the internal laws of the State of New York (without regard to the conflict of laws principles of such state, except as to the effect of Title 14, Section 5-1401 of the New York General Obligations Law), including all matters of construction, validity, and performance. This Agreement shall be binding upon and inure to the benefit of Customer and Lender and their respective successors and assigns (but without limiting the provisions of Section 8.5); except that Customer may not assign or transfer its rights or obligations hereunder or under any other Loan Agreement, or any interest herein or therein; and any such purported or attempted assignment or transfer by Customer shall be null and void.

Customer's Capacity as Owner Trustee. TVPX Aircraft Solutions Inc. ("TVPX") is executing this Agreement, and the other Loan Documents solely in its capacity as Owner Trustee under the Trust Agreement and not in its individual capacity and in no case shall TVPX be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of the Customer hereunder, or under any Loan Document, all such liability, if any, being expressly waived by the parties hereto and any Person claiming by, through, or under such party. Under no circumstances shall TVPX be personally liable for the payment of any other amount stated to be due from the Customer hereunder, or under any Loan Document, or be personally liable for the breach or failure of any of Customer's representations, warranties, covenants, obligations, undertakings and agreements hereunder, or under any Loan Documents; provided, however, that the Customer (or any such successor owner trustee) shall be personally liable hereunder for its own gross negligence or willful misconduct or for its breach of its covenants, representations and warranties contained herein, or in any Loan Document, to the extent covenanted or made in its individual capacity.

Jury Waiver. CUSTOMER AND LENDER EACH HEREBY KNOWINGLY AND FREELY WAIVES THEIR RESPECTIVE RIGHTS TO A JURY TRIAL IN ANY ACTION, SUIT OR PROCEEDING RELATING TO, ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE NOTE OR ANY OF THE OTHER LOAN DOCUMENTS.

**[Signatures On Next Page]**

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Loan and Aircraft Security Agreement

IN WITNESS WHEREOF, the parties hereto have caused this Loan and Aircraft Security Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

BANC OF AMERICA LEASING & CAPITAL, LLC, Lender

TVPX AIRCRAFT SOLUTIONS INC., a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated July \_\_\_\_, 2017,  
Customer

By:  
Name:  
Title:  
Notice Address:

One Financial Plaza, 2nd Floor  
Providence, Rhode Island 02903  
Attention: Director of Aircraft Operations  
Telephone: 800-238-3737  
Facsimile: 401-278-7941

By:  
Name:  
Title:  
Notice Address:

39 East Eagle Ridge Drive, Ste. 201  
North Salt Lake, UT 84054  
Telephone: (801) 924-367  
Facsimile: (801) 877-0478

**Records** shall mean any and all logs, manuals, certificates and data and inspection, modification, maintenance, engineering, technical, and overhaul records (whether in written or electronic form) with respect to the Airframe, the Engines, the APU, all Parts or any other Collateral, including, without limitation, all records (i) required to be maintained by the FAA or any other Governmental Authority having jurisdiction, or by any manufacturer or supplier with respect to the enforcement of warranties or otherwise, (ii) evidencing Customer's compliance with Applicable Standards, or (iii) with respect to any maintenance service program.

**Registerable Interests** shall mean all existing and prospective international interests and other interests, rights and/or notices, sales and prospective sales, assignments, subordinations and discharges, in each case, susceptible to being registered at the International Registry pursuant to the Cape Town Convention.

**Registration Application** shall have the meaning set forth in Section 1(b) of the Closing Terms Addendum.

**Registration Certificate** means (i) a currently effective Certificate of Aircraft Registration, AC Form 8050-3, (ii) any other certificate issued to Customer evidencing the currently effective registration of the Aircraft in its name in connection with the operation of the Aircraft in the United States pursuant to the Registration Requirements, or (iii) any other document as may then be required to be maintained within the Aircraft by such Registration Requirements, either together with or in lieu of such certificate.

**Registration Requirements** means the requirements for registering aircraft with the Registry under 49 U.S.C. 44101-44104, and 14 C.F.R. § 47 as then in effect, any successor laws, rules or regulations pertaining to applicants for and holders of a Registration Certificate, the U.S. registration number for the Aircraft, and any such other FARs and other Applicable Laws, in each case as and to the extent pertaining to the registration of Customer's ownership of the Aircraft with the Registry, including any re-registration or renewal of such registration or replacement of any such Registration Certificate.

**Registry** means the FAA Civil Aviation Registry, Aircraft Registration Branch, or any successor registry having an essentially similar purpose pertinent to the ownership registration of the Aircraft pursuant to the Registration Requirements.

**Required Coverages** shall mean any of the insurance coverages required under this Agreement or any of the other Loan Documents, whether being provided by Customer, its Affiliate, or by any party to any Permitted Third Party Agreement or any other Third Party Agreement (other than Lender).

**Required Registrations** shall have the meaning set forth in Section 2(b) of the Closing Terms Addendum.

**Third Party Agreements** shall mean any and all operating agreements, leases, subleases, interchange agreements, management agreements, charter agreements, pooling agreements, timeshare agreements, engine, airframe or aircraft maintenance programs and any other similar agreements or arrangements of any kind whatsoever relating to the Airframe, the Engines or any of the other Collateral.

**Transaction Documents** shall mean, collectively, the Purchase Documents, the Loan Documents, any and all Permitted Third Party Agreements, and any other document, agreement or instrument entered into for the purposes of effectuating the transactions contemplated in the Loan Documents, or relating thereto.

**Transaction Parties** shall mean, collectively, Customer and any other Customer Party, and each of the other parties to any of the Transaction Documents, other than Lender.

**Transportation Code** shall mean Subtitle VII of Title 49 of the United States Code, as amended and recodified.

**TSA** shall mean the Transportation Security Administration and/or the Administrator of the TSA, or any Person or Governmental Authority succeeding the functions of any of the foregoing.

**UCC** shall mean the applicable Uniform Commercial Code as then in effect in the applicable jurisdiction.

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**LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)**

**THIS LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)** (together with all Addenda, Riders and Annexes hereto, this "Agreement") is dated as of July 27, 2017 (the "Closing Date"), by and between **TVPX AIRCRAFT SOLUTIONS INC.**, a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated as of July 27, 2017 ("Customer") and **BANC OF AMERICA LEASING & CAPITAL, LLC**, a Delaware limited liability company ("Lender").

In consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which

are hereby acknowledged, the parties hereto agree as follows:

Capitalized and certain other terms used but not otherwise defined in this Agreement shall have the meanings ascribed to them in Annex A attached hereto and made a part hereof.

#### **Terms of Loan .**

Loan and Use of Proceeds . Subject to the terms and conditions of this Agreement, Lender agrees to make a loan to Customer in the principal amount set forth in Annex B attached hereto and made a part hereof (the “**Loan**”). Customer shall use the proceeds of the Loan to finance the costs of the acquisition of the Aircraft.

Repayment and Prepayment . The Customer’s obligation to repay the Loan shall be evidenced by one or more Promissory Notes dated on and/or after the Closing Date, payable by Customer to the order of Lender in the original principal amount of the Loan (as amended, modified, restated, extended and renewed from time to time, the “**Note**”). The Loan shall bear interest and be repaid by Customer at the times and in the manner set forth in the Note. The Loan may be prepaid only in the manner and subject to terms and conditions set forth in the Note and, if applicable, Section 4.7 hereof.

Conditions of Borrowing . Lender’s obligation to make the Loan shall be both subject to and conditioned upon the satisfaction of all of the conditions precedent specified in the Closing Terms Addendum attached to and made a part of this Agreement.

Representations and Warranties . In order to induce Lender to enter into this Agreement and to make the Loan herein provided for, Customer represents, warrants and covenants to Lender that:

(i) Customer (A) is duly qualified to do business in each jurisdiction in which the conduct of its business or the ownership or operation of its assets requires such qualification, including the jurisdiction of the Primary Hangar Location and wherever any of the Collateral may become located; (B) has the necessary authority and power to own and operate the Aircraft and its other assets and to transact the business in which it is engaged; (C) is a “citizen of the United States” within the meaning of the Transportation Code; and (D) has the form of business organization set forth in Annex B hereto and is and will remain duly organized, validly existing and in good standing under the laws of the state of its organization set forth in Annex B hereto, its federal tax identification number is as set forth in Annex B hereto, and its state-issued organizational identification number (if any), chief executive office and principal place of business address are all as set forth on Annex B hereto; and (ii) its name as shown in the preamble of this Agreement is its exact legal name as shown on its charter, by-laws, articles of organization or operating agreement, as applicable, each as amended as of the Closing Date;

(i) Customer’s execution and delivery of, and performance of its obligations under and with respect to, each of the Loan Documents (including its borrowing the amounts constituting the Loan, granting the Lender’s Lien against the Aircraft and other Collateral and participating in the other transactions contemplated herein and therein), (A) have been duly authorized by all necessary action on the part of Customer consistent with its form of organization, (B) do not contravene or constitute a default under any Applicable Law, any of Customer’s Organizational Documents, or any agreement, indenture, or other instrument to which Customer is a party or by which it may be bound, (C) do not require the approval of or notice to (1) any Governmental Authority, except for the filings and registrations specified in the Closing Terms Addendum, all of which shall have been duly effected prior to or concurrently with Lender making the Loan, or (2) any other party (including any trustees or holders of indebtedness), and (D) will not result in the creation or imposition of any Lien on any of the assets of Customer other than the Lender’s Lien created hereby and by the other Loan Documents with respect to the Collateral; (ii) each of the Transaction Documents referenced in the Closing Terms Addendum to which Customer is a party has been duly executed and delivered by an authorized representative of the Customer, and constitutes the legal, valid and binding obligation of the Customer, enforceable against it in accordance with the respective terms of such Transaction Documents (including, without limitation, the grant of the Lender’s Lien); and (iii) without limiting the foregoing, upon Lender’s advancing the Loan on the Closing Date, (A) Customer will have satisfied or complied with all conditions precedent and requirements as set forth in the Loan Documents required to have been satisfied or complied with concurrently with or prior to such advance and (B) no Default or Event of Default shall be then existing;

there are no proceedings pending or, so far as the officers, managers, or members of Customer know, threatened against or affecting Customer or any of its property before any Governmental Authority that could impair Customer’s title to the Aircraft or any of the other Collateral, or that, if decided adversely, could materially affect the financial condition or operations of Customer or its ability to perform its obligations under any of the Loan Documents;

(i) Customer has, and shall continue to have, good and marketable title to the Collateral, free and clear of Liens, except Permitted Liens; (ii) the Lender’s Lien in the Airframe, the Engines and the other Collateral is and shall remain validly created and perfected, and has and shall continue to have first priority over any other Liens pursuant to all Applicable Laws; and (iii) all filings, recordings, registrations or other actions necessary or desirable in order to vest such title in Customer, and establish, perfect and give first priority to Lender’s Lien and other rights and interests in, against or with respect to the Collateral, have been duly effected, and all Impositions in connection therewith have been duly paid;

without limiting any of the other representations and warranties in this Agreement, for the purposes of the Cape Town Convention and any other Applicable Law, (i) upon the conclusion of the sale of the Aircraft to Customer, and Customer’s grants and assignments, and (if constituting a lease) any Permitted Third Party Agreement, contemplated in the Loan Documents or other Transaction Documents, Customer and (if a lessee) any Interested Third Party shall be situated in, and Customer will cause the Aircraft to be duly registered in, the United States of America (which is a contracting state), (ii) with respect to any of the Transaction Documents relating to the Airframe or Engine, each of the respective parties thereto has power to dispose of the Airframe and Engine, as contemplated therein by way of the relevant Transaction Document, and (iii) the Purchase Documents qualify as a “contract of sale”, and (if constituting a lease) any Permitted Third Party Agreement and the Loan Documents are effective to constitute international interests in the Airframe and Engine and security assignments of the related associated rights and transfer of the related international interests, as contemplated therein, and each such Registerable Interest will be effective against third parties upon registration at the International Registry, without any further filings or registrations (except as contemplated in the Loan Documents);

(i) the Aircraft (A) has been delivered to Customer, is in Customer’s possession and is, as of the Closing Date, unconditionally, irrevocably and fully accepted by Customer, (B) has been inspected by Customer to its complete satisfaction and, without limiting the foregoing, (1) has been found to be in good working order, repair and condition and fully equipped to operate for its intended purpose, and (2) is in conformity with the requirements of the Purchase Agreement and the Applicable Standards, (C) is, or will be at the time of the funding of the Loan, currently certified under existing FAA rules and regulations and any other Applicable Laws and is airworthy in all respects, and (D) is and will remain primarily hangered at the Primary Hangar Location; and (ii) without limiting the foregoing, (A) solely as between Lender and Customer (and without prejudicing Customer’s rights against Vendor or any other third party, which rights are not being disclaimed hereby), Customer has no pending claims and has no knowledge of any facts upon which a future claim may be based, against any prior owner, the seller, manufacturer or supplier of the Aircraft or any of the other Collateral, for breach of warranty or otherwise, and (B) all of the information contained in Annex C, including the registration number of the Aircraft, and the serial numbers, manufacturer and model numbers of the Airframe, Engines, and APU, are true and accurate in all respects; and

(h) the Aircraft (i) is currently capable of being certified under existing FAA rules and regulations and completely airworthy in all respects, (ii) will undergo an inspection by a Designated Airworthiness Representative of the FAA (“**DAR**”) on the Closing Date and (iii) an FAA Standard Airworthiness Certificate (AC Form 8100-2) shall be issued for the Aircraft no later than two (2) Business Days after the Closing Date.

**Covenants** . Customer covenants and agrees that from and after the Closing Date and so long as any of the Obligations are outstanding:

Notices; Financial Information; and Further Assurances . Customer will, at its sole expense:

promptly give written notice to Lender of (i) the occurrence of any Default or Event of Default; (ii) the occurrence of any Event of Loss or event of which Customer may be aware that could become an Event of Loss; (iii) the commencement or written threat of any material litigation or proceedings affecting Customer or any material litigation or proceedings affecting the Aircraft or any of the other Collateral, or the ability of Customer to comply with its obligations under the Loan Documents; and (iv) any material dispute between Customer or any Interested Third Party and any Governmental Authority or other party that involves the Aircraft or any of the other Collateral or that might materially interfere with the normal business operations of Customer;

cause Guarantor to comply with the financial reporting requirements set forth in the Guaranty and promptly furnish to Lender any such financial and other information regarding the Customer or Guarantor or any of its Affiliates as Lender may from time to time reasonably request; and

promptly execute and deliver to Lender such further instruments, UCC and FAA filings (including an IDERA) and other documents, make, cause to be made and/or consent to all registrations (including any discharges and subordinations, or as to the prospective or actual sale of, and any international interest in, the Engines) with the International Registry, and take such further action, as Lender may from time to time reasonably request in order to further carry out the intent and purpose of the Loan Documents and to establish, protect and enforce the rights, interests, remedies and Liens (including the first priority thereof) created, or intended to be created, in favor of Lender thereby.

General Obligations . (a) Customer agrees that it shall (i) duly observe and conform to all requirements of Applicable Law relating to the conduct of its business and/or the Aircraft, (ii) remain a "citizen of the United States" within the meaning of the Transportation Code, (iii) obtain and keep in full force and effect (A) all rights, franchises, licenses and permits that are necessary to the proper conduct of its business, and (B) all approvals by any Governmental Authority required with respect to the performance of its obligations under the Loan Documents and the operation of the Aircraft and its business, (iv) cause the Aircraft to remain primarily hangared at the Primary Hangar Location, and duly registered in Customer's name under the Transportation Code (including, by making all necessary reports, re-registering its ownership of the Aircraft, and taking all other actions required by Applicable Law), and (v) pay and perform all of its obligations and liabilities when due. (b) Customer agrees that (i) it shall not change its presently existing legal name or its form or state of organization on or after the date of this Agreement, without Lender's prior written consent, (ii) if its presently existing state organizational identification number changes, or if Customer currently has no such state organizational number but is subsequently issued such a number, on or at any time after the date of this Agreement, Customer shall immediately notify Lender thereof, and (iii) it shall not change the presently existing mailing, chief executive office and/or principal place of business address on or after the date of this Agreement without giving Lender thirty (30) days written notice of the same.

Taxes . (a) Customer will file or cause to be filed with all appropriate taxing authorities all Federal, state and local income tax returns that are required to be filed and all registrations, declarations, returns and other documentation with respect to any personal property taxes (or any other taxes in the nature of or imposed in lieu of property taxes) due or to become due with respect to the Aircraft or any of the other Collateral. (b) Customer will pay (or cause to be paid) (i) on or before the date when due all taxes as shown on said returns and all taxes assessed, billed or otherwise payable with respect to the Aircraft or the other Collateral directly to the appropriate taxing authorities; and (ii) when due all license and/or registration or filing fees, assessments, governmental charges and sales, use, property, excise, privilege, value added and other taxes (including any related interest or penalties) or other charges or fees now or hereafter imposed by any governmental body or agency upon Customer or the Aircraft or any of the other Collateral, with respect to the landing, airport use, manufacturing, ordering, shipment, purchase, ownership, delivery, installation, leasing, chartering, operation, possession, use or disposition of the Aircraft or any of the other Collateral, or any interest therein (the items referred to in (i) and (ii) above being referred to herein collectively, as "**Impositions** ").

No Disposition of Collateral or Liens; Title and Security Interest .

Customer shall not sell, assign, enter into any Third Party Agreement, convey, mortgage, exchange or otherwise transfer or relinquish possession of (including by any seizure or other taking by any foreign or domestic governmental authority) or dispose of the Airframe or Engines, any Part, any related associated rights, international interests or prospective international interests, any proceeds or any of the other Collateral, or attempt or offer to do, or suffer or permit any of the foregoing. Customer shall be permitted, however, to deliver possession of the Airframe, the Engines, or any APU or Part to another Person for testing, service, repair, maintenance, overhaul, alteration or modification, and to enter into Permitted Third Party Agreements, in each case, if and to the extent consistent with the provisions of the Loan Documents. Customer will warrant and defend its good and marketable title to the Airframe, the Engines and the other Collateral, and the validity, perfection and first priority of Lender's Lien in the Collateral, against all other Liens, claims and demands whatsoever, except Permitted Liens; and without limiting the foregoing, Customer will (i) not create, assume or suffer to exist any Liens on or with respect to the Airframe, the Engines, or any of the other Collateral, or Customer's interest therein (other than Permitted Liens); and (ii) promptly take such action as directed by Lender to duly discharge any such unpermitted Liens.

So long as no Default or Event of Default is then existing, Customer may enter into and remain a party to Third Party Agreements, in each such case, subject to the satisfaction of, and compliance by Customer and each Interested Third Party with, all of the following throughout the term of such arrangement: (i) Each such Interested Third Party shall (A) be and remain solvent, and (unless an individual) organized under the laws of a state within the United States; and (B) if engaged by Customer with the prior written consent of Lender as a manager and/or charter operator (including the Manager pursuant to the Management Agreement), while so engaged, (1) have a recognized favorable reputation as a manager and/or charter operator, as the case may be, of aircraft similar to the Aircraft, (2) be providing management and/or charter operation services for other aircraft owners similar to the services contemplated therein, and (3) if and at all times while conducting any charter operations (x) have and maintain a valid Part 135 Certificate evidencing its authority to conduct such operations, (y) list the Aircraft on its operations specifications, and (z) comply with all Applicable Standards pertaining to such charter operations. (ii) Any operation of the Aircraft pursuant to any such Third Party Agreement shall be limited to (A) if by Customer, Parent Guarantor or any Affiliate of Parent Guarantor, any time sharing agreements (as defined in Section 91.501(c)(1)) complying with Part 91 of the FARs and all other Applicable Standards, (B) if by a manager and/or a charter operator with Lender's prior written consent, pursuant to and in full compliance with the requirements of Part 135 of the FARs and all other Applicable Standards, or (C) if such Third Party Agreement is a "dry lease" by Customer, as lessor, to Parent Guarantor or an Affiliate of Parent Guarantor or other Interested Third Party permitted pursuant hereto, as lessee, operation by such lessee complying with (1) Part 91 and any other applicable provision of the FARs, and all other Applicable Standards, and (2) the provisions hereof and of the other Loan Documents pertinent to the operation of the Aircraft (whether by Customer or any permitted Interested Third Party). (iii) The related Third Party Agreement shall (A) be and remain, subject and subordinate to Lender's Lien in and with respect to the Collateral, and Lender's rights and remedies under the Loan Documents (and such subordination shall be expressly acknowledged therein), (B) not convey any Lien on, or other property interest in or against the Airframe, the Engines or any of the other Collateral, except for a Permitted Lien (but, without giving effect to clause (a) of the definition of such term), (C) not permit any further sublease or disposition of or unpermitted Lien against the Aircraft or any of the other Collateral by any of the Interested Parties thereto or any other Person, or any change in registration or unpermitted change in hangaring of the Aircraft, (D) not contain provisions that are inconsistent with the provisions of any of the Loan Documents or cause Customer to breach any of its representations, warranties or agreements under any of the Loan Documents, (E) be in conformity with all requirements of the FARs and other Applicable Laws, and (F) otherwise conform to any Operating Consent required by Lender with respect thereto. (iv) (A) Customer shall have specified such Third Party Agreement on Annex B if

existing on the Closing Date, or if not then existing shall require Lender's prior written consent and at least thirty (30) Business Days' prior written notice of its intention to enter into a Third Party Agreement and (B) no later than the effective date thereof Customer shall comply with, and at all times thereafter remain in compliance with, any related requirements by Lender, including (1) entering into, and causing any related Interested Third Parties to enter into, an Operating Consent, (2) causing Lender to be covered by the Required Coverages (which, for the purposes hereof, may include insurance coverages obtained and maintained by an Interested Third Party, conforming to the insurance requirements herein and in any of the other Loan Documents), and (3) entering into or delivering, or causing to be entered into and delivered, all such other documents, filings and assurances, making or causing to be made such filings and registrations, and taking or causing to be taken all such other actions, in each case as may be required by Lender and (4) paying or reimbursing Lender for any related costs or expenses. (v) Lender shall have the right, but not the obligation, to (A) require reasonable evidence that any Interested Third Party satisfies the requirements provided herein, and (B) review any such Third Party Agreement, as from time to time supplemented and amended, to determine its conformity with the provisions hereof, but without assuming any responsibility with respect thereto. (vi) Customer shall neither make, nor permit to be made, any filing or registration with respect to any Permitted Third Party Agreement, unless so directed by Lender pursuant to Section 5.2 or otherwise. Notwithstanding the foregoing limitations Parent Guarantor or any Affiliate shall be permitted to conduct the carriage of Parent Guarantor or any Affiliate and/or their respective guests pursuant to 14 CFR Section 91.501(b)(4), affiliated group operations pursuant to 14 CFR Section 91.501(b)(5) and/or (6), demonstration flights pursuant to 14 CFR Section 91.501(b)(3), time sharing or interchange operations pursuant to 14 CFR Section 91.501(b)(6), the carriage of customers pursuant to 14 CFR Section 91.501(b)(9) and/or the carriage of candidates in Federal elections conducted pursuant to 14 CFR Section 91.321.

With respect to any Third Party Agreements complying with all of the provisions of Section 4.4(b) (each a "**Permitted Third Party Agreement**"), although certain of the duties and obligations of Customer under the Loan Documents may be performed by one or more of the Interested Third Parties, (i) no such Permitted Third Party Agreement shall reduce any of Customer's obligations, or Lender's rights, under any of the Loan Documents, (ii) all of Customer's obligations under the Loan Documents shall be and remain primary and continue in full force and effect as the obligations of a principal and not of a guarantor or surety, and (iii) Lender is not waiving the right to require full and timely performance of any such obligations in strict accordance with the provisions hereof and of the other Loan Documents. By way of clarification and not limitation, with respect to any provisions of this Agreement or any of the other Loan Documents requiring Customer to take or refrain from taking an action relating to the Aircraft or any of the other Collateral, such provision may also be read to mean that Customer shall cause the same to be done in accordance therewith, if at that time the Aircraft or such other Collateral is in the possession or control of an Interested Third Party pursuant to a Permitted Third Party Agreement.

#### Use of Aircraft; Maintenance; Modifications; Security.

Customer will operate the Aircraft or shall cause the Aircraft to be operated under and in compliance with Part 91 and any other applicable provision of the FARs, and all other Applicable Standards. Unless otherwise expressly permitted hereunder, (i) Customer shall not operate or permit the Aircraft to be operated for air taxi operations or otherwise under Part 135 of the FARs; and (ii) Customer, an Affiliate or other Interested Third Party shall at all times have, and maintain, "operational control" of the Aircraft (as such term is then interpreted by the FAA or such other applicable Governmental Authority), and no other Person shall operate the Aircraft. The Aircraft at all times will be operated by duly qualified pilots having satisfied all requirements established and specified by the FAA, the TSA, any other applicable Governmental Authority and the Required Coverages.

the Aircraft may be flown temporarily to any country in the world, provided that the Aircraft (i) shall at all times be based in the continental United States; and (ii) shall not be flown, operated, used or located in, to or over any such country or area (temporarily or otherwise) (A) that is excluded from the Required Coverages (or specifically not covered by such insurance), (B) with which the U.S. does not maintain favorable diplomatic relations (which is any country or jurisdiction not marked with an "\*" on the list maintained by the U.S. Department of State, at <http://www.state.gov/s/inr/rls/4250.htm> or any replacement or equivalent website maintained by the U.S. Department of State), provided that the prohibition in this clause (B) does not prohibit the operation of the Aircraft on an approved and assigned air traffic control route (if and so long as such use is otherwise in compliance with the provisions of the this Agreement and does not violate any insurance policies in effect with respect to the Aircraft), (C) to the extent that payment of any claim under the Required Coverages directly or indirectly arising or resulting from or connected with any such flight, operation, use or location would be prohibited under any trade or other economic sanction or embargo by the United States of America, or (D) in violation of any of the Loan Documents or any Applicable Standards. Customer shall adopt, implement and comply with all security measures required by any Applicable Law, or by any Required Coverages, or that are necessary or appropriate for the proper protection of the Aircraft (whether on the ground or in flight) against theft, vandalism, hijacking, destruction, bombing, terrorism or similar acts.

Customer agrees that, with respect to the Airframe, the Engines, each APU and each Part, Customer will at its own expense, (i) maintain, inspect, service, repair, overhaul and test the same in accordance with Applicable Standards; (ii) make any alterations or modifications that may at any time be required to comply with Applicable Standards, and to cause the Aircraft to remain airworthy; (iii) furnish all required parts, replacements, mechanisms, devices and servicing so that the condition and operating efficiency thereof will at all times be no less than its condition and operating efficiency as and when delivered to Customer, ordinary wear and tear from proper use alone excepted; (iv) promptly replace all Parts (A) which become worn out, lost, stolen, taken, destroyed, damaged beyond repair or permanently rendered or declared unfit for use for any reason whatsoever, or (B) if not previously replaced pursuant to clause (A), as and when required by any Applicable Standards, including any applicable life limits; and (v) maintain (in English) all Records in accordance with Applicable Standards; and (vi) enroll and maintain the Engines in an Engine Maintenance Program and the APU in an APU Maintenance Program or shall cause the foregoing to be done. All maintenance procedures shall be performed by properly trained, licensed, and certified maintenance sources and personnel utilizing replacement parts approved by the FAA and the manufacturer of (as applicable) the Airframe, the Engines, or any APU or Part. Without limiting the foregoing, Customer shall comply with all mandatory service bulletins and airworthiness directives by causing compliance to such bulletins and/or directives to be completed through corrective modification in lieu of operating manual restrictions.

Customer will not make, authorize or permit any improvement, change, addition or alteration to the Aircraft that will impair the originally intended function or use of the Aircraft, diminish the value of the Aircraft as it existed immediately prior thereto, or violate any Applicable Standard. All repairs, parts, replacements, mechanisms and devices added by Customer or on its behalf shall immediately, without further act, become part of the Aircraft and subject to the Lender's Lien granted under this Agreement.

#### Insurance.

Customer agrees to maintain or cause to be maintained at all times, at its sole cost and expense, with insurers of recognized reputation and responsibility satisfactory to Lender (but in no event having an A.M. Best or comparable agency rating of less than "A-");

(A) comprehensive aircraft liability insurance against bodily injury or property damage claims including, without limitation, contractual liability, premises liability, death and property damage liability, public and passenger legal liability coverage, and sudden accident pollution coverage, in an amount not less than \$200,000,000.00 for 20 or more seats, or if the Aircraft will be chartered, or \$100,000,000.00 for 10 or

more seats, or \$50,000,000.00 for fewer than 10 seats for each single occurrence, and (B) personal injury liability in an amount not less than \$25,000,000.00; but, in no event shall the amounts of coverage required by sub-clauses (A) and (B) be less than the coverage amounts as may then be required by Applicable Law;

"all-risk" ground, taxiing, and flight hull insurance on an agreed-value basis, covering the Aircraft, provided that such insurance shall at all times be in an amount not less than the greater of (1) the full replacement value of the Aircraft (as determined by Lender), or (2) the unpaid principal amount of the Note (each such amount re-determined as of each anniversary of the date hereof for the next succeeding year throughout the term of this Agreement); and

war risk and allied perils (including confiscation, appropriation, expropriation, terrorism and hijacking insurance) in the amounts required in paragraphs (i) and (ii), as applicable.

Any policies of insurance carried in accordance with this Section 4.6 and any policies taken out in substitution or replacement of any such policies shall (i) be endorsed to name Lender as an additional insured as its interests may appear (but without responsibility for premiums), (ii) provide, with respect to insurance carried in accordance with Section 4.6(a)(ii) or (a)(iii) above, that any amount payable thereunder shall be paid directly to Lender as sole loss payee and not to Lender and Customer jointly, (iii) provide for thirty (30) days' (seven (7) days' in the case of war, hijacking and allied perils) prior written notice by such insurer of cancellation, material change, or non-renewal, (iv) include a severability of interest clause providing that such policy shall operate in the same manner as if there were a separate policy covering each insured, (v) waive any right of set-off against Lender, and any rights of subrogation against Lender, (vi) provide that in respect of the interests of Lender in such policies, that the insurance shall not be invalidated by any action or inaction of Customer or any other Person operating or in possession of the Aircraft, regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by or binding upon Customer or any other Person operating or in possession of the Aircraft, and (vii) be primary, not subject to any co-insurance clause and shall be without right of contribution from any other insurance.

Customer shall not self-insure (by deductible, premium adjustment, or risk retention arrangement of any kind) with respect to any of the risks required to be insured pursuant to this Section 4.6. Customer agrees that it shall obtain and maintain such other insurance coverages, or cause adjustments to be made to the scope, amount or other aspects of the existing insurance coverages, promptly upon Lender's request, as and when Lender deems such additional insurance coverages or modifications to be appropriate in light of any changes in Applicable Law, prudent industry practices, the insurance market, Customer's anticipated use of the Aircraft or other pertinent circumstances. All of the coverages required herein shall be in full force and effect worldwide throughout any geographical areas to, in or over which the Aircraft is operated. All insurance proceeds payable under the requisite policies shall be payable in U.S. Dollars.

At least ten (10) days prior to the policy expiration date for any insurance coverage required by this Section 4.6, Customer shall furnish to Lender evidence (having the form and substance consistent with Section 1(f) of the Closing Terms Addendum) of the renewal or replacement of such coverage, complying with the terms hereof, for a twelve (12) month or greater period commencing from and after such expiration date.

#### Event of Loss: Loaner Engines.

Upon the occurrence of any Event of Loss with respect to the Aircraft and/or the Airframe, Customer shall notify Lender of any such Event of Loss within five (5) days of the date thereof. Customer shall pay the then Outstanding Balance promptly upon its receipt of insurance proceeds relating to such Event of Loss, but in no event later than ninety (90) days after the occurrence of such Event of Loss (irrespective as to whether any or all of such proceeds have been received). Upon Lender's receipt in good and indefeasible funds of all of the amounts required to be paid pursuant to the preceding sentence (whether by applying Customer's payment of such amounts, or any such insurance proceeds, or both) the Aircraft shall be released from the Lender's Lien, and Lender shall remit to Customer any such insurance proceeds so received by Lender, to the extent then remaining.

Upon an Event of Loss with respect to an Engine or any APU (as applicable, a " **Lost Item** ") under circumstances in which there has not occurred an Event of Loss with respect to the Airframe, Customer shall, within one hundred twenty (120) days after the occurrence of such Event of Loss, replace such Lost Item, with a Permitted Replacement. Any engine or auxiliary power unit constituting a " **Permitted Replacement** " for a Lost Item shall (i) be of the same make and model number as the Lost Item, (ii) be free and clear of all Liens and (iii) have a value, utility and useful life at least equal to, and be in as good an operating condition as, the Lost Item, assuming such Lost Item was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss. Customer, at its own cost and expense, shall (i) furnish Lender with such documents to evidence such conveyance, (ii) cause the Permitted Replacement to be subject to the Lender's Lien under this Agreement, and (iii) take such other actions as may be required by Lender to cause the Lender's Lien therein to be validly created, perfected and have first priority, including as evidenced on the FAA Registry, the International Registry, and any other recording office. Each such Permitted Replacement shall, after such conveyance, be deemed an "Engine" or "APU" (as defined herein), as applicable, and shall be deemed part of the same Aircraft as was the Lost Item replaced thereby.

In the event an Engine is damaged and is being repaired, or is being inspected or overhauled, Customer, at its option, may temporarily substitute another engine during the period of such repair or overhaul, so long as such engine is of the same make and model as the Engine being repaired or overhauled, is free and clear of any Lien that might impair Lender's rights or interests in the Airframe and is maintained in accordance herewith (any such substitute engine being hereinafter referred to as a " **Loaner Engine** "). Customer shall (i) cause such Loaner Engine to be installed and removed, as applicable, by a maintenance facility certified by the FAA and manufacturer with respect to the Aircraft, and (ii) cause the repaired or overhauled original Engine to be reinstalled on the Airframe promptly upon completion of the repair or overhaul, but in no event later than the earlier of one hundred twenty (120) days after removal or the occurrence of an Event of Default.

So long as no Default has occurred and is continuing, and no Event of Default or Event of Loss with respect to the Aircraft has occurred, any loss or damage proceeds of the Required Coverages received by Lender shall be released promptly by Lender to Customer to reimburse Customer for paying the costs actually incurred with respect to repairs made to the Aircraft so as to restore it to the condition required by this Agreement, or for the purchase of a Permitted Replacement pursuant to Section 4.7(b), or shall be disbursed by Lender as otherwise required by this Agreement.

Aircraft Registration. On or before the Closing Date, and at all times thereafter, so long as any of the Obligations are outstanding, Customer shall remain solely responsible pursuant to the applicable provisions of this Agreement to cause (i) the Aircraft to be effectively and otherwise validly registered in Customer's name on the Registry, and (ii) the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft, in each case, accordance with the Registration Requirements; and without limiting the foregoing, or any other provision of this Agreement, Customer shall:

cause the Registration Certificate to be maintained within the Aircraft and cause the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft; including by (A) notifying Lender immediately of any event or circumstance with respect to which the Registration Requirements require further action by Customer, the Registry or any other Governmental Authority or other Person, (B) immediately upon receipt, placing the original, replacement or renewal Registration Certificate on the Aircraft prior to the expiration or other invalidation of any previously issued Registration Certificate (whether the certificate or any other document constituting the Registration Certificate as defined herein) under the Registration Requirements, and (C) complying with any and all of the other Registration Requirements relating to such Registration Certificate, and to the Registration Certificate replaced thereby (including any of the same relating to the

destruction or return thereof, as the case may be); and

upon the occurrence, and at all times thereafter, of any Defective Registration (and without waiving Customer's responsibility to avoid such circumstance), or if the operation of the Aircraft is no longer authorized by the Registration Requirements, Customer shall (A) neither operate nor permit or suffer the operation of the Aircraft without a currently effective and otherwise valid Registration Certificate (and shall cause the pilots to be made aware of the Defective Registration), and otherwise comply with the FARs and other Applicable Laws relating to such Defective Registration, (B) ground and store the Aircraft in a manner reasonably acceptable to Lender, and (C) inform the insurer or insurers thereof, and obtain and maintain adjustments to the insurance coverages required pursuant Section 4.6 of this Agreement which may be necessary or desirable to Lender so as to reflect any changes in the insurable risks relating to any Defective Registration.

**Security Interest; Power of Attorney; Inspection .**

Grant of Security Interest . As collateral security for the prompt and complete payment and performance as and when due of all of the Obligations and in order to induce Lender to enter into this Agreement and make the Loan to Customer in accordance with the terms hereof, Customer hereby grants, pledges and assigns to Lender a first priority security interest, collateral assignment, international interest, prospective international interest, security assignment and prospective security assignment, in, against, under and with respect to (the " **Lender's Lien** ") all of Customer's right, title and interest in, to and under all of the following collateral, whether now existing or hereafter acquired (collectively, the " **Collateral** "): (i) the Aircraft, including the Airframe, the Engines, each of the APU and Parts, and the Records; (ii) any and all present and future Third Party Agreements; (iii) any and all other associated rights secured by or associated with the Airframe and/or the Engines, together with any related international interests and prospective international interests; (iv) any collateral described in the other Loan Documents (including in any Operating Consent); and (v) all proceeds of the foregoing. By way of clarification and not limitation, the foregoing grant of the Lender's Lien shall include, as applicable (and in each case, being validly registered and having first priority), an international interest in the Airframe and in each Engine. Notwithstanding the foregoing, (i) Customer shall not enter into any Third Party Agreements unless expressly permitted by Section 4.4 and (ii) Lender is not assuming, nor shall it be responsible for, any obligations, liabilities or duties of any kind whatsoever of Customer (and/or of any other Person) relating to the Collateral. Customer agrees that it shall perform and procure performance in accordance with any Third Party Agreement or other agreement or instrument giving rise to any associated rights that are or may become subjected to the Lender's Lien.

UCCs, Registrations, Etc.; Lender as Attorney-in-Fact . Customer hereby irrevocably:

authorizes Lender to prepare and file any UCC financing statements, amendments, continuations, terminations, assignments and other filings, or take such other actions for the purpose of perfecting, affording first and exclusive priority to or otherwise relating to Lender's Lien under this Agreement or the other Loan Documents;

consents to, and authorizes its professional user entity to consent to, the registration of each Registerable Interest requested by Lender or its Assignee, or otherwise required by the provisions of this Agreement or any of the other Loan Documents, including any subordination, amendment, assignment, discharge or undertaking permitted by the Cape Town Convention with respect thereto; and

constitutes and appoints Lender (including any Person acting on Lender's behalf), as its true and lawful attorney-in-fact with full power and authority in the place and stead of Customer and in the name of Customer or in its own name, for the purpose of carrying out the terms of this Agreement; which authority shall include the following undertakings that may be exercisable by Lender in its sole discretion at any time, and from time to time, if an Event of Default is then existing or upon the occurrence of an Event of Loss: (i) in Customer's name, file and/or record, such further instruments, filings and other documents, make, cause to be made and/or consent to all registrations with the International Registry, and take such further action, to establish and protect Lender's rights, interests and remedies created, or intended to be created, pursuant to the Loan Documents; (ii) endorse Customer's name on any checks, notes, drafts or any other payments or instruments, or set off, apply, or take such other actions with respect to any funds relating to the Collateral that come into Lender's possession or control; and (iii) to settle, adjust, receive payment and make claim or proof of loss, and take such other actions relating to the Required Coverages. This appointment is coupled with an interest, is irrevocable and shall terminate only upon indefeasible payment and performance in full of all of the Obligations. The powers conferred on Lender hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Lender shall be accountable only for amounts that it actually receives in good and indefeasible funds as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to Customer for any act or failure to act. Without limiting the foregoing, Customer agrees that within five (5) Business Days of Lender's request, Customer will enter into an irrevocable power-of-attorney authorizing Aviation Counsel or Lender's other designee as Customer's professional user entity and administrator for the purpose of discharging any Registerable Interests as and when directed to do so by Lender in connection with its exercise of its rights and remedies under the Loan Documents.

Inspection . Lender or its authorized representatives shall have the right, but not the duty, to inspect the Aircraft, any part thereof and/or the Records, at its own cost any reasonable time and from time to time, wherever located, upon reasonable prior notice to Customer; except that after the occurrence of a Default or an Event of Default, such inspection may be conducted at any time without prior notice and at Customer's sole expense, and it shall pay Lender promptly upon demand any inspection costs incurred by Lender. So long as no Default or Event of Default exists, any such inspections shall be conducted during normal business hours and without interruption of the use and operation of the Aircraft as permitted hereby. Upon the request of Lender, Customer shall promptly confirm to Lender the location of the Aircraft or any of the other Collateral.

**Events of Default** . The term " **Event of Default** ", wherever used herein, shall mean:

Customer shall fail to pay any Obligation within ten (10) days after the same shall become due and payable (whether at the stated maturity, by acceleration, upon demand or otherwise); or

(i) any Customer Party shall default in the payment or performance of any indebtedness, liability or obligation to Lender or any Affiliate of Lender under any note, security agreement, lease, title retention or conditional sales agreement or any other instrument or agreement; or (ii) any Customer Party shall fail to pay any Indebtedness (other than the Obligations) exceeding \$5,000,000.00, and such failure shall continue beyond any applicable grace period (or, with respect to trade Indebtedness which is not subject to a grace period, within ninety (90) days of the date such trade Indebtedness is incurred); or

(i) any of the Required Coverages are not kept in full force and effect, or a breach or violation shall exist with respect to any provisions thereof; or the Aircraft is operated in a manner, at a time or in or over or located at a place with respect to which such Required Coverages shall not be in effect; (ii) Customer shall fail to cause the Airframe or the Engines to be used, operated, maintained or otherwise kept in a condition so as to be in compliance with all Applicable Laws; or (iii) any Customer Party shall fail to comply with (A) any financial covenants as and to the extent set forth or incorporated in any Guaranty or in any of the other Loan Documents, or (B) any provision of any of the Loan Documents restricting Liens and other dispositions relating to either the Collateral or any rights or obligations under any of the Transaction Documents (including Section 4.4 hereof), or (iv) the occurrence of any Defective Registration; or

(i) any representation or warranty made by any Customer Party in any of the Loan Documents or in any related agreement, document or certificate shall prove to have been incorrect, misleading, or inaccurate in any material respect when made or given (or, if a continuing representation or warranty, at any time); or (ii) any Customer Party shall fail to (A) perform or observe any other agreement (other than those specifically referred to in this Section 6) required to be performed or observed by it under this Agreement or in any of the other Loan Documents, and such failure shall continue uncured for thirty (30) days after the earlier of written notice thereof from Lender to such Customer Party or such

Customer Party's actual knowledge thereof (but such notice and cure period will not be applicable unless such breach is curable by practical means within such notice period) or (B) notify Lender of any Default or Event of Default within ten (10) Business Days of its occurrence; or

(i) any Customer Party shall (A) generally fail to pay its, or his or her debts as they become due, admit its, or his or her inability to pay its, or his or her debts or obligations generally as they fall due, or shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws or other insolvency laws, or an answer admitting the material allegations of such a petition filed against such Customer Party in any such proceeding; or (B) by voluntary petition, answer or consent, seek relief under the provisions of any other bankruptcy or other insolvency or similar law providing for the reorganization or liquidation of corporations, or providing for an assignment for the benefit of creditors, or providing for an agreement, composition, extension or adjustment with its, or his or her creditors; or (ii) a petition against any Customer Party in a proceeding under applicable bankruptcy laws or other insolvency laws, as now or hereafter in effect, shall be filed and shall not be withdrawn or dismissed within one hundred twenty (120) days thereafter, or if, under the provisions of any law providing for reorganization or liquidation of business entities that may apply to any Customer Party, any court of competent jurisdiction shall assume jurisdiction, custody or control of such Customer Party or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of one hundred eighty (180) days after the filing date; or

the occurrence of any of the following events with respect to any Customer Party: (A) it enters into any transaction of merger, consolidation or reorganization; (B) it ceases to do business as a going concern, liquidates, or dissolves, or sells, transfers or otherwise disposes of all or substantially all of its assets or properties (in one or more transactions); (C) it becomes the subject of, or engages in, a leveraged buy out; (D) it changes the form of organization of its business; (E) if it is privately owned as of the Closing Date, there is any substantial change in the ownership or control of its capital stock or membership interests such that the holder(s) that own or control one hundred percent (100%) of such equity interests as of the Closing Date no longer do so; or (F) if it is publicly held as of the Closing Date, any change so that it is no longer subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or no longer registered under Section 12 of the Securities Act of 1933, as amended; or

(i) the conviction of or guilty plea by any Customer Party with respect to any criminal act constituting a felony, (ii) any repudiation by any Customer Party of its obligation for the payment or performance of the Obligations, (iii) any allegation by any Customer Party or judicial determination that any of the Loan Documents is unenforceable in any material respect or (iv) a Default (as defined in any Guaranty) shall occur; or any event or condition constituting a breach or other default under any Operating Consent.

#### **Remedies .**

Acceleration; Termination of Commitment . If any Event of Default shall occur, Lender, in its sole discretion, may (a) declare the Obligations to be immediately due and payable, and upon such declaration the Obligations (including, the unpaid principal amount of the Note, together with all accrued but unpaid interest thereon, any prepayment fees and all other amounts due and payable under or with respect to the Loan Documents), shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the other Loan Documents to the contrary notwithstanding, (b) terminate any then outstanding commitment whether to Customer or any Affiliate to make the Loan or any advance thereof, or any other financial accommodations, whether related to the Loan or otherwise, and/or (c) pursue and enforce any of Lender's rights and remedies under this Section 7; provided, however, if an Event of Default specified in Section 6 (e) above shall occur, the Obligations shall become immediately due and payable, all such commitments shall terminate, and Lender shall have all such other rights and remedies contemplated in the preceding clauses (a), (b) and (c), automatically, and without any notice or other action by Lender.

Additional Remedies . If an Event of Default occurs, in addition to all other rights and remedies granted to it in this Agreement and in the other Loan Documents, Lender may exercise all rights and remedies of a secured party under the UCC or as a creditor, chargee or security assignee under the Cape Town Convention (including any and all remedies thereunder requiring agreement by Customer), or otherwise available to Lender under any other Applicable Law. Without limiting the generality of the foregoing, Customer agrees that upon the occurrence of an Event of Default, Lender, without demand or notice of any kind (except as specified below) to or upon Customer or any other Person, in its sole discretion, may exercise any one or more of the following remedies:

(i) peacefully enter the premises where the Aircraft, the Engines, or any other Collateral is located, take immediate possession of, remove (or disable in place), or otherwise take control or custody of the Airframe, the Engines or any other Collateral (whether or not then attached to the Airframe) by self-help, summary proceedings or otherwise without liability, (ii) preserve the Airframe, the Engines or the other Collateral, and their respective value (but without any obligation to do so), and immobilize or keep idle the Airframe or Engines, and/or (iii) use Customer's premises for storage without liability; and Customer agrees, at Lender's request, to assemble the Collateral, and make it available to Lender at such places as Lender shall reasonably select, whether at Customer's premises or elsewhere;

(i) terminate the right of any Interested Third Party, and any other third party to use, possess or control the Airframe, the Engines or any of the other Collateral, including under any Permitted Third Party Agreement or other Third Party Agreement, without regard as to the existence of any event of default thereunder, (ii) recover from, and/or cause Customer and any such Interested Third Party, and any other third party, to relinquish possession and return the Airframe, the Engines and any other Collateral pursuant to this Section 7, and/or (iii) exercise any and all other remedies under any Operating Consents in Customer's stead, to the extent provided for under, or otherwise available to Customer in connection with any related Permitted Third Party Agreement or such other Third Party Agreement;

(i) manage, sell, lease, assign or otherwise dispose of the Airframe, the Engines or any other Collateral, in whole or in part, whether or not in Lender's possession, in one or more parcels or transactions, at public or private sale or sales, with or without notice to Customer (except as required by Applicable Law, and in furtherance thereof, Lender agrees that it shall give Customer no less than ten (10) working days' prior notice of any proposed sale or lease of the Airframe or Engines, which Customer acknowledges as constituting "reasonable prior notice" for the purposes of the Cape Town Convention) at such prices as Lender may deem best, and/or (ii) purchase the Collateral, in whole or in part, upon any public sale or sales, and to the extent permitted by Applicable Law upon any private sale or sales, free of any right or equity of redemption in Customer, which right or equity of redemption is hereby expressly released;

(i) collect, receive, appropriate and realize upon the Collateral, or any part thereof, including by applying any deposit or other cash collateral, or collecting or receiving, appropriating and realizing upon any income, profits or other proceeds arising from the management or use of the Airframe, the Engines or any of the other Collateral, and applying the same (after deducting all taxes, costs, expenses and other reductions of every kind incurred in connection therewith) to the payment in whole or in part of the Obligations, in such order and manner as Lender may elect; and (ii) after making such application, (A) remitting to Customer or to such other Person any excess then remaining, as and to the extent Lender is required by Applicable Law to make such remittance and (B) demanding, collecting and receiving from Customer any deficiency then remaining (and Customer agrees that it shall remain liable for, and pay upon demand, the full amount of any such deficiency);

(i) demand and obtain from any court speedy relief pending final determination available at law (including, possession, control, custody or immobilization of the Airframe and Engines, or preservation of the Airframe and the Engines and their respective value), (ii) procure the deregistration and/or export and physical transfer of the Airframe from the territory in which it is then situated (including pursuant to an IDERA, if any, executed by Customer), and/or (iii) otherwise proceed at law or in equity, to enforce specifically Customer's performance or to recover damages; and/or

exercise any and all other rights and remedies under or with respect to the Loan Documents or Applicable Law, including the Cape

Town Convention and the UCC.

No Waiver: Cumulative Remedies. No right or remedy is exclusive. Customer hereby acknowledges that none of the provisions of this Section 7, including any remedies set forth or referenced herein, is "manifestly unreasonable" for the purposes of the Cape Town Convention. Each may be used successively and cumulatively and in addition to any other right or remedy referred to above or otherwise available to Lender at law or in equity, but in no event shall Lender be entitled to recover any amount in excess of the maximum amount recoverable under Applicable Law with respect to any Event of Default. No express or implied waiver by Lender of any Default or Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default. The failure or delay of Lender in exercising any rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or reoccurrence of any such contingencies or similar contingencies, and any single or partial exercise of any particular right by Lender shall not exhaust the same or constitute a waiver of any other right provided for or otherwise referred to herein. After the occurrence of any Default or Event of Default, the acceptance by Lender of any payment or performance of any of the Obligations, including the payment of any installment of principal and/or interest or of any other sum owing hereunder or under the other Loan Documents shall not constitute a waiver of such Default or Event of Default, regardless of Lender's knowledge or lack of knowledge thereof at the time of acceptance of any such payment or performance and shall not constitute a reinstatement of any of the Loan Documents, unless Lender shall have agreed in writing to reinstate the same and waive the Default or Event of Default. To the extent permitted by Applicable Law, Customer waives any rights now or hereafter conferred thereby, that (a) limit or modify any of Lender's rights or remedies under this Agreement or any of the other Loan Documents, including the provisions of Article 13(2) of the Convention, or (b) would otherwise entitle Customer to (i) receive notices or demands as a condition to Lender's exercise of any rights or remedies, except as expressly required above or (ii) make claims, damages and demands against Lender arising out of the repossession, retention, sale or other disposition of the Collateral.

#### **MISCELLANEOUS**

Notices. All communications and notices provided for herein shall be in writing and shall be deemed to have been duly given or made (i) upon hand delivery, or (ii) upon delivery by an overnight delivery service, or (iii) when sent by telecopy (with customary confirmation of receipt of such telecopy) on the Business Day when sent or upon the next Business Day if sent on other than a Business Day.

#### Expenses and Fees; Indemnity; Performance of Customer's Obligations

Customer shall pay to Lender upon demand all reasonable fees, costs and expenses incurred by or on behalf of Lender at any time in connection with (i) the negotiation, preparation, execution, delivery and enforcement of the Loan Documents and the collection of the Obligations (both before and after the occurrence of a Default or Event of Default), (ii) the creation, preservation and protection of the Collateral and the perfection, first priority and enforcement of Lender's Lien, or (iii) Customer's exercise of any right granted under, or any amendment or other modification to any of, the Loan Documents. Such fees, costs and expenses shall include, without limitation, reasonable appraisal and inspection fees, the reasonable fees and expenses of Aviation Counsel and of Lender's counsel, consultants and brokers, UCC, FAA, International Registry and other applicable title, interest and lien searches, and reasonable costs and expenses relating to recovery, repossession, storage, insurance, transportation, repair, refurbishment, advertising, sale and other dispositions of the Aircraft or any of the other Collateral. Customer shall also pay all reasonable fees (including license, filing and registration fees), Impositions and other charges of whatever kind or nature that may be payable or determined to be payable in connection with (A) the execution, delivery, recording or performance of this Agreement or any of the other Loan Documents, or any modification thereof, and (B) the filings, registrations and other undertakings relating thereto. Notwithstanding the foregoing, as long as there are no more than two (2) revised drafts of any Loan Document provided by Customer or its counsel to Lender or Lender's counsel, Customer shall be responsible for not more than \$35,000.00 in the aggregate for the legal fees of outside counsel to Lender (including, Aviation Counsel) and appraisal, inspection, processing, credit verification, lien searches, FAA and International Registry fees and other fees incurred in connection with the initial negotiation, preparation and execution of this Agreement and the other Loan Documents executed and delivered on or before the Closing Date (and the consummation of the closing contemplated to occur thereon); provided that in the event that the negotiation exceeds two (2) revised drafts of any Loan Document, then Customer shall pay for the actual amount of such out of pocket fees incurred by Lender relating to the drafting and negotiation in excess of such two (2) revised drafts. Lender shall apply the previously paid deposit amount of \$35,000.00 to such fees and shall refund to Customer the amount by which the deposit exceeds such fees.

Customer hereby further agrees, whether or not the transactions contemplated by this Agreement shall be consummated, to pay, indemnify, and hold Lender and its affiliates and all of the Lender's and such affiliates' respective directors, shareholders, members, officers, employees, agents, predecessors, attorneys-in-fact, lawyers, successors and assigns (Lender, its affiliates and all of such other parties and entities sometimes hereinafter collectively, the "**Indemnified Parties**") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, out of pocket costs, attorney's fees, expenses or disbursements of any kind or nature whatsoever ("**Claims**") arising with respect to or in connection with (i) the Airframe, the Engines, or any APUs or Parts, or any of the other Collateral, including (whether by or through Customer, Vendor, any Interested Third Party, or any other Person), the manufacture, inspection, ownership, lease, sublease, management, pooling, interchange, time sharing, chartering, possession, use, operation, maintenance, security, condition (whether prior to, upon or after delivery or acceptance of any of the same), repossession, storage, sale or other disposition of any of the same, or any accident in connection therewith, including Claims involving or alleging environmental damage, criminal acts, hijacking, acts of terrorism or similar acts, product liability or strict or absolute liability in tort, latent and other defects (whether or not discoverable) and for any other risk or matter, including any of the same that result in injuries, death, destruction, or other harm or loss to persons or property, or (ii) any of the Loan Documents, Third Party Agreements or other Transaction Documents, or the performance, breach (including any Default or Event of Default) or enforcement of any of the terms hereof or thereof, provided, that Customer shall have no obligation to indemnify an Indemnified Party with respect to Claims arising from the gross negligence or willful misconduct of such Indemnified Party (unless if imputed by Applicable Law). If any Claim is made against any Indemnified Party, the party receiving notice or otherwise becoming aware of such Claim shall promptly notify the other, but the failure of the party having knowledge of a Claim to so notify the other party shall not relieve Customer of any obligation hereunder.

If any Customer Party fails to perform or comply with any of its agreements contained herein or in the other Loan Documents, including, without limitation, its obligations to keep the Collateral free of Liens (other than the Permitted Liens), comply with Applicable Standards, or obtain the Required Coverages, Lender shall have the right, but shall not be obligated, to effect such performance or compliance, with such agreement. Any expenses of Lender incurred in connection with effecting such performance or compliance, together with interest thereon at the default rate of interest provided for in the Note from the date incurred until reimbursed, shall be payable by Customer to Lender promptly on demand and until such payment shall constitute part of the Obligations secured hereby. Any such action shall not be a cure or waiver of any Default or Event of Default hereunder.

Entire Agreement; Modifications. This Agreement and the other Loan Documents constitute the entire understanding and agreement of the parties hereto with respect to the matters contained herein and therein, and shall completely and fully supersede all other prior agreements (including any proposal letter, commitment letter, and/or term sheet), both written and oral, between Lender and Customer relating to the Obligations. Neither this Agreement, nor any terms hereof, may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of a change, waiver, discharge or termination is sought.

Construction of this Agreement and Related Matters. All representations and warranties made in this Agreement and in the other Loan Documents shall survive the execution and delivery of this Agreement and the making of the Loan hereunder. Customer's obligations contained in

this Section 8 shall survive the payment and performance of the Obligations, the termination of this Agreement, and the release of the Collateral. This Agreement may be executed by the parties hereto on any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. The headings of the Sections hereof are for convenience only, are not part of this Agreement and shall not be deemed to affect the meaning or construction of any of the provisions hereof. Time is of the essence in the payment and performance of all of Customer's obligations under this Agreement. Any provision of this Agreement that may be determined to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective in such jurisdiction to the extent thereof without invalidating the remaining provisions of this Agreement, which shall remain in full force and effect.

Lender's Assignment. Lender, may at any time, with or without notice to Customer, freely grant a security interest in, sell, assign, participate or otherwise transfer (an "**Assignment**") all or any part of its interest in this Agreement and the other Loan Documents (including all associated rights associated with or secured thereby and the related international interests) or any amount due or to become due hereunder or thereunder, and Customer shall perform all of its obligations under the Loan Documents, to the extent so transferred, for the benefit of the beneficiary of such Assignment (such beneficiary, including any successors and assigns, an "**Assignee**"); provided, however, if such Assignee is not an Affiliate of Lender and if no Default or Event of Default exists, Lender will provide prior notice of any such Assignment to a third party. Customer hereby waives any right to assert, and agrees not to assert, against any Assignee any abatement, reduction, defense, setoff, recoupment, claim or counterclaim that Customer may have against Lender, provided that Lender remains fully responsible therefor. Upon the assumption by such Assignee of Lender's obligations hereunder, Lender shall be relieved of any such assumed obligations. Customer hereby consents to any such assignment, grant, sale or transfer, including, without limitation, for purposes of the Cape Town Convention. If so directed in writing, Customer shall pay all amounts due or to become due under the Loan Documents, including any of the same constituting associated rights or proceeds directly to the Assignee or any other party designated in writing by Lender or such Assignee. Customer acknowledges and agrees that Lender's right to enter into an Assignment is essential to Lender and, accordingly, waives any restrictions under Applicable Law with respect to an Assignment and any related remedies. Upon the request of Lender or any Assignee, Customer also agrees (a) to promptly execute and deliver, and cause to be executed and delivered by any Guarantor or any other Transaction Party, to Lender or to such Assignee an acknowledgment of assignment in form and substance satisfactory to the requesting party, an insurance certificate naming Assignee as additional insured and loss payee and otherwise evidencing the Required Coverages, an IDERA in favor of Assignee, and such other documents and assurances reasonably requested by Lender or Assignee, (b) to make, or cause to be made, all registrations (including all assignments and subordinations) and all amendments, extensions and discharges with the International Registry reasonably requested by Lender or Assignee (and give or obtain any necessary consent thereto, as well as renew any authorization required by the International Registry in connection therewith, including renewing its transacting user entity status and re-designating a professional user entity, if necessary in Lender's judgment), and (c) to comply with any and all other reasonable requirements of any such Assignee in connection with any such Assignment.

Jurisdiction. Customer and Lender each hereby irrevocably consents and agrees that any legal action, suit or proceeding arising out of or in any way in connection with this Agreement or any of the other Loan Documents may be instituted or brought in the courts of the State of New York or in the United States Courts for the Southern District of New York, as Customer or Lender may elect or in any other state or Federal court as Lender shall deem appropriate, and by execution and delivery of this Agreement, Customer and Lender each hereby irrevocably accepts and submits to, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of any such court, and to all proceedings in such courts. Customer and Lender each irrevocably consents to service of any summons and/or legal process by first class, certified United States air mail, postage prepaid, to Customer at the address set forth below its signature hereto, such method of service to constitute, in every respect, sufficient and effective service of process in any such legal action or proceeding. Nothing in this Agreement or in any of the other Loan Documents shall affect the right to service of process in any other manner permitted by law or limit the right of Lender to bring actions, suits or proceedings in the courts of any other jurisdiction. Customer and Lender each further agrees that final judgment against it in any such legal action, suit or proceeding shall 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 shall be conclusive evidence of the fact and the amount of the liability. Notwithstanding anything in the foregoing to the contrary, Lender and Customer may bring a judicial proceeding in the Republic of Ireland, solely with respect to matters relating to the International Registry.

Governing Law; Binding Effect. This Agreement shall be construed and enforced in accordance with, and the rights of both parties shall be governed by, the internal laws of the State of New York (without regard to the conflict of laws principles of such state, except as to the effect of Title 14, Section 5-1401 of the New York General Obligations Law), including all matters of construction, validity, and performance. This Agreement shall be binding upon and inure to the benefit of Customer and Lender and their respective successors and assigns (but without limiting the provisions of Section 8.5); except that Customer may not assign or transfer its rights or obligations hereunder or under any other Loan Agreement, or any interest herein or therein; and any such purported or attempted assignment or transfer by Customer shall be null and void.

Customer's Capacity as Owner Trustee. TVPX Aircraft Solutions Inc. ("TVPX") is executing this Agreement, and the other Loan Documents solely in its capacity as Owner Trustee under the Trust Agreement and not in its individual capacity and in no case shall TVPX be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of the Customer hereunder, or under any Loan Document, all such liability, if any, being expressly waived by the parties hereto and any Person claiming by, through, or under such party. Under no circumstances shall TVPX be personally liable for the payment of any other amount stated to be due from the Customer hereunder, or under any Loan Document, or be personally liable for the breach or failure of any of Customer's representations, warranties, covenants, obligations, undertakings and agreements hereunder, or under any Loan Documents; provided, however, that the Customer (or any such successor owner trustee) shall be personally liable hereunder for its own gross negligence or willful misconduct or for its breach of its covenants, representations and warranties contained herein, or in any Loan Document, to the extent covenanted or made in its individual capacity.

Jury Waiver. CUSTOMER AND LENDER EACH HEREBY KNOWINGLY AND FREELY WAIVES THEIR RESPECTIVE RIGHTS TO A JURY TRIAL IN ANY ACTION, SUIT OR PROCEEDING RELATING TO, ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE NOTE OR ANY OF THE OTHER LOAN DOCUMENTS.

**[Signatures On Next Page]**

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Loan and Aircraft Security Agreement

IN WITNESS WHEREOF, the parties hereto have caused this Loan and Aircraft Security Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

BANC OF AMERICA LEASING & CAPITAL, LLC, Lender

TVPX AIRCRAFT SOLUTIONS INC., a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust

Agreement dated July \_\_\_\_, 2017,  
Customer

By:  
Name:  
Title:  
Notice Address:

One Financial Plaza, 2nd Floor  
Providence, Rhode Island 02903  
Attention: Director of Aircraft Operations  
Telephone: 800-238-3737  
Facsimile: 401-278-7941

By:  
Name:  
Title:

Notice Address:

39 East Eagle Ridge Drive, Ste. 201  
North Salt Lake, UT 84054  
Telephone: (801) 924-367  
Facsimile: (801) 877-0478

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### LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)

**THIS LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)** (together with all Addenda, Riders and Annexes hereto, this "**Agreement**") is dated as of July 27, 2017 (the "**Closing Date**"), by and between **TVPX AIRCRAFT SOLUTIONS INC.**, a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated as of July 27, 2017 ("**Customer**") and **BANC OF AMERICA LEASING & CAPITAL, LLC**, a Delaware limited liability company ("**Lender**").

In consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

Capitalized and certain other terms used but not otherwise defined in this Agreement shall have the meanings ascribed to them in Annex A attached hereto and made a part hereof.

#### Terms of Loan .

Loan and Use of Proceeds . Subject to the terms and conditions of this Agreement, Lender agrees to make a loan to Customer in the principal amount set forth in Annex B attached hereto and made a part hereof (the "**Loan**"). Customer shall use the proceeds of the Loan to finance the costs of the acquisition of the Aircraft.

Repayment and Prepayment . The Customer's obligation to repay the Loan shall be evidenced by one or more Promissory Notes dated on and/or after the Closing Date, payable by Customer to the order of Lender in the original principal amount of the Loan (as amended, modified, restated, extended and renewed from time to time, the "**Note**"). The Loan shall bear interest and be repaid by Customer at the times and in the manner set forth in the Note. The Loan may be prepaid only in the manner and subject to terms and conditions set forth in the Note and, if applicable, Section 4.7 hereof.

Conditions of Borrowing . Lender's obligation to make the Loan shall be both subject to and conditioned upon the satisfaction of all of the conditions precedent specified in the Closing Terms Addendum attached to and made a part of this Agreement.

Representations and Warranties . In order to induce Lender to enter into this Agreement and to make the Loan herein provided for, Customer represents, warrants and covenants to Lender that:

(i) Customer (A) is duly qualified to do business in each jurisdiction in which the conduct of its business or the ownership or operation of its assets requires such qualification, including the jurisdiction of the Primary Hangar Location and wherever any of the Collateral may become located; (B) has the necessary authority and power to own and operate the Aircraft and its other assets and to transact the business in which it is engaged; (C) is a "citizen of the United States" within the meaning of the Transportation Code; and (D) has the form of business organization set forth in Annex B hereto and is and will remain duly organized, validly existing and in good standing under the laws of the state of its organization set forth in Annex B hereto, its federal tax identification number is as set forth in Annex B hereto, and its state-issued organizational identification number (if any), chief executive office and principal place of business address are all as set forth on Annex B hereto; and (ii) its name as shown in the preamble of this Agreement is its exact legal name as shown on its charter, by-laws, articles of organization or operating agreement, as applicable, each as amended as of the Closing Date;

(i) Customer's execution and delivery of, and performance of its obligations under and with respect to, each of the Loan Documents (including its borrowing the amounts constituting the Loan, granting the Lender's Lien against the Aircraft and other Collateral and participating in the other transactions contemplated herein and therein), (A) have been duly authorized by all necessary action on the part of Customer consistent with its form of organization, (B) do not contravene or constitute a default under any Applicable Law, any of Customer's Organizational Documents, or any agreement, indenture, or other instrument to which Customer is a party or by which it may be bound, (C) do not require the approval of or notice to (1) any Governmental Authority, except for the filings and registrations specified in the Closing Terms Addendum, all of which shall have been duly effected prior to or concurrently with Lender making the Loan, or (2) any other party (including any trustees or holders of indebtedness), and (D) will not result in the creation or imposition of any Lien on any of the assets of Customer other than the Lender's Lien created hereby and by the other Loan Documents with respect to the Collateral; (ii) each of the Transaction Documents referenced in the Closing Terms Addendum to which Customer is a party has been duly executed and delivered by an authorized representative of the Customer, and constitutes the legal, valid and binding obligation of the Customer, enforceable against it in accordance with the respective terms of such Transaction Documents (including, without limitation, the grant of the Lender's Lien); and (iii) without limiting the foregoing, upon Lender's advancing the Loan on the Closing Date, (A)

Customer will have satisfied or complied with all conditions precedent and requirements as set forth in the Loan Documents required to have been satisfied or complied with concurrently with or prior to such advance and (B) no Default or Event of Default shall be then existing;

there are no proceedings pending or, so far as the officers, managers, or members of Customer know, threatened against or affecting Customer or any of its property before any Governmental Authority that could impair Customer's title to the Aircraft or any of the other Collateral, or that, if decided adversely, could materially affect the financial condition or operations of Customer or its ability to perform its obligations under any of the Loan Documents;

(i) Customer has, and shall continue to have, good and marketable title to the Collateral, free and clear of Liens, except Permitted Liens; (ii) the Lender's Lien in the Airframe, the Engines and the other Collateral is and shall remain validly created and perfected, and has and shall continue to have first priority over any other Liens pursuant to all Applicable Laws; and (iii) all filings, recordings, registrations or other actions necessary or desirable in order to vest such title in Customer, and establish, perfect and give first priority to Lender's Lien and other rights and interests in, against or with respect to the Collateral, have been duly effected, and all Impositions in connection therewith have been duly paid;

without limiting any of the other representations and warranties in this Agreement, for the purposes of the Cape Town Convention and any other Applicable Law, (i) upon the conclusion of the sale of the Aircraft to Customer, and Customer's grants and assignments, and (if constituting a lease) any Permitted Third Party Agreement, contemplated in the Loan Documents or other Transaction Documents, Customer and (if a lessee) any Interested Third Party shall be situated in, and Customer will cause the Aircraft to be duly registered in, the United States of America (which is a contracting state), (ii) with respect to any of the Transaction Documents relating to the Airframe or Engine, each of the respective parties thereto has power to dispose of the Airframe and Engine, as contemplated therein by way of the relevant Transaction Document, and (iii) the Purchase Documents qualify as a "contract of sale", and (if constituting a lease) any Permitted Third Party Agreement and the Loan Documents are effective to constitute international interests in the Airframe and Engine and security assignments of the related associated rights and transfer of the related international interests, as contemplated therein, and each such Registerable Interest will be effective against third parties upon registration at the International Registry, without any further filings or registrations (except as contemplated in the Loan Documents);

(i) the Aircraft (A) has been delivered to Customer, is in Customer's possession and is, as of the Closing Date, unconditionally, irrevocably and fully accepted by Customer, (B) has been inspected by Customer to its complete satisfaction and, without limiting the foregoing, (1) has been found to be in good working order, repair and condition and fully equipped to operate for its intended purpose, and (2) is in conformity with the requirements of the Purchase Agreement and the Applicable Standards, (C) is, or will be at the time of the funding of the Loan, currently certified under existing FAA rules and regulations and any other Applicable Laws and is airworthy in all respects, and (D) is and will remain primarily hangared at the Primary Hangar Location; and (ii) without limiting the foregoing, (A) solely as between Lender and Customer (and without prejudicing Customer's rights against Vendor or any other third party, which rights are not being disclaimed hereby), Customer has no pending claims and has no knowledge of any facts upon which a future claim may be based, against any prior owner, the seller, manufacturer or supplier of the Aircraft or any of the other Collateral, for breach of warranty or otherwise, and (B) all of the information contained in Annex C, including the registration number of the Aircraft, and the serial numbers, manufacturer and model numbers of the Airframe, Engines, and APU, are true and accurate in all respects; and

(h) the Aircraft (i) is currently capable of being certified under existing FAA rules and regulations and completely airworthy in all respects, (ii) will undergo an inspection by a Designated Airworthiness Representative of the FAA (" **DAR** ") on the Closing Date and (iii) an FAA Standard Airworthiness Certificate (AC Form 8100-2) shall be issued for the Aircraft no later than two (2) Business Days after the Closing Date.

**Covenants** . Customer covenants and agrees that from and after the Closing Date and so long as any of the Obligations are outstanding:

Notices; Financial Information; and Further Assurances . Customer will, at its sole expense:

promptly give written notice to Lender of (i) the occurrence of any Default or Event of Default; (ii) the occurrence of any Event of Loss or event of which Customer may be aware that could become an Event of Loss; (iii) the commencement or written threat of any material litigation or proceedings affecting Customer or any material litigation or proceedings affecting the Aircraft or any of the other Collateral, or the ability of Customer to comply with its obligations under the Loan Documents; and (iv) any material dispute between Customer or any Interested Third Party and any Governmental Authority or other party that involves the Aircraft or any of the other Collateral or that might materially interfere with the normal business operations of Customer;

cause Guarantor to comply with the financial reporting requirements set forth in the Guaranty and promptly furnish to Lender any such financial and other information regarding the Customer or Guarantor or any of its Affiliates as Lender may from time to time reasonably request; and

promptly execute and deliver to Lender such further instruments, UCC and FAA filings (including an IDERA) and other documents, make, cause to be made and/or consent to all registrations (including any discharges and subordinations, or as to the prospective or actual sale of, and any international interest in, the Engines) with the International Registry, and take such further action, as Lender may from time to time reasonably request in order to further carry out the intent and purpose of the Loan Documents and to establish, protect and enforce the rights, interests, remedies and Liens (including the first priority thereof) created, or intended to be created, in favor of Lender thereby.

General Obligations . (a) Customer agrees that it shall (i) duly observe and conform to all requirements of Applicable Law relating to the conduct of its business and/or the Aircraft, (ii) remain a "citizen of the United States" within the meaning of the Transportation Code, (iii) obtain and keep in full force and effect (A) all rights, franchises, licenses and permits that are necessary to the proper conduct of its business, and (B) all approvals by any Governmental Authority required with respect to the performance of its obligations under the Loan Documents and the operation of the Aircraft and its business, (iv) cause the Aircraft to remain primarily hangared at the Primary Hangar Location, and duly registered in Customer's name under the Transportation Code (including, by making all necessary reports, re-registering its ownership of the Aircraft, and taking all other actions required by Applicable Law), and (v) pay and perform all of its obligations and liabilities when due. (b) Customer agrees that (i) it shall not change its presently existing legal name or its form or state of organization on or after the date of this Agreement, without Lender's prior written consent, (ii) if its presently existing state organizational identification number changes, or if Customer currently has no such state organizational number but is subsequently issued such a number, on or at any time after the date of this Agreement, Customer shall immediately notify Lender thereof, and (iii) it shall not change the presently existing mailing, chief executive office and/or principal place of business address on or after the date of this Agreement without giving Lender thirty (30) days written notice of the same.

Taxes . (a) Customer will file or cause to be filed with all appropriate taxing authorities all Federal, state and local income tax returns that are required to be filed and all registrations, declarations, returns and other documentation with respect to any personal property taxes (or any other taxes in the nature of or imposed in lieu of property taxes) due or to become due with respect to the Aircraft or any of the other Collateral. (b) Customer will pay (or cause to be paid) (i) on or before the date when due all taxes as shown on said returns and all taxes assessed, billed or otherwise payable with respect to the Aircraft or the other Collateral directly to the appropriate taxing authorities; and (ii) when due all license and/or registration or filing fees, assessments, governmental charges and sales, use, property, excise, privilege, value added and other taxes (including any related interest or penalties) or other charges or fees now or hereafter imposed by any governmental body or agency upon Customer or the Aircraft or any of the other Collateral, with respect to the landing, airport use, manufacturing, ordering, shipment, purchase, ownership, delivery, installation, leasing, chartering, operation, possession, use or disposition of the Aircraft or any of the other Collateral, or any interest therein (the items referred to in (i) and (ii) above being referred to herein collectively, as "**Impositions** ").

#### No Disposition of Collateral or Liens: Title and Security Interest.

Customer shall not sell, assign, enter into any Third Party Agreement, convey, mortgage, exchange or otherwise transfer or relinquish possession of (including by any seizure or other taking by any foreign or domestic governmental authority) or dispose of the Airframe or Engines, any Part, any related associated rights, international interests or prospective international interests, any proceeds or any of the other Collateral, or attempt or offer to do, or suffer or permit any of the foregoing. Customer shall be permitted, however, to deliver possession of the Airframe, the Engines, or any APU or Part to another Person for testing, service, repair, maintenance, overhaul, alteration or modification, and to enter into Permitted Third Party Agreements, in each case, if and to the extent consistent with the provisions of the Loan Documents. Customer will warrant and defend its good and marketable title to the Airframe, the Engines and the other Collateral, and the validity, perfection and first priority of Lender's Lien in the Collateral, against all other Liens, claims and demands whatsoever, except Permitted Liens; and without limiting the foregoing, Customer will (i) not create, assume or suffer to exist any Liens on or with respect to the Airframe, the Engines, or any of the other Collateral, or Customer's interest therein (other than Permitted Liens); and (ii) promptly take such action as directed by Lender to duly discharge any such unpermitted Liens.

So long as no Default or Event of Default is then existing, Customer may enter into and remain a party to Third Party Agreements, in each such case, subject to the satisfaction of, and compliance by Customer and each Interested Third Party with, all of the following throughout the term of such arrangement: (i) Each such Interested Third Party shall (A) be and remain solvent, and (unless an individual) organized under the laws of a state within the United States; and (B) if engaged by Customer with the prior written consent of Lender as a manager and/or charter operator (including the Manager pursuant to the Management Agreement), while so engaged, (1) have a recognized favorable reputation as a manager and/or charter operator, as the case may be, of aircraft similar to the Aircraft, (2) be providing management and/or charter operation services for other aircraft owners similar to the services contemplated therein, and (3) if and at all times while conducting any charter operations (x) have and maintain a valid Part 135 Certificate evidencing its authority to conduct such operations, (y) list the Aircraft on its operations specifications, and (z) comply with all Applicable Standards pertaining to such charter operations. (ii) Any operation of the Aircraft pursuant to any such Third Party Agreement shall be limited to (A) if by Customer, Parent Guarantor or any Affiliate of Parent Guarantor, any time sharing agreements (as defined in Section 91.501(c)(1)) complying with Part 91 of the FARs and all other Applicable Standards, (B) if by a manager and/or a charter operator with Lender's prior written consent, pursuant to and in full compliance with the requirements of Part 135 of the FARs and all other Applicable Standards, or (C) if such Third Party Agreement is a "dry lease" by Customer, as lessor, to Parent Guarantor or an Affiliate of Parent Guarantor or other Interested Third Party permitted pursuant hereto, as lessee, operation by such lessee complying with (1) Part 91 and any other applicable provision of the FARs, and all other Applicable Standards, and (2) the provisions hereof and of the other Loan Documents pertinent to the operation of the Aircraft (whether by Customer or any permitted Interested Third Party). (iii) The related Third Party Agreement shall (A) be and remain, subject and subordinate to Lender's Lien in and with respect to the Collateral, and Lender's rights and remedies under the Loan Documents (and such subordination shall be expressly acknowledged therein), (B) not convey any Lien on, or other property interest in or against the Airframe, the Engines or any of the other Collateral, except for a Permitted Lien (but, without giving effect to clause (a) of the definition of such term), (C) not permit any further sublease or disposition of or unpermitted Lien against the Aircraft or any of the other Collateral by any of the Interested Parties thereto or any other Person, or any change in registration or unpermitted change in hanging of the Aircraft, (D) not contain provisions that are inconsistent with the provisions of any of the Loan Documents or cause Customer to breach any of its representations, warranties or agreements under any of the Loan Documents, (E) be in conformity with all requirements of the FARs and other Applicable Laws, and (F) otherwise conform to any Operating Consent required by Lender with respect thereto. (iv) (A) Customer shall have specified such Third Party Agreement on Annex B if existing on the Closing Date, or if not then existing shall require Lender's prior written consent and at least thirty (30) Business Days' prior written notice of its intention to enter into a Third Party Agreement and (B) no later than the effective date thereof Customer shall comply with, and at all times thereafter remain in compliance with, any related requirements by Lender, including (1) entering into, and causing any related Interested Third Parties to enter into, an Operating Consent, (2) causing Lender to be covered by the Required Coverages (which, for the purposes hereof, may include insurance coverages obtained and maintained by an Interested Third Party, conforming to the insurance requirements herein and in any of the other Loan Documents), and (3) entering into or delivering, or causing to be entered into and delivered, all such other documents, filings and assurances, making or causing to be made such filings and registrations, and taking or causing to be taken all such other actions, in each case as may be required by Lender and (4) paying or reimbursing Lender for any related costs or expenses. (v) Lender shall have the right, but not the obligation, to (A) require reasonable evidence that any Interested Third Party satisfies the requirements provided herein, and (B) review any such Third Party Agreement, as from time to time supplemented and amended, to determine its conformity with the provisions hereof, but without assuming any responsibility with respect thereto. (vi) Customer shall neither make, nor permit to be made, any filing or registration with respect to any Permitted Third Party Agreement, unless so directed by Lender pursuant to Section 5.2 or otherwise. Notwithstanding the foregoing limitations Parent Guarantor or any Affiliate shall be permitted to conduct the carriage of Parent Guarantor or any Affiliate and/or their respective guests pursuant to 14 CFR Section 91.501(b)(4), affiliated group operations pursuant to 14 CFR Section 91.501(b)(5) and/or (6), demonstration flights pursuant to 14 CFR Section 91.501(b)(3), time sharing or interchange operations pursuant to 14 CFR Section 91.501(b)(6), the carriage of customers pursuant to 14 CFR Section 91.501(b)(9) and/or the carriage of candidates in Federal elections conducted pursuant to 14 CFR Section 91.321.

With respect to any Third Party Agreements complying with all of the provisions of Section 4.4(b) (each a "**Permitted Third Party Agreement**"), although certain of the duties and obligations of Customer under the Loan Documents may be performed by one or more of the Interested Third Parties, (i) no such Permitted Third Party Agreement shall reduce any of Customer's obligations, or Lender's rights, under any of the Loan Documents, (ii) all of Customer's obligations under the Loan Documents shall be and remain primary and continue in full force and effect as the obligations of a principal and not of a guarantor or surety, and (iii) Lender is not waiving the right to require full and timely performance of any such obligations in strict accordance with the provisions hereof and of the other Loan Documents. By way of clarification and not limitation, with respect to any provisions of this Agreement or any of the other Loan Documents requiring Customer to take or refrain from taking an action relating to the Aircraft or any of the other Collateral, such provision may also be read to mean that Customer shall cause the same to be done in accordance therewith, if at that time the Aircraft or such other Collateral is in the possession or control of an Interested Third Party pursuant to a Permitted Third Party Agreement.

#### Use of Aircraft; Maintenance; Modifications; Security.

Customer will operate the Aircraft or shall cause the Aircraft to be operated under and in compliance with Part 91 and any other applicable provision of the FARs, and all other Applicable Standards. Unless otherwise expressly permitted hereunder, (i) Customer shall not operate or permit the Aircraft to be operated for air taxi operations or otherwise under Part 135 of the FARs; and (ii) Customer, an Affiliate or other Interested Third Party shall at all times have, and maintain, "operational control" of the Aircraft (as such term is then interpreted by the FAA or such other applicable Governmental Authority), and no other Person shall operate the Aircraft. The Aircraft at all times will be operated by duly qualified pilots having satisfied all requirements established and specified by the FAA, the TSA, any other applicable Governmental Authority and the Required Coverages.

the Aircraft may be flown temporarily to any country in the world, provided that the Aircraft (i) shall at all times be based in the continental United States; and (ii) shall not be flown, operated, used or located in, to or over any such country or area (temporarily or otherwise) (A) that is excluded from the Required Coverages (or specifically not covered by such

insurance), (B) with which the U.S. does not maintain favorable diplomatic relations (which is any country or jurisdiction not marked with an “\*” on the list maintained by the U.S. Department of State, at <http://www.state.gov/s/inr/rls/4250.htm> or any replacement or equivalent website maintained by the U.S. Department of State), provided that the prohibition in this clause (B) does not prohibit the operation of the Aircraft on an approved and assigned air traffic control route (if and so long as such use is otherwise in compliance with the provisions of the this Agreement and does not violate any insurance policies in effect with respect to the Aircraft), (C) to the extent that payment of any claim under the Required Coverages directly or indirectly arising or resulting from or connected with any such flight, operation, use or location would be prohibited under any trade or other economic sanction or embargo by the United States of America, or (D) in violation of any of the Loan Documents or any Applicable Standards. Customer shall adopt, implement and comply with all security measures required by any Applicable Law, or by any Required Coverages, or that are necessary or appropriate for the proper protection of the Aircraft (whether on the ground or in flight) against theft, vandalism, hijacking, destruction, bombing, terrorism or similar acts.

Customer agrees that, with respect to the Airframe, the Engines, each APU and each Part, Customer will at its own expense, (i) maintain, inspect, service, repair, overhaul and test the same in accordance with Applicable Standards; (ii) make any alterations or modifications that may at any time be required to comply with Applicable Standards, and to cause the Aircraft to remain airworthy; (iii) furnish all required parts, replacements, mechanisms, devices and servicing so that the condition and operating efficiency thereof will at all times be no less than its condition and operating efficiency as and when delivered to Customer, ordinary wear and tear from proper use alone excepted; (iv) promptly replace all Parts (A) which become worn out, lost, stolen, taken, destroyed, damaged beyond repair or permanently rendered or declared unfit for use for any reason whatsoever, or (B) if not previously replaced pursuant to clause (A), as and when required by any Applicable Standards, including any applicable life limits; and (v) maintain (in English) all Records in accordance with Applicable Standards; and (vi) enroll and maintain the Engines in an Engine Maintenance Program and the APU in an APU Maintenance Program or shall cause the foregoing to be done. All maintenance procedures shall be performed by properly trained, licensed, and certified maintenance sources and personnel utilizing replacement parts approved by the FAA and the manufacturer of (as applicable) the Airframe, the Engines, or any APU or Part. Without limiting the foregoing, Customer shall comply with all mandatory service bulletins and airworthiness directives by causing compliance to such bulletins and/or directives to be completed through corrective modification in lieu of operating manual restrictions.

Customer will not make, authorize or permit any improvement, change, addition or alteration to the Aircraft that will impair the originally intended function or use of the Aircraft, diminish the value of the Aircraft as it existed immediately prior thereto, or violate any Applicable Standard. All repairs, parts, replacements, mechanisms and devices added by Customer or on its behalf shall immediately, without further act, become part of the Aircraft and subject to the Lender's Lien granted under this Agreement.

#### Insurance.

Customer agrees to maintain or cause to be maintained at all times, at its sole cost and expense, with insurers of recognized reputation and responsibility satisfactory to Lender (but in no event having an A.M. Best or comparable agency rating of less than “A-”):

(A) comprehensive aircraft liability insurance against bodily injury or property damage claims including, without limitation, contractual liability, premises liability, death and property damage liability, public and passenger legal liability coverage, and sudden accident pollution coverage, in an amount not less than \$200,000,000.00 for 20 or more seats, or if the Aircraft will be chartered, or \$100,000,000.00 for 10 or more seats, or \$50,000,000.00 for fewer than 10 seats for each single occurrence, and (B) personal injury liability in an amount not less than \$25,000,000.00; but, in no event shall the amounts of coverage required by sub-clauses (A) and (B) be less than the coverage amounts as may then be required by Applicable Law;

“all-risk” ground, taxiing, and flight hull insurance on an agreed-value basis, covering the Aircraft, provided that such insurance shall at all times be in an amount not less than the greater of (1) the full replacement value of the Aircraft (as determined by Lender), or (2) the unpaid principal amount of the Note (each such amount re-determined as of each anniversary of the date hereof for the next succeeding year throughout the term of this Agreement); and

war risk and allied perils (including confiscation, appropriation, expropriation, terrorism and hijacking insurance) in the amounts required in paragraphs (i) and (ii), as applicable.

Any policies of insurance carried in accordance with this Section 4.6 and any policies taken out in substitution or replacement of any such policies shall (i) be endorsed to name Lender as an additional insured as its interests may appear (but without responsibility for premiums), (ii) provide, with respect to insurance carried in accordance with Section 4.6(a)(ii) or (a)(iii) above, that any amount payable thereunder shall be paid directly to Lender as sole loss payee and not to Lender and Customer jointly, (iii) provide for thirty (30) days' (seven (7) days' in the case of war, hijacking and allied perils) prior written notice by such insurer of cancellation, material change, or non-renewal, (iv) include a severability of interest clause providing that such policy shall operate in the same manner as if there were a separate policy covering each insured, (v) waive any right of set-off against Lender, and any rights of subrogation against Lender, (vi) provide that in respect of the interests of Lender in such policies, that the insurance shall not be invalidated by any action or inaction of Customer or any other Person operating or in possession of the Aircraft, regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by or binding upon Customer or any other Person operating or in possession of the Aircraft, and (vii) be primary, not subject to any co-insurance clause and shall be without right of contribution from any other insurance.

Customer shall not self-insure (by deductible, premium adjustment, or risk retention arrangement of any kind) with respect to any of the risks required to be insured pursuant to this Section 4.6. Customer agrees that it shall obtain and maintain such other insurance coverages, or cause adjustments to be made to the scope, amount or other aspects of the existing insurance coverages, promptly upon Lender's request, as and when Lender deems such additional insurance coverages or modifications to be appropriate in light of any changes in Applicable Law, prudent industry practices, the insurance market, Customer's anticipated use of the Aircraft or other pertinent circumstances. All of the coverages required herein shall be in full force and effect worldwide throughout any geographical areas to, in or over which the Aircraft is operated. All insurance proceeds payable under the requisite policies shall be payable in U.S. Dollars.

At least ten (10) days prior to the policy expiration date for any insurance coverage required by this Section 4.6, Customer shall furnish to Lender evidence (having the form and substance consistent with Section 1(f) of the Closing Terms Addendum) of the renewal or replacement of such coverage, complying with the terms hereof, for a twelve (12) month or greater period commencing from and after such expiration date.

#### Event of Loss: Loaner Engines.

Upon the occurrence of any Event of Loss with respect to the Aircraft and/or the Airframe, Customer shall notify Lender of any such Event of Loss within five (5) days of the date thereof. Customer shall pay the then Outstanding Balance promptly upon its receipt of insurance proceeds relating to such Event of Loss, but in no event later than ninety (90) days after the occurrence of such Event of Loss (irrespective as to whether any or all of such proceeds have been received). Upon Lender's receipt in good and indefeasible funds of all of the amounts required to be paid pursuant to the preceding sentence (whether by applying Customer's payment of such amounts, or any such insurance proceeds, or both) the Aircraft shall be released from the Lender's Lien, and Lender shall remit to Customer any such insurance proceeds so received by Lender, to the extent then remaining.

Upon an Event of Loss with respect to an Engine or any APU (as applicable, a “ **Lost Item** ”) under circumstances in which there has not occurred an Event of Loss with respect to the Airframe, Customer shall, within one hundred twenty (120) days after the occurrence of such Event of Loss, replace such Lost Item, with a Permitted Replacement. Any engine or auxiliary power unit constituting a “ **Permitted Replacement** ” for a Lost Item shall (i) be of the same make and model number as the Lost Item, (ii) be free and clear of all Liens and (iii) have a value, utility and useful life at least equal to, and be in as good an operating condition as, the Lost Item, assuming such Lost Item was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss. Customer, at its own cost and expense, shall (i) furnish Lender with such documents to evidence such conveyance, (ii) cause the Permitted Replacement to be subject to the Lender’s Lien under this Agreement, and (iii) take such other actions as may be required by Lender to cause the Lender’s Lien therein to be validly created, perfected and have first priority, including as evidenced on the FAA Registry, the International Registry, and any other recording office. Each such Permitted Replacement shall, after such conveyance, be deemed an “Engine” or “APU” (as defined herein), as applicable, and shall be deemed part of the same Aircraft as was the Lost Item replaced thereby.

In the event an Engine is damaged and is being repaired, or is being inspected or overhauled, Customer, at its option, may temporarily substitute another engine during the period of such repair or overhaul, so long as such engine is of the same make and model as the Engine being repaired or overhauled, is free and clear of any Lien that might impair Lender’s rights or interests in the Airframe and is maintained in accordance herewith (any such substitute engine being hereinafter referred to as a “ **Loaner Engine** ”). Customer shall (i) cause such Loaner Engine to be installed and removed, as applicable, by a maintenance facility certified by the FAA and manufacturer with respect to the Aircraft, and (ii) cause the repaired or overhauled original Engine to be reinstalled on the Airframe promptly upon completion of the repair or overhaul, but in no event later than the earlier of one hundred twenty (120) days after removal or the occurrence of an Event of Default.

So long as no Default has occurred and is continuing, and no Event of Default or Event of Loss with respect to the Aircraft has occurred, any loss or damage proceeds of the Required Coverages received by Lender shall be released promptly by Lender to Customer to reimburse Customer for paying the costs actually incurred with respect to repairs made to the Aircraft so as to restore it to the condition required by this Agreement, or for the purchase of a Permitted Replacement pursuant to Section 4.7(b), or shall be disbursed by Lender as otherwise required by this Agreement.

**Aircraft Registration.** On or before the Closing Date, and at all times thereafter, so long as any of the Obligations are outstanding, Customer shall remain solely responsible pursuant to the applicable provisions of this Agreement to cause (i) the Aircraft to be effectively and otherwise validly registered in Customer’s name on the Registry, and (ii) the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft, in each case, accordance with the Registration Requirements; and without limiting the foregoing, or any other provision of this Agreement, Customer shall:

cause the Registration Certificate to be maintained within the Aircraft and cause the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft; including by (A) notifying Lender immediately of any event or circumstance with respect to which the Registration Requirements require further action by Customer, the Registry or any other Governmental Authority or other Person, (B) immediately upon receipt, placing the original, replacement or renewal Registration Certificate on the Aircraft prior to the expiration or other invalidation of any previously issued Registration Certificate (whether the certificate or any other document constituting the Registration Certificate as defined herein) under the Registration Requirements, and (C) complying with any and all of the other Registration Requirements relating to such Registration Certificate, and to the Registration Certificate replaced thereby (including any of the same relating to the destruction or return thereof, as the case may be); and

upon the occurrence, and at all times thereafter, of any Defective Registration (and without waiving Customer’s responsibility to avoid such circumstance), or if the operation of the Aircraft is no longer authorized by the Registration Requirements, Customer shall (A) neither operate nor permit or suffer the operation of the Aircraft without a currently effective and otherwise valid Registration Certificate (and shall cause the pilots to be made aware of the Defective Registration), and otherwise comply with the FARs and other Applicable Laws relating to such Defective Registration, (B) ground and store the Aircraft in a manner reasonably acceptable to Lender, and (C) inform the insurer or insurers thereof, and obtain and maintain adjustments to the insurance coverages required pursuant Section 4.6 of this Agreement which may be necessary or desirable to Lender so as to reflect any changes in the insurable risks relating to any Defective Registration.

#### **Security Interest; Power of Attorney; Inspection .**

**Grant of Security Interest.** As collateral security for the prompt and complete payment and performance as and when due of all of the Obligations and in order to induce Lender to enter into this Agreement and make the Loan to Customer in accordance with the terms hereof, Customer hereby grants, pledges and assigns to Lender a first priority security interest, collateral assignment, international interest, prospective international interest, security assignment and prospective security assignment, in, against, under and with respect to (the “ **Lender’s Lien** ”) all of Customer’s right, title and interest in, to and under all of the following collateral, whether now existing or hereafter acquired (collectively, the “ **Collateral** ”): (i) the Aircraft, including the Airframe, the Engines, each of the APU and Parts, and the Records; (ii) any and all present and future Third Party Agreements; (iii) any and all other associated rights secured by or associated with the Airframe and/or the Engines, together with any related international interests and prospective international interests; (iv) any collateral described in the other Loan Documents (including in any Operating Consent); and (v) all proceeds of the foregoing. By way of clarification and not limitation, the foregoing grant of the Lender’s Lien shall include, as applicable (and in each case, being validly registered and having first priority), an international interest in the Airframe and in each Engine. Notwithstanding the foregoing, (i) Customer shall not enter into any Third Party Agreements unless expressly permitted by Section 4.4 and (ii) Lender is not assuming, nor shall it be responsible for, any obligations, liabilities or duties of any kind whatsoever of Customer (and/or of any other Person) relating to the Collateral. Customer agrees that it shall perform and procure performance in accordance with any Third Party Agreement or other agreement or instrument giving rise to any associated rights that are or may become subjected to the Lender’s Lien.

#### **UCCs, Registrations, Etc.; Lender as Attorney-in-Fact.** Customer hereby irrevocably:

authorizes Lender to prepare and file any UCC financing statements, amendments, continuations, terminations, assignments and other filings, or take such other actions for the purpose of perfecting, affording first and exclusive priority to or otherwise relating to Lender’s Lien under this Agreement or the other Loan Documents;

consents to, and authorizes its professional user entity to consent to, the registration of each Registerable Interest requested by Lender or its Assignee, or otherwise required by the provisions of this Agreement or any of the other Loan Documents, including any subordination, amendment, assignment, discharge or undertaking permitted by the Cape Town Convention with respect thereto; and

constitutes and appoints Lender (including any Person acting on Lender’s behalf), as its true and lawful attorney-in-fact with full power and authority in the place and stead of Customer and in the name of Customer or in its own name, for the purpose of carrying out the terms of this Agreement; which authority shall include the following undertakings that may be exercisable by Lender in its sole discretion at any time, and from time to time, if an Event of Default is then existing or upon the occurrence of an Event of Loss: (i) in Customer’s name, file and/or record, such further instruments, filings and other documents, make, cause to be made and/or consent to all registrations with the International Registry, and take such further action, to establish and protect Lender’s rights, interests and remedies created, or intended to be created, pursuant to the Loan Documents; (ii) endorse Customer’s name on any checks, notes, drafts or any other payments or instruments, or set off, apply, or take such other actions with respect to any funds relating to the Collateral that come into Lender’s possession or control; and (iii) to settle, adjust, receive payment and make claim or proof of loss, and take such other actions relating to the Required Coverages. This appointment is coupled with an interest, is

irrevocable and shall terminate only upon indefeasible payment and performance in full of all of the Obligations. The powers conferred on Lender hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Lender shall be accountable only for amounts that it actually receives in good and indefeasible funds as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to Customer for any act or failure to act. Without limiting the foregoing, Customer agrees that within five (5) Business Days of Lender's request, Customer will enter into an irrevocable power-of-attorney authorizing Aviation Counsel or Lender's other designee as Customer's professional user entity and administrator for the purpose of discharging any Registerable Interests as and when directed to do so by Lender in connection with its exercise of its rights and remedies under the Loan Documents.

**Inspection.** Lender or its authorized representatives shall have the right, but not the duty, to inspect the Aircraft, any part thereof and/or the Records, at its own cost any reasonable time and from time to time, wherever located, upon reasonable prior notice to Customer; except that after the occurrence of a Default or an Event of Default, such inspection may be conducted at any time without prior notice and at Customer's sole expense, and it shall pay Lender promptly upon demand any inspection costs incurred by Lender. So long as no Default or Event of Default exists, any such inspections shall be conducted during normal business hours and without interruption of the use and operation of the Aircraft as permitted hereby. Upon the request of Lender, Customer shall promptly confirm to Lender the location of the Aircraft or any of the other Collateral.

**Events of Default.** The term "**Event of Default**", wherever used herein, shall mean:

Customer shall fail to pay any Obligation within ten (10) days after the same shall become due and payable (whether at the stated maturity, by acceleration, upon demand or otherwise); or

(i) any Customer Party shall default in the payment or performance of any indebtedness, liability or obligation to Lender or any Affiliate of Lender under any note, security agreement, lease, title retention or conditional sales agreement or any other instrument or agreement; or

(ii) any Customer Party shall fail to pay any Indebtedness (other than the Obligations) exceeding \$5,000,000.00, and such failure shall continue beyond any applicable grace period (or, with respect to trade Indebtedness which is not subject to a grace period, within ninety (90) days of the date such trade Indebtedness is incurred); or

(i) any of the Required Coverages are not kept in full force and effect, or a breach or violation shall exist with respect to any provisions thereof; or the Aircraft is operated in a manner, at a time or in or over or located at a place with respect to which such Required Coverages shall not be in effect; (ii) Customer shall fail to cause the Airframe or the Engines to be used, operated, maintained or otherwise kept in a condition so as to be in compliance with all Applicable Laws; or (iii) any Customer Party shall fail to comply with (A) any financial covenants as and to the extent set forth or incorporated in any Guaranty or in any of the other Loan Documents, or (B) any provision of any of the Loan Documents restricting Liens and other dispositions relating to either the Collateral or any rights or obligations under any of the Transaction Documents (including Section 4.4 hereof), or (iv) the occurrence of any Defective Registration; or

(i) any representation or warranty made by any Customer Party in any of the Loan Documents or in any related agreement, document or certificate shall prove to have been incorrect, misleading, or inaccurate in any material respect when made or given (or, if a continuing representation or warranty, at any time); or (ii) any Customer Party shall fail to (A) perform or observe any other agreement (other than those specifically referred to in this Section 6) required to be performed or observed by it under this Agreement or in any of the other Loan Documents, and such failure shall continue uncured for thirty (30) days after the earlier of written notice thereof from Lender to such Customer Party or such Customer Party's actual knowledge thereof (but such notice and cure period will not be applicable unless such breach is curable by practical means within such notice period) or (B) notify Lender of any Default or Event of Default within ten (10) Business Days of its occurrence; or

(i) any Customer Party shall (A) generally fail to pay its, or his or her debts as they become due, admit its, or his or her inability to pay its, or his or her debts or obligations generally as they fall due, or shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws or other insolvency laws, or an answer admitting the material allegations of such a petition filed against such Customer Party in any such proceeding; or (B) by voluntary petition, answer or consent, seek relief under the provisions of any other bankruptcy or other insolvency or similar law providing for the reorganization or liquidation of corporations, or providing for an assignment for the benefit of creditors, or providing for an agreement, composition, extension or adjustment with its, or his or her creditors; or (ii) a petition against any Customer Party in a proceeding under applicable bankruptcy laws or other insolvency laws, as now or hereafter in effect, shall be filed and shall not be withdrawn or dismissed within one hundred twenty (120) days thereafter, or if, under the provisions of any law providing for reorganization or liquidation of business entities that may apply to any Customer Party, any court of competent jurisdiction shall assume jurisdiction, custody or control of such Customer Party or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of one hundred eighty (180) days after the filing date; or

the occurrence of any of the following events with respect to any Customer Party: (A) it enters into any transaction of merger, consolidation or reorganization; (B) it ceases to do business as a going concern, liquidates, or dissolves, or sells, transfers or otherwise disposes of all or substantially all of its assets or properties (in one or more transactions); (C) it becomes the subject of, or engages in, a leveraged buy out; (D) it changes the form of organization of its business; (E) if it is privately owned as of the Closing Date, there is any substantial change in the ownership or control of its capital stock or membership interests such that the holder(s) that own or control one hundred percent (100%) of such equity interests as of the Closing Date no longer do so; or (F) if it is publicly held as of the Closing Date, any change so that it is no longer subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or no longer registered under Section 12 of the Securities Act of 1933, as amended; or

(i) the conviction of or guilty plea by any Customer Party with respect to any criminal act constituting a felony, (ii) any repudiation by any Customer Party of its obligation for the payment or performance of the Obligations, (iii) any allegation by any Customer Party or judicial determination that any of the Loan Documents is unenforceable in any material respect or (iv) a Default (as defined in any Guaranty) shall occur; or

any event or condition constituting a breach or other default under any Operating Consent.

## **Remedies .**

**Acceleration; Termination of Commitment.** If any Event of Default shall occur, Lender, in its sole discretion, may (a) declare the Obligations to be immediately due and payable, and upon such declaration the Obligations (including, the unpaid principal amount of the Note, together with all accrued but unpaid interest thereon, any prepayment fees and all other amounts due and payable under or with respect to the Loan Documents), shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the other Loan Documents to the contrary notwithstanding, (b) terminate any then outstanding commitment whether to Customer or any Affiliate to make the Loan or any advance thereof, or any other financial accommodations, whether related to the Loan or otherwise, and/or (c) pursue and enforce any of Lender's rights and remedies under this Section 7; provided, however, if an Event of Default specified in Section 6 (e) above shall occur, the Obligations shall become immediately due and payable, all such commitments shall terminate, and Lender shall have all such other rights and remedies contemplated in the preceding clauses (a), (b) and (c), automatically, and without any notice or other action by Lender.

**Additional Remedies.** If an Event of Default occurs, in addition to all other rights and remedies granted to it in this Agreement and in the other Loan Documents, Lender may exercise all rights and remedies of a secured party under the UCC or as a creditor, chargee or security assignee under the Cape Town Convention (including any and all remedies thereunder requiring agreement by Customer), or otherwise available to

Lender under any other Applicable Law. Without limiting the generality of the foregoing, Customer agrees that upon the occurrence of an Event of Default, Lender, without demand or notice of any kind (except as specified below) to or upon Customer or any other Person, in its sole discretion, may exercise any one or more of the following remedies:

(i) peacefully enter the premises where the Aircraft, the Engines, or any other Collateral is located, take immediate possession of, remove (or disable in place), or otherwise take control or custody of the Airframe, the Engines or any other Collateral (whether or not then attached to the Airframe) by self-help, summary proceedings or otherwise without liability, (ii) preserve the Airframe, the Engines or the other Collateral, and their respective value (but without any obligation to do so), and immobilize or keep idle the Airframe or Engines, and/or (iii) use Customer's premises for storage without liability; and Customer agrees, at Lender's request, to assemble the Collateral, and make it available to Lender at such places as Lender shall reasonably select, whether at Customer's premises or elsewhere;

(i) terminate the right of any Interested Third Party, and any other third party to use, possess or control the Airframe, the Engines or any of the other Collateral, including under any Permitted Third Party Agreement or other Third Party Agreement, without regard as to the existence of any event of default thereunder, (ii) recover from, and/or cause Customer and any such Interested Third Party, and any other third party, to relinquish possession and return the Airframe, the Engines and any other Collateral pursuant to this Section 7, and/or (iii) exercise any and all other remedies under any Operating Consents in Customer's stead, to the extent provided for under, or otherwise available to Customer in connection with any related Permitted Third Party Agreement or such other Third Party Agreement;

(i) manage, sell, lease, assign or otherwise dispose of the Airframe, the Engines or any other Collateral, in whole or in part, whether or not in Lender's possession, in one or more parcels or transactions, at public or private sale or sales, with or without notice to Customer (except as required by Applicable Law, and in furtherance thereof, Lender agrees that it shall give Customer no less than ten (10) working days' prior notice of any proposed sale or lease of the Airframe or Engines, which Customer acknowledges as constituting "reasonable prior notice" for the purposes of the Cape Town Convention) at such prices as Lender may deem best, and/or (ii) purchase the Collateral, in whole or in part, upon any public sale or sales, and to the extent permitted by Applicable Law upon any private sale or sales, free of any right or equity of redemption in Customer, which right or equity of redemption is hereby expressly released;

(i) collect, receive, appropriate and realize upon the Collateral, or any part thereof, including by applying any deposit or other cash collateral, or collecting or receiving, appropriating and realizing upon any income, profits or other proceeds arising from the management or use of the Airframe, the Engines or any of the other Collateral, and applying the same (after deducting all taxes, costs, expenses and other reductions of every kind incurred in connection therewith) to the payment in whole or in part of the Obligations, in such order and manner as Lender may elect; and (ii) after making such application, (A) remitting to Customer or to such other Person any excess then remaining, as and to the extent Lender is required by Applicable Law to make such remittance and (B) demanding, collecting and receiving from Customer any deficiency then remaining (and Customer agrees that it shall remain liable for, and pay upon demand, the full amount of any such deficiency);

(i) demand and obtain from any court speedy relief pending final determination available at law (including, possession, control, custody or immobilization of the Airframe and Engines, or preservation of the Airframe and the Engines and their respective value), (ii) procure the deregistration and/or export and physical transfer of the Airframe from the territory in which it is then situated (including pursuant to an IDERA, if any, executed by Customer), and/or (iii) otherwise proceed at law or in equity, to enforce specifically Customer's performance or to recover damages; and/or

exercise any and all other rights and remedies under or with respect to the Loan Documents or Applicable Law, including the Cape Town Convention and the UCC.

No Waiver: Cumulative Remedies. No right or remedy is exclusive. Customer hereby acknowledges that none of the provisions of this Section 7, including any remedies set forth or referenced herein, is "manifestly unreasonable" for the purposes of the Cape Town Convention. Each may be used successively and cumulatively and in addition to any other right or remedy referred to above or otherwise available to Lender at law or in equity, but in no event shall Lender be entitled to recover any amount in excess of the maximum amount recoverable under Applicable Law with respect to any Event of Default. No express or implied waiver by Lender of any Default or Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default. The failure or delay of Lender in exercising any rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or reoccurrence of any such contingencies or similar contingencies, and any single or partial exercise of any particular right by Lender shall not exhaust the same or constitute a waiver of any other right provided for or otherwise referred to herein. After the occurrence of any Default or Event of Default, the acceptance by Lender of any payment or performance of any of the Obligations, including the payment of any installment of principal and/or interest or of any other sum owing hereunder or under the other Loan Documents shall not constitute a waiver of such Default or Event of Default, regardless of Lender's knowledge or lack of knowledge thereof at the time of acceptance of any such payment or performance and shall not constitute a reinstatement of any of the Loan Documents, unless Lender shall have agreed in writing to reinstate the same and waive the Default or Event of Default. To the extent permitted by Applicable Law, Customer waives any rights now or hereafter conferred thereby, that (a) limit or modify any of Lender's rights or remedies under this Agreement or any of the other Loan Documents, including the provisions of Article 13(2) of the Convention, or (b) would otherwise entitle Customer to (i) receive notices or demands as a condition to Lender's exercise of any rights or remedies, except as expressly required above or (ii) make claims, damages and demands against Lender arising out of the repossession, retention, sale or other disposition of the Collateral.

#### **MISCELLANEOUS**

Notices. All communications and notices provided for herein shall be in writing and shall be deemed to have been duly given or made (i) upon hand delivery, or (ii) upon delivery by an overnight delivery service, or (iii) when sent by telecopy (with customary confirmation of receipt of such telecopy) on the Business Day when sent or upon the next Business Day if sent on other than a Business Day.

#### Expenses and Fees; Indemnity; Performance of Customer's Obligations

Customer shall pay to Lender upon demand all reasonable fees, costs and expenses incurred by or on behalf of Lender at any time in connection with (i) the negotiation, preparation, execution, delivery and enforcement of the Loan Documents and the collection of the Obligations (both before and after the occurrence of a Default or Event of Default), (ii) the creation, preservation and protection of the Collateral and the perfection, first priority and enforcement of Lender's Lien, or (iii) Customer's exercise of any right granted under, or any amendment or other modification to any of, the Loan Documents. Such fees, costs and expenses shall include, without limitation, reasonable appraisal and inspection fees, the reasonable fees and expenses of Aviation Counsel and of Lender's counsel, consultants and brokers, UCC, FAA, International Registry and other applicable title, interest and lien searches, and reasonable costs and expenses relating to recovery, repossession, storage, insurance, transportation, repair, refurbishment, advertising, sale and other dispositions of the Aircraft or any of the other Collateral. Customer shall also pay all reasonable fees (including license, filing and registration fees), Impositions and other charges of whatever kind or nature that may be payable or determined to be payable in connection with (A) the execution, delivery, recording or performance of this Agreement or any of the other Loan Documents, or any modification thereof, and (B) the filings, registrations and other undertakings relating thereto. Notwithstanding the foregoing, as long as there are no more than two (2) revised drafts of any Loan Document provided by Customer or its counsel to Lender or Lender's counsel, Customer shall be responsible for not more than \$35,000.00 in the aggregate for the legal fees of outside counsel to Lender (including, Aviation Counsel) and appraisal, inspection, processing, credit verification, lien searches, FAA and International Registry fees and other fees incurred in connection with the initial negotiation, preparation and execution of this Agreement and the other Loan Documents executed and delivered on or

before the Closing Date (and the consummation of the closing contemplated to occur thereon); provided that in the event that the negotiation exceeds two (2) revised drafts of any Loan Document, then Customer shall pay for the actual amount of such out of pocket fees incurred by Lender relating to the drafting and negotiation in excess of such two (2) revised drafts. Lender shall apply the previously paid deposit amount of \$35,000.00 to such fees and shall refund to Customer the amount by which the deposit exceeds such fees.

Customer hereby further agrees, whether or not the transactions contemplated by this Agreement shall be consummated, to pay, indemnify, and hold Lender and its affiliates and all of the Lender's and such affiliates' respective directors, shareholders, members, officers, employees, agents, predecessors, attorneys-in-fact, lawyers, successors and assigns (Lender, its affiliates and all of such other parties and entities sometimes hereinafter collectively, the "**Indemnified Parties**") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, out of pocket costs, attorney's fees, expenses or disbursements of any kind or nature whatsoever ("**Claims**") arising with respect to or in connection with (i) the Airframe, the Engines, or any APUs or Parts, or any of the other Collateral, including (whether by or through Customer, Vendor, any Interested Third Party, or any other Person), the manufacture, inspection, ownership, lease, sublease, management, pooling, interchange, time sharing, chartering, possession, use, operation, maintenance, security, condition (whether prior to, upon or after delivery or acceptance of any of the same), repossession, storage, sale or other disposition of any of the same, or any accident in connection therewith, including Claims involving or alleging environmental damage, criminal acts, hijacking, acts of terrorism or similar acts, product liability or strict or absolute liability in tort, latent and other defects (whether or not discoverable) and for any other risk or matter, including any of the same that result in injuries, death, destruction, or other harm or loss to persons or property, or (ii) any of the Loan Documents, Third Party Agreements or other Transaction Documents, or the performance, breach (including any Default or Event of Default) or enforcement of any of the terms hereof or thereof, provided, that Customer shall have no obligation to indemnify an Indemnified Party with respect to Claims arising from the gross negligence or willful misconduct of such Indemnified Party (unless if imputed by Applicable Law). If any Claim is made against any Indemnified Party, the party receiving notice or otherwise becoming aware of such Claim shall promptly notify the other, but the failure of the party having knowledge of a Claim to so notify the other party shall not relieve Customer of any obligation hereunder.

If any Customer Party fails to perform or comply with any of its agreements contained herein or in the other Loan Documents, including, without limitation, its obligations to keep the Collateral free of Liens (other than the Permitted Liens), comply with Applicable Standards, or obtain the Required Coverages, Lender shall have the right, but shall not be obligated, to effect such performance or compliance, with such agreement. Any expenses of Lender incurred in connection with effecting such performance or compliance, together with interest thereon at the default rate of interest provided for in the Note from the date incurred until reimbursed, shall be payable by Customer to Lender promptly on demand and until such payment shall constitute part of the Obligations secured hereby. Any such action shall not be a cure or waiver of any Default or Event of Default hereunder.

Entire Agreement; Modifications. This Agreement and the other Loan Documents constitute the entire understanding and agreement of the parties hereto with respect to the matters contained herein and therein, and shall completely and fully supersede all other prior agreements (including any proposal letter, commitment letter, and/or term sheet), both written and oral, between Lender and Customer relating to the Obligations. Neither this Agreement, nor any terms hereof, may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of a change, waiver, discharge or termination is sought.

Construction of this Agreement and Related Matters. All representations and warranties made in this Agreement and in the other Loan Documents shall survive the execution and delivery of this Agreement and the making of the Loan hereunder. Customer's obligations contained in this Section 8 shall survive the payment and performance of the Obligations, the termination of this Agreement, and the release of the Collateral. This Agreement may be executed by the parties hereto on any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. The headings of the Sections hereof are for convenience only, are not part of this Agreement and shall not be deemed to affect the meaning or construction of any of the provisions hereof. Time is of the essence in the payment and performance of all of Customer's obligations under this Agreement. Any provision of this Agreement that may be determined to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective in such jurisdiction to the extent thereof without invalidating the remaining provisions of this Agreement, which shall remain in full force and effect.

Lender's Assignment. Lender, may at any time, with or without notice to Customer, freely grant a security interest in, sell, assign, participate or otherwise transfer (an "**Assignment**") all or any part of its interest in this Agreement and the other Loan Documents (including all associated rights associated with or secured thereby and the related international interests) or any amount due or to become due hereunder or thereunder, and Customer shall perform all of its obligations under the Loan Documents, to the extent so transferred, for the benefit of the beneficiary of such Assignment (such beneficiary, including any successors and assigns, an "**Assignee**"); provided, however, if such Assignee is not an Affiliate of Lender and if no Default or Event of Default exists, Lender will provide prior notice of any such Assignment to a third party. Customer hereby waives any right to assert, and agrees not to assert, against any Assignee any abatement, reduction, defense, setoff, recoupment, claim or counterclaim that Customer may have against Lender, provided that Lender remains fully responsible therefor. Upon the assumption by such Assignee of Lender's obligations hereunder, Lender shall be relieved of any such assumed obligations. Customer hereby consents to any such assignment, grant, sale or transfer, including, without limitation, for purposes of the Cape Town Convention. If so directed in writing, Customer shall pay all amounts due or to become due under the Loan Documents, including any of the same constituting associated rights or proceeds directly to the Assignee or any other party designated in writing by Lender or such Assignee. Customer acknowledges and agrees that Lender's right to enter into an Assignment is essential to Lender and, accordingly, waives any restrictions under Applicable Law with respect to an Assignment and any related remedies. Upon the request of Lender or any Assignee, Customer also agrees (a) to promptly execute and deliver, and cause to be executed and delivered by any Guarantor or any other Transaction Party, to Lender or to such Assignee an acknowledgment of assignment in form and substance satisfactory to the requesting party, an insurance certificate naming Assignee as additional insured and loss payee and otherwise evidencing the Required Coverages, an IDERA in favor of Assignee, and such other documents and assurances reasonably requested by Lender or Assignee, (b) to make, or cause to be made, all registrations (including all assignments and subordinations) and all amendments, extensions and discharges with the International Registry reasonably requested by Lender or Assignee (and give or obtain any necessary consent thereto, as well as renew any authorization required by the International Registry in connection therewith, including renewing its transacting user entity status and re-designating a professional user entity, if necessary in Lender's judgment), and (c) to comply with any and all other reasonable requirements of any such Assignee in connection with any such Assignment.

Jurisdiction. Customer and Lender each hereby irrevocably consents and agrees that any legal action, suit or proceeding arising out of or in any way in connection with this Agreement or any of the other Loan Documents may be instituted or brought in the courts of the State of New York or in the United States Courts for the Southern District of New York, as Customer or Lender may elect or in any other state or Federal court as Lender shall deem appropriate, and by execution and delivery of this Agreement, Customer and Lender each hereby irrevocably accepts and submits to, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of any such court, and to all proceedings in such courts. Customer and Lender each irrevocably consents to service of any summons and/or legal process by first class, certified United States air mail, postage prepaid, to Customer at the address set forth below its signature hereto, such method of service to constitute, in every respect, sufficient and effective service of process in any such legal action or proceeding. Nothing in this Agreement or in any of the other Loan Documents shall affect the right to service of process in any other manner permitted by law or limit the right of Lender to bring actions, suits or proceedings in the courts of any other jurisdiction. Customer and Lender each further agrees that final judgment against it in any such legal action,

suit or proceeding shall 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 shall be conclusive evidence of the fact and the amount of the liability. Notwithstanding anything in the foregoing to the contrary, Lender and Customer may bring a judicial proceeding in the Republic of Ireland, solely with respect to matters relating to the International Registry.

Governing Law; Binding Effect. This Agreement shall be construed and enforced in accordance with, and the rights of both parties shall be governed by, the internal laws of the State of New York (without regard to the conflict of laws principles of such state, except as to the effect of Title 14, Section 5-1401 of the New York General Obligations Law), including all matters of construction, validity, and performance. This Agreement shall be binding upon and inure to the benefit of Customer and Lender and their respective successors and assigns (but without limiting the provisions of Section 8.5); except that Customer may not assign or transfer its rights or obligations hereunder or under any other Loan Agreement, or any interest herein or therein; and any such purported or attempted assignment or transfer by Customer shall be null and void.

Customer's Capacity as Owner Trustee. TVPX Aircraft Solutions Inc. ("TVPX") is executing this Agreement, and the other Loan Documents solely in its capacity as Owner Trustee under the Trust Agreement and not in its individual capacity and in no case shall TVPX be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of the Customer hereunder, or under any Loan Document, all such liability, if any, being expressly waived by the parties hereto and any Person claiming by, through, or under such party. Under no circumstances shall TVPX be personally liable for the payment of any other amount stated to be due from the Customer hereunder, or under any Loan Document, or be personally liable for the breach or failure of any of Customer's representations, warranties, covenants, obligations, undertakings and agreements hereunder, or under any Loan Documents; provided, however, that the Customer (or any such successor owner trustee) shall be personally liable hereunder for its own gross negligence or willful misconduct or for its breach of its covenants, representations and warranties contained herein, or in any Loan Document, to the extent covenanted or made in its individual capacity.

Jury Waiver. CUSTOMER AND LENDER EACH HEREBY KNOWINGLY AND FREELY WAIVES THEIR RESPECTIVE RIGHTS TO A JURY TRIAL IN ANY ACTION, SUIT OR PROCEEDING RELATING TO, ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE NOTE OR ANY OF THE OTHER LOAN DOCUMENTS.

**[Signatures On Next Page]**

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Loan and Aircraft Security Agreement

IN WITNESS WHEREOF, the parties hereto have caused this Loan and Aircraft Security Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

BANC OF AMERICA LEASING & CAPITAL, LLC, Lender

TVPX AIRCRAFT SOLUTIONS INC., a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated July \_\_\_\_, 2017,  
Customer

By:  
Name:  
Title:  
Notice Address:

One Financial Plaza, 2nd Floor  
Providence, Rhode Island 02903  
Attention: Director of Aircraft Operations  
Telephone: 800-238-3737  
Facsimile: 401-278-7941

By:  
Name:  
Title:  
Notice Address:

39 East Eagle Ridge Drive, Ste. 201  
North Salt Lake, UT 84054  
Telephone: (801) 924-367  
Facsimile: (801) 877-0478

**Annex B**

**LOAN AMOUNT AND CUSTOMER INFORMATION**

This Annex B is attached to and a part of the Loan and Aircraft Security Agreement (S/N), dated as of July 27, 2017 (the “ **Agreement** ”), between **Banc of America Leasing & Capital, LLC** , as Lender, and **TVPX Aircraft Solutions Inc.** , a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated as of July 27, 2017, as Customer, for the purposes contemplated therein.

Customer’s Chief Executive Offices And  
 Principal Place of Business: 39 East Eagle Ridge Drive, Suite 201, North Salt Lake, UT 84054  
 Customer’s form of Organization: Corporation  
 State of Organization: Utah  
 Federal Taxpayer ID Number: 61-1816859  
 Principal Amount of the Loan: \$28,000,000.00  
 Guarantors: IPG Photonics Corporation (“ **Parent Guarantor** ”)  
 Aircraft Operating Lease Agreement dated as of July 27, 2017 between Customer and Parent Guarantor  
 Alpha One Aircraft Pilot and Administrative Services Agreement dated as of July 27, 2017 between Parent Guarantor and Hyldborg Aviation Inc., d/b/a Alpha One Flight Services  
 Non-Exclusive Aircraft Dry Lease Agreement dated as of July 27, 2017 between Customer and Dr. Valentin Gapontsev  
 Alpha One Aircraft Pilot and Administrative Services Agreement dated as of July 27, 2017 between Dr. Valentin Gapontsev and Hyldborg Aviation Inc., d/b/a Alpha One Flight Services

Third Party Agreements:

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**LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)**

**THIS LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)** (together with all Addenda, Riders and Annexes hereto, this “ **Agreement** ”) is dated as of July 27, 2017 (the “ **Closing Date** ”), by and between **TVPX AIRCRAFT SOLUTIONS INC.** , a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated as of July 27, 2017 (“ **Customer** ”) and **BANC OF AMERICA LEASING & CAPITAL, LLC**, a Delaware limited liability company (“ **Lender** ”).

In consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

Capitalized and certain other terms used but not otherwise defined in this Agreement shall have the meanings ascribed to them in Annex A attached hereto and made a part hereof.

**Terms of Loan .**

Loan and Use of Proceeds . Subject to the terms and conditions of this Agreement, Lender agrees to make a loan to Customer in the principal amount set forth in Annex B attached hereto and made a part hereof (the “ **Loan** ”). Customer shall use the proceeds of the Loan to finance the costs of the acquisition of the Aircraft.

Repayment and Prepayment . The Customer’s obligation to repay the Loan shall be evidenced by one or more Promissory Notes dated on and/or after the Closing Date, payable by Customer to the order of Lender in the original principal amount of the Loan (as amended, modified, restated, extended and renewed from time to time, the “ **Note** ”). The Loan shall bear interest and be repaid by Customer at the times and in the manner set forth in the Note. The Loan may be prepaid only in the manner and subject to terms and conditions set forth in the Note and, if applicable, Section 4.7 hereof.

Conditions of Borrowing . Lender’s obligation to make the Loan shall be both subject to and conditioned upon the satisfaction of all of the conditions precedent specified in the Closing Terms Addendum attached to and made a part of this Agreement.

Representations and Warranties . In order to induce Lender to enter into this Agreement and to make the Loan herein provided for, Customer

represents, warrants and covenants to Lender that:

(i) Customer (A) is duly qualified to do business in each jurisdiction in which the conduct of its business or the ownership or operation of its assets requires such qualification, including the jurisdiction of the Primary Hangar Location and wherever any of the Collateral may become located; (B) has the necessary authority and power to own and operate the Aircraft and its other assets and to transact the business in which it is engaged; (C) is a "citizen of the United States" within the meaning of the Transportation Code; and (D) has the form of business organization set forth in Annex B hereto and is and will remain duly organized, validly existing and in good standing under the laws of the state of its organization set forth in Annex B hereto, its federal tax identification number is as set forth in Annex B hereto, and its state-issued organizational identification number (if any), chief executive office and principal place of business address are all as set forth on Annex B hereto; and (ii) its name as shown in the preamble of this Agreement is its exact legal name as shown on its charter, by-laws, articles of organization or operating agreement, as applicable, each as amended as of the Closing Date;

(i) Customer's execution and delivery of, and performance of its obligations under and with respect to, each of the Loan Documents (including its borrowing the amounts constituting the Loan, granting the Lender's Lien against the Aircraft and other Collateral and participating in the other transactions contemplated herein and therein), (A) have been duly authorized by all necessary action on the part of Customer consistent with its form of organization, (B) do not contravene or constitute a default under any Applicable Law, any of Customer's Organizational Documents, or any agreement, indenture, or other instrument to which Customer is a party or by which it may be bound, (C) do not require the approval of or notice to (1) any Governmental Authority, except for the filings and registrations specified in the Closing Terms Addendum, all of which shall have been duly effected prior to or concurrently with Lender making the Loan, or (2) any other party (including any trustees or holders of indebtedness), and (D) will not result in the creation or imposition of any Lien on any of the assets of Customer other than the Lender's Lien created hereby and by the other Loan Documents with respect to the Collateral; (ii) each of the Transaction Documents referenced in the Closing Terms Addendum to which Customer is a party has been duly executed and delivered by an authorized representative of the Customer, and constitutes the legal, valid and binding obligation of the Customer, enforceable against it in accordance with the respective terms of such Transaction Documents (including, without limitation, the grant of the Lender's Lien); and (iii) without limiting the foregoing, upon Lender's advancing the Loan on the Closing Date, (A) Customer will have satisfied or complied with all conditions precedent and requirements as set forth in the Loan Documents required to have been satisfied or complied with concurrently with or prior to such advance and (B) no Default or Event of Default shall be then existing;

there are no proceedings pending or, so far as the officers, managers, or members of Customer know, threatened against or affecting Customer or any of its property before any Governmental Authority that could impair Customer's title to the Aircraft or any of the other Collateral, or that, if decided adversely, could materially affect the financial condition or operations of Customer or its ability to perform its obligations under any of the Loan Documents;

(i) Customer has, and shall continue to have, good and marketable title to the Collateral, free and clear of Liens, except Permitted Liens; (ii) the Lender's Lien in the Airframe, the Engines and the other Collateral is and shall remain validly created and perfected, and has and shall continue to have first priority over any other Liens pursuant to all Applicable Laws; and (iii) all filings, recordings, registrations or other actions necessary or desirable in order to vest such title in Customer, and establish, perfect and give first priority to Lender's Lien and other rights and interests in, against or with respect to the Collateral, have been duly effected, and all Impositions in connection therewith have been duly paid;

without limiting any of the other representations and warranties in this Agreement, for the purposes of the Cape Town Convention and any other Applicable Law, (i) upon the conclusion of the sale of the Aircraft to Customer, and Customer's grants and assignments, and (if constituting a lease) any Permitted Third Party Agreement, contemplated in the Loan Documents or other Transaction Documents, Customer and (if a lessee) any Interested Third Party shall be situated in, and Customer will cause the Aircraft to be duly registered in, the United States of America (which is a contracting state), (ii) with respect to any of the Transaction Documents relating to the Airframe or Engine, each of the respective parties thereto has power to dispose of the Airframe and Engine, as contemplated therein by way of the relevant Transaction Document, and (iii) the Purchase Documents qualify as a "contract of sale", and (if constituting a lease) any Permitted Third Party Agreement and the Loan Documents are effective to constitute international interests in the Airframe and Engine and security assignments of the related associated rights and transfer of the related international interests, as contemplated therein, and each such Registerable Interest will be effective against third parties upon registration at the International Registry, without any further filings or registrations (except as contemplated in the Loan Documents);

(i) the Aircraft (A) has been delivered to Customer, is in Customer's possession and is, as of the Closing Date, unconditionally, irrevocably and fully accepted by Customer, (B) has been inspected by Customer to its complete satisfaction and, without limiting the foregoing, (1) has been found to be in good working order, repair and condition and fully equipped to operate for its intended purpose, and (2) is in conformity with the requirements of the Purchase Agreement and the Applicable Standards, (C) is, or will be at the time of the funding of the Loan, currently certified under existing FAA rules and regulations and any other Applicable Laws and is airworthy in all respects, and (D) is and will remain primarily hangared at the Primary Hangar Location; and (ii) without limiting the foregoing, (A) solely as between Lender and Customer (and without prejudicing Customer's rights against Vendor or any other third party, which rights are not being disclaimed hereby), Customer has no pending claims and has no knowledge of any facts upon which a future claim may be based, against any prior owner, the seller, manufacturer or supplier of the Aircraft or any of the other Collateral, for breach of warranty or otherwise, and (B) all of the information contained in Annex C, including the registration number of the Aircraft, and the serial numbers, manufacturer and model numbers of the Airframe, Engines, and APU, are true and accurate in all respects; and

(h) the Aircraft (i) is currently capable of being certified under existing FAA rules and regulations and completely airworthy in all respects, (ii) will undergo an inspection by a Designated Airworthiness Representative of the FAA ("DAR") on the Closing Date and (iii) an FAA Standard Airworthiness Certificate (AC Form 8100-2) shall be issued for the Aircraft no later than two (2) Business Days after the Closing Date.

**Covenants** . Customer covenants and agrees that from and after the Closing Date and so long as any of the Obligations are outstanding:

Notices; Financial Information; and Further Assurances . Customer will, at its sole expense:

promptly give written notice to Lender of (i) the occurrence of any Default or Event of Default; (ii) the occurrence of any Event of Loss or event of which Customer may be aware that could become an Event of Loss; (iii) the commencement or written threat of any material litigation or proceedings affecting Customer or any material litigation or proceedings affecting the Aircraft or any of the other Collateral, or the ability of Customer to comply with its obligations under the Loan Documents; and (iv) any material dispute between Customer or any Interested Third Party and any Governmental Authority or other party that involves the Aircraft or any of the other Collateral or that might materially interfere with the normal business operations of Customer;

cause Guarantor to comply with the financial reporting requirements set forth in the Guaranty and promptly furnish to Lender any such financial and other information regarding the Customer or Guarantor or any of its Affiliates as Lender may from time to time reasonably request; and

promptly execute and deliver to Lender such further instruments, UCC and FAA filings (including an IDERA) and other documents, make, cause to be made and/or consent to all registrations (including any discharges and subordinations, or as to the prospective or actual sale of, and any international interest in, the Engines) with the International Registry, and take such further action, as Lender may from time to time reasonably request in order to further carry out the intent and purpose of the Loan Documents and to establish, protect and enforce the rights, interests, remedies and Liens (including the first priority thereof) created, or intended to be created, in favor of Lender thereby.

General Obligations. (a) Customer agrees that it shall (i) duly observe and conform to all requirements of Applicable Law relating to the conduct of its business and/or the Aircraft, (ii) remain a "citizen of the United States" within the meaning of the Transportation Code, (iii) obtain and keep in full force and effect (A) all rights, franchises, licenses and permits that are necessary to the proper conduct of its business, and (B) all approvals by any Governmental Authority required with respect to the performance of its obligations under the Loan Documents and the operation of the Aircraft and its business, (iv) cause the Aircraft to remain primarily hangared at the Primary Hangar Location, and duly registered in Customer's name under the Transportation Code (including, by making all necessary reports, re-registering its ownership of the Aircraft, and taking all other actions required by Applicable Law), and (v) pay and perform all of its obligations and liabilities when due. (b) Customer agrees that (i) it shall not change its presently existing legal name or its form or state of organization on or after the date of this Agreement, without Lender's prior written consent, (ii) if its presently existing state organizational identification number changes, or if Customer currently has no such state organizational number but is subsequently issued such a number, on or at any time after the date of this Agreement, Customer shall immediately notify Lender thereof, and (iii) it shall not change the presently existing mailing, chief executive office and/or principal place of business address on or after the date of this Agreement without giving Lender thirty (30) days written notice of the same.

Taxes. (a) Customer will file or cause to be filed with all appropriate taxing authorities all Federal, state and local income tax returns that are required to be filed and all registrations, declarations, returns and other documentation with respect to any personal property taxes (or any other taxes in the nature of or imposed in lieu of property taxes) due or to become due with respect to the Aircraft or any of the other Collateral. (b) Customer will pay (or cause to be paid) (i) on or before the date when due all taxes as shown on said returns and all taxes assessed, billed or otherwise payable with respect to the Aircraft or the other Collateral directly to the appropriate taxing authorities; and (ii) when due all license and/or registration or filing fees, assessments, governmental charges and sales, use, property, excise, privilege, value added and other taxes (including any related interest or penalties) or other charges or fees now or hereafter imposed by any governmental body or agency upon Customer or the Aircraft or any of the other Collateral, with respect to the landing, airport use, manufacturing, ordering, shipment, purchase, ownership, delivery, installation, leasing, chartering, operation, possession, use or disposition of the Aircraft or any of the other Collateral, or any interest therein (the items referred to in (i) and (ii) above being referred to herein collectively, as " **Impositions** ").

No Disposition of Collateral or Liens; Title and Security Interest.

Customer shall not sell, assign, enter into any Third Party Agreement, convey, mortgage, exchange or otherwise transfer or relinquish possession of (including by any seizure or other taking by any foreign or domestic governmental authority) or dispose of the Airframe or Engines, any Part, any related associated rights, international interests or prospective international interests, any proceeds or any of the other Collateral, or attempt or offer to do, or suffer or permit any of the foregoing. Customer shall be permitted, however, to deliver possession of the Airframe, the Engines, or any APU or Part to another Person for testing, service, repair, maintenance, overhaul, alteration or modification, and to enter into Permitted Third Party Agreements, in each case, if and to the extent consistent with the provisions of the Loan Documents. Customer will warrant and defend its good and marketable title to the Airframe, the Engines and the other Collateral, and the validity, perfection and first priority of Lender's Lien in the Collateral, against all other Liens, claims and demands whatsoever, except Permitted Liens; and without limiting the foregoing, Customer will (i) not create, assume or suffer to exist any Liens on or with respect to the Airframe, the Engines, or any of the other Collateral, or Customer's interest therein (other than Permitted Liens); and (ii) promptly take such action as directed by Lender to duly discharge any such unpermitted Liens.

So long as no Default or Event of Default is then existing, Customer may enter into and remain a party to Third Party Agreements, in each such case, subject to the satisfaction of, and compliance by Customer and each Interested Third Party with, all of the following throughout the term of such arrangement: (i) Each such Interested Third Party shall (A) be and remain solvent, and (unless an individual) organized under the laws of a state within the United States; and (B) if engaged by Customer with the prior written consent of Lender as a manager and/or charter operator (including the Manager pursuant to the Management Agreement), while so engaged, (1) have a recognized favorable reputation as a manager and/or charter operator, as the case may be, of aircraft similar to the Aircraft, (2) be providing management and/or charter operation services for other aircraft owners similar to the services contemplated therein, and (3) if and at all times while conducting any charter operations (x) have and maintain a valid Part 135 Certificate evidencing its authority to conduct such operations, (y) list the Aircraft on its operations specifications, and (z) comply with all Applicable Standards pertaining to such charter operations. (ii) Any operation of the Aircraft pursuant to any such Third Party Agreement shall be limited to (A) if by Customer, Parent Guarantor or any Affiliate of Parent Guarantor, any time sharing agreements (as defined in Section 91.501(c)(1)) complying with Part 91 of the FARs and all other Applicable Standards, (B) if by a manager and/or a charter operator with Lender's prior written consent, pursuant to and in full compliance with the requirements of Part 135 of the FARs and all other Applicable Standards, or (C) if such Third Party Agreement is a "dry lease" by Customer, as lessor, to Parent Guarantor or an Affiliate of Parent Guarantor or other Interested Third Party permitted pursuant hereto, as lessee, operation by such lessee complying with (1) Part 91 and any other applicable provision of the FARs, and all other Applicable Standards, and (2) the provisions hereof and of the other Loan Documents pertinent to the operation of the Aircraft (whether by Customer or any permitted Interested Third Party). (iii) The related Third Party Agreement shall (A) be and remain, subject and subordinate to Lender's Lien in and with respect to the Collateral, and Lender's rights and remedies under the Loan Documents (and such subordination shall be expressly acknowledged therein), (B) not convey any Lien on, or other property interest in or against the Airframe, the Engines or any of the other Collateral, except for a Permitted Lien (but, without giving effect to clause (a) of the definition of such term), (C) not permit any further sublease or disposition of or unpermitted Lien against the Aircraft or any of the other Collateral by any of the Interested Parties thereto or any other Person, or any change in registration or unpermitted change in hangaring of the Aircraft, (D) not contain provisions that are inconsistent with the provisions of any of the Loan Documents or cause Customer to breach any of its representations, warranties or agreements under any of the Loan Documents, (E) be in conformity with all requirements of the FARs and other Applicable Laws, and (F) otherwise conform to any Operating Consent required by Lender with respect thereto. (iv) (A) Customer shall have specified such Third Party Agreement on Annex B if existing on the Closing Date, or if not then existing shall require Lender's prior written consent and at least thirty (30) Business Days' prior written notice of its intention to enter into a Third Party Agreement and (B) no later than the effective date thereof Customer shall comply with, and at all times thereafter remain in compliance with, any related requirements by Lender, including (1) entering into, and causing any related Interested Third Parties to enter into, an Operating Consent, (2) causing Lender to be covered by the Required Coverages (which, for the purposes hereof, may include insurance coverages obtained and maintained by an Interested Third Party, conforming to the insurance requirements herein and in any of the other Loan Documents), and (3) entering into or delivering, or causing to be entered into and delivered, all such other documents, filings and assurances, making or causing to be made such filings and registrations, and taking or causing to be taken all such other actions, in each case as may be required by Lender and (4) paying or reimbursing Lender for any related costs or expenses. (v) Lender shall have the right, but not the obligation, to (A) require reasonable evidence that any Interested Third Party satisfies the requirements provided herein, and (B) review any such Third Party Agreement, as from time to time supplemented and amended, to determine its conformity with the provisions hereof, but without assuming any responsibility with respect thereto. (vi) Customer shall neither make, nor permit to be made, any filing or registration with respect to any Permitted Third Party Agreement, unless so directed by Lender pursuant to Section 5.2 or otherwise. Notwithstanding the foregoing limitations Parent Guarantor or any Affiliate shall be permitted to conduct the carriage of Parent Guarantor or any Affiliate and/or their respective guests pursuant to 14 CFR Section 91.501(b)(4), affiliated group operations pursuant to 14 CFR Section 91.501(b)(5) and/or (6), demonstration flights pursuant to 14 CFR Section 91.501(b)(3), time sharing or interchange operations pursuant to 14 CFR Section 91.501(b)(6), the carriage of customers pursuant to 14 CFR Section 91.501(b)(9) and/or the carriage of candidates in Federal elections conducted pursuant to 14 CFR Section

With respect to any Third Party Agreements complying with all of the provisions of Section 4.4(b) (each a “ **Permitted Third Party Agreement** ”), although certain of the duties and obligations of Customer under the Loan Documents may be performed by one or more of the Interested Third Parties, (i) no such Permitted Third Party Agreement shall reduce any of Customer’s obligations, or Lender’s rights, under any of the Loan Documents, (ii) all of Customer’s obligations under the Loan Documents shall be and remain primary and continue in full force and effect as the obligations of a principal and not of a guarantor or surety, and (iii) Lender is not waiving the right to require full and timely performance of any such obligations in strict accordance with the provisions hereof and of the other Loan Documents. By way of clarification and not limitation, with respect to any provisions of this Agreement or any of the other Loan Documents requiring Customer to take or refrain from taking an action relating to the Aircraft or any of the other Collateral, such provision may also be read to mean that Customer shall cause the same to be done in accordance therewith, if at that time the Aircraft or such other Collateral is in the possession or control of an Interested Third Party pursuant to a Permitted Third Party Agreement.

Use of Aircraft; Maintenance; Modifications; Security .

Customer will operate the Aircraft or shall cause the Aircraft to be operated under and in compliance with Part 91 and any other applicable provision of the FARs, and all other Applicable Standards. Unless otherwise expressly permitted hereunder, (i) Customer shall not operate or permit the Aircraft to be operated for air taxi operations or otherwise under Part 135 of the FARs; and (ii) Customer, an Affiliate or other Interested Third Party shall at all times have, and maintain, “operational control” of the Aircraft (as such term is then interpreted by the FAA or such other applicable Governmental Authority), and no other Person shall operate the Aircraft. The Aircraft at all times will be operated by duly qualified pilots having satisfied all requirements established and specified by the FAA, the TSA, any other applicable Governmental Authority and the Required Coverages.

the Aircraft may be flown temporarily to any country in the world, provided that the Aircraft (i) shall at all times be based in the continental United States; and (ii) shall not be flown, operated, used or located in, to or over any such country or area (temporarily or otherwise) (A) that is excluded from the Required Coverages (or specifically not covered by such insurance), (B) with which the U.S. does not maintain favorable diplomatic relations (which is any country or jurisdiction not marked with an “\*” on the list maintained by the U.S. Department of State, at <http://www.state.gov/s/inr/rls/4250.htm> or any replacement or equivalent website maintained by the U.S. Department of State), provided that the prohibition in this clause (B) does not prohibit the operation of the Aircraft on an approved and assigned air traffic control route (if and so long as such use is otherwise in compliance with the provisions of the this Agreement and does not violate any insurance policies in effect with respect to the Aircraft) , (C) to the extent that payment of any claim under the Required Coverages directly or indirectly arising or resulting from or connected with any such flight, operation, use or location would be prohibited under any trade or other economic sanction or embargo by the United States of America, or (D) in violation of any of the Loan Documents or any Applicable Standards. Customer shall adopt, implement and comply with all security measures required by any Applicable Law, or by any Required Coverages, or that are necessary or appropriate for the proper protection of the Aircraft (whether on the ground or in flight) against theft, vandalism, hijacking, destruction, bombing, terrorism or similar acts.

Customer agrees that, with respect to the Airframe, the Engines, each APU and each Part, Customer will at its own expense, (i) maintain, inspect, service, repair, overhaul and test the same in accordance with Applicable Standards; (ii) make any alterations or modifications that may at any time be required to comply with Applicable Standards, and to cause the Aircraft to remain airworthy; (iii) furnish all required parts, replacements, mechanisms, devices and servicing so that the condition and operating efficiency thereof will at all times be no less than its condition and operating efficiency as and when delivered to Customer, ordinary wear and tear from proper use alone excepted; (iv) promptly replace all Parts (A) which become worn out, lost, stolen, taken, destroyed, damaged beyond repair or permanently rendered or declared unfit for use for any reason whatsoever, or (B) if not previously replaced pursuant to clause (A), as and when required by any Applicable Standards, including any applicable life limits; and (v) maintain (in English) all Records in accordance with Applicable Standards; and (vi) enroll and maintain the Engines in an Engine Maintenance Program and the APU in an APU Maintenance Program or shall cause the foregoing to be done. All maintenance procedures shall be performed by properly trained, licensed, and certified maintenance sources and personnel utilizing replacement parts approved by the FAA and the manufacturer of (as applicable) the Airframe, the Engines, or any APU or Part. Without limiting the foregoing, Customer shall comply with all mandatory service bulletins and airworthiness directives by causing compliance to such bulletins and/or directives to be completed through corrective modification in lieu of operating manual restrictions.

Customer will not make, authorize or permit any improvement, change, addition or alteration to the Aircraft that will impair the originally intended function or use of the Aircraft, diminish the value of the Aircraft as it existed immediately prior thereto, or violate any Applicable Standard. All repairs, parts, replacements, mechanisms and devices added by Customer or on its behalf shall immediately, without further act, become part of the Aircraft and subject to the Lender’s Lien granted under this Agreement.

Insurance .

Customer agrees to maintain or cause to be maintained at all times, at its sole cost and expense, with insurers of recognized reputation and responsibility satisfactory to Lender (but in no event having an A.M. Best or comparable agency rating of less than “A-”):

(A) comprehensive aircraft liability insurance against bodily injury or property damage claims including, without limitation, contractual liability, premises liability, death and property damage liability, public and passenger legal liability coverage, and sudden accident pollution coverage, in an amount not less than \$200,000,000.00 for 20 or more seats, or if the Aircraft will be chartered, or \$100,000,000.00 for 10 or more seats, or \$50,000,000.00 for fewer than 10 seats for each single occurrence, and (B) personal injury liability in an amount not less than \$25,000,000.00; but, in no event shall the amounts of coverage required by sub-clauses (A) and (B) be less than the coverage amounts as may then be required by Applicable Law;

“all-risk” ground, taxiing, and flight hull insurance on an agreed-value basis, covering the Aircraft, provided that such insurance shall at all times be in an amount not less than the greater of (1) the full replacement value of the Aircraft (as determined by Lender), or (2) the unpaid principal amount of the Note (each such amount re-determined as of each anniversary of the date hereof for the next succeeding year throughout the term of this Agreement); and

war risk and allied perils (including confiscation, appropriation, expropriation, terrorism and hijacking insurance) in the amounts required in paragraphs (i) and (ii), as applicable.

Any policies of insurance carried in accordance with this Section 4.6 and any policies taken out in substitution or replacement of any such policies shall (i) be endorsed to name Lender as an additional insured as its interests may appear (but without responsibility for premiums), (ii) provide, with respect to insurance carried in accordance with Section 4.6(a)(ii) or (a)(iii) above, that any amount payable thereunder shall be paid directly to Lender as sole loss payee and not to Lender and Customer jointly, (iii) provide for thirty (30) days’ (seven (7) days’ in the case of war, hijacking and allied perils) prior written notice by such insurer of cancellation, material change, or non-renewal, (iv) include a severability of interest clause providing that such policy shall operate in the same manner as if there were a separate policy covering each insured, (v) waive any right of set-off against Lender, and any rights of subrogation against Lender, (vi) provide that in respect of the interests of Lender in such policies, that the

insurance shall not be invalidated by any action or inaction of Customer or any other Person operating or in possession of the Aircraft, regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by or binding upon Customer or any other Person operating or in possession of the Aircraft, and (vii) be primary, not subject to any co-insurance clause and shall be without right of contribution from any other insurance.

Customer shall not self-insure (by deductible, premium adjustment, or risk retention arrangement of any kind) with respect to any of the risks required to be insured pursuant to this Section 4.6. Customer agrees that it shall obtain and maintain such other insurance coverages, or cause adjustments to be made to the scope, amount or other aspects of the existing insurance coverages, promptly upon Lender's request, as and when Lender deems such additional insurance coverages or modifications to be appropriate in light of any changes in Applicable Law, prudent industry practices, the insurance market, Customer's anticipated use of the Aircraft or other pertinent circumstances. All of the coverages required herein shall be in full force and effect worldwide throughout any geographical areas to, in or over which the Aircraft is operated. All insurance proceeds payable under the requisite policies shall be payable in U.S. Dollars.

At least ten (10) days prior to the policy expiration date for any insurance coverage required by this Section 4.6, Customer shall furnish to Lender evidence (having the form and substance consistent with Section 1(f) of the Closing Terms Addendum) of the renewal or replacement of such coverage, complying with the terms hereof, for a twelve (12) month or greater period commencing from and after such expiration date.

#### Event of Loss: Loaner Engines.

Upon the occurrence of any Event of Loss with respect to the Aircraft and/or the Airframe, Customer shall notify Lender of any such Event of Loss within five (5) days of the date thereof. Customer shall pay the then Outstanding Balance promptly upon its receipt of insurance proceeds relating to such Event of Loss, but in no event later than ninety (90) days after the occurrence of such Event of Loss (irrespective as to whether any or all of such proceeds have been received). Upon Lender's receipt in good and indefeasible funds of all of the amounts required to be paid pursuant to the preceding sentence (whether by applying Customer's payment of such amounts, or any such insurance proceeds, or both) the Aircraft shall be released from the Lender's Lien, and Lender shall remit to Customer any such insurance proceeds so received by Lender, to the extent then remaining.

Upon an Event of Loss with respect to an Engine or any APU (as applicable, a " **Lost Item** ") under circumstances in which there has not occurred an Event of Loss with respect to the Airframe, Customer shall, within one hundred twenty (120) days after the occurrence of such Event of Loss, replace such Lost Item, with a Permitted Replacement. Any engine or auxiliary power unit constituting a " **Permitted Replacement** " for a Lost Item shall (i) be of the same make and model number as the Lost Item, (ii) be free and clear of all Liens and (iii) have a value, utility and useful life at least equal to, and be in as good an operating condition as, the Lost Item, assuming such Lost Item was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss. Customer, at its own cost and expense, shall (i) furnish Lender with such documents to evidence such conveyance, (ii) cause the Permitted Replacement to be subject to the Lender's Lien under this Agreement, and (iii) take such other actions as may be required by Lender to cause the Lender's Lien therein to be validly created, perfected and have first priority, including as evidenced on the FAA Registry, the International Registry, and any other recording office. Each such Permitted Replacement shall, after such conveyance, be deemed an "Engine" or "APU" (as defined herein), as applicable, and shall be deemed part of the same Aircraft as was the Lost Item replaced thereby.

In the event an Engine is damaged and is being repaired, or is being inspected or overhauled, Customer, at its option, may temporarily substitute another engine during the period of such repair or overhaul, so long as such engine is of the same make and model as the Engine being repaired or overhauled, is free and clear of any Lien that might impair Lender's rights or interests in the Airframe and is maintained in accordance herewith (any such substitute engine being hereinafter referred to as a " **Loaner Engine** "). Customer shall (i) cause such Loaner Engine to be installed and removed, as applicable, by a maintenance facility certified by the FAA and manufacturer with respect to the Aircraft, and (ii) cause the repaired or overhauled original Engine to be reinstalled on the Airframe promptly upon completion of the repair or overhaul, but in no event later than the earlier of one hundred twenty (120) days after removal or the occurrence of an Event of Default.

So long as no Default has occurred and is continuing, and no Event of Default or Event of Loss with respect to the Aircraft has occurred, any loss or damage proceeds of the Required Coverages received by Lender shall be released promptly by Lender to Customer to reimburse Customer for paying the costs actually incurred with respect to repairs made to the Aircraft so as to restore it to the condition required by this Agreement, or for the purchase of a Permitted Replacement pursuant to Section 4.7(b), or shall be disbursed by Lender as otherwise required by this Agreement.

Aircraft Registration. On or before the Closing Date, and at all times thereafter, so long as any of the Obligations are outstanding, Customer shall remain solely responsible pursuant to the applicable provisions of this Agreement to cause (i) the Aircraft to be effectively and otherwise validly registered in Customer's name on the Registry, and (ii) the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft, in each case, accordance with the Registration Requirements; and without limiting the foregoing, or any other provision of this Agreement, Customer shall:

cause the Registration Certificate to be maintained within the Aircraft and cause the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft; including by (A) notifying Lender immediately of any event or circumstance with respect to which the Registration Requirements require further action by Customer, the Registry or any other Governmental Authority or other Person, (B) immediately upon receipt, placing the original, replacement or renewal Registration Certificate on the Aircraft prior to the expiration or other invalidation of any previously issued Registration Certificate (whether the certificate or any other document constituting the Registration Certificate as defined herein) under the Registration Requirements, and (C) complying with any and all of the other Registration Requirements relating to such Registration Certificate, and to the Registration Certificate replaced thereby (including any of the same relating to the destruction or return thereof, as the case may be); and

upon the occurrence, and at all times thereafter, of any Defective Registration (and without waiving Customer's responsibility to avoid such circumstance), or if the operation of the Aircraft is no longer authorized by the Registration Requirements, Customer shall (A) neither operate nor permit or suffer the operation of the Aircraft without a currently effective and otherwise valid Registration Certificate (and shall cause the pilots to be made aware of the Defective Registration), and otherwise comply with the FARs and other Applicable Laws relating to such Defective Registration, (B) ground and store the Aircraft in a manner reasonably acceptable to Lender, and (C) inform the insurer or insurers thereof, and obtain and maintain adjustments to the insurance coverages required pursuant Section 4.6 of this Agreement which may be necessary or desirable to Lender so as to reflect any changes in the insurable risks relating to any Defective Registration.

#### **Security Interest; Power of Attorney; Inspection .**

Grant of Security Interest. As collateral security for the prompt and complete payment and performance as and when due of all of the Obligations and in order to induce Lender to enter into this Agreement and make the Loan to Customer in accordance with the terms hereof, Customer hereby grants, pledges and assigns to Lender a first priority security interest, collateral assignment, international interest, prospective international interest, security assignment and prospective security assignment, in, against, under and with respect to (the " **Lender's Lien** ") all of Customer's right, title and interest in, to and under all of the following collateral, whether now existing or hereafter acquired (collectively, the " **Collateral** "): (i) the Aircraft, including the Airframe, the Engines, each of the APU and Parts, and the Records; (ii) any and all present and future Third Party Agreements; (iii) any and all other associated rights secured by or associated with the Airframe and/or the Engines, together with any

related international interests and prospective international interests; (iv) any collateral described in the other Loan Documents (including in any Operating Consent); and (v) all proceeds of the foregoing. By way of clarification and not limitation, the foregoing grant of the Lender's Lien shall include, as applicable (and in each case, being validly registered and having first priority), an international interest in the Airframe and in each Engine. Notwithstanding the foregoing, (i) Customer shall not enter into any Third Party Agreements unless expressly permitted by Section 4.4 and (ii) Lender is not assuming, nor shall it be responsible for, any obligations, liabilities or duties of any kind whatsoever of Customer (and/or of any other Person) relating to the Collateral. Customer agrees that it shall perform and procure performance in accordance with any Third Party Agreement or other agreement or instrument giving rise to any associated rights that are or may become subjected to the Lender's Lien.

UCCs, Registrations, Etc.; Lender as Attorney-in-Fact. Customer hereby irrevocably:

authorizes Lender to prepare and file any UCC financing statements, amendments, continuations, terminations, assignments and other filings, or take such other actions for the purpose of perfecting, affording first and exclusive priority to or otherwise relating to Lender's Lien under this Agreement or the other Loan Documents;

consents to, and authorizes its professional user entity to consent to, the registration of each Registerable Interest requested by Lender or its Assignee, or otherwise required by the provisions of this Agreement or any of the other Loan Documents, including any subordination, amendment, assignment, discharge or undertaking permitted by the Cape Town Convention with respect thereto; and

constitutes and appoints Lender (including any Person acting on Lender's behalf), as its true and lawful attorney-in-fact with full power and authority in the place and stead of Customer and in the name of Customer or in its own name, for the purpose of carrying out the terms of this Agreement; which authority shall include the following undertakings that may be exercisable by Lender in its sole discretion at any time, and from time to time, if an Event of Default is then existing or upon the occurrence of an Event of Loss: (i) in Customer's name, file and/or record, such further instruments, filings and other documents, make, cause to be made and/or consent to all registrations with the International Registry, and take such further action, to establish and protect Lender's rights, interests and remedies created, or intended to be created, pursuant to the Loan Documents; (ii) endorse Customer's name on any checks, notes, drafts or any other payments or instruments, or set off, apply, or take such other actions with respect to any funds relating to the Collateral that come into Lender's possession or control; and (iii) to settle, adjust, receive payment and make claim or proof of loss, and take such other actions relating to the Required Coverages. This appointment is coupled with an interest, is irrevocable and shall terminate only upon indefeasible payment and performance in full of all of the Obligations. The powers conferred on Lender hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Lender shall be accountable only for amounts that it actually receives in good and indefeasible funds as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to Customer for any act or failure to act. Without limiting the foregoing, Customer agrees that within five (5) Business Days of Lender's request, Customer will enter into an irrevocable power-of-attorney authorizing Aviation Counsel or Lender's other designee as Customer's professional user entity and administrator for the purpose of discharging any Registerable Interests as and when directed to do so by Lender in connection with its exercise of its rights and remedies under the Loan Documents.

Inspection. Lender or its authorized representatives shall have the right, but not the duty, to inspect the Aircraft, any part thereof and/or the Records, at its own cost any reasonable time and from time to time, wherever located, upon reasonable prior notice to Customer; except that after the occurrence of a Default or an Event of Default, such inspection may be conducted at any time without prior notice and at Customer's sole expense, and it shall pay Lender promptly upon demand any inspection costs incurred by Lender. So long as no Default or Event of Default exists, any such inspections shall be conducted during normal business hours and without interruption of the use and operation of the Aircraft as permitted hereby. Upon the request of Lender, Customer shall promptly confirm to Lender the location of the Aircraft or any of the other Collateral.

Events of Default. The term " **Event of Default** ", wherever used herein, shall mean:

Customer shall fail to pay any Obligation within ten (10) days after the same shall become due and payable (whether at the stated maturity, by acceleration, upon demand or otherwise); or

(i) any Customer Party shall default in the payment or performance of any indebtedness, liability or obligation to Lender or any Affiliate of Lender under any note, security agreement, lease, title retention or conditional sales agreement or any other instrument or agreement; or (ii) any Customer Party shall fail to pay any Indebtedness (other than the Obligations) exceeding \$5,000,000.00, and such failure shall continue beyond any applicable grace period (or, with respect to trade Indebtedness which is not subject to a grace period, within ninety (90) days of the date such trade Indebtedness is incurred); or

(i) any of the Required Coverages are not kept in full force and effect, or a breach or violation shall exist with respect to any provisions thereof; or the Aircraft is operated in a manner, at a time or in or over or located at a place with respect to which such Required Coverages shall not be in effect; (ii) Customer shall fail to cause the Airframe or the Engines to be used, operated, maintained or otherwise kept in a condition so as to be in compliance with all Applicable Laws; or (iii) any Customer Party shall fail to comply with (A) any financial covenants as and to the extent set forth or incorporated in any Guaranty or in any of the other Loan Documents, or (B) any provision of any of the Loan Documents restricting Liens and other dispositions relating to either the Collateral or any rights or obligations under any of the Transaction Documents (including Section 4.4 hereof), or (iv) the occurrence of any Defective Registration; or

(i) any representation or warranty made by any Customer Party in any of the Loan Documents or in any related agreement, document or certificate shall prove to have been incorrect, misleading, or inaccurate in any material respect when made or given (or, if a continuing representation or warranty, at any time); or (ii) any Customer Party shall fail to (A) perform or observe any other agreement (other than those specifically referred to in this Section 6) required to be performed or observed by it under this Agreement or in any of the other Loan Documents, and such failure shall continue uncured for thirty (30) days after the earlier of written notice thereof from Lender to such Customer Party or such Customer Party's actual knowledge thereof (but such notice and cure period will not be applicable unless such breach is curable by practical means within such notice period) or (B) notify Lender of any Default or Event of Default within ten (10) Business Days of its occurrence; or

(i) any Customer Party shall (A) generally fail to pay its, or his or her debts as they become due, admit its, or his or her inability to pay its, or his or her debts or obligations generally as they fall due, or shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws or other insolvency laws, or an answer admitting the material allegations of such a petition filed against such Customer Party in any such proceeding; or (B) by voluntary petition, answer or consent, seek relief under the provisions of any other bankruptcy or other insolvency or similar law providing for the reorganization or liquidation of corporations, or providing for an assignment for the benefit of creditors, or providing for an agreement, composition, extension or adjustment with its, or his or her creditors; or (ii) a petition against any Customer Party in a proceeding under applicable bankruptcy laws or other insolvency laws, as now or hereafter in effect, shall be filed and shall not be withdrawn or dismissed within one hundred twenty (120) days thereafter, or if, under the provisions of any law providing for reorganization or liquidation of business entities that may apply to any Customer Party, any court of competent jurisdiction shall assume jurisdiction, custody or control of such Customer Party or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of one hundred eighty (180) days after the filing date; or

the occurrence of any of the following events with respect to any Customer Party: (A) it enters into any transaction of merger, consolidation or reorganization; (B) it ceases to do business as a going concern, liquidates, or dissolves, or sells, transfers or otherwise disposes of all or substantially all of its assets or properties (in one or more transactions); (C) it becomes the subject of, or engages in, a leveraged buy out;

(D) it changes the form of organization of its business; (E) if it is privately owned as of the Closing Date, there is any substantial change in the ownership or control of its capital stock or membership interests such that the holder(s) that own or control one hundred percent (100%) of such equity interests as of the Closing Date no longer do so; or (F) if it is publicly held as of the Closing Date, any change so that it is no longer subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or no longer registered under Section 12 of the Securities Act of 1933, as amended; or

(i) the conviction of or guilty plea by any Customer Party with respect to any criminal act constituting a felony, (ii) any repudiation by any Customer Party of its obligation for the payment or performance of the Obligations, (iii) any allegation by any Customer Party or judicial determination that any of the Loan Documents is unenforceable in any material respect or (iv) a Default (as defined in any Guaranty) shall occur; or any event or condition constituting a breach or other default under any Operating Consent.

#### **Remedies .**

Acceleration; Termination of Commitment . If any Event of Default shall occur, Lender, in its sole discretion, may (a) declare the Obligations to be immediately due and payable, and upon such declaration the Obligations (including, the unpaid principal amount of the Note, together with all accrued but unpaid interest thereon, any prepayment fees and all other amounts due and payable under or with respect to the Loan Documents), shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the other Loan Documents to the contrary notwithstanding, (b) terminate any then outstanding commitment whether to Customer or any Affiliate to make the Loan or any advance thereof, or any other financial accommodations, whether related to the Loan or otherwise, and/or (c) pursue and enforce any of Lender's rights and remedies under this Section 7; provided , however , if an Event of Default specified in Section 6 (e) above shall occur, the Obligations shall become immediately due and payable, all such commitments shall terminate, and Lender shall have all such other rights and remedies contemplated in the preceding clauses (a), (b) and (c), automatically, and without any notice or other action by Lender.

Additional Remedies . If an Event of Default occurs, in addition to all other rights and remedies granted to it in this Agreement and in the other Loan Documents, Lender may exercise all rights and remedies of a secured party under the UCC or as a creditor, chargee or security assignee under the Cape Town Convention (including any and all remedies thereunder requiring agreement by Customer), or otherwise available to Lender under any other Applicable Law. Without limiting the generality of the foregoing, Customer agrees that upon the occurrence of an Event of Default, Lender, without demand or notice of any kind (except as specified below) to or upon Customer or any other Person, in its sole discretion, may exercise any one or more of the following remedies:

(i) peacefully enter the premises where the Aircraft, the Engines, or any other Collateral is located, take immediate possession of, remove (or disable in place), or otherwise take control or custody of the Airframe, the Engines or any other Collateral (whether or not then attached to the Airframe) by self-help, summary proceedings or otherwise without liability, (ii) preserve the Airframe, the Engines or the other Collateral, and their respective value (but without any obligation to do so), and immobilize or keep idle the Airframe or Engines, and/or (iii) use Customer's premises for storage without liability; and Customer agrees, at Lender's request, to assemble the Collateral, and make it available to Lender at such places as Lender shall reasonably select, whether at Customer's premises or elsewhere;

(i) terminate the right of any Interested Third Party, and any other third party to use, possess or control the Airframe, the Engines or any of the other Collateral, including under any Permitted Third Party Agreement or other Third Party Agreement, without regard as to the existence of any event of default thereunder, (ii) recover from, and/or cause Customer and any such Interested Third Party, and any other third party, to relinquish possession and return the Airframe, the Engines and any other Collateral pursuant to this Section 7, and/or (iii) exercise any and all other remedies under any Operating Consents in Customer's stead, to the extent provided for under, or otherwise available to Customer in connection with any related Permitted Third Party Agreement or such other Third Party Agreement;

(i) manage, sell, lease, assign or otherwise dispose of the Airframe, the Engines or any other Collateral, in whole or in part, whether or not in Lender's possession, in one or more parcels or transactions, at public or private sale or sales, with or without notice to Customer (except as required by Applicable Law, and in furtherance thereof, Lender agrees that it shall give Customer no less than ten (10) working days' prior notice of any proposed sale or lease of the Airframe or Engines, which Customer acknowledges as constituting "reasonable prior notice" for the purposes of the Cape Town Convention) at such prices as Lender may deem best, and/or (ii) purchase the Collateral, in whole or in part, upon any public sale or sales, and to the extent permitted by Applicable Law upon any private sale or sales, free of any right or equity of redemption in Customer, which right or equity of redemption is hereby expressly released;

(i) collect, receive, appropriate and realize upon the Collateral, or any part thereof, including by applying any deposit or other cash collateral, or collecting or receiving, appropriating and realizing upon any income, profits or other proceeds arising from the management or use of the Airframe, the Engines or any of the other Collateral, and applying the same (after deducting all taxes, costs, expenses and other reductions of every kind incurred in connection therewith) to the payment in whole or in part of the Obligations, in such order and manner as Lender may elect; and (ii) after making such application, (A) remitting to Customer or to such other Person any excess then remaining, as and to the extent Lender is required by Applicable Law to make such remittance and (B) demanding, collecting and receiving from Customer any deficiency then remaining (and Customer agrees that it shall remain liable for, and pay upon demand, the full amount of any such deficiency);

(i) demand and obtain from any court speedy relief pending final determination available at law (including, possession, control, custody or immobilization of the Airframe and Engines, or preservation of the Airframe and the Engines and their respective value), (ii) procure the deregistration and/or export and physical transfer of the Airframe from the territory in which it is then situated (including pursuant to an IDERA, if any, executed by Customer), and/or (iii) otherwise proceed at law or in equity, to enforce specifically Customer's performance or to recover damages; and/or

exercise any and all other rights and remedies under or with respect to the Loan Documents or Applicable Law, including the Cape Town Convention and the UCC.

No Waiver; Cumulative Remedies . No right or remedy is exclusive. Customer hereby acknowledges that none of the provisions of this Section 7, including any remedies set forth or referenced herein, is "manifestly unreasonable" for the purposes of the Cape Town Convention. Each may be used successively and cumulatively and in addition to any other right or remedy referred to above or otherwise available to Lender at law or in equity, but in no event shall Lender be entitled to recover any amount in excess of the maximum amount recoverable under Applicable Law with respect to any Event of Default. No express or implied waiver by Lender of any Default or Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default. The failure or delay of Lender in exercising any rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or reoccurrence of any such contingencies or similar contingencies, and any single or partial exercise of any particular right by Lender shall not exhaust the same or constitute a waiver of any other right provided for or otherwise referred to herein. After the occurrence of any Default or Event of Default, the acceptance by Lender of any payment or performance of any of the Obligations, including the payment of any installment of principal and/or interest or of any other sum owing hereunder or under the other Loan Documents shall not constitute a waiver of such Default or Event of Default, regardless of Lender's knowledge or lack of knowledge thereof at the time of acceptance of any such payment or performance and shall not constitute a reinstatement of any of the Loan Documents, unless Lender shall have agreed in writing to reinstate the same and waive the Default or Event of Default. To the extent permitted by Applicable Law, Customer waives any rights now or hereafter conferred thereby, that (a) limit or modify any of Lender's rights or remedies under this Agreement or any of the other Loan Documents, including the provisions of Article 13(2) of the

Convention, or (b) would otherwise entitle Customer to (i) receive notices or demands as a condition to Lender's exercise of any rights or remedies, except as expressly required above or (ii) make claims, damages and demands against Lender arising out of the repossession, retention, sale or other disposition of the Collateral.

#### **MISCELLANEOUS .**

Notices . All communications and notices provided for herein shall be in writing and shall be deemed to have been duly given or made (i) upon hand delivery, or (ii) upon delivery by an overnight delivery service, or (iii) when sent by telecopy (with customary confirmation of receipt of such telecopy) on the Business Day when sent or upon the next Business Day if sent on other than a Business Day.

#### Expenses and Fees; Indemnity; Performance of Customer's Obligations .

Customer shall pay to Lender upon demand all reasonable fees, costs and expenses incurred by or on behalf of Lender at any time in connection with (i) the negotiation, preparation, execution, delivery and enforcement of the Loan Documents and the collection of the Obligations (both before and after the occurrence of a Default or Event of Default), (ii) the creation, preservation and protection of the Collateral and the perfection, first priority and enforcement of Lender's Lien, or (iii) Customer's exercise of any right granted under, or any amendment or other modification to any of, the Loan Documents. Such fees, costs and expenses shall include, without limitation, reasonable appraisal and inspection fees, the reasonable fees and expenses of Aviation Counsel and of Lender's counsel, consultants and brokers, UCC, FAA, International Registry and other applicable title, interest and lien searches, and reasonable costs and expenses relating to recovery, repossession, storage, insurance, transportation, repair, refurbishment, advertising, sale and other dispositions of the Aircraft or any of the other Collateral. Customer shall also pay all reasonable fees (including license, filing and registration fees), Impositions and other charges of whatever kind or nature that may be payable or determined to be payable in connection with (A) the execution, delivery, recording or performance of this Agreement or any of the other Loan Documents, or any modification thereof, and (B) the filings, registrations and other undertakings relating thereto. Notwithstanding the foregoing, as long as there are no more than two (2) revised drafts of any Loan Document provided by Customer or its counsel to Lender or Lender's counsel, Customer shall be responsible for not more than \$35,000.00 in the aggregate for the legal fees of outside counsel to Lender (including, Aviation Counsel) and appraisal, inspection, processing, credit verification, lien searches, FAA and International Registry fees and other fees incurred in connection with the initial negotiation, preparation and execution of this Agreement and the other Loan Documents executed and delivered on or before the Closing Date (and the consummation of the closing contemplated to occur thereon); provided that in the event that the negotiation exceeds two (2) revised drafts of any Loan Document, then Customer shall pay for the actual amount of such out of pocket fees incurred by Lender relating to the drafting and negotiation in excess of such two (2) revised drafts. Lender shall apply the previously paid deposit amount of \$35,000.00 to such fees and shall refund to Customer the amount by which the deposit exceeds such fees.

Customer hereby further agrees, whether or not the transactions contemplated by this Agreement shall be consummated, to pay, indemnify, and hold Lender and its affiliates and all of the Lender's and such affiliates' respective directors, shareholders, members, officers, employees, agents, predecessors, attorneys-in-fact, lawyers, successors and assigns (Lender, its affiliates and all of such other parties and entities sometimes hereinafter collectively, the "**Indemnified Parties** ") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, out of pocket costs, attorney's fees, expenses or disbursements of any kind or nature whatsoever ("**Claims** ") arising with respect to or in connection with (i) the Airframe, the Engines, or any APUs or Parts, or any of the other Collateral, including (whether by or through Customer, Vendor, any Interested Third Party, or any other Person), the manufacture, inspection, ownership, lease, sublease, management, pooling, interchange, time sharing, chartering, possession, use, operation, maintenance, security, condition (whether prior to, upon or after delivery or acceptance of any of the same), repossession, storage, sale or other disposition of any of the same, or any accident in connection therewith, including Claims involving or alleging environmental damage, criminal acts, hijacking, acts of terrorism or similar acts, product liability or strict or absolute liability in tort, latent and other defects (whether or not discoverable) and for any other risk or matter, including any of the same that result in injuries, death, destruction, or other harm or loss to persons or property, or (ii) any of the Loan Documents, Third Party Agreements or other Transaction Documents, or the performance, breach (including any Default or Event of Default) or enforcement of any of the terms hereof or thereof, provided, that Customer shall have no obligation to indemnify an Indemnified Party with respect to Claims arising from the gross negligence or willful misconduct of such Indemnified Party (unless if imputed by Applicable Law). If any Claim is made against any Indemnified Party, the party receiving notice or otherwise becoming aware of such Claim shall promptly notify the other, but the failure of the party having knowledge of a Claim to so notify the other party shall not relieve Customer of any obligation hereunder.

If any Customer Party fails to perform or comply with any of its agreements contained herein or in the other Loan Documents, including, without limitation, its obligations to keep the Collateral free of Liens (other than the Permitted Liens), comply with Applicable Standards, or obtain the Required Coverages, Lender shall have the right, but shall not be obligated, to effect such performance or compliance, with such agreement. Any expenses of Lender incurred in connection with effecting such performance or compliance, together with interest thereon at the default rate of interest provided for in the Note from the date incurred until reimbursed, shall be payable by Customer to Lender promptly on demand and until such payment shall constitute part of the Obligations secured hereby. Any such action shall not be a cure or waiver of any Default or Event of Default hereunder.

Entire Agreement; Modifications . This Agreement and the other Loan Documents constitute the entire understanding and agreement of the parties hereto with respect to the matters contained herein and therein, and shall completely and fully supersede all other prior agreements (including any proposal letter, commitment letter, and/or term sheet), both written and oral, between Lender and Customer relating to the Obligations. Neither this Agreement, nor any terms hereof, may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of a change, waiver, discharge or termination is sought.

Construction of this Agreement and Related Matters . All representations and warranties made in this Agreement and in the other Loan Documents shall survive the execution and delivery of this Agreement and the making of the Loan hereunder. Customer's obligations contained in this Section 8 shall survive the payment and performance of the Obligations, the termination of this Agreement, and the release of the Collateral. This Agreement may be executed by the parties hereto on any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. The headings of the Sections hereof are for convenience only, are not part of this Agreement and shall not be deemed to affect the meaning or construction of any of the provisions hereof. Time is of the essence in the payment and performance of all of Customer's obligations under this Agreement. Any provision of this Agreement that may be determined to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective in such jurisdiction to the extent thereof without invalidating the remaining provisions of this Agreement, which shall remain in full force and effect.

Lender's Assignment . Lender, may at any time, with or without notice to Customer, freely grant a security interest in, sell, assign, participate or otherwise transfer (an "**Assignment** ") all or any part of its interest in this Agreement and the other Loan Documents (including all associated rights associated with or secured thereby and the related international interests) or any amount due or to become due hereunder or thereunder, and Customer shall perform all of its obligations under the Loan Documents, to the extent so transferred, for the benefit of the beneficiary of such Assignment (such beneficiary, including any successors and assigns, an "**Assignee** "); provided, however, if such Assignee is not an Affiliate of Lender and if no Default or Event of Default exists, Lender will provide prior notice of any such Assignment to a third party. Customer hereby waives any right to assert, and agrees not to assert, against any Assignee any abatement, reduction, defense, setoff, recoupment, claim or counterclaim that Customer may have against Lender, provided that Lender remains fully responsible therefor. Upon the assumption by such Assignee of Lender's obligations hereunder, Lender shall be relieved of any such assumed obligations. Customer hereby consents to any such assignment,

grant, sale or transfer, including, without limitation, for purposes of the Cape Town Convention. If so directed in writing, Customer shall pay all amounts due or to become due under the Loan Documents, including any of the same constituting associated rights or proceeds directly to the Assignee or any other party designated in writing by Lender or such Assignee. Customer acknowledges and agrees that Lender's right to enter into an Assignment is essential to Lender and, accordingly, waives any restrictions under Applicable Law with respect to an Assignment and any related remedies. Upon the request of Lender or any Assignee, Customer also agrees (a) to promptly execute and deliver, and cause to be executed and delivered by any Guarantor or any other Transaction Party, to Lender or to such Assignee an acknowledgment of assignment in form and substance satisfactory to the requesting party, an insurance certificate naming Assignee as additional insured and loss payee and otherwise evidencing the Required Coverages, an IDERA in favor of Assignee, and such other documents and assurances reasonably requested by Lender or Assignee, (b) to make, or cause to be made, all registrations (including all assignments and subordinations) and all amendments, extensions and discharges with the International Registry reasonably requested by Lender or Assignee (and give or obtain any necessary consent thereto, as well as renew any authorization required by the International Registry in connection therewith, including renewing its transacting user entity status and re-designating a professional user entity, if necessary in Lender's judgment), and (c) to comply with any and all other reasonable requirements of any such Assignee in connection with any such Assignment.

Jurisdiction. Customer and Lender each hereby irrevocably consents and agrees that any legal action, suit or proceeding arising out of or in any way in connection with this Agreement or any of the other Loan Documents may be instituted or brought in the courts of the State of New York or in the United States Courts for the Southern District of New York, as Customer or Lender may elect or in any other state or Federal court as Lender shall deem appropriate, and by execution and delivery of this Agreement, Customer and Lender each hereby irrevocably accepts and submits to, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of any such court, and to all proceedings in such courts. Customer and Lender each irrevocably consents to service of any summons and/or legal process by first class, certified United States air mail, postage prepaid, to Customer at the address set forth below its signature hereto, such method of service to constitute, in every respect, sufficient and effective service of process in any such legal action or proceeding. Nothing in this Agreement or in any of the other Loan Documents shall affect the right to service of process in any other manner permitted by law or limit the right of Lender to bring actions, suits or proceedings in the courts of any other jurisdiction. Customer and Lender each further agrees that final judgment against it in any such legal action, suit or proceeding shall 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 shall be conclusive evidence of the fact and the amount of the liability. Notwithstanding anything in the foregoing to the contrary, Lender and Customer may bring a judicial proceeding in the Republic of Ireland, solely with respect to matters relating to the International Registry.

Governing Law; Binding Effect. This Agreement shall be construed and enforced in accordance with, and the rights of both parties shall be governed by, the internal laws of the State of New York (without regard to the conflict of laws principles of such state, except as to the effect of Title 14, Section 5-1401 of the New York General Obligations Law), including all matters of construction, validity, and performance. This Agreement shall be binding upon and inure to the benefit of Customer and Lender and their respective successors and assigns (but without limiting the provisions of Section 8.5); except that Customer may not assign or transfer its rights or obligations hereunder or under any other Loan Agreement, or any interest herein or therein; and any such purported or attempted assignment or transfer by Customer shall be null and void.

Customer's Capacity as Owner Trustee. TVPX Aircraft Solutions Inc. ("TVPX") is executing this Agreement, and the other Loan Documents solely in its capacity as Owner Trustee under the Trust Agreement and not in its individual capacity and in no case shall TVPX be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of the Customer hereunder, or under any Loan Document, all such liability, if any, being expressly waived by the parties hereto and any Person claiming by, through, or under such party. Under no circumstances shall TVPX be personally liable for the payment of any other amount stated to be due from the Customer hereunder, or under any Loan Document, or be personally liable for the breach or failure of any of Customer's representations, warranties, covenants, obligations, undertakings and agreements hereunder, or under any Loan Documents; provided, however, that the Customer (or any such successor owner trustee) shall be personally liable hereunder for its own gross negligence or willful misconduct or for its breach of its covenants, representations and warranties contained herein, or in any Loan Document, to the extent covenanted or made in its individual capacity.

Jury Waiver. CUSTOMER AND LENDER EACH HEREBY KNOWINGLY AND FREELY WAIVES THEIR RESPECTIVE RIGHTS TO A JURY TRIAL IN ANY ACTION, SUIT OR PROCEEDING RELATING TO, ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE NOTE OR ANY OF THE OTHER LOAN DOCUMENTS.

**[Signatures On Next Page]**

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Loan and Aircraft Security Agreement

IN WITNESS WHEREOF, the parties hereto have caused this Loan and Aircraft Security Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

BANC OF AMERICA LEASING & CAPITAL, LLC, Lender

TVPX AIRCRAFT SOLUTIONS INC., a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated July \_\_\_\_, 2017,  
Customer

By:  
Name:  
Title:  
Notice Address:

One Financial Plaza, 2nd Floor  
Providence, Rhode Island 02903  
Attention: Director of Aircraft Operations  
Telephone: 800-238-3737  
Facsimile: 401-278-7941

By:  
Name:  
Title:  
Notice Address:

39 East Eagle Ridge Drive, Ste. 201  
North Salt Lake, UT 84054  
Telephone: (801) 924-367  
Facsimile: (801) 877-0478

### LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)

**THIS LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)** (together with all Addenda, Riders and Annexes hereto, this “**Agreement**”) is dated as of July 27, 2017 (the “**Closing Date**”), by and between **TVPX AIRCRAFT SOLUTIONS INC.**, a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated as of July 27, 2017 (“**Customer**”) and **BANC OF AMERICA LEASING & CAPITAL, LLC**, a Delaware limited liability company (“**Lender**”).

In consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

Capitalized and certain other terms used but not otherwise defined in this Agreement shall have the meanings ascribed to them in Annex A attached hereto and made a part hereof.

#### Terms of Loan .

Loan and Use of Proceeds. Subject to the terms and conditions of this Agreement, Lender agrees to make a loan to Customer in the principal amount set forth in Annex B attached hereto and made a part hereof (the “**Loan**”). Customer shall use the proceeds of the Loan to finance the costs of the acquisition of the Aircraft.

Repayment and Prepayment. The Customer's obligation to repay the Loan shall be evidenced by one or more Promissory Notes dated on and/or after the Closing Date, payable by Customer to the order of Lender in the original principal amount of the Loan (as amended, modified, restated, extended and renewed from time to time, the “**Note**”). The Loan shall bear interest and be repaid by Customer at the times and in the manner set forth in the Note. The Loan may be prepaid only in the manner and subject to terms and conditions set forth in the Note and, if applicable, Section 4.7 hereof.

Conditions of Borrowing. Lender's obligation to make the Loan shall be both subject to and conditioned upon the satisfaction of all of the conditions precedent specified in the Closing Terms Addendum attached to and made a part of this Agreement.

Representations and Warranties. In order to induce Lender to enter into this Agreement and to make the Loan herein provided for, Customer represents, warrants and covenants to Lender that:

(i) Customer (A) is duly qualified to do business in each jurisdiction in which the conduct of its business or the ownership or operation of its assets requires such qualification, including the jurisdiction of the Primary Hangar Location and wherever any of the Collateral may become located; (B) has the necessary authority and power to own and operate the Aircraft and its other assets and to transact the business in which it is engaged; (C) is a “citizen of the United States” within the meaning of the Transportation Code; and (D) has the form of business organization set forth in Annex B hereto and is and will remain duly organized, validly existing and in good standing under the laws of the state of its organization set forth in Annex B hereto, its federal tax identification number is as set forth in Annex B hereto, and its state-issued organizational identification number (if any), chief executive office and principal place of business address are all as set forth on Annex B hereto; and (ii) its name as shown in the preamble of this Agreement is its exact legal name as shown on its charter, by-laws, articles of organization or operating agreement, as applicable, each as amended as of the Closing Date;

(i) Customer's execution and delivery of, and performance of its obligations under and with respect to, each of the Loan Documents (including its borrowing the amounts constituting the Loan, granting the Lender's Lien against the Aircraft and other Collateral and participating in the other transactions contemplated herein and therein), (A) have been duly authorized by all necessary action on the part of Customer consistent with its form of organization, (B) do not contravene or constitute a default under any Applicable Law, any of Customer's Organizational Documents, or any agreement, indenture, or other instrument to which Customer is a party or by which it may be bound, (C) do not require the approval of or notice to (1) any Governmental Authority, except for the filings and registrations specified in the Closing Terms Addendum, all of which shall have been duly effected prior to or concurrently with Lender making the Loan, or (2) any other party (including any trustees or holders of indebtedness), and (D) will not result in the creation or imposition of any Lien on any of the assets of Customer other than the Lender's Lien created hereby and by the other Loan Documents with respect to the Collateral; (ii) each of the Transaction Documents referenced in the Closing Terms Addendum to which Customer is a party has been duly executed and delivered by an authorized representative of the Customer, and constitutes the legal, valid and binding obligation of the Customer, enforceable against it in accordance with the respective terms of such Transaction Documents (including, without limitation, the grant of the Lender's Lien); and (iii) without limiting the foregoing, upon Lender's advancing the Loan on the Closing Date, (A) Customer will have satisfied or complied with all conditions precedent and requirements as set forth in the Loan Documents required to have been satisfied or complied with concurrently with or prior to such advance and (B) no Default or Event of Default shall be then existing;

there are no proceedings pending or, so far as the officers, managers, or members of Customer know, threatened against or affecting Customer or any of its property before any Governmental Authority that could impair Customer's title to the Aircraft or any of the other Collateral, or that, if decided adversely, could materially affect the financial condition or operations of Customer or its ability to perform its obligations under any of the Loan Documents;

(i) Customer has, and shall continue to have, good and marketable title to the Collateral, free and clear of Liens, except Permitted Liens; (ii) the Lender's Lien in the Airframe, the Engines and the other Collateral is and shall remain validly created and perfected, and has and shall continue to have first priority over any other Liens pursuant to all Applicable Laws; and (iii) all filings, recordings, registrations or other actions necessary or desirable in order to vest such title in Customer, and establish, perfect and give first priority to Lender's Lien and other rights and interests in, against or with respect to the Collateral, have been duly effected, and all Impositions in connection therewith have been duly paid;

without limiting any of the other representations and warranties in this Agreement, for the purposes of the Cape Town Convention and any other Applicable Law, (i) upon the conclusion of the sale of the Aircraft to Customer, and Customer's grants and assignments, and (if constituting a lease) any Permitted Third Party Agreement, contemplated in the Loan Documents or other Transaction Documents, Customer and (if a lessee) any Interested Third Party shall be situated in, and Customer will cause the Aircraft to be duly registered in, the United States of America (which is a contracting state), (ii) with respect to any of the Transaction Documents relating to the Airframe or Engine, each of the respective parties thereto has power to dispose of the Airframe and Engine, as contemplated therein by way of the relevant Transaction Document, and (iii) the Purchase

Documents qualify as a "contract of sale", and (if constituting a lease) any Permitted Third Party Agreement and the Loan Documents are effective to constitute international interests in the Airframe and Engine and security assignments of the related associated rights and transfer of the related international interests, as contemplated therein, and each such Registerable Interest will be effective against third parties upon registration at the International Registry, without any further filings or registrations (except as contemplated in the Loan Documents);

(i) the Aircraft (A) has been delivered to Customer, is in Customer's possession and is, as of the Closing Date, unconditionally, irrevocably and fully accepted by Customer, (B) has been inspected by Customer to its complete satisfaction and, without limiting the foregoing, (1) has been found to be in good working order, repair and condition and fully equipped to operate for its intended purpose, and (2) is in conformity with the requirements of the Purchase Agreement and the Applicable Standards, (C) is, or will be at the time of the funding of the Loan, currently certified under existing FAA rules and regulations and any other Applicable Laws and is airworthy in all respects, and (D) is and will remain primarily hangared at the Primary Hangar Location; and (ii) without limiting the foregoing, (A) solely as between Lender and Customer (and without prejudicing Customer's rights against Vendor or any other third party, which rights are not being disclaimed hereby), Customer has no pending claims and has no knowledge of any facts upon which a future claim may be based, against any prior owner, the seller, manufacturer or supplier of the Aircraft or any of the other Collateral, for breach of warranty or otherwise, and (B) all of the information contained in Annex C, including the registration number of the Aircraft, and the serial numbers, manufacturer and model numbers of the Airframe, Engines, and APU, are true and accurate in all respects; and

(h) the Aircraft (i) is currently capable of being certified under existing FAA rules and regulations and completely airworthy in all respects, (ii) will undergo an inspection by a Designated Airworthiness Representative of the FAA ("DAR") on the Closing Date and (iii) an FAA Standard Airworthiness Certificate (AC Form 8100-2) shall be issued for the Aircraft no later than two (2) Business Days after the Closing Date.

**Covenants** . Customer covenants and agrees that from and after the Closing Date and so long as any of the Obligations are outstanding:

Notices: Financial Information; and Further Assurances . Customer will, at its sole expense:

promptly give written notice to Lender of (i) the occurrence of any Default or Event of Default; (ii) the occurrence of any Event of Loss or event of which Customer may be aware that could become an Event of Loss; (iii) the commencement or written threat of any material litigation or proceedings affecting Customer or any material litigation or proceedings affecting the Aircraft or any of the other Collateral, or the ability of Customer to comply with its obligations under the Loan Documents; and (iv) any material dispute between Customer or any Interested Third Party and any Governmental Authority or other party that involves the Aircraft or any of the other Collateral or that might materially interfere with the normal business operations of Customer;

cause Guarantor to comply with the financial reporting requirements set forth in the Guaranty and promptly furnish to Lender any such financial and other information regarding the Customer or Guarantor or any of its Affiliates as Lender may from time to time reasonably request; and

promptly execute and deliver to Lender such further instruments, UCC and FAA filings (including an IDERA) and other documents, make, cause to be made and/or consent to all registrations (including any discharges and subordinations, or as to the prospective or actual sale of, and any international interest in, the Engines) with the International Registry, and take such further action, as Lender may from time to time reasonably request in order to further carry out the intent and purpose of the Loan Documents and to establish, protect and enforce the rights, interests, remedies and Liens (including the first priority thereof) created, or intended to be created, in favor of Lender thereby.

General Obligations . (a) Customer agrees that it shall (i) duly observe and conform to all requirements of Applicable Law relating to the conduct of its business and/or the Aircraft, (ii) remain a "citizen of the United States" within the meaning of the Transportation Code, (iii) obtain and keep in full force and effect (A) all rights, franchises, licenses and permits that are necessary to the proper conduct of its business, and (B) all approvals by any Governmental Authority required with respect to the performance of its obligations under the Loan Documents and the operation of the Aircraft and its business, (iv) cause the Aircraft to remain primarily hangared at the Primary Hangar Location, and duly registered in Customer's name under the Transportation Code (including, by making all necessary reports, re-registering its ownership of the Aircraft, and taking all other actions required by Applicable Law), and (v) pay and perform all of its obligations and liabilities when due. (b) Customer agrees that (i) it shall not change its presently existing legal name or its form or state of organization on or after the date of this Agreement, without Lender's prior written consent, (ii) if its presently existing state organizational identification number changes, or if Customer currently has no such state organizational number but is subsequently issued such a number, on or at any time after the date of this Agreement, Customer shall immediately notify Lender thereof, and (iii) it shall not change the presently existing mailing, chief executive office and/or principal place of business address on or after the date of this Agreement without giving Lender thirty (30) days written notice of the same.

Taxes . (a) Customer will file or cause to be filed with all appropriate taxing authorities all Federal, state and local income tax returns that are required to be filed and all registrations, declarations, returns and other documentation with respect to any personal property taxes (or any other taxes in the nature of or imposed in lieu of property taxes) due or to become due with respect to the Aircraft or any of the other Collateral. (b) Customer will pay (or cause to be paid) (i) on or before the date when due all taxes as shown on said returns and all taxes assessed, billed or otherwise payable with respect to the Aircraft or the other Collateral directly to the appropriate taxing authorities; and (ii) when due all license and/or registration or filing fees, assessments, governmental charges and sales, use, property, excise, privilege, value added and other taxes (including any related interest or penalties) or other charges or fees now or hereafter imposed by any governmental body or agency upon Customer or the Aircraft or any of the other Collateral, with respect to the landing, airport use, manufacturing, ordering, shipment, purchase, ownership, delivery, installation, leasing, chartering, operation, possession, use or disposition of the Aircraft or any of the other Collateral, or any interest therein (the items referred to in (i) and (ii) above being referred to herein collectively, as "**Impositions**").

No Disposition of Collateral or Liens; Title and Security Interest .

Customer shall not sell, assign, enter into any Third Party Agreement, convey, mortgage, exchange or otherwise transfer or relinquish possession of (including by any seizure or other taking by any foreign or domestic governmental authority) or dispose of the Airframe or Engines, any Part, any related associated rights, international interests or prospective international interests, any proceeds or any of the other Collateral, or attempt or offer to do, or suffer or permit any of the foregoing. Customer shall be permitted, however, to deliver possession of the Airframe, the Engines, or any APU or Part to another Person for testing, service, repair, maintenance, overhaul, alteration or modification, and to enter into Permitted Third Party Agreements, in each case, if and to the extent consistent with the provisions of the Loan Documents. Customer will warrant and defend its good and marketable title to the Airframe, the Engines and the other Collateral, and the validity, perfection and first priority of Lender's Lien in the Collateral, against all other Liens, claims and demands whatsoever, except Permitted Liens; and without limiting the foregoing, Customer will (i) not create, assume or suffer to exist any Liens on or with respect to the Airframe, the Engines, or any of the other Collateral, or Customer's interest therein (other than Permitted Liens); and (ii) promptly take such action as directed by Lender to duly discharge any such unpermitted Liens.

So long as no Default or Event of Default is then existing, Customer may enter into and remain a party to Third Party Agreements, in each such case, subject to the satisfaction of, and compliance by Customer and each Interested Third Party with, all of the following throughout the term of such arrangement: (i) Each such Interested Third Party shall (A) be and remain solvent, and (unless an individual) organized under the laws of a state within the United States; and (B) if engaged by Customer with the prior written consent of Lender as a manager and/or charter operator (including the Manager pursuant to the Management Agreement), while so engaged, (1) have a recognized favorable reputation as a

manager and/or charter operator, as the case may be, of aircraft similar to the Aircraft, (2) be providing management and/or charter operation services for other aircraft owners similar to the services contemplated therein, and (3) if and at all times while conducting any charter operations (x) have and maintain a valid Part 135 Certificate evidencing its authority to conduct such operations, (y) list the Aircraft on its operations specifications, and (z) comply with all Applicable Standards pertaining to such charter operations. (ii) Any operation of the Aircraft pursuant to any such Third Party Agreement shall be limited to (A) if by Customer, Parent Guarantor or any Affiliate of Parent Guarantor, any time sharing agreements (as defined in Section 91.501(c)(1)) complying with Part 91 of the FARs and all other Applicable Standards, (B) if by a manager and/or a charter operator with Lender's prior written consent, pursuant to and in full compliance with the requirements of Part 135 of the FARs and all other Applicable Standards, or (C) if such Third Party Agreement is a "dry lease" by Customer, as lessor, to Parent Guarantor or an Affiliate of Parent Guarantor or other Interested Third Party permitted pursuant hereto, as lessee, operation by such lessee complying with (1) Part 91 and any other applicable provision of the FARs, and all other Applicable Standards, and (2) the provisions hereof and of the other Loan Documents pertinent to the operation of the Aircraft (whether by Customer or any permitted Interested Third Party). (iii) The related Third Party Agreement shall (A) be and remain, subject and subordinate to Lender's Lien in and with respect to the Collateral, and Lender's rights and remedies under the Loan Documents (and such subordination shall be expressly acknowledged therein), (B) not convey any Lien on, or other property interest in or against the Airframe, the Engines or any of the other Collateral, except for a Permitted Lien (but, without giving effect to clause (a) of the definition of such term), (C) not permit any further sublease or disposition of or unpermitted Lien against the Aircraft or any of the other Collateral by any of the Interested Parties thereto or any other Person, or any change in registration or unpermitted change in hangaring of the Aircraft, (D) not contain provisions that are inconsistent with the provisions of any of the Loan Documents or cause Customer to breach any of its representations, warranties or agreements under any of the Loan Documents, (E) be in conformity with all requirements of the FARs and other Applicable Laws, and (F) otherwise conform to any Operating Consent required by Lender with respect thereto. (iv) (A) Customer shall have specified such Third Party Agreement on Annex B if existing on the Closing Date, or if not then existing shall require Lender's prior written consent and at least thirty (30) Business Days' prior written notice of its intention to enter into a Third Party Agreement and (B) no later than the effective date thereof Customer shall comply with, and at all times thereafter remain in compliance with, any related requirements by Lender, including (1) entering into, and causing any related Interested Third Parties to enter into, an Operating Consent, (2) causing Lender to be covered by the Required Coverages (which, for the purposes hereof, may include insurance coverages obtained and maintained by an Interested Third Party, conforming to the insurance requirements herein and in any of the other Loan Documents), and (3) entering into or delivering, or causing to be entered into and delivered, all such other documents, filings and assurances, making or causing to be made such filings and registrations, and taking or causing to be taken all such other actions, in each case as may be required by Lender and (4) paying or reimbursing Lender for any related costs or expenses. (v) Lender shall have the right, but not the obligation, to (A) require reasonable evidence that any Interested Third Party satisfies the requirements provided herein, and (B) review any such Third Party Agreement, as from time to time supplemented and amended, to determine its conformity with the provisions hereof, but without assuming any responsibility with respect thereto. (vi) Customer shall neither make, nor permit to be made, any filing or registration with respect to any Permitted Third Party Agreement, unless so directed by Lender pursuant to Section 5.2 or otherwise. Notwithstanding the foregoing limitations Parent Guarantor or any Affiliate shall be permitted to conduct the carriage of Parent Guarantor or any Affiliate and/or their respective guests pursuant to 14 CFR Section 91.501(b)(4), affiliated group operations pursuant to 14 CFR Section 91.501(b)(5) and/or (6), demonstration flights pursuant to 14 CFR Section 91.501(b)(3), time sharing or interchange operations pursuant to 14 CFR Section 91.501(b)(6), the carriage of customers pursuant to 14 CFR Section 91.501(b)(9) and/or the carriage of candidates in Federal elections conducted pursuant to 14 CFR Section 91.321.

With respect to any Third Party Agreements complying with all of the provisions of Section 4.4(b) (each a "**Permitted Third Party Agreement**"), although certain of the duties and obligations of Customer under the Loan Documents may be performed by one or more of the Interested Third Parties, (i) no such Permitted Third Party Agreement shall reduce any of Customer's obligations, or Lender's rights, under any of the Loan Documents, (ii) all of Customer's obligations under the Loan Documents shall be and remain primary and continue in full force and effect as the obligations of a principal and not of a guarantor or surety, and (iii) Lender is not waiving the right to require full and timely performance of any such obligations in strict accordance with the provisions hereof and of the other Loan Documents. By way of clarification and not limitation, with respect to any provisions of this Agreement or any of the other Loan Documents requiring Customer to take or refrain from taking an action relating to the Aircraft or any of the other Collateral, such provision may also be read to mean that Customer shall cause the same to be done in accordance therewith, if at that time the Aircraft or such other Collateral is in the possession or control of an Interested Third Party pursuant to a Permitted Third Party Agreement.

#### Use of Aircraft; Maintenance; Modifications; Security .

Customer will operate the Aircraft or shall cause the Aircraft to be operated under and in compliance with Part 91 and any other applicable provision of the FARs, and all other Applicable Standards. Unless otherwise expressly permitted hereunder, (i) Customer shall not operate or permit the Aircraft to be operated for air taxi operations or otherwise under Part 135 of the FARs; and (ii) Customer, an Affiliate or other Interested Third Party shall at all times have, and maintain, "operational control" of the Aircraft (as such term is then interpreted by the FAA or such other applicable Governmental Authority), and no other Person shall operate the Aircraft. The Aircraft at all times will be operated by duly qualified pilots having satisfied all requirements established and specified by the FAA, the TSA, any other applicable Governmental Authority and the Required Coverages.

the Aircraft may be flown temporarily to any country in the world, provided that the Aircraft (i) shall at all times be based in the continental United States; and (ii) shall not be flown, operated, used or located in, to or over any such country or area (temporarily or otherwise) (A) that is excluded from the Required Coverages (or specifically not covered by such insurance), (B) with which the U.S. does not maintain favorable diplomatic relations (which is any country or jurisdiction not marked with an "\*" on the list maintained by the U.S. Department of State, at <http://www.state.gov/s/inr/rls/4250.htm> or any replacement or equivalent website maintained by the U.S. Department of State), provided that the prohibition in this clause (B) does not prohibit the operation of the Aircraft on an approved and assigned air traffic control route (if and so long as such use is otherwise in compliance with the provisions of the this Agreement and does not violate any insurance policies in effect with respect to the Aircraft), (C) to the extent that payment of any claim under the Required Coverages directly or indirectly arising or resulting from or connected with any such flight, operation, use or location would be prohibited under any trade or other economic sanction or embargo by the United States of America, or (D) in violation of any of the Loan Documents or any Applicable Standards. Customer shall adopt, implement and comply with all security measures required by any Applicable Law, or by any Required Coverages, or that are necessary or appropriate for the proper protection of the Aircraft (whether on the ground or in flight) against theft, vandalism, hijacking, destruction, bombing, terrorism or similar acts.

Customer agrees that, with respect to the Airframe, the Engines, each APU and each Part, Customer will at its own expense, (i) maintain, inspect, service, repair, overhaul and test the same in accordance with Applicable Standards; (ii) make any alterations or modifications that may at any time be required to comply with Applicable Standards, and to cause the Aircraft to remain airworthy; (iii) furnish all required parts, replacements, mechanisms, devices and servicing so that the condition and operating efficiency thereof will at all times be no less than its condition

and operating efficiency as and when delivered to Customer, ordinary wear and tear from proper use alone excepted; (iv) promptly replace all Parts (A) which become worn out, lost, stolen, taken, destroyed, damaged beyond repair or permanently rendered or declared unfit for use for any reason whatsoever, or (B) if not previously replaced pursuant to clause (A), as and when required by any Applicable Standards, including any applicable life limits; and (v) maintain (in English) all Records in accordance with Applicable Standards; and (vi) enroll and maintain the Engines in an Engine Maintenance Program and the APU in an APU Maintenance Program or shall cause the foregoing to be done. All maintenance procedures shall be performed by properly trained, licensed, and certified maintenance sources and personnel utilizing replacement parts approved by the FAA and the manufacturer of (as applicable) the Airframe, the Engines, or any APU or Part. Without limiting the foregoing, Customer shall comply with all mandatory service bulletins and airworthiness directives by causing compliance to such bulletins and/or directives to be completed through corrective modification in lieu of operating manual restrictions.

Customer will not make, authorize or permit any improvement, change, addition or alteration to the Aircraft that will impair the originally intended function or use of the Aircraft, diminish the value of the Aircraft as it existed immediately prior thereto, or violate any Applicable Standard. All repairs, parts, replacements, mechanisms and devices added by Customer or on its behalf shall immediately, without further act, become part of the Aircraft and subject to the Lender's Lien granted under this Agreement.

#### Insurance.

Customer agrees to maintain or cause to be maintained at all times, at its sole cost and expense, with insurers of recognized reputation and responsibility satisfactory to Lender (but in no event having an A.M. Best or comparable agency rating of less than "A-"):

(A) comprehensive aircraft liability insurance against bodily injury or property damage claims including, without limitation, contractual liability, premises liability, death and property damage liability, public and passenger legal liability coverage, and sudden accident pollution coverage, in an amount not less than \$200,000,000.00 for 20 or more seats, or if the Aircraft will be chartered, or \$100,000,000.00 for 10 or more seats, or \$50,000,000.00 for fewer than 10 seats for each single occurrence, and (B) personal injury liability in an amount not less than \$25,000,000.00; but, in no event shall the amounts of coverage required by sub-clauses (A) and (B) be less than the coverage amounts as may then be required by Applicable Law;

"all-risk" ground, taxiing, and flight hull insurance on an agreed-value basis, covering the Aircraft, provided that such insurance shall at all times be in an amount not less than the greater of (1) the full replacement value of the Aircraft (as determined by Lender), or (2) the unpaid principal amount of the Note (each such amount re-determined as of each anniversary of the date hereof for the next succeeding year throughout the term of this Agreement); and

war risk and allied perils (including confiscation, appropriation, expropriation, terrorism and hijacking insurance) in the amounts required in paragraphs (i) and (ii), as applicable.

Any policies of insurance carried in accordance with this Section 4.6 and any policies taken out in substitution or replacement of any such policies shall (i) be endorsed to name Lender as an additional insured as its interests may appear (but without responsibility for premiums), (ii) provide, with respect to insurance carried in accordance with Section 4.6(a)(ii) or (a)(iii) above, that any amount payable thereunder shall be paid directly to Lender as sole loss payee and not to Lender and Customer jointly, (iii) provide for thirty (30) days' (seven (7) days' in the case of war, hijacking and allied perils) prior written notice by such insurer of cancellation, material change, or non-renewal, (iv) include a severability of interest clause providing that such policy shall operate in the same manner as if there were a separate policy covering each insured, (v) waive any right of set-off against Lender, and any rights of subrogation against Lender, (vi) provide that in respect of the interests of Lender in such policies, that the insurance shall not be invalidated by any action or inaction of Customer or any other Person operating or in possession of the Aircraft, regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by or binding upon Customer or any other Person operating or in possession of the Aircraft, and (vii) be primary, not subject to any co-insurance clause and shall be without right of contribution from any other insurance.

Customer shall not self-insure (by deductible, premium adjustment, or risk retention arrangement of any kind) with respect to any of the risks required to be insured pursuant to this Section 4.6. Customer agrees that it shall obtain and maintain such other insurance coverages, or cause adjustments to be made to the scope, amount or other aspects of the existing insurance coverages, promptly upon Lender's request, as and when Lender deems such additional insurance coverages or modifications to be appropriate in light of any changes in Applicable Law, prudent industry practices, the insurance market, Customer's anticipated use of the Aircraft or other pertinent circumstances. All of the coverages required herein shall be in full force and effect worldwide throughout any geographical areas to, in or over which the Aircraft is operated. All insurance proceeds payable under the requisite policies shall be payable in U.S. Dollars.

At least ten (10) days prior to the policy expiration date for any insurance coverage required by this Section 4.6, Customer shall furnish to Lender evidence (having the form and substance consistent with Section 1(f) of the Closing Terms Addendum) of the renewal or replacement of such coverage, complying with the terms hereof, for a twelve (12) month or greater period commencing from and after such expiration date.

#### Event of Loss: Loaner Engines.

Upon the occurrence of any Event of Loss with respect to the Aircraft and/or the Airframe, Customer shall notify Lender of any such Event of Loss within five (5) days of the date thereof. Customer shall pay the then Outstanding Balance promptly upon its receipt of insurance proceeds relating to such Event of Loss, but in no event later than ninety (90) days after the occurrence of such Event of Loss (irrespective as to whether any or all of such proceeds have been received). Upon Lender's receipt in good and indefeasible funds of all of the amounts required to be paid pursuant to the preceding sentence (whether by applying Customer's payment of such amounts, or any such insurance proceeds, or both) the Aircraft shall be released from the Lender's Lien, and Lender shall remit to Customer any such insurance proceeds so received by Lender, to the extent then remaining.

Upon an Event of Loss with respect to an Engine or any APU (as applicable, a " **Lost Item** ") under circumstances in which there has not occurred an Event of Loss with respect to the Airframe, Customer shall, within one hundred twenty (120) days after the occurrence of such Event of Loss, replace such Lost Item, with a Permitted Replacement. Any engine or auxiliary power unit constituting a " **Permitted Replacement** " for a Lost Item shall (i) be of the same make and model number as the Lost Item, (ii) be free and clear of all Liens and (iii) have a value, utility and useful life at least equal to, and be in as good an operating condition as, the Lost Item, assuming such Lost Item was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss. Customer, at its own cost and expense, shall (i) furnish Lender with such documents to evidence such conveyance, (ii) cause the Permitted Replacement to be subject to the Lender's Lien under this Agreement, and (iii) take such other actions as may be required by Lender to cause the Lender's Lien therein to be validly created, perfected and have first priority, including as evidenced on the FAA Registry, the International Registry, and any other recording office. Each such Permitted Replacement shall, after such conveyance, be deemed an "Engine" or "APU" (as defined herein), as applicable, and shall be deemed part of the same Aircraft as was the Lost Item replaced thereby.

In the event an Engine is damaged and is being repaired, or is being inspected or overhauled, Customer, at its option, may temporarily substitute another engine during the period of such repair or overhaul, so long as such engine is of the same make and model as the Engine being repaired or overhauled, is free and clear of any Lien that might impair Lender's rights or interests in the Airframe and is maintained in accordance herewith (any such substitute engine being hereinafter referred to as a " **Loaner Engine** "). Customer shall (i) cause such Loaner Engine to be installed and removed, as applicable, by a maintenance facility certified by the FAA and manufacturer with respect to the Aircraft, and

(ii) cause the repaired or overhauled original Engine to be reinstalled on the Airframe promptly upon completion of the repair or overhaul, but in no event later than the earlier of one hundred twenty (120) days after removal or the occurrence of an Event of Default.

So long as no Default has occurred and is continuing, and no Event of Default or Event of Loss with respect to the Aircraft has occurred, any loss or damage proceeds of the Required Coverages received by Lender shall be released promptly by Lender to Customer to reimburse Customer for paying the costs actually incurred with respect to repairs made to the Aircraft so as to restore it to the condition required by this Agreement, or for the purchase of a Permitted Replacement pursuant to Section 4.7(b), or shall be disbursed by Lender as otherwise required by this Agreement.

**Aircraft Registration.** On or before the Closing Date, and at all times thereafter, so long as any of the Obligations are outstanding, Customer shall remain solely responsible pursuant to the applicable provisions of this Agreement to cause (i) the Aircraft to be effectively and otherwise validly registered in Customer's name on the Registry, and (ii) the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft, in each case, accordance with the Registration Requirements; and without limiting the foregoing, or any other provision of this Agreement, Customer shall:

cause the Registration Certificate to be maintained within the Aircraft and cause the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft; including by (A) notifying Lender immediately of any event or circumstance with respect to which the Registration Requirements require further action by Customer, the Registry or any other Governmental Authority or other Person, (B) immediately upon receipt, placing the original, replacement or renewal Registration Certificate on the Aircraft prior to the expiration or other invalidation of any previously issued Registration Certificate (whether the certificate or any other document constituting the Registration Certificate as defined herein) under the Registration Requirements, and (C) complying with any and all of the other Registration Requirements relating to such Registration Certificate, and to the Registration Certificate replaced thereby (including any of the same relating to the destruction or return thereof, as the case may be); and

upon the occurrence, and at all times thereafter, of any Defective Registration (and without waiving Customer's responsibility to avoid such circumstance), or if the operation of the Aircraft is no longer authorized by the Registration Requirements, Customer shall (A) neither operate nor permit or suffer the operation of the Aircraft without a currently effective and otherwise valid Registration Certificate (and shall cause the pilots to be made aware of the Defective Registration), and otherwise comply with the FARs and other Applicable Laws relating to such Defective Registration, (B) ground and store the Aircraft in a manner reasonably acceptable to Lender, and (C) inform the insurer or insurers thereof, and obtain and maintain adjustments to the insurance coverages required pursuant Section 4.6 of this Agreement which may be necessary or desirable to Lender so as to reflect any changes in the insurable risks relating to any Defective Registration.

**Security Interest; Power of Attorney; Inspection .**

**Grant of Security Interest.** As collateral security for the prompt and complete payment and performance as and when due of all of the Obligations and in order to induce Lender to enter into this Agreement and make the Loan to Customer in accordance with the terms hereof, Customer hereby grants, pledges and assigns to Lender a first priority security interest, collateral assignment, international interest, prospective international interest, security assignment and prospective security assignment, in, against, under and with respect to (the " **Lender's Lien** ") all of Customer's right, title and interest in, to and under all of the following collateral, whether now existing or hereafter acquired (collectively, the " **Collateral** "): (i) the Aircraft, including the Airframe, the Engines, each of the APU and Parts, and the Records; (ii) any and all present and future Third Party Agreements; (iii) any and all other associated rights secured by or associated with the Airframe and/or the Engines, together with any related international interests and prospective international interests; (iv) any collateral described in the other Loan Documents (including in any Operating Consent); and (v) all proceeds of the foregoing. By way of clarification and not limitation, the foregoing grant of the Lender's Lien shall include, as applicable (and in each case, being validly registered and having first priority), an international interest in the Airframe and in each Engine. Notwithstanding the foregoing, (i) Customer shall not enter into any Third Party Agreements unless expressly permitted by Section 4.4 and (ii) Lender is not assuming, nor shall it be responsible for, any obligations, liabilities or duties of any kind whatsoever of Customer (and/or of any other Person) relating to the Collateral. Customer agrees that it shall perform and procure performance in accordance with any Third Party Agreement or other agreement or instrument giving rise to any associated rights that are or may become subjected to the Lender's Lien.

**UCCs, Registrations, Etc.; Lender as Attorney-in-Fact.** Customer hereby irrevocably:

authorizes Lender to prepare and file any UCC financing statements, amendments, continuations, terminations, assignments and other filings, or take such other actions for the purpose of perfecting, affording first and exclusive priority to or otherwise relating to Lender's Lien under this Agreement or the other Loan Documents;

consents to, and authorizes its professional user entity to consent to, the registration of each Registerable Interest requested by Lender or its Assignee, or otherwise required by the provisions of this Agreement or any of the other Loan Documents, including any subordination, amendment, assignment, discharge or undertaking permitted by the Cape Town Convention with respect thereto; and

constitutes and appoints Lender (including any Person acting on Lender's behalf), as its true and lawful attorney-in-fact with full power and authority in the place and stead of Customer and in the name of Customer or in its own name, for the purpose of carrying out the terms of this Agreement; which authority shall include the following undertakings that may be exercisable by Lender in its sole discretion at any time, and from time to time, if an Event of Default is then existing or upon the occurrence of an Event of Loss: (i) in Customer's name, file and/or record, such further instruments, filings and other documents, make, cause to be made and/or consent to all registrations with the International Registry, and take such further action, to establish and protect Lender's rights, interests and remedies created, or intended to be created, pursuant to the Loan Documents; (ii) endorse Customer's name on any checks, notes, drafts or any other payments or instruments, or set off, apply, or take such other actions with respect to any funds relating to the Collateral that come into Lender's possession or control; and (iii) to settle, adjust, receive payment and make claim or proof of loss, and take such other actions relating to the Required Coverages. This appointment is coupled with an interest, is irrevocable and shall terminate only upon indefeasible payment and performance in full of all of the Obligations. The powers conferred on Lender hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Lender shall be accountable only for amounts that it actually receives in good and indefeasible funds as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to Customer for any act or failure to act. Without limiting the foregoing, Customer agrees that within five (5) Business Days of Lender's request, Customer will enter into an irrevocable power-of-attorney authorizing Aviation Counsel or Lender's other designee as Customer's professional user entity and administrator for the purpose of discharging any Registerable Interests as and when directed to do so by Lender in connection with its exercise of its rights and remedies under the Loan Documents.

**Inspection.** Lender or its authorized representatives shall have the right, but not the duty, to inspect the Aircraft, any part thereof and/or the Records, at its own cost any reasonable time and from time to time, wherever located, upon reasonable prior notice to Customer; except that after the occurrence of a Default or an Event of Default, such inspection may be conducted at any time without prior notice and at Customer's sole expense, and it shall pay Lender promptly upon demand any inspection costs incurred by Lender. So long as no Default or Event of Default exists, any such inspections shall be conducted during normal business hours and without interruption of the use and operation of the Aircraft as permitted hereby. Upon the request of Lender, Customer shall promptly confirm to Lender the location of the Aircraft or any of the other Collateral.

**Events of Default .** The term " **Event of Default** ", wherever used herein, shall mean:

Customer shall fail to pay any Obligation within ten (10) days after the same shall become due and payable (whether at the stated

maturity, by acceleration, upon demand or otherwise); or

(i) any Customer Party shall default in the payment or performance of any indebtedness, liability or obligation to Lender or any Affiliate of Lender under any note, security agreement, lease, title retention or conditional sales agreement or any other instrument or agreement; or (ii) any Customer Party shall fail to pay any Indebtedness (other than the Obligations) exceeding \$5,000,000.00, and such failure shall continue beyond any applicable grace period (or, with respect to trade Indebtedness which is not subject to a grace period, within ninety (90) days of the date such trade Indebtedness is incurred); or

(i) any of the Required Coverages are not kept in full force and effect, or a breach or violation shall exist with respect to any provisions thereof; or the Aircraft is operated in a manner, at a time or in or over or located at a place with respect to which such Required Coverages shall not be in effect; (ii) Customer shall fail to cause the Airframe or the Engines to be used, operated, maintained or otherwise kept in a condition so as to be in compliance with all Applicable Laws; or (iii) any Customer Party shall fail to comply with (A) any financial covenants as and to the extent set forth or incorporated in any Guaranty or in any of the other Loan Documents, or (B) any provision of any of the Loan Documents restricting Liens and other dispositions relating to either the Collateral or any rights or obligations under any of the Transaction Documents (including Section 4.4 hereof), or (iv) the occurrence of any Defective Registration; or

(i) any representation or warranty made by any Customer Party in any of the Loan Documents or in any related agreement, document or certificate shall prove to have been incorrect, misleading, or inaccurate in any material respect when made or given (or, if a continuing representation or warranty, at any time); or (ii) any Customer Party shall fail to (A) perform or observe any other agreement (other than those specifically referred to in this Section 6) required to be performed or observed by it under this Agreement or in any of the other Loan Documents, and such failure shall continue uncured for thirty (30) days after the earlier of written notice thereof from Lender to such Customer Party or such Customer Party's actual knowledge thereof (but such notice and cure period will not be applicable unless such breach is curable by practical means within such notice period) or (B) notify Lender of any Default or Event of Default within ten (10) Business Days of its occurrence; or

(i) any Customer Party shall (A) generally fail to pay its, or his or her debts as they become due, admit its, or his or her inability to pay its, or his or her debts or obligations generally as they fall due, or shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws or other insolvency laws, or an answer admitting the material allegations of such a petition filed against such Customer Party in any such proceeding; or (B) by voluntary petition, answer or consent, seek relief under the provisions of any other bankruptcy or other insolvency or similar law providing for the reorganization or liquidation of corporations, or providing for an assignment for the benefit of creditors, or providing for an agreement, composition, extension or adjustment with its, or his or her creditors; or (ii) a petition against any Customer Party in a proceeding under applicable bankruptcy laws or other insolvency laws, as now or hereafter in effect, shall be filed and shall not be withdrawn or dismissed within one hundred twenty (120) days thereafter, or if, under the provisions of any law providing for reorganization or liquidation of business entities that may apply to any Customer Party, any court of competent jurisdiction shall assume jurisdiction, custody or control of such Customer Party or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of one hundred eighty (180) days after the filing date; or

the occurrence of any of the following events with respect to any Customer Party: (A) it enters into any transaction of merger, consolidation or reorganization; (B) it ceases to do business as a going concern, liquidates, or dissolves, or sells, transfers or otherwise disposes of all or substantially all of its assets or properties (in one or more transactions); (C) it becomes the subject of, or engages in, a leveraged buy out; (D) it changes the form of organization of its business; (E) if it is privately owned as of the Closing Date, there is any substantial change in the ownership or control of its capital stock or membership interests such that the holder(s) that own or control one hundred percent (100%) of such equity interests as of the Closing Date no longer do so; or (F) if it is publicly held as of the Closing Date, any change so that it is no longer subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or no longer registered under Section 12 of the Securities Act of 1933, as amended; or

(i) the conviction of or guilty plea by any Customer Party with respect to any criminal act constituting a felony, (ii) any repudiation by any Customer Party of its obligation for the payment or performance of the Obligations, (iii) any allegation by any Customer Party or judicial determination that any of the Loan Documents is unenforceable in any material respect or (iv) a Default (as defined in any Guaranty) shall occur; or any event or condition constituting a breach or other default under any Operating Consent.

## **Remedies .**

Acceleration; Termination of Commitment . If any Event of Default shall occur, Lender, in its sole discretion, may (a) declare the Obligations to be immediately due and payable, and upon such declaration the Obligations (including, the unpaid principal amount of the Note, together with all accrued but unpaid interest thereon, any prepayment fees and all other amounts due and payable under or with respect to the Loan Documents), shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the other Loan Documents to the contrary notwithstanding, (b) terminate any then outstanding commitment whether to Customer or any Affiliate to make the Loan or any advance thereof, or any other financial accommodations, whether related to the Loan or otherwise, and/or (c) pursue and enforce any of Lender's rights and remedies under this Section 7; provided, however, if an Event of Default specified in Section 6 (e) above shall occur, the Obligations shall become immediately due and payable, all such commitments shall terminate, and Lender shall have all such other rights and remedies contemplated in the preceding clauses (a), (b) and (c), automatically, and without any notice or other action by Lender.

Additional Remedies . If an Event of Default occurs, in addition to all other rights and remedies granted to it in this Agreement and in the other Loan Documents, Lender may exercise all rights and remedies of a secured party under the UCC or as a creditor, chargee or security assignee under the Cape Town Convention (including any and all remedies thereunder requiring agreement by Customer), or otherwise available to Lender under any other Applicable Law. Without limiting the generality of the foregoing, Customer agrees that upon the occurrence of an Event of Default, Lender, without demand or notice of any kind (except as specified below) to or upon Customer or any other Person, in its sole discretion, may exercise any one or more of the following remedies:

(i) peacefully enter the premises where the Aircraft, the Engines, or any other Collateral is located, take immediate possession of, remove (or disable in place), or otherwise take control or custody of the Airframe, the Engines or any other Collateral (whether or not then attached to the Airframe) by self-help, summary proceedings or otherwise without liability, (ii) preserve the Airframe, the Engines or the other Collateral, and their respective value (but without any obligation to do so), and immobilize or keep idle the Airframe or Engines, and/or (iii) use Customer's premises for storage without liability; and Customer agrees, at Lender's request, to assemble the Collateral, and make it available to Lender at such places as Lender shall reasonably select, whether at Customer's premises or elsewhere;

(i) terminate the right of any Interested Third Party, and any other third party to use, possess or control the Airframe, the Engines or any of the other Collateral, including under any Permitted Third Party Agreement or other Third Party Agreement, without regard as to the existence of any event of default thereunder, (ii) recover from, and/or cause Customer and any such Interested Third Party, and any other third party, to relinquish possession and return the Airframe, the Engines and any other Collateral pursuant to this Section 7, and/or (iii) exercise any and all other remedies under any Operating Consents in Customer's stead, to the extent provided for under, or otherwise available to Customer in connection with any related Permitted Third Party Agreement or such other Third Party Agreement;

(i) manage, sell, lease, assign or otherwise dispose of the Airframe, the Engines or any other Collateral, in whole or in part, whether

or not in Lender's possession, in one or more parcels or transactions, at public or private sale or sales, with or without notice to Customer (except as required by Applicable Law, and in furtherance thereof, Lender agrees that it shall give Customer no less than ten (10) working days' prior notice of any proposed sale or lease of the Airframe or Engines, which Customer acknowledges as constituting "reasonable prior notice" for the purposes of the Cape Town Convention) at such prices as Lender may deem best, and/or (ii) purchase the Collateral, in whole or in part, upon any public sale or sales, and to the extent permitted by Applicable Law upon any private sale or sales, free of any right or equity of redemption in Customer, which right or equity of redemption is hereby expressly released;

(i) collect, receive, appropriate and realize upon the Collateral, or any part thereof, including by applying any deposit or other cash collateral, or collecting or receiving, appropriating and realizing upon any income, profits or other proceeds arising from the management or use of the Airframe, the Engines or any of the other Collateral, and applying the same (after deducting all taxes, costs, expenses and other reductions of every kind incurred in connection therewith) to the payment in whole or in part of the Obligations, in such order and manner as Lender may elect; and (ii) after making such application, (A) remitting to Customer or to such other Person any excess then remaining, as and to the extent Lender is required by Applicable Law to make such remittance and (B) demanding, collecting and receiving from Customer any deficiency then remaining (and Customer agrees that it shall remain liable for, and pay upon demand, the full amount of any such deficiency);

(i) demand and obtain from any court speedy relief pending final determination available at law (including, possession, control, custody or immobilization of the Airframe and Engines, or preservation of the Airframe and the Engines and their respective value), (ii) procure the deregistration and/or export and physical transfer of the Airframe from the territory in which it is then situated (including pursuant to an IDERA, if any, executed by Customer), and/or (iii) otherwise proceed at law or in equity, to enforce specifically Customer's performance or to recover damages; and/or

exercise any and all other rights and remedies under or with respect to the Loan Documents or Applicable Law, including the Cape Town Convention and the UCC.

**No Waiver: Cumulative Remedies.** No right or remedy is exclusive. Customer hereby acknowledges that none of the provisions of this Section 7, including any remedies set forth or referenced herein, is "manifestly unreasonable" for the purposes of the Cape Town Convention. Each may be used successively and cumulatively and in addition to any other right or remedy referred to above or otherwise available to Lender at law or in equity, but in no event shall Lender be entitled to recover any amount in excess of the maximum amount recoverable under Applicable Law with respect to any Event of Default. No express or implied waiver by Lender of any Default or Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default. The failure or delay of Lender in exercising any rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or reoccurrence of any such contingencies or similar contingencies, and any single or partial exercise of any particular right by Lender shall not exhaust the same or constitute a waiver of any other right provided for or otherwise referred to herein. After the occurrence of any Default or Event of Default, the acceptance by Lender of any payment or performance of any of the Obligations, including the payment of any installment of principal and/or interest or of any other sum owing hereunder or under the other Loan Documents shall not constitute a waiver of such Default or Event of Default, regardless of Lender's knowledge or lack of knowledge thereof at the time of acceptance of any such payment or performance and shall not constitute a reinstatement of any of the Loan Documents, unless Lender shall have agreed in writing to reinstate the same and waive the Default or Event of Default. To the extent permitted by Applicable Law, Customer waives any rights now or hereafter conferred thereby, that (a) limit or modify any of Lender's rights or remedies under this Agreement or any of the other Loan Documents, including the provisions of Article 13(2) of the Convention, or (b) would otherwise entitle Customer to (i) receive notices or demands as a condition to Lender's exercise of any rights or remedies, except as expressly required above or (ii) make claims, damages and demands against Lender arising out of the repossession, retention, sale or other disposition of the Collateral.

#### **MISCELLANEOUS**

**Notices.** All communications and notices provided for herein shall be in writing and shall be deemed to have been duly given or made (i) upon hand delivery, or (ii) upon delivery by an overnight delivery service, or (iii) when sent by telecopy (with customary confirmation of receipt of such telecopy) on the Business Day when sent or upon the next Business Day if sent on other than a Business Day.

#### **Expenses and Fees; Indemnity; Performance of Customer's Obligations.**

Customer shall pay to Lender upon demand all reasonable fees, costs and expenses incurred by or on behalf of Lender at any time in connection with (i) the negotiation, preparation, execution, delivery and enforcement of the Loan Documents and the collection of the Obligations (both before and after the occurrence of a Default or Event of Default), (ii) the creation, preservation and protection of the Collateral and the perfection, first priority and enforcement of Lender's Lien, or (iii) Customer's exercise of any right granted under, or any amendment or other modification to any of, the Loan Documents. Such fees, costs and expenses shall include, without limitation, reasonable appraisal and inspection fees, the reasonable fees and expenses of Aviation Counsel and of Lender's counsel, consultants and brokers, UCC, FAA, International Registry and other applicable title, interest and lien searches, and reasonable costs and expenses relating to recovery, repossession, storage, insurance, transportation, repair, refurbishment, advertising, sale and other dispositions of the Aircraft or any of the other Collateral. Customer shall also pay all reasonable fees (including license, filing and registration fees), Impositions and other charges of whatever kind or nature that may be payable or determined to be payable in connection with (A) the execution, delivery, recording or performance of this Agreement or any of the other Loan Documents, or any modification thereof, and (B) the filings, registrations and other undertakings relating thereto. Notwithstanding the foregoing, as long as there are no more than two (2) revised drafts of any Loan Document provided by Customer or its counsel to Lender or Lender's counsel, Customer shall be responsible for not more than \$35,000.00 in the aggregate for the legal fees of outside counsel to Lender (including, Aviation Counsel) and appraisal, inspection, processing, credit verification, lien searches, FAA and International Registry fees and other fees incurred in connection with the initial negotiation, preparation and execution of this Agreement and the other Loan Documents executed and delivered on or before the Closing Date (and the consummation of the closing contemplated to occur thereon); provided that in the event that the negotiation exceeds two (2) revised drafts of any Loan Document, then Customer shall pay for the actual amount of such out of pocket fees incurred by Lender relating to the drafting and negotiation in excess of such two (2) revised drafts. Lender shall apply the previously paid deposit amount of \$35,000.00 to such fees and shall refund to Customer the amount by which the deposit exceeds such fees.

Customer hereby further agrees, whether or not the transactions contemplated by this Agreement shall be consummated, to pay, indemnify, and hold Lender and its affiliates and all of the Lender's and such affiliates' respective directors, shareholders, members, officers, employees, agents, predecessors, attorneys-in-fact, lawyers, successors and assigns (Lender, its affiliates and all of such other parties and entities sometimes hereinafter collectively, the "**Indemnified Parties**") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, out of pocket costs, attorney's fees, expenses or disbursements of any kind or nature whatsoever ("**Claims**") arising with respect to or in connection with (i) the Airframe, the Engines, or any APUs or Parts, or any of the other Collateral, including (whether by or through Customer, Vendor, any Interested Third Party, or any other Person), the manufacture, inspection, ownership, lease, sublease, management, pooling, interchange, time sharing, chartering, possession, use, operation, maintenance, security, condition (whether prior to, upon or after delivery or acceptance of any of the same), repossession, storage, sale or other disposition of any of the same, or any accident in connection therewith, including Claims involving or alleging environmental damage, criminal acts, hijacking, acts of terrorism or similar acts, product liability or strict or absolute liability in tort, latent and other defects (whether or not discoverable) and for any other risk or matter, including any of the same that result in injuries, death, destruction, or other harm or loss to persons or property, or (ii) any of the Loan Documents, Third Party Agreements or other

Transaction Documents, or the performance, breach (including any Default or Event of Default) or enforcement of any of the terms hereof or thereof, provided, that Customer shall have no obligation to indemnify an Indemnified Party with respect to Claims arising from the gross negligence or willful misconduct of such Indemnified Party (unless if imputed by Applicable Law). If any Claim is made against any Indemnified Party, the party receiving notice or otherwise becoming aware of such Claim shall promptly notify the other, but the failure of the party having knowledge of a Claim to so notify the other party shall not relieve Customer of any obligation hereunder.

If any Customer Party fails to perform or comply with any of its agreements contained herein or in the other Loan Documents, including, without limitation, its obligations to keep the Collateral free of Liens (other than the Permitted Liens), comply with Applicable Standards, or obtain the Required Coverages, Lender shall have the right, but shall not be obligated, to effect such performance or compliance, with such agreement. Any expenses of Lender incurred in connection with effecting such performance or compliance, together with interest thereon at the default rate of interest provided for in the Note from the date incurred until reimbursed, shall be payable by Customer to Lender promptly on demand and until such payment shall constitute part of the Obligations secured hereby. Any such action shall not be a cure or waiver of any Default or Event of Default hereunder.

Entire Agreement; Modifications. This Agreement and the other Loan Documents constitute the entire understanding and agreement of the parties hereto with respect to the matters contained herein and therein, and shall completely and fully supersede all other prior agreements (including any proposal letter, commitment letter, and/or term sheet), both written and oral, between Lender and Customer relating to the Obligations. Neither this Agreement, nor any terms hereof, may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of a change, waiver, discharge or termination is sought.

Construction of this Agreement and Related Matters. All representations and warranties made in this Agreement and in the other Loan Documents shall survive the execution and delivery of this Agreement and the making of the Loan hereunder. Customer's obligations contained in this Section 8 shall survive the payment and performance of the Obligations, the termination of this Agreement, and the release of the Collateral. This Agreement may be executed by the parties hereto on any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. The headings of the Sections hereof are for convenience only, are not part of this Agreement and shall not be deemed to affect the meaning or construction of any of the provisions hereof. Time is of the essence in the payment and performance of all of Customer's obligations under this Agreement. Any provision of this Agreement that may be determined to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective in such jurisdiction to the extent thereof without invalidating the remaining provisions of this Agreement, which shall remain in full force and effect.

Lender's Assignment. Lender, may at any time, with or without notice to Customer, freely grant a security interest in, sell, assign, participate or otherwise transfer (an "**Assignment**") all or any part of its interest in this Agreement and the other Loan Documents (including all associated rights associated with or secured thereby and the related international interests) or any amount due or to become due hereunder or thereunder, and Customer shall perform all of its obligations under the Loan Documents, to the extent so transferred, for the benefit of the beneficiary of such Assignment (such beneficiary, including any successors and assigns, an "**Assignee**"); provided, however, if such Assignee is not an Affiliate of Lender and if no Default or Event of Default exists, Lender will provide prior notice of any such Assignment to a third party. Customer hereby waives any right to assert, and agrees not to assert, against any Assignee any abatement, reduction, defense, setoff, recoupment, claim or counterclaim that Customer may have against Lender, provided that Lender remains fully responsible therefor. Upon the assumption by such Assignee of Lender's obligations hereunder, Lender shall be relieved of any such assumed obligations. Customer hereby consents to any such assignment, grant, sale or transfer, including, without limitation, for purposes of the Cape Town Convention. If so directed in writing, Customer shall pay all amounts due or to become due under the Loan Documents, including any of the same constituting associated rights or proceeds directly to the Assignee or any other party designated in writing by Lender or such Assignee. Customer acknowledges and agrees that Lender's right to enter into an Assignment is essential to Lender and, accordingly, waives any restrictions under Applicable Law with respect to an Assignment and any related remedies. Upon the request of Lender or any Assignee, Customer also agrees (a) to promptly execute and deliver, and cause to be executed and delivered by any Guarantor or any other Transaction Party, to Lender or to such Assignee an acknowledgment of assignment in form and substance satisfactory to the requesting party, an insurance certificate naming Assignee as additional insured and loss payee and otherwise evidencing the Required Coverages, an IDERA in favor of Assignee, and such other documents and assurances reasonably requested by Lender or Assignee, (b) to make, or cause to be made, all registrations (including all assignments and subordinations) and all amendments, extensions and discharges with the International Registry reasonably requested by Lender or Assignee (and give or obtain any necessary consent thereto, as well as renew any authorization required by the International Registry in connection therewith, including renewing its transacting user entity status and re-designating a professional user entity, if necessary in Lender's judgment), and (c) to comply with any and all other reasonable requirements of any such Assignee in connection with any such Assignment.

Jurisdiction. Customer and Lender each hereby irrevocably consents and agrees that any legal action, suit or proceeding arising out of or in any way in connection with this Agreement or any of the other Loan Documents may be instituted or brought in the courts of the State of New York or in the United States Courts for the Southern District of New York, as Customer or Lender may elect or in any other state or Federal court as Lender shall deem appropriate, and by execution and delivery of this Agreement, Customer and Lender each hereby irrevocably accepts and submits to, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of any such court, and to all proceedings in such courts. Customer and Lender each irrevocably consents to service of any summons and/or legal process by first class, certified United States air mail, postage prepaid, to Customer at the address set forth below its signature hereto, such method of service to constitute, in every respect, sufficient and effective service of process in any such legal action or proceeding. Nothing in this Agreement or in any of the other Loan Documents shall affect the right to service of process in any other manner permitted by law or limit the right of Lender to bring actions, suits or proceedings in the courts of any other jurisdiction. Customer and Lender each further agrees that final judgment against it in any such legal action, suit or proceeding shall 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 shall be conclusive evidence of the fact and the amount of the liability. Notwithstanding anything in the foregoing to the contrary, Lender and Customer may bring a judicial proceeding in the Republic of Ireland, solely with respect to matters relating to the International Registry.

Governing Law; Binding Effect. This Agreement shall be construed and enforced in accordance with, and the rights of both parties shall be governed by, the internal laws of the State of New York (without regard to the conflict of laws principles of such state, except as to the effect of Title 14, Section 5-1401 of the New York General Obligations Law), including all matters of construction, validity, and performance. This Agreement shall be binding upon and inure to the benefit of Customer and Lender and their respective successors and assigns (but without limiting the provisions of Section 8.5); except that Customer may not assign or transfer its rights or obligations hereunder or under any other Loan Agreement, or any interest herein or therein; and any such purported or attempted assignment or transfer by Customer shall be null and void.

Customer's Capacity as Owner Trustee. TVPX Aircraft Solutions Inc. ("TVPX") is executing this Agreement, and the other Loan Documents solely in its capacity as Owner Trustee under the Trust Agreement and not in its individual capacity and in no case shall TVPX be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of the Customer hereunder, or under any Loan Document, all such liability, if any, being expressly waived by the parties hereto and any Person claiming by, through, or under such party. Under no circumstances shall TVPX be personally liable for the payment of any other amount stated to be due from the Customer hereunder, or under any Loan Document, or be personally liable for the breach or failure of any of Customer's representations, warranties, covenants,

obligations, undertakings and agreements hereunder, or under any Loan Documents; provided, however, that the Customer (or any such successor owner trustee) shall be personally liable hereunder for its own gross negligence or willful misconduct or for its breach of its covenants, representations and warranties contained herein, or in any Loan Document, to the extent covenanted or made in its individual capacity.

Jury Waiver. CUSTOMER AND LENDER EACH HEREBY KNOWINGLY AND FREELY WAIVES THEIR RESPECTIVE RIGHTS TO A JURY TRIAL IN ANY ACTION, SUIT OR PROCEEDING RELATING TO, ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE NOTE OR ANY OF THE OTHER LOAN DOCUMENTS.

**[Signatures On Next Page]**

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Loan and Aircraft Security Agreement

IN WITNESS WHEREOF, the parties hereto have caused this Loan and Aircraft Security Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

BANC OF AMERICA LEASING & CAPITAL, LLC, Lender

TVPX AIRCRAFT SOLUTIONS INC., a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated July \_\_\_\_, 2017,  
Customer

By:  
Name:  
Title:  
Notice Address:

One Financial Plaza, 2nd Floor  
Providence, Rhode Island 02903  
Attention: Director of Aircraft Operations  
Telephone: 800-238-3737  
Facsimile: 401-278-7941

By:  
Name:  
Title:  
Notice Address:

39 East Eagle Ridge Drive, Ste. 201  
North Salt Lake, UT 84054  
Telephone: (801) 924-367  
Facsimile: (801) 877-0478

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**ANNEX C**

**AIRCRAFT DESCRIPTION and PRIMARY HANGAR LOCATION**

This Annex C is attached to and a part of the Loan and Aircraft Security Agreement (S/N 218), dated as of July 27, 2017 (the “ Agreement ”), between Banc of America Leasing & Capital, LLC , as Lender, and TVPX Aircraft Solutions Inc. , a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated as of July 27, 2017, as Customer, for the purposes contemplated therein.

1. **AIRCRAFT DESCRIPTION** : The Aircraft is a Dassault Aviation model Falcon 7X airframe that consists of the following components:

(a) Airframe bearing FAA Registration Mark N501PG and manufacturer’s serial number 218 (International Registry manufacturer DASSAULT AVIATION and dropdown model Falcon 7X); and type certified by the FAA to transport at least eight (8) persons (including crew) or goods in excess of 2750 kilograms.

(b) Three (3) Pratt & Whitney Canada model PW307A engines bearing manufacturer’s serial numbers PCE-CH0673, PCE-CH0676 and PCE-CH0677 (International Registry manufacturer Pratt & Whitney Canada and dropdown model PW300 SERIES aircraft engines bearing manufacturer’s serial numbers CH0673, CH0676 and CH0677); each having at least 550 horsepower or 1750 lbs. of thrust or its equivalent.

(c) One (1) Honeywell model GTCP36-150 auxiliary power unit (s/n P-332).

(d) Standard avionics and equipment, all other accessories, additions, modifications and attachments to, and all replacements and substitutions for, any of the foregoing, all as more particularly described below (and if purchased pursuant to the Purchase Documents, are on board the Aircraft and are in proper working condition):

COMMUNICATIONS

Honeywell Third TR-866B VDR  
AirCell Axxess II Iridium Cabin Telephone System  
Honeywell «EASy» Communications Management Function (CMF)  
for ARINC AFIS/SATFIS Flightdeck

SBAS / LPV  
CPDLC-ATN  
Honeywell SmartRunway RAAS  
CPDLC-FANS-IA

AIR TRAFFIC CONTROL

ADS-B Out  
PULSE  
Honeywell LSS-860 Lightning Sensor System  
Rockwell Collins HGS-5860 Head Up Display (HUD) System  
Honeywell SmartView Synthetic Vision System (SVS)

Honeywell EASy Video Interface  
Honeywell EASy Uplink Weather Capability  
CMC CMA-1100 «Pilotview» Electronic Flight Bag (Class II EFB) w/Side Console Mount (2 Each)

together with all additions, accessions, modifications, improvements, replacements, substitutions, and accessories thereto and therefor, all avionics, onboard equipment, loose equipment, manuals, documentation and technical publications, now owned or hereafter acquired, and all records and logbooks (in written form or as computer data, discs or tapes, whether now existing or hereafter acquired or created, and whether in the possession of Customer or held on behalf of Customer by others). None of the same were furnished by Customer, unless expressly disclosed to Lender.

2. **PRIMARY HANGAR LOCATION** : The Primary Hangar Location of the Aircraft is and shall be as follows: Laurence G. Hanscom Field Airport, Jet Aviation, 380 Hanscom Drive, Bedford, MA 01730.

**CLOSING TERMS ADDENDUM** (“ Closing Terms Addendum ”) to Loan and Aircraft Security Agreement (S/N 218) dated as of July 27, 2017 (the “ Agreement ”), by and between BANC OF AMERICA LEASING & CAPITAL, LLC, as lender (“ Lender ”), and TVPX AIRCRAFT SOLUTIONS INC., a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated as of July 27, 2017, as Customer (“ Customer ”).

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**LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)**

**THIS LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)** (together with all Addenda, Riders and Annexes hereto, this “ Agreement ”) is dated as of July 27, 2017 (the “ Closing Date ”), by and between TVPX AIRCRAFT SOLUTIONS INC. , a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated as of July 27, 2017 (“ Customer ”) and BANC OF AMERICA

**LEASING & CAPITAL, LLC**, a Delaware limited liability company (“**Lender**”).

In consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

Capitalized and certain other terms used but not otherwise defined in this Agreement shall have the meanings ascribed to them in Annex A attached hereto and made a part hereof.

**Terms of Loan .**

**Loan and Use of Proceeds .** Subject to the terms and conditions of this Agreement, Lender agrees to make a loan to Customer in the principal amount set forth in Annex B attached hereto and made a part hereof (the “**Loan**”). Customer shall use the proceeds of the Loan to finance the costs of the acquisition of the Aircraft.

**Repayment and Prepayment .** The Customer’s obligation to repay the Loan shall be evidenced by one or more Promissory Notes dated on and/or after the Closing Date, payable by Customer to the order of Lender in the original principal amount of the Loan (as amended, modified, restated, extended and renewed from time to time, the “**Note**”). The Loan shall bear interest and be repaid by Customer at the times and in the manner set forth in the Note. The Loan may be prepaid only in the manner and subject to terms and conditions set forth in the Note and, if applicable, Section 4.7 hereof.

**Conditions of Borrowing .** Lender’s obligation to make the Loan shall be both subject to and conditioned upon the satisfaction of all of the conditions precedent specified in the Closing Terms Addendum attached to and made a part of this Agreement.

**Representations and Warranties .** In order to induce Lender to enter into this Agreement and to make the Loan herein provided for, Customer represents, warrants and covenants to Lender that:

(i) Customer (A) is duly qualified to do business in each jurisdiction in which the conduct of its business or the ownership or operation of its assets requires such qualification, including the jurisdiction of the Primary Hangar Location and wherever any of the Collateral may become located; (B) has the necessary authority and power to own and operate the Aircraft and its other assets and to transact the business in which it is engaged; (C) is a “citizen of the United States” within the meaning of the Transportation Code; and (D) has the form of business organization set forth in Annex B hereto and is and will remain duly organized, validly existing and in good standing under the laws of the state of its organization set forth in Annex B hereto, its federal tax identification number is as set forth in Annex B hereto, and its state-issued organizational identification number (if any), chief executive office and principal place of business address are all as set forth on Annex B hereto; and (ii) its name as shown in the preamble of this Agreement is its exact legal name as shown on its charter, by-laws, articles of organization or operating agreement, as applicable, each as amended as of the Closing Date;

(i) Customer’s execution and delivery of, and performance of its obligations under and with respect to, each of the Loan Documents (including its borrowing the amounts constituting the Loan, granting the Lender’s Lien against the Aircraft and other Collateral and participating in the other transactions contemplated herein and therein), (A) have been duly authorized by all necessary action on the part of Customer consistent with its form of organization, (B) do not contravene or constitute a default under any Applicable Law, any of Customer’s Organizational Documents, or any agreement, indenture, or other instrument to which Customer is a party or by which it may be bound, (C) do not require the approval of or notice to (1) any Governmental Authority, except for the filings and registrations specified in the Closing Terms Addendum, all of which shall have been duly effected prior to or concurrently with Lender making the Loan, or (2) any other party (including any trustees or holders of indebtedness), and (D) will not result in the creation or imposition of any Lien on any of the assets of Customer other than the Lender’s Lien created hereby and by the other Loan Documents with respect to the Collateral; (ii) each of the Transaction Documents referenced in the Closing Terms Addendum to which Customer is a party has been duly executed and delivered by an authorized representative of the Customer, and constitutes the legal, valid and binding obligation of the Customer, enforceable against it in accordance with the respective terms of such Transaction Documents (including, without limitation, the grant of the Lender’s Lien); and (iii) without limiting the foregoing, upon Lender’s advancing the Loan on the Closing Date, (A) Customer will have satisfied or complied with all conditions precedent and requirements as set forth in the Loan Documents required to have been satisfied or complied with concurrently with or prior to such advance and (B) no Default or Event of Default shall be then existing;

there are no proceedings pending or, so far as the officers, managers, or members of Customer know, threatened against or affecting Customer or any of its property before any Governmental Authority that could impair Customer’s title to the Aircraft or any of the other Collateral, or that, if decided adversely, could materially affect the financial condition or operations of Customer or its ability to perform its obligations under any of the Loan Documents;

(i) Customer has, and shall continue to have, good and marketable title to the Collateral, free and clear of Liens, except Permitted Liens; (ii) the Lender’s Lien in the Airframe, the Engines and the other Collateral is and shall remain validly created and perfected, and has and shall continue to have first priority over any other Liens pursuant to all Applicable Laws; and (iii) all filings, recordings, registrations or other actions necessary or desirable in order to vest such title in Customer, and establish, perfect and give first priority to Lender’s Lien and other rights and interests in, against or with respect to the Collateral, have been duly effected, and all Impositions in connection therewith have been duly paid;

without limiting any of the other representations and warranties in this Agreement, for the purposes of the Cape Town Convention and any other Applicable Law, (i) upon the conclusion of the sale of the Aircraft to Customer, and Customer’s grants and assignments, and (if constituting a lease) any Permitted Third Party Agreement, contemplated in the Loan Documents or other Transaction Documents, Customer and (if a lessee) any Interested Third Party shall be situated in, and Customer will cause the Aircraft to be duly registered in, the United States of America (which is a contracting state), (ii) with respect to any of the Transaction Documents relating to the Airframe or Engine, each of the respective parties thereto has power to dispose of the Airframe and Engine, as contemplated therein by way of the relevant Transaction Document, and (iii) the Purchase Documents qualify as a “contract of sale”, and (if constituting a lease) any Permitted Third Party Agreement and the Loan Documents are effective to constitute international interests in the Airframe and Engine and security assignments of the related associated rights and transfer of the related international interests, as contemplated therein, and each such Registerable Interest will be effective against third parties upon registration at the International Registry, without any further filings or registrations (except as contemplated in the Loan Documents);

(i) the Aircraft (A) has been delivered to Customer, is in Customer’s possession and is, as of the Closing Date, unconditionally, irrevocably and fully accepted by Customer, (B) has been inspected by Customer to its complete satisfaction and, without limiting the foregoing, (1) has been found to be in good working order, repair and condition and fully equipped to operate for its intended purpose, and (2) is in conformity with the requirements of the Purchase Agreement and the Applicable Standards, (C) is, or will be at the time of the funding of the Loan, currently certified under existing FAA rules and regulations and any other Applicable Laws and is airworthy in all respects, and (D) is and will remain primarily hangared at the Primary Hangar Location; and (ii) without limiting the foregoing, (A) solely as between Lender and Customer (and without prejudicing Customer’s rights against Vendor or any other third party, which rights are not being disclaimed hereby), Customer has no pending claims and has no knowledge of any facts upon which a future claim may be based, against any prior owner, the seller, manufacturer or supplier of the Aircraft or any of the other Collateral, for breach of warranty or otherwise, and (B) all of the information contained in Annex C, including the registration number of the Aircraft, and the serial numbers, manufacturer and model numbers of the Airframe, Engines, and APU, are true and accurate in all respects; and

(h) the Aircraft (i) is currently capable of being certified under existing FAA rules and regulations and completely airworthy in all respects, (ii) will undergo an inspection by a Designated Airworthiness Representative of the FAA (" **DAR** ") on the Closing Date and (iii) an FAA Standard Airworthiness Certificate (AC Form 8100-2) shall be issued for the Aircraft no later than two (2) Business Days after the Closing Date.

**Covenants** . Customer covenants and agrees that from and after the Closing Date and so long as any of the Obligations are outstanding:

Notices; Financial Information; and Further Assurances . Customer will, at its sole expense:

promptly give written notice to Lender of (i) the occurrence of any Default or Event of Default; (ii) the occurrence of any Event of Loss or event of which Customer may be aware that could become an Event of Loss; (iii) the commencement or written threat of any material litigation or proceedings affecting Customer or any material litigation or proceedings affecting the Aircraft or any of the other Collateral, or the ability of Customer to comply with its obligations under the Loan Documents; and (iv) any material dispute between Customer or any Interested Third Party and any Governmental Authority or other party that involves the Aircraft or any of the other Collateral or that might materially interfere with the normal business operations of Customer;

cause Guarantor to comply with the financial reporting requirements set forth in the Guaranty and promptly furnish to Lender any such financial and other information regarding the Customer or Guarantor or any of its Affiliates as Lender may from time to time reasonably request; and

promptly execute and deliver to Lender such further instruments, UCC and FAA filings (including an IDERA) and other documents, make, cause to be made and/or consent to all registrations (including any discharges and subordinations, or as to the prospective or actual sale of, and any international interest in, the Engines) with the International Registry, and take such further action, as Lender may from time to time reasonably request in order to further carry out the intent and purpose of the Loan Documents and to establish, protect and enforce the rights, interests, remedies and Liens (including the first priority thereof) created, or intended to be created, in favor of Lender thereby.

General Obligations . (a) Customer agrees that it shall (i) duly observe and conform to all requirements of Applicable Law relating to the conduct of its business and/or the Aircraft, (ii) remain a "citizen of the United States" within the meaning of the Transportation Code, (iii) obtain and keep in full force and effect (A) all rights, franchises, licenses and permits that are necessary to the proper conduct of its business, and (B) all approvals by any Governmental Authority required with respect to the performance of its obligations under the Loan Documents and the operation of the Aircraft and its business, (iv) cause the Aircraft to remain primarily hangared at the Primary Hangar Location, and duly registered in Customer's name under the Transportation Code (including, by making all necessary reports, re-registering its ownership of the Aircraft, and taking all other actions required by Applicable Law), and (v) pay and perform all of its obligations and liabilities when due. (b) Customer agrees that (i) it shall not change its presently existing legal name or its form or state of organization on or after the date of this Agreement, without Lender's prior written consent, (ii) if its presently existing state organizational identification number changes, or if Customer currently has no such state organizational number but is subsequently issued such a number, on or at any time after the date of this Agreement, Customer shall immediately notify Lender thereof, and (iii) it shall not change the presently existing mailing, chief executive office and/or principal place of business address on or after the date of this Agreement without giving Lender thirty (30) days written notice of the same.

Taxes . (a) Customer will file or cause to be filed with all appropriate taxing authorities all Federal, state and local income tax returns that are required to be filed and all registrations, declarations, returns and other documentation with respect to any personal property taxes (or any other taxes in the nature of or imposed in lieu of property taxes) due or to become due with respect to the Aircraft or any of the other Collateral. (b) Customer will pay (or cause to be paid) (i) on or before the date when due all taxes as shown on said returns and all taxes assessed, billed or otherwise payable with respect to the Aircraft or the other Collateral directly to the appropriate taxing authorities; and (ii) when due all license and/or registration or filing fees, assessments, governmental charges and sales, use, property, excise, privilege, value added and other taxes (including any related interest or penalties) or other charges or fees now or hereafter imposed by any governmental body or agency upon Customer or the Aircraft or any of the other Collateral, with respect to the landing, airport use, manufacturing, ordering, shipment, purchase, ownership, delivery, installation, leasing, chartering, operation, possession, use or disposition of the Aircraft or any of the other Collateral, or any interest therein (the items referred to in (i) and (ii) above being referred to herein collectively, as "**Impositions** ").

No Disposition of Collateral or Liens; Title and Security Interest .

Customer shall not sell, assign, enter into any Third Party Agreement, convey, mortgage, exchange or otherwise transfer or relinquish possession of (including by any seizure or other taking by any foreign or domestic governmental authority) or dispose of the Airframe or Engines, any Part, any related associated rights, international interests or prospective international interests, any proceeds or any of the other Collateral, or attempt or offer to do, or suffer or permit any of the foregoing. Customer shall be permitted, however, to deliver possession of the Airframe, the Engines, or any APU or Part to another Person for testing, service, repair, maintenance, overhaul, alteration or modification, and to enter into Permitted Third Party Agreements, in each case, if and to the extent consistent with the provisions of the Loan Documents. Customer will warrant and defend its good and marketable title to the Airframe, the Engines and the other Collateral, and the validity, perfection and first priority of Lender's Lien in the Collateral, against all other Liens, claims and demands whatsoever, except Permitted Liens; and without limiting the foregoing, Customer will (i) not create, assume or suffer to exist any Liens on or with respect to the Airframe, the Engines, or any of the other Collateral, or Customer's interest therein (other than Permitted Liens); and (ii) promptly take such action as directed by Lender to duly discharge any such unpermitted Liens.

So long as no Default or Event of Default is then existing, Customer may enter into and remain a party to Third Party Agreements, in each such case, subject to the satisfaction of, and compliance by Customer and each Interested Third Party with, all of the following throughout the term of such arrangement: (i) Each such Interested Third Party shall (A) be and remain solvent, and (unless an individual) organized under the laws of a state within the United States; and (B) if engaged by Customer with the prior written consent of Lender as a manager and/or charter operator (including the Manager pursuant to the Management Agreement), while so engaged, (1) have a recognized favorable reputation as a manager and/or charter operator, as the case may be, of aircraft similar to the Aircraft, (2) be providing management and/or charter operation services for other aircraft owners similar to the services contemplated therein, and (3) if and at all times while conducting any charter operations (x) have and maintain a valid Part 135 Certificate evidencing its authority to conduct such operations, (y) list the Aircraft on its operations specifications, and (z) comply with all Applicable Standards pertaining to such charter operations. (ii) Any operation of the Aircraft pursuant to any such Third Party Agreement shall be limited to (A) if by Customer, Parent Guarantor or any Affiliate of Parent Guarantor, any time sharing agreements (as defined in Section 91.501(c)(1)) complying with Part 91 of the FARs and all other Applicable Standards, (B) if by a manager and/or a charter operator with Lender's prior written consent, pursuant to and in full compliance with the requirements of Part 135 of the FARs and all other Applicable Standards, or (C) if such Third Party Agreement is a "dry lease" by Customer, as lessor, to Parent Guarantor or an Affiliate of Parent Guarantor or other Interested Third Party permitted pursuant hereto, as lessee, operation by such lessee complying with (1) Part 91 and any other applicable provision of the FARs, and all other Applicable Standards, and (2) the provisions hereof and of the other Loan Documents pertinent to the operation of the Aircraft (whether by Customer or any permitted Interested Third Party). (iii) The related Third Party Agreement shall (A) be and remain, subject and subordinate to Lender's Lien in and with respect to the Collateral, and Lender's rights and remedies under the Loan Documents (and such subordination shall be expressly acknowledged therein), (B) not convey any Lien on, or other property interest in or against the Airframe, the Engines or any of the other Collateral, except for a Permitted Lien (but, without giving effect to clause (a) of the definition of such term), (C) not permit any further sublease or disposition of or unpermitted Lien against the Aircraft or any of the other Collateral by any of the Interested Parties

thereto or any other Person, or any change in registration or unpermitted change in hanging of the Aircraft, (D) not contain provisions that are inconsistent with the provisions of any of the Loan Documents or cause Customer to breach any of its representations, warranties or agreements under any of the Loan Documents, (E) be in conformity with all requirements of the FARs and other Applicable Laws, and (F) otherwise conform to any Operating Consent required by Lender with respect thereto. (iv) (A) Customer shall have specified such Third Party Agreement on Annex B if existing on the Closing Date, or if not then existing shall require Lender's prior written consent and at least thirty (30) Business Days' prior written notice of its intention to enter into a Third Party Agreement and (B) no later than the effective date thereof Customer shall comply with, and at all times thereafter remain in compliance with, any related requirements by Lender, including (1) entering into, and causing any related Interested Third Parties to enter into, an Operating Consent, (2) causing Lender to be covered by the Required Coverages (which, for the purposes hereof, may include insurance coverages obtained and maintained by an Interested Third Party, conforming to the insurance requirements herein and in any of the other Loan Documents), and (3) entering into or delivering, or causing to be entered into and delivered, all such other documents, filings and assurances, making or causing to be made such filings and registrations, and taking or causing to be taken all such other actions, in each case as may be required by Lender and (4) paying or reimbursing Lender for any related costs or expenses. (v) Lender shall have the right, but not the obligation, to (A) require reasonable evidence that any Interested Third Party satisfies the requirements provided herein, and (B) review any such Third Party Agreement, as from time to time supplemented and amended, to determine its conformity with the provisions hereof, but without assuming any responsibility with respect thereto. (vi) Customer shall neither make, nor permit to be made, any filing or registration with respect to any Permitted Third Party Agreement, unless so directed by Lender pursuant to Section 5.2 or otherwise. Notwithstanding the foregoing limitations Parent Guarantor or any Affiliate shall be permitted to conduct the carriage of Parent Guarantor or any Affiliate and/or their respective guests pursuant to 14 CFR Section 91.501(b)(4), affiliated group operations pursuant to 14 CFR Section 91.501(b)(5) and/or (6), demonstration flights pursuant to 14 CFR Section 91.501(b)(3), time sharing or interchange operations pursuant to 14 CFR Section 91.501(b)(6), the carriage of customers pursuant to 14 CFR Section 91.501(b)(9) and/or the carriage of candidates in Federal elections conducted pursuant to 14 CFR Section 91.321.

With respect to any Third Party Agreements complying with all of the provisions of Section 4.4(b) (each a "**Permitted Third Party Agreement**"), although certain of the duties and obligations of Customer under the Loan Documents may be performed by one or more of the Interested Third Parties, (i) no such Permitted Third Party Agreement shall reduce any of Customer's obligations, or Lender's rights, under any of the Loan Documents, (ii) all of Customer's obligations under the Loan Documents shall be and remain primary and continue in full force and effect as the obligations of a principal and not of a guarantor or surety, and (iii) Lender is not waiving the right to require full and timely performance of any such obligations in strict accordance with the provisions hereof and of the other Loan Documents. By way of clarification and not limitation, with respect to any provisions of this Agreement or any of the other Loan Documents requiring Customer to take or refrain from taking an action relating to the Aircraft or any of the other Collateral, such provision may also be read to mean that Customer shall cause the same to be done in accordance therewith, if at that time the Aircraft or such other Collateral is in the possession or control of an Interested Third Party pursuant to a Permitted Third Party Agreement.

#### Use of Aircraft; Maintenance; Modifications; Security.

Customer will operate the Aircraft or shall cause the Aircraft to be operated under and in compliance with Part 91 and any other applicable provision of the FARs, and all other Applicable Standards. Unless otherwise expressly permitted hereunder, (i) Customer shall not operate or permit the Aircraft to be operated for air taxi operations or otherwise under Part 135 of the FARs; and (ii) Customer, an Affiliate or other Interested Third Party shall at all times have, and maintain, "operational control" of the Aircraft (as such term is then interpreted by the FAA or such other applicable Governmental Authority), and no other Person shall operate the Aircraft. The Aircraft at all times will be operated by duly qualified pilots having satisfied all requirements established and specified by the FAA, the TSA, any other applicable Governmental Authority and the Required Coverages.

the Aircraft may be flown temporarily to any country in the world, provided that the Aircraft (i) shall at all times be based in the continental United States; and (ii) shall not be flown, operated, used or located in, to or over any such country or area (temporarily or otherwise) (A) that is excluded from the Required Coverages (or specifically not covered by such insurance), (B) with which the U.S. does not maintain favorable diplomatic relations (which is any country or jurisdiction not marked with an "\*" on the list maintained by the U.S. Department of State, at <http://www.state.gov/s/inr/rls/4250.htm> or any replacement or equivalent website maintained by the U.S. Department of State), provided that the prohibition in this clause (B) does not prohibit the operation of the Aircraft on an approved and assigned air traffic control route (if and so long as such use is otherwise in compliance with the provisions of the this Agreement and does not violate any insurance policies in effect with respect to the Aircraft), (C) to the extent that payment of any claim under the Required Coverages directly or indirectly arising or resulting from or connected with any such flight, operation, use or location would be prohibited under any trade or other economic sanction or embargo by the United States of America, or (D) in violation of any of the Loan Documents or any Applicable Standards. Customer shall adopt, implement and comply with all security measures required by any Applicable Law, or by any Required Coverages, or that are necessary or appropriate for the proper protection of the Aircraft (whether on the ground or in flight) against theft, vandalism, hijacking, destruction, bombing, terrorism or similar acts.

Customer agrees that, with respect to the Airframe, the Engines, each APU and each Part, Customer will at its own expense, (i) maintain, inspect, service, repair, overhaul and test the same in accordance with Applicable Standards; (ii) make any alterations or modifications that may at any time be required to comply with Applicable Standards, and to cause the Aircraft to remain airworthy; (iii) furnish all required parts, replacements, mechanisms, devices and servicing so that the condition and operating efficiency thereof will at all times be no less than its condition and operating efficiency as and when delivered to Customer, ordinary wear and tear from proper use alone excepted; (iv) promptly replace all Parts (A) which become worn out, lost, stolen, taken, destroyed, damaged beyond repair or permanently rendered or declared unfit for use for any reason whatsoever, or (B) if not previously replaced pursuant to clause (A), as and when required by any Applicable Standards, including any applicable life limits; and (v) maintain (in English) all Records in accordance with Applicable Standards; and (vi) enroll and maintain the Engines in an Engine Maintenance Program and the APU in an APU Maintenance Program or shall cause the foregoing to be done. All maintenance procedures shall be performed by properly trained, licensed, and certified maintenance sources and personnel utilizing replacement parts approved by the FAA and the manufacturer of (as applicable) the Airframe, the Engines, or any APU or Part. Without limiting the foregoing, Customer shall comply with all mandatory service bulletins and airworthiness directives by causing compliance to such bulletins and/or directives to be completed through corrective modification in lieu of operating manual restrictions.

Customer will not make, authorize or permit any improvement, change, addition or alteration to the Aircraft that will impair the originally intended function or use of the Aircraft, diminish the value of the Aircraft as it existed immediately prior thereto, or violate any Applicable Standard. All repairs, parts, replacements, mechanisms and devices added by Customer or on its behalf shall immediately, without further act, become part of the Aircraft and subject to the Lender's Lien granted under this Agreement.

#### Insurance.

Customer agrees to maintain or cause to be maintained at all times, at its sole cost and expense, with insurers of recognized

reputation and responsibility satisfactory to Lender (but in no event having an A.M. Best or comparable agency rating of less than "A-");

(A) comprehensive aircraft liability insurance against bodily injury or property damage claims including, without limitation, contractual liability, premises liability, death and property damage liability, public and passenger legal liability coverage, and sudden accident pollution coverage, in an amount not less than \$200,000,000.00 for 20 or more seats, or if the Aircraft will be chartered, or \$100,000,000.00 for 10 or more seats, or \$50,000,000.00 for fewer than 10 seats for each single occurrence, and (B) personal injury liability in an amount not less than \$25,000,000.00; but, in no event shall the amounts of coverage required by sub-clauses (A) and (B) be less than the coverage amounts as may then be required by Applicable Law;

"all-risk" ground, taxiing, and flight hull insurance on an agreed-value basis, covering the Aircraft, provided that such insurance shall at all times be in an amount not less than the greater of (1) the full replacement value of the Aircraft (as determined by Lender), or (2) the unpaid principal amount of the Note (each such amount re-determined as of each anniversary of the date hereof for the next succeeding year throughout the term of this Agreement); and

war risk and allied perils (including confiscation, appropriation, expropriation, terrorism and hijacking insurance) in the amounts required in paragraphs (i) and (ii), as applicable.

Any policies of insurance carried in accordance with this Section 4.6 and any policies taken out in substitution or replacement of any such policies shall (i) be endorsed to name Lender as an additional insured as its interests may appear (but without responsibility for premiums), (ii) provide, with respect to insurance carried in accordance with Section 4.6(a)(ii) or (a)(iii) above, that any amount payable thereunder shall be paid directly to Lender as sole loss payee and not to Lender and Customer jointly, (iii) provide for thirty (30) days' (seven (7) days' in the case of war, hijacking and allied perils) prior written notice by such insurer of cancellation, material change, or non-renewal, (iv) include a severability of interest clause providing that such policy shall operate in the same manner as if there were a separate policy covering each insured, (v) waive any right of set-off against Lender, and any rights of subrogation against Lender, (vi) provide that in respect of the interests of Lender in such policies, that the insurance shall not be invalidated by any action or inaction of Customer or any other Person operating or in possession of the Aircraft, regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by or binding upon Customer or any other Person operating or in possession of the Aircraft, and (vii) be primary, not subject to any co-insurance clause and shall be without right of contribution from any other insurance.

Customer shall not self-insure (by deductible, premium adjustment, or risk retention arrangement of any kind) with respect to any of the risks required to be insured pursuant to this Section 4.6. Customer agrees that it shall obtain and maintain such other insurance coverages, or cause adjustments to be made to the scope, amount or other aspects of the existing insurance coverages, promptly upon Lender's request, as and when Lender deems such additional insurance coverages or modifications to be appropriate in light of any changes in Applicable Law, prudent industry practices, the insurance market, Customer's anticipated use of the Aircraft or other pertinent circumstances. All of the coverages required herein shall be in full force and effect worldwide throughout any geographical areas to, in or over which the Aircraft is operated. All insurance proceeds payable under the requisite policies shall be payable in U.S. Dollars.

At least ten (10) days prior to the policy expiration date for any insurance coverage required by this Section 4.6, Customer shall furnish to Lender evidence (having the form and substance consistent with Section 1(f) of the Closing Terms Addendum) of the renewal or replacement of such coverage, complying with the terms hereof, for a twelve (12) month or greater period commencing from and after such expiration date.

#### Event of Loss; Loaner Engines .

Upon the occurrence of any Event of Loss with respect to the Aircraft and/or the Airframe, Customer shall notify Lender of any such Event of Loss within five (5) days of the date thereof. Customer shall pay the then Outstanding Balance promptly upon its receipt of insurance proceeds relating to such Event of Loss, but in no event later than ninety (90) days after the occurrence of such Event of Loss (irrespective as to whether any or all of such proceeds have been received). Upon Lender's receipt in good and indefeasible funds of all of the amounts required to be paid pursuant to the preceding sentence (whether by applying Customer's payment of such amounts, or any such insurance proceeds, or both) the Aircraft shall be released from the Lender's Lien, and Lender shall remit to Customer any such insurance proceeds so received by Lender, to the extent then remaining.

Upon an Event of Loss with respect to an Engine or any APU (as applicable, a " **Lost Item** ") under circumstances in which there has not occurred an Event of Loss with respect to the Airframe, Customer shall, within one hundred twenty (120) days after the occurrence of such Event of Loss, replace such Lost Item, with a Permitted Replacement. Any engine or auxiliary power unit constituting a " **Permitted Replacement** " for a Lost Item shall (i) be of the same make and model number as the Lost Item, (ii) be free and clear of all Liens and (iii) have a value, utility and useful life at least equal to, and be in as good an operating condition as, the Lost Item, assuming such Lost Item was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss. Customer, at its own cost and expense, shall (i) furnish Lender with such documents to evidence such conveyance, (ii) cause the Permitted Replacement to be subject to the Lender's Lien under this Agreement, and (iii) take such other actions as may be required by Lender to cause the Lender's Lien therein to be validly created, perfected and have first priority, including as evidenced on the FAA Registry, the International Registry, and any other recording office. Each such Permitted Replacement shall, after such conveyance, be deemed an "Engine" or "APU" (as defined herein), as applicable, and shall be deemed part of the same Aircraft as was the Lost Item replaced thereby.

In the event an Engine is damaged and is being repaired, or is being inspected or overhauled, Customer, at its option, may temporarily substitute another engine during the period of such repair or overhaul, so long as such engine is of the same make and model as the Engine being repaired or overhauled, is free and clear of any Lien that might impair Lender's rights or interests in the Airframe and is maintained in accordance herewith (any such substitute engine being hereinafter referred to as a " **Loaner Engine** "). Customer shall (i) cause such Loaner Engine to be installed and removed, as applicable, by a maintenance facility certified by the FAA and manufacturer with respect to the Aircraft, and (ii) cause the repaired or overhauled original Engine to be reinstalled on the Airframe promptly upon completion of the repair or overhaul, but in no event later than the earlier of one hundred twenty (120) days after removal or the occurrence of an Event of Default.

So long as no Default has occurred and is continuing, and no Event of Default or Event of Loss with respect to the Aircraft has occurred, any loss or damage proceeds of the Required Coverages received by Lender shall be released promptly by Lender to Customer to reimburse Customer for paying the costs actually incurred with respect to repairs made to the Aircraft so as to restore it to the condition required by this Agreement, or for the purchase of a Permitted Replacement pursuant to Section 4.7(b), or shall be disbursed by Lender as otherwise required by this Agreement.

Aircraft Registration . On or before the Closing Date, and at all times thereafter, so long as any of the Obligations are outstanding, Customer shall remain solely responsible pursuant to the applicable provisions of this Agreement to cause (i) the Aircraft to be effectively and otherwise validly registered in Customer's name on the Registry, and (ii) the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft, in each case, accordance with the Registration Requirements; and without limiting the foregoing, or any other provision of this Agreement, Customer shall:

cause the Registration Certificate to be maintained within the Aircraft and cause the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft; including by (A) notifying Lender immediately of any event or circumstance with respect to which the Registration Requirements require further action by Customer, the Registry or any other Governmental

Authority or other Person, (B) immediately upon receipt, placing the original, replacement or renewal Registration Certificate on the Aircraft prior to the expiration or other invalidation of any previously issued Registration Certificate (whether the certificate or any other document constituting the Registration Certificate as defined herein) under the Registration Requirements, and (C) complying with any and all of the other Registration Requirements relating to such Registration Certificate, and to the Registration Certificate replaced thereby (including any of the same relating to the destruction or return thereof, as the case may be); and

upon the occurrence, and at all times thereafter, of any Defective Registration (and without waiving Customer's responsibility to avoid such circumstance), or if the operation of the Aircraft is no longer authorized by the Registration Requirements, Customer shall (A) neither operate nor permit or suffer the operation of the Aircraft without a currently effective and otherwise valid Registration Certificate (and shall cause the pilots to be made aware of the Defective Registration), and otherwise comply with the FARs and other Applicable Laws relating to such Defective Registration, (B) ground and store the Aircraft in a manner reasonably acceptable to Lender, and (C) inform the insurer or insurers thereof, and obtain and maintain adjustments to the insurance coverages required pursuant Section 4.6 of this Agreement which may be necessary or desirable to Lender so as to reflect any changes in the insurable risks relating to any Defective Registration.

**Security Interest; Power of Attorney; Inspection .**

Grant of Security Interest . As collateral security for the prompt and complete payment and performance as and when due of all of the Obligations and in order to induce Lender to enter into this Agreement and make the Loan to Customer in accordance with the terms hereof, Customer hereby grants, pledges and assigns to Lender a first priority security interest, collateral assignment, international interest, prospective international interest, security assignment and prospective security assignment, in, against, under and with respect to (the " **Lender's Lien** ") all of Customer's right, title and interest in, to and under all of the following collateral, whether now existing or hereafter acquired (collectively, the " **Collateral** "): (i) the Aircraft, including the Airframe, the Engines, each of the APU and Parts, and the Records; (ii) any and all present and future Third Party Agreements; (iii) any and all other associated rights secured by or associated with the Airframe and/or the Engines, together with any related international interests and prospective international interests; (iv) any collateral described in the other Loan Documents (including in any Operating Consent); and (v) all proceeds of the foregoing. By way of clarification and not limitation, the foregoing grant of the Lender's Lien shall include, as applicable (and in each case, being validly registered and having first priority), an international interest in the Airframe and in each Engine. Notwithstanding the foregoing, (i) Customer shall not enter into any Third Party Agreements unless expressly permitted by Section 4.4 and (ii) Lender is not assuming, nor shall it be responsible for, any obligations, liabilities or duties of any kind whatsoever of Customer (and/or of any other Person) relating to the Collateral. Customer agrees that it shall perform and procure performance in accordance with any Third Party Agreement or other agreement or instrument giving rise to any associated rights that are or may become subjected to the Lender's Lien.

UCCs, Registrations, Etc.; Lender as Attorney-in-Fact . Customer hereby irrevocably:

authorizes Lender to prepare and file any UCC financing statements, amendments, continuations, terminations, assignments and other filings, or take such other actions for the purpose of perfecting, affording first and exclusive priority to or otherwise relating to Lender's Lien under this Agreement or the other Loan Documents;

consents to, and authorizes its professional user entity to consent to, the registration of each Registerable Interest requested by Lender or its Assignee, or otherwise required by the provisions of this Agreement or any of the other Loan Documents, including any subordination, amendment, assignment, discharge or undertaking permitted by the Cape Town Convention with respect thereto; and

constitutes and appoints Lender (including any Person acting on Lender's behalf), as its true and lawful attorney-in-fact with full power and authority in the place and stead of Customer and in the name of Customer or in its own name, for the purpose of carrying out the terms of this Agreement; which authority shall include the following undertakings that may be exercisable by Lender in its sole discretion at any time, and from time to time, if an Event of Default is then existing or upon the occurrence of an Event of Loss: (i) in Customer's name, file and/or record, such further instruments, filings and other documents, make, cause to be made and/or consent to all registrations with the International Registry, and take such further action, to establish and protect Lender's rights, interests and remedies created, or intended to be created, pursuant to the Loan Documents; (ii) endorse Customer's name on any checks, notes, drafts or any other payments or instruments, or set off, apply, or take such other actions with respect to any funds relating to the Collateral that come into Lender's possession or control; and (iii) to settle, adjust, receive payment and make claim or proof of loss, and take such other actions relating to the Required Coverages. This appointment is coupled with an interest, is irrevocable and shall terminate only upon indefeasible payment and performance in full of all of the Obligations. The powers conferred on Lender hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Lender shall be accountable only for amounts that it actually receives in good and indefeasible funds as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to Customer for any act or failure to act. Without limiting the foregoing, Customer agrees that within five (5) Business Days of Lender's request, Customer will enter into an irrevocable power-of-attorney authorizing Aviation Counsel or Lender's other designee as Customer's professional user entity and administrator for the purpose of discharging any Registerable Interests as and when directed to do so by Lender in connection with its exercise of its rights and remedies under the Loan Documents.

Inspection . Lender or its authorized representatives shall have the right, but not the duty, to inspect the Aircraft, any part thereof and/or the Records, at its own cost any reasonable time and from time to time, wherever located, upon reasonable prior notice to Customer; except that after the occurrence of a Default or an Event of Default, such inspection may be conducted at any time without prior notice and at Customer's sole expense, and it shall pay Lender promptly upon demand any inspection costs incurred by Lender. So long as no Default or Event of Default exists, any such inspections shall be conducted during normal business hours and without interruption of the use and operation of the Aircraft as permitted hereby. Upon the request of Lender, Customer shall promptly confirm to Lender the location of the Aircraft or any of the other Collateral.

**Events of Default .** The term " **Event of Default** ", wherever used herein, shall mean:

Customer shall fail to pay any Obligation within ten (10) days after the same shall become due and payable (whether at the stated maturity, by acceleration, upon demand or otherwise); or

(i) any Customer Party shall default in the payment or performance of any indebtedness, liability or obligation to Lender or any Affiliate of Lender under any note, security agreement, lease, title retention or conditional sales agreement or any other instrument or agreement; or (ii) any Customer Party shall fail to pay any Indebtedness (other than the Obligations) exceeding \$5,000,000.00, and such failure shall continue beyond any applicable grace period (or, with respect to trade Indebtedness which is not subject to a grace period, within ninety (90) days of the date such trade Indebtedness is incurred); or

(i) any of the Required Coverages are not kept in full force and effect, or a breach or violation shall exist with respect to any provisions thereof; or the Aircraft is operated in a manner, at a time or in or over or located at a place with respect to which such Required Coverages shall not be in effect; (ii) Customer shall fail to cause the Airframe or the Engines to be used, operated, maintained or otherwise kept in a condition so as to be in compliance with all Applicable Laws; or (iii) any Customer Party shall fail to comply with (A) any financial covenants as and to the extent set forth or incorporated in any Guaranty or in any of the other Loan Documents, or (B) any provision of any of the Loan Documents restricting Liens and other dispositions relating to either the Collateral or any rights or obligations under any of the Transaction Documents (including Section 4.4 hereof), or (iv) the occurrence of any Defective Registration; or

(i) any representation or warranty made by any Customer Party in any of the Loan Documents or in any related agreement,

document or certificate shall prove to have been incorrect, misleading, or inaccurate in any material respect when made or given (or, if a continuing representation or warranty, at any time); or (ii) any Customer Party shall fail to (A) perform or observe any other agreement (other than those specifically referred to in this Section 6) required to be performed or observed by it under this Agreement or in any of the other Loan Documents, and such failure shall continue uncured for thirty (30) days after the earlier of written notice thereof from Lender to such Customer Party or such Customer Party's actual knowledge thereof (but such notice and cure period will not be applicable unless such breach is curable by practical means within such notice period) or (B) notify Lender of any Default or Event of Default within ten (10) Business Days of its occurrence; or

(i) any Customer Party shall (A) generally fail to pay its, or his or her debts as they become due, admit its, or his or her inability to pay its, or his or her debts or obligations generally as they fall due, or shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws or other insolvency laws, or an answer admitting the material allegations of such a petition filed against such Customer Party in any such proceeding; or (B) by voluntary petition, answer or consent, seek relief under the provisions of any other bankruptcy or other insolvency or similar law providing for the reorganization or liquidation of corporations, or providing for an assignment for the benefit of creditors, or providing for an agreement, composition, extension or adjustment with its, or his or her creditors; or (ii) a petition against any Customer Party in a proceeding under applicable bankruptcy laws or other insolvency laws, as now or hereafter in effect, shall be filed and shall not be withdrawn or dismissed within one hundred twenty (120) days thereafter, or if, under the provisions of any law providing for reorganization or liquidation of business entities that may apply to any Customer Party, any court of competent jurisdiction shall assume jurisdiction, custody or control of such Customer Party or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of one hundred eighty (180) days after the filing date; or

the occurrence of any of the following events with respect to any Customer Party: (A) it enters into any transaction of merger, consolidation or reorganization; (B) it ceases to do business as a going concern, liquidates, or dissolves, or sells, transfers or otherwise disposes of all or substantially all of its assets or properties (in one or more transactions); (C) it becomes the subject of, or engages in, a leveraged buy out; (D) it changes the form of organization of its business; (E) if it is privately owned as of the Closing Date, there is any substantial change in the ownership or control of its capital stock or membership interests such that the holder(s) that own or control one hundred percent (100%) of such equity interests as of the Closing Date no longer do so; or (F) if it is publicly held as of the Closing Date, any change so that it is no longer subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or no longer registered under Section 12 of the Securities Act of 1933, as amended; or

(i) the conviction of or guilty plea by any Customer Party with respect to any criminal act constituting a felony, (ii) any repudiation by any Customer Party of its obligation for the payment or performance of the Obligations, (iii) any allegation by any Customer Party or judicial determination that any of the Loan Documents is unenforceable in any material respect or (iv) a Default (as defined in any Guaranty) shall occur; or any event or condition constituting a breach or other default under any Operating Consent.

## **Remedies .**

**Acceleration; Termination of Commitment .** If any Event of Default shall occur, Lender, in its sole discretion, may (a) declare the Obligations to be immediately due and payable, and upon such declaration the Obligations (including, the unpaid principal amount of the Note, together with all accrued but unpaid interest thereon, any prepayment fees and all other amounts due and payable under or with respect to the Loan Documents), shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the other Loan Documents to the contrary notwithstanding, (b) terminate any then outstanding commitment whether to Customer or any Affiliate to make the Loan or any advance thereof, or any other financial accommodations, whether related to the Loan or otherwise, and/or (c) pursue and enforce any of Lender's rights and remedies under this Section 7; provided, however, if an Event of Default specified in Section 6 (e) above shall occur, the Obligations shall become immediately due and payable, all such commitments shall terminate, and Lender shall have all such other rights and remedies contemplated in the preceding clauses (a), (b) and (c), automatically, and without any notice or other action by Lender.

**Additional Remedies .** If an Event of Default occurs, in addition to all other rights and remedies granted to it in this Agreement and in the other Loan Documents, Lender may exercise all rights and remedies of a secured party under the UCC or as a creditor, chargee or security assignee under the Cape Town Convention (including any and all remedies thereunder requiring agreement by Customer), or otherwise available to Lender under any other Applicable Law. Without limiting the generality of the foregoing, Customer agrees that upon the occurrence of an Event of Default, Lender, without demand or notice of any kind (except as specified below) to or upon Customer or any other Person, in its sole discretion, may exercise any one or more of the following remedies:

(i) peacefully enter the premises where the Aircraft, the Engines, or any other Collateral is located, take immediate possession of, remove (or disable in place), or otherwise take control or custody of the Airframe, the Engines or any other Collateral (whether or not then attached to the Airframe) by self-help, summary proceedings or otherwise without liability, (ii) preserve the Airframe, the Engines or the other Collateral, and their respective value (but without any obligation to do so), and immobilize or keep idle the Airframe or Engines, and/or (iii) use Customer's premises for storage without liability; and Customer agrees, at Lender's request, to assemble the Collateral, and make it available to Lender at such places as Lender shall reasonably select, whether at Customer's premises or elsewhere;

(i) terminate the right of any Interested Third Party, and any other third party to use, possess or control the Airframe, the Engines or any of the other Collateral, including under any Permitted Third Party Agreement or other Third Party Agreement, without regard as to the existence of any event of default thereunder, (ii) recover from, and/or cause Customer and any such Interested Third Party, and any other third party, to relinquish possession and return the Airframe, the Engines and any other Collateral pursuant to this Section 7, and/or (iii) exercise any and all other remedies under any Operating Consents in Customer's stead, to the extent provided for under, or otherwise available to Customer in connection with any related Permitted Third Party Agreement or such other Third Party Agreement;

(i) manage, sell, lease, assign or otherwise dispose of the Airframe, the Engines or any other Collateral, in whole or in part, whether or not in Lender's possession, in one or more parcels or transactions, at public or private sale or sales, with or without notice to Customer (except as required by Applicable Law, and in furtherance thereof, Lender agrees that it shall give Customer no less than ten (10) working days' prior notice of any proposed sale or lease of the Airframe or Engines, which Customer acknowledges as constituting "reasonable prior notice" for the purposes of the Cape Town Convention) at such prices as Lender may deem best, and/or (ii) purchase the Collateral, in whole or in part, upon any public sale or sales, and to the extent permitted by Applicable Law upon any private sale or sales, free of any right or equity of redemption in Customer, which right or equity of redemption is hereby expressly released;

(i) collect, receive, appropriate and realize upon the Collateral, or any part thereof, including by applying any deposit or other cash collateral, or collecting or receiving, appropriating and realizing upon any income, profits or other proceeds arising from the management or use of the Airframe, the Engines or any of the other Collateral, and applying the same (after deducting all taxes, costs, expenses and other reductions of every kind incurred in connection therewith) to the payment in whole or in part of the Obligations, in such order and manner as Lender may elect; and (ii) after making such application, (A) remitting to Customer or to such other Person any excess then remaining, as and to the extent Lender is required by Applicable Law to make such remittance and (B) demanding, collecting and receiving from Customer any deficiency then remaining (and Customer agrees that it shall remain liable for, and pay upon demand, the full amount of any such deficiency);

(i) demand and obtain from any court speedy relief pending final determination available at law (including, possession, control, custody or immobilization of the Airframe and Engines, or preservation of the Airframe and the Engines and their respective value), (ii) procure the

deregistration and/or export and physical transfer of the Airframe from the territory in which it is then situated (including pursuant to an IDERA, if any, executed by Customer), and/or (iii) otherwise proceed at law or in equity, to enforce specifically Customer's performance or to recover damages; and/or

exercise any and all other rights and remedies under or with respect to the Loan Documents or Applicable Law, including the Cape Town Convention and the UCC.

No Waiver: Cumulative Remedies. No right or remedy is exclusive. Customer hereby acknowledges that none of the provisions of this Section 7, including any remedies set forth or referenced herein, is "manifestly unreasonable" for the purposes of the Cape Town Convention. Each may be used successively and cumulatively and in addition to any other right or remedy referred to above or otherwise available to Lender at law or in equity, but in no event shall Lender be entitled to recover any amount in excess of the maximum amount recoverable under Applicable Law with respect to any Event of Default. No express or implied waiver by Lender of any Default or Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default. The failure or delay of Lender in exercising any rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or reoccurrence of any such contingencies or similar contingencies, and any single or partial exercise of any particular right by Lender shall not exhaust the same or constitute a waiver of any other right provided for or otherwise referred to herein. After the occurrence of any Default or Event of Default, the acceptance by Lender of any payment or performance of any of the Obligations, including the payment of any installment of principal and/or interest or of any other sum owing hereunder or under the other Loan Documents shall not constitute a waiver of such Default or Event of Default, regardless of Lender's knowledge or lack of knowledge thereof at the time of acceptance of any such payment or performance and shall not constitute a reinstatement of any of the Loan Documents, unless Lender shall have agreed in writing to reinstate the same and waive the Default or Event of Default. To the extent permitted by Applicable Law, Customer waives any rights now or hereafter conferred thereby, that (a) limit or modify any of Lender's rights or remedies under this Agreement or any of the other Loan Documents, including the provisions of Article 13(2) of the Convention, or (b) would otherwise entitle Customer to (i) receive notices or demands as a condition to Lender's exercise of any rights or remedies, except as expressly required above or (ii) make claims, damages and demands against Lender arising out of the repossession, retention, sale or other disposition of the Collateral.

#### **MISCELLANEOUS**

Notices. All communications and notices provided for herein shall be in writing and shall be deemed to have been duly given or made (i) upon hand delivery, or (ii) upon delivery by an overnight delivery service, or (iii) when sent by telecopy (with customary confirmation of receipt of such telecopy) on the Business Day when sent or upon the next Business Day if sent on other than a Business Day.

#### Expenses and Fees; Indemnity; Performance of Customer's Obligations

Customer shall pay to Lender upon demand all reasonable fees, costs and expenses incurred by or on behalf of Lender at any time in connection with (i) the negotiation, preparation, execution, delivery and enforcement of the Loan Documents and the collection of the Obligations (both before and after the occurrence of a Default or Event of Default), (ii) the creation, preservation and protection of the Collateral and the perfection, first priority and enforcement of Lender's Lien, or (iii) Customer's exercise of any right granted under, or any amendment or other modification to any of, the Loan Documents. Such fees, costs and expenses shall include, without limitation, reasonable appraisal and inspection fees, the reasonable fees and expenses of Aviation Counsel and of Lender's counsel, consultants and brokers, UCC, FAA, International Registry and other applicable title, interest and lien searches, and reasonable costs and expenses relating to recovery, repossession, storage, insurance, transportation, repair, refurbishment, advertising, sale and other dispositions of the Aircraft or any of the other Collateral. Customer shall also pay all reasonable fees (including license, filing and registration fees), Impositions and other charges of whatever kind or nature that may be payable or determined to be payable in connection with (A) the execution, delivery, recording or performance of this Agreement or any of the other Loan Documents, or any modification thereof, and (B) the filings, registrations and other undertakings relating thereto. Notwithstanding the foregoing, as long as there are no more than two (2) revised drafts of any Loan Document provided by Customer or its counsel to Lender or Lender's counsel, Customer shall be responsible for not more than \$35,000.00 in the aggregate for the legal fees of outside counsel to Lender (including, Aviation Counsel) and appraisal, inspection, processing, credit verification, lien searches, FAA and International Registry fees and other fees incurred in connection with the initial negotiation, preparation and execution of this Agreement and the other Loan Documents executed and delivered on or before the Closing Date (and the consummation of the closing contemplated to occur thereon); provided that in the event that the negotiation exceeds two (2) revised drafts of any Loan Document, then Customer shall pay for the actual amount of such out of pocket fees incurred by Lender relating to the drafting and negotiation in excess of such two (2) revised drafts. Lender shall apply the previously paid deposit amount of \$35,000.00 to such fees and shall refund to Customer the amount by which the deposit exceeds such fees.

Customer hereby further agrees, whether or not the transactions contemplated by this Agreement shall be consummated, to pay, indemnify, and hold Lender and its affiliates and all of the Lender's and such affiliates' respective directors, shareholders, members, officers, employees, agents, predecessors, attorneys-in-fact, lawyers, successors and assigns (Lender, its affiliates and all of such other parties and entities sometimes hereinafter collectively, the "**Indemnified Parties**") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, out of pocket costs, attorney's fees, expenses or disbursements of any kind or nature whatsoever ("**Claims**") arising with respect to or in connection with (i) the Airframe, the Engines, or any APUs or Parts, or any of the other Collateral, including (whether by or through Customer, Vendor, any Interested Third Party, or any other Person), the manufacture, inspection, ownership, lease, sublease, management, pooling, interchange, time sharing, chartering, possession, use, operation, maintenance, security, condition (whether prior to, upon or after delivery or acceptance of any of the same), repossession, storage, sale or other disposition of any of the same, or any accident in connection therewith, including Claims involving or alleging environmental damage, criminal acts, hijacking, acts of terrorism or similar acts, product liability or strict or absolute liability in tort, latent and other defects (whether or not discoverable) and for any other risk or matter, including any of the same that result in injuries, death, destruction, or other harm or loss to persons or property, or (ii) any of the Loan Documents, Third Party Agreements or other Transaction Documents, or the performance, breach (including any Default or Event of Default) or enforcement of any of the terms hereof or thereof, provided, that Customer shall have no obligation to indemnify an Indemnified Party with respect to Claims arising from the gross negligence or willful misconduct of such Indemnified Party (unless if imputed by Applicable Law). If any Claim is made against any Indemnified Party, the party receiving notice or otherwise becoming aware of such Claim shall promptly notify the other, but the failure of the party having knowledge of a Claim to so notify the other party shall not relieve Customer of any obligation hereunder.

If any Customer Party fails to perform or comply with any of its agreements contained herein or in the other Loan Documents, including, without limitation, its obligations to keep the Collateral free of Liens (other than the Permitted Liens), comply with Applicable Standards, or obtain the Required Coverages, Lender shall have the right, but shall not be obligated, to effect such performance or compliance, with such agreement. Any expenses of Lender incurred in connection with effecting such performance or compliance, together with interest thereon at the default rate of interest provided for in the Note from the date incurred until reimbursed, shall be payable by Customer to Lender promptly on demand and until such payment shall constitute part of the Obligations secured hereby. Any such action shall not be a cure or waiver of any Default or Event of Default hereunder.

Entire Agreement: Modifications. This Agreement and the other Loan Documents constitute the entire understanding and agreement of the parties hereto with respect to the matters contained herein and therein, and shall completely and fully supersede all other prior agreements (including any proposal letter, commitment letter, and/or term sheet), both written and oral, between Lender and Customer relating to the

Obligations. Neither this Agreement, nor any terms hereof, may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of a change, waiver, discharge or termination is sought.

**Construction of this Agreement and Related Matters.** All representations and warranties made in this Agreement and in the other Loan Documents shall survive the execution and delivery of this Agreement and the making of the Loan hereunder. Customer's obligations contained in this Section 8 shall survive the payment and performance of the Obligations, the termination of this Agreement, and the release of the Collateral. This Agreement may be executed by the parties hereto on any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. The headings of the Sections hereof are for convenience only, are not part of this Agreement and shall not be deemed to affect the meaning or construction of any of the provisions hereof. Time is of the essence in the payment and performance of all of Customer's obligations under this Agreement. Any provision of this Agreement that may be determined to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective in such jurisdiction to the extent thereof without invalidating the remaining provisions of this Agreement, which shall remain in full force and effect.

**Lender's Assignment.** Lender, may at any time, with or without notice to Customer, freely grant a security interest in, sell, assign, participate or otherwise transfer (an "**Assignment**") all or any part of its interest in this Agreement and the other Loan Documents (including all associated rights associated with or secured thereby and the related international interests) or any amount due or to become due hereunder or thereunder, and Customer shall perform all of its obligations under the Loan Documents, to the extent so transferred, for the benefit of the beneficiary of such Assignment (such beneficiary, including any successors and assigns, an "**Assignee**"); provided, however, if such Assignee is not an Affiliate of Lender and if no Default or Event of Default exists, Lender will provide prior notice of any such Assignment to a third party. Customer hereby waives any right to assert, and agrees not to assert, against any Assignee any abatement, reduction, defense, setoff, recoupment, claim or counterclaim that Customer may have against Lender, provided that Lender remains fully responsible therefor. Upon the assumption by such Assignee of Lender's obligations hereunder, Lender shall be relieved of any such assumed obligations. Customer hereby consents to any such assignment, grant, sale or transfer, including, without limitation, for purposes of the Cape Town Convention. If so directed in writing, Customer shall pay all amounts due or to become due under the Loan Documents, including any of the same constituting associated rights or proceeds directly to the Assignee or any other party designated in writing by Lender or such Assignee. Customer acknowledges and agrees that Lender's right to enter into an Assignment is essential to Lender and, accordingly, waives any restrictions under Applicable Law with respect to an Assignment and any related remedies. Upon the request of Lender or any Assignee, Customer also agrees (a) to promptly execute and deliver, and cause to be executed and delivered by any Guarantor or any other Transaction Party, to Lender or to such Assignee an acknowledgment of assignment in form and substance satisfactory to the requesting party, an insurance certificate naming Assignee as additional insured and loss payee and otherwise evidencing the Required Coverages, an IDERA in favor of Assignee, and such other documents and assurances reasonably requested by Lender or Assignee, (b) to make, or cause to be made, all registrations (including all assignments and subordinations) and all amendments, extensions and discharges with the International Registry reasonably requested by Lender or Assignee (and give or obtain any necessary consent thereto, as well as renew any authorization required by the International Registry in connection therewith, including renewing its transacting user entity status and re-designating a professional user entity, if necessary in Lender's judgment), and (c) to comply with any and all other reasonable requirements of any such Assignee in connection with any such Assignment.

**Jurisdiction.** Customer and Lender each hereby irrevocably consents and agrees that any legal action, suit or proceeding arising out of or in any way in connection with this Agreement or any of the other Loan Documents may be instituted or brought in the courts of the State of New York or in the United States Courts for the Southern District of New York, as Customer or Lender may elect or in any other state or Federal court as Lender shall deem appropriate, and by execution and delivery of this Agreement, Customer and Lender each hereby irrevocably accepts and submits to, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of any such court, and to all proceedings in such courts. Customer and Lender each irrevocably consents to service of any summons and/or legal process by first class, certified United States air mail, postage prepaid, to Customer at the address set forth below its signature hereto, such method of service to constitute, in every respect, sufficient and effective service of process in any such legal action or proceeding. Nothing in this Agreement or in any of the other Loan Documents shall affect the right to service of process in any other manner permitted by law or limit the right of Lender to bring actions, suits or proceedings in the courts of any other jurisdiction. Customer and Lender each further agrees that final judgment against it in any such legal action, suit or proceeding shall 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 shall be conclusive evidence of the fact and the amount of the liability. Notwithstanding anything in the foregoing to the contrary, Lender and Customer may bring a judicial proceeding in the Republic of Ireland, solely with respect to matters relating to the International Registry.

**Governing Law; Binding Effect.** This Agreement shall be construed and enforced in accordance with, and the rights of both parties shall be governed by, the internal laws of the State of New York (without regard to the conflict of laws principles of such state, except as to the effect of Title 14, Section 5-1401 of the New York General Obligations Law), including all matters of construction, validity, and performance. This Agreement shall be binding upon and inure to the benefit of Customer and Lender and their respective successors and assigns (but without limiting the provisions of Section 8.5); except that Customer may not assign or transfer its rights or obligations hereunder or under any other Loan Agreement, or any interest herein or therein; and any such purported or attempted assignment or transfer by Customer shall be null and void.

**Customer's Capacity as Owner Trustee.** TVPX Aircraft Solutions Inc. ("TVPX") is executing this Agreement, and the other Loan Documents solely in its capacity as Owner Trustee under the Trust Agreement and not in its individual capacity and in no case shall TVPX be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of the Customer hereunder, or under any Loan Document, all such liability, if any, being expressly waived by the parties hereto and any Person claiming by, through, or under such party. Under no circumstances shall TVPX be personally liable for the payment of any other amount stated to be due from the Customer hereunder, or under any Loan Document, or be personally liable for the breach or failure of any of Customer's representations, warranties, covenants, obligations, undertakings and agreements hereunder, or under any Loan Documents; provided, however, that the Customer (or any such successor owner trustee) shall be personally liable hereunder for its own gross negligence or willful misconduct or for its breach of its covenants, representations and warranties contained herein, or in any Loan Document, to the extent covenanted or made in its individual capacity.

**Jury Waiver.** CUSTOMER AND LENDER EACH HEREBY KNOWINGLY AND FREELY WAIVES THEIR RESPECTIVE RIGHTS TO A JURY TRIAL IN ANY ACTION, SUIT OR PROCEEDING RELATING TO, ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE NOTE OR ANY OF THE OTHER LOAN DOCUMENTS.

**[Signatures On Next Page]**

BANC OF AMERICA LEASING & CAPITAL, LLC, Lender

TVPX AIRCRAFT SOLUTIONS INC., a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated July \_\_\_, 2017, Customer

By:  
Name:  
Title:  
Notice Address:

By:  
Name:  
Title:  
Notice Address:

One Financial Plaza, 2nd Floor  
Providence, Rhode Island 02903  
Attention: Director of Aircraft Operations  
Telephone: 800-238-3737  
Facsimile: 401-278-7941

39 East Eagle Ridge Drive, Ste. 201  
North Salt Lake, UT 84054  
Telephone: (801) 924-367  
Facsimile: (801) 877-0478

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**LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)**

**THIS LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)** (together with all Addenda, Riders and Annexes hereto, this “**Agreement**”) is dated as of July 27, 2017 (the “**Closing Date**”), by and between **TVPX AIRCRAFT SOLUTIONS INC.**, a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated as of July 27, 2017 (“**Customer**”) and **BANC OF AMERICA LEASING & CAPITAL, LLC**, a Delaware limited liability company (“**Lender**”).

In consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

Capitalized and certain other terms used but not otherwise defined in this Agreement shall have the meanings ascribed to them in Annex A attached hereto and made a part hereof.

**Terms of Loan .**

Loan and Use of Proceeds . Subject to the terms and conditions of this Agreement, Lender agrees to make a loan to Customer in the principal amount set forth in Annex B attached hereto and made a part hereof (the “**Loan**”). Customer shall use the proceeds of the Loan to finance the costs of the acquisition of the Aircraft.

Repayment and Prepayment . The Customer’s obligation to repay the Loan shall be evidenced by one or more Promissory Notes dated on and/or after the Closing Date, payable by Customer to the order of Lender in the original principal amount of the Loan (as amended, modified, restated, extended and renewed from time to time, the “**Note**”). The Loan shall bear interest and be repaid by Customer at the times and in the manner set forth in the Note. The Loan may be prepaid only in the manner and subject to terms and conditions set forth in the Note and, if applicable, Section 4.7 hereof.

Conditions of Borrowing . Lender’s obligation to make the Loan shall be both subject to and conditioned upon the satisfaction of all of the conditions precedent specified in the Closing Terms Addendum attached to and made a part of this Agreement.

Representations and Warranties . In order to induce Lender to enter into this Agreement and to make the Loan herein provided for, Customer represents, warrants and covenants to Lender that:

(i) Customer (A) is duly qualified to do business in each jurisdiction in which the conduct of its business or the ownership or operation of its assets requires such qualification, including the jurisdiction of the Primary Hangar Location and wherever any of the Collateral may become located; (B) has the necessary authority and power to own and operate the Aircraft and its other assets and to transact the business in which it is engaged; (C) is a “citizen of the United States” within the meaning of the Transportation Code; and (D) has the form of business organization set forth in Annex B hereto and is and will remain duly organized, validly existing and in good standing under the laws of the state of its organization set forth in Annex B hereto, its federal tax identification number is as set forth in Annex B hereto, and its state-issued organizational identification number (if any), chief executive office and principal place of business address are all as set forth on Annex B hereto; and (ii) its name as shown in the preamble of this Agreement is its exact legal name as shown on its charter, by-laws, articles of organization or operating agreement, as applicable, each as amended as of the Closing Date;

(i) Customer’s execution and delivery of, and performance of its obligations under and with respect to, each of the Loan Documents (including its borrowing the amounts constituting the Loan, granting the Lender’s Lien against the Aircraft and other Collateral and participating in the other transactions contemplated herein and therein), (A) have been duly authorized by all necessary action on the part of Customer consistent with its form of organization, (B) do not contravene or constitute a default under any Applicable Law, any of Customer’s Organizational Documents, or any agreement, indenture, or other instrument to which Customer is a party or by which it may be bound, (C) do not require the approval of or notice to (1) any Governmental Authority, except for the filings and registrations specified in the Closing Terms Addendum, all of which shall have been duly effected prior to or concurrently with Lender making the Loan, or (2) any other party (including any trustees or holders of indebtedness), and (D) will not result in the creation or imposition of any Lien on any of the assets of Customer other than the Lender’s Lien created hereby and by the other Loan Documents with respect to the Collateral; (ii) each of the Transaction Documents referenced in the Closing Terms Addendum to which

Customer is a party has been duly executed and delivered by an authorized representative of the Customer, and constitutes the legal, valid and binding obligation of the Customer, enforceable against it in accordance with the respective terms of such Transaction Documents (including, without limitation, the grant of the Lender's Lien); and (iii) without limiting the foregoing, upon Lender's advancing the Loan on the Closing Date, (A) Customer will have satisfied or complied with all conditions precedent and requirements as set forth in the Loan Documents required to have been satisfied or complied with concurrently with or prior to such advance and (B) no Default or Event of Default shall be then existing;

there are no proceedings pending or, so far as the officers, managers, or members of Customer know, threatened against or affecting Customer or any of its property before any Governmental Authority that could impair Customer's title to the Aircraft or any of the other Collateral, or that, if decided adversely, could materially affect the financial condition or operations of Customer or its ability to perform its obligations under any of the Loan Documents;

(i) Customer has, and shall continue to have, good and marketable title to the Collateral, free and clear of Liens, except Permitted Liens; (ii) the Lender's Lien in the Airframe, the Engines and the other Collateral is and shall remain validly created and perfected, and has and shall continue to have first priority over any other Liens pursuant to all Applicable Laws; and (iii) all filings, recordings, registrations or other actions necessary or desirable in order to vest such title in Customer, and establish, perfect and give first priority to Lender's Lien and other rights and interests in, against or with respect to the Collateral, have been duly effected, and all Impositions in connection therewith have been duly paid;

without limiting any of the other representations and warranties in this Agreement, for the purposes of the Cape Town Convention and any other Applicable Law, (i) upon the conclusion of the sale of the Aircraft to Customer, and Customer's grants and assignments, and (if constituting a lease) any Permitted Third Party Agreement, contemplated in the Loan Documents or other Transaction Documents, Customer and (if a lessee) any Interested Third Party shall be situated in, and Customer will cause the Aircraft to be duly registered in, the United States of America (which is a contracting state), (ii) with respect to any of the Transaction Documents relating to the Airframe or Engine, each of the respective parties thereto has power to dispose of the Airframe and Engine, as contemplated therein by way of the relevant Transaction Document, and (iii) the Purchase Documents qualify as a "contract of sale", and (if constituting a lease) any Permitted Third Party Agreement and the Loan Documents are effective to constitute international interests in the Airframe and Engine and security assignments of the related associated rights and transfer of the related international interests, as contemplated therein, and each such Registerable Interest will be effective against third parties upon registration at the International Registry, without any further filings or registrations (except as contemplated in the Loan Documents);

(i) the Aircraft (A) has been delivered to Customer, is in Customer's possession and is, as of the Closing Date, unconditionally, irrevocably and fully accepted by Customer, (B) has been inspected by Customer to its complete satisfaction and, without limiting the foregoing, (1) has been found to be in good working order, repair and condition and fully equipped to operate for its intended purpose, and (2) is in conformity with the requirements of the Purchase Agreement and the Applicable Standards, (C) is, or will be at the time of the funding of the Loan, currently certified under existing FAA rules and regulations and any other Applicable Laws and is airworthy in all respects, and (D) is and will remain primarily hangared at the Primary Hangar Location; and (ii) without limiting the foregoing, (A) solely as between Lender and Customer (and without prejudicing Customer's rights against Vendor or any other third party, which rights are not being disclaimed hereby), Customer has no pending claims and has no knowledge of any facts upon which a future claim may be based, against any prior owner, the seller, manufacturer or supplier of the Aircraft or any of the other Collateral, for breach of warranty or otherwise, and (B) all of the information contained in Annex C, including the registration number of the Aircraft, and the serial numbers, manufacturer and model numbers of the Airframe, Engines, and APU, are true and accurate in all respects; and

(h) the Aircraft (i) is currently capable of being certified under existing FAA rules and regulations and completely airworthy in all respects, (ii) will undergo an inspection by a Designated Airworthiness Representative of the FAA ("DAR") on the Closing Date and (iii) an FAA Standard Airworthiness Certificate (AC Form 8100-2) shall be issued for the Aircraft no later than two (2) Business Days after the Closing Date.

**Covenants** . Customer covenants and agrees that from and after the Closing Date and so long as any of the Obligations are outstanding:

Notices; Financial Information; and Further Assurances . Customer will, at its sole expense:

promptly give written notice to Lender of (i) the occurrence of any Default or Event of Default; (ii) the occurrence of any Event of Loss or event of which Customer may be aware that could become an Event of Loss; (iii) the commencement or written threat of any material litigation or proceedings affecting Customer or any material litigation or proceedings affecting the Aircraft or any of the other Collateral, or the ability of Customer to comply with its obligations under the Loan Documents; and (iv) any material dispute between Customer or any Interested Third Party and any Governmental Authority or other party that involves the Aircraft or any of the other Collateral or that might materially interfere with the normal business operations of Customer;

cause Guarantor to comply with the financial reporting requirements set forth in the Guaranty and promptly furnish to Lender any such financial and other information regarding the Customer or Guarantor or any of its Affiliates as Lender may from time to time reasonably request; and

promptly execute and deliver to Lender such further instruments, UCC and FAA filings (including an IDERA) and other documents, make, cause to be made and/or consent to all registrations (including any discharges and subordinations, or as to the prospective or actual sale of, and any international interest in, the Engines) with the International Registry, and take such further action, as Lender may from time to time reasonably request in order to further carry out the intent and purpose of the Loan Documents and to establish, protect and enforce the rights, interests, remedies and Liens (including the first priority thereof) created, or intended to be created, in favor of Lender thereby.

General Obligations . (a) Customer agrees that it shall (i) duly observe and conform to all requirements of Applicable Law relating to the conduct of its business and/or the Aircraft, (ii) remain a "citizen of the United States" within the meaning of the Transportation Code, (iii) obtain and keep in full force and effect (A) all rights, franchises, licenses and permits that are necessary to the proper conduct of its business, and (B) all approvals by any Governmental Authority required with respect to the performance of its obligations under the Loan Documents and the operation of the Aircraft and its business, (iv) cause the Aircraft to remain primarily hangared at the Primary Hangar Location, and duly registered in Customer's name under the Transportation Code (including, by making all necessary reports, re-registering its ownership of the Aircraft, and taking all other actions required by Applicable Law), and (v) pay and perform all of its obligations and liabilities when due. (b) Customer agrees that (i) it shall not change its presently existing legal name or its form or state of organization on or after the date of this Agreement, without Lender's prior written consent, (ii) if its presently existing state organizational identification number changes, or if Customer currently has no such state organizational number but is subsequently issued such a number, on or at any time after the date of this Agreement, Customer shall immediately notify Lender thereof, and (iii) it shall not change the presently existing mailing, chief executive office and/or principal place of business address on or after the date of this Agreement without giving Lender thirty (30) days written notice of the same.

Taxes . (a) Customer will file or cause to be filed with all appropriate taxing authorities all Federal, state and local income tax returns that are required to be filed and all registrations, declarations, returns and other documentation with respect to any personal property taxes (or any other taxes in the nature of or imposed in lieu of property taxes) due or to become due with respect to the Aircraft or any of the other Collateral. (b) Customer will pay (or cause to be paid) (i) on or before the date when due all taxes as shown on said returns and all taxes assessed, billed or otherwise payable with respect to the Aircraft or the other Collateral directly to the appropriate taxing authorities; and (ii) when due all license and/or registration or filing fees, assessments, governmental charges and sales, use, property, excise, privilege, value added and other taxes (including any related interest or penalties) or other charges or fees now or hereafter imposed by any governmental body or agency upon Customer or the

Aircraft or any of the other Collateral, with respect to the landing, airport use, manufacturing, ordering, shipment, purchase, ownership, delivery, installation, leasing, chartering, operation, possession, use or disposition of the Aircraft or any of the other Collateral, or any interest therein (the items referred to in (i) and (ii) above being referred to herein collectively, as “**Impositions**”).

No Disposition of Collateral or Liens; Title and Security Interest.

Customer shall not sell, assign, enter into any Third Party Agreement, convey, mortgage, exchange or otherwise transfer or relinquish possession of (including by any seizure or other taking by any foreign or domestic governmental authority) or dispose of the Airframe or Engines, any Part, any related associated rights, international interests or prospective international interests, any proceeds or any of the other Collateral, or attempt or offer to do, or suffer or permit any of the foregoing. Customer shall be permitted, however, to deliver possession of the Airframe, the Engines, or any APU or Part to another Person for testing, service, repair, maintenance, overhaul, alteration or modification, and to enter into Permitted Third Party Agreements, in each case, if and to the extent consistent with the provisions of the Loan Documents. Customer will warrant and defend its good and marketable title to the Airframe, the Engines and the other Collateral, and the validity, perfection and first priority of Lender's Lien in the Collateral, against all other Liens, claims and demands whatsoever, except Permitted Liens; and without limiting the foregoing, Customer will (i) not create, assume or suffer to exist any Liens on or with respect to the Airframe, the Engines, or any of the other Collateral, or Customer's interest therein (other than Permitted Liens); and (ii) promptly take such action as directed by Lender to duly discharge any such unpermitted Liens.

So long as no Default or Event of Default is then existing, Customer may enter into and remain a party to Third Party Agreements, in each such case, subject to the satisfaction of, and compliance by Customer and each Interested Third Party with, all of the following throughout the term of such arrangement: (i) Each such Interested Third Party shall (A) be and remain solvent, and (unless an individual) organized under the laws of a state within the United States; and (B) if engaged by Customer with the prior written consent of Lender as a manager and/or charter operator (including the Manager pursuant to the Management Agreement), while so engaged, (1) have a recognized favorable reputation as a manager and/or charter operator, as the case may be, of aircraft similar to the Aircraft, (2) be providing management and/or charter operation services for other aircraft owners similar to the services contemplated therein, and (3) if and at all times while conducting any charter operations (x) have and maintain a valid Part 135 Certificate evidencing its authority to conduct such operations, (y) list the Aircraft on its operations specifications, and (z) comply with all Applicable Standards pertaining to such charter operations. (ii) Any operation of the Aircraft pursuant to any such Third Party Agreement shall be limited to (A) if by Customer, Parent Guarantor or any Affiliate of Parent Guarantor, any time sharing agreements (as defined in Section 91.501(c)(1)) complying with Part 91 of the FARs and all other Applicable Standards, (B) if by a manager and/or a charter operator with Lender's prior written consent, pursuant to and in full compliance with the requirements of Part 135 of the FARs and all other Applicable Standards, or (C) if such Third Party Agreement is a “dry lease” by Customer, as lessor, to Parent Guarantor or an Affiliate of Parent Guarantor or other Interested Third Party permitted pursuant hereto, as lessee, operation by such lessee complying with (1) Part 91 and any other applicable provision of the FARs, and all other Applicable Standards, and (2) the provisions hereof and of the other Loan Documents pertinent to the operation of the Aircraft (whether by Customer or any permitted Interested Third Party). (iii) The related Third Party Agreement shall (A) be and remain, subject and subordinate to Lender's Lien in and with respect to the Collateral, and Lender's rights and remedies under the Loan Documents (and such subordination shall be expressly acknowledged therein), (B) not convey any Lien on, or other property interest in or against the Airframe, the Engines or any of the other Collateral, except for a Permitted Lien (but, without giving effect to clause (a) of the definition of such term), (C) not permit any further sublease or disposition of or unpermitted Lien against the Aircraft or any of the other Collateral by any of the Interested Parties thereto or any other Person, or any change in registration or unpermitted change in hangaring of the Aircraft, (D) not contain provisions that are inconsistent with the provisions of any of the Loan Documents or cause Customer to breach any of its representations, warranties or agreements under any of the Loan Documents, (E) be in conformity with all requirements of the FARs and other Applicable Laws, and (F) otherwise conform to any Operating Consent required by Lender with respect thereto. (iv) (A) Customer shall have specified such Third Party Agreement on Annex B if existing on the Closing Date, or if not then existing shall require Lender's prior written consent and at least thirty (30) Business Days' prior written notice of its intention to enter into a Third Party Agreement and (B) no later than the effective date thereof Customer shall comply with, and at all times thereafter remain in compliance with, any related requirements by Lender, including (1) entering into, and causing any related Interested Third Parties to enter into, an Operating Consent, (2) causing Lender to be covered by the Required Coverages (which, for the purposes hereof, may include insurance coverages obtained and maintained by an Interested Third Party, conforming to the insurance requirements herein and in any of the other Loan Documents), and (3) entering into or delivering, or causing to be entered into and delivered, all such other documents, filings and assurances, making or causing to be made such filings and registrations, and taking or causing to be taken all such other actions, in each case as may be required by Lender and (4) paying or reimbursing Lender for any related costs or expenses. (v) Lender shall have the right, but not the obligation, to (A) require reasonable evidence that any Interested Third Party satisfies the requirements provided herein, and (B) review any such Third Party Agreement, as from time to time supplemented and amended, to determine its conformity with the provisions hereof, but without assuming any responsibility with respect thereto. (vi) Customer shall neither make, nor permit to be made, any filing or registration with respect to any Permitted Third Party Agreement, unless so directed by Lender pursuant to Section 5.2 or otherwise. Notwithstanding the foregoing limitations Parent Guarantor or any Affiliate shall be permitted to conduct the carriage of Parent Guarantor or any Affiliate and/or their respective guests pursuant to 14 CFR Section 91.501(b)(4), affiliated group operations pursuant to 14 CFR Section 91.501(b)(5) and/or (6), demonstration flights pursuant to 14 CFR Section 91.501(b)(3), time sharing or interchange operations pursuant to 14 CFR Section 91.501(b)(6), the carriage of customers pursuant to 14 CFR Section 91.501(b)(9) and/or the carriage of candidates in Federal elections conducted pursuant to 14 CFR Section 91.321.

With respect to any Third Party Agreements complying with all of the provisions of Section 4.4(b) (each a “**Permitted Third Party Agreement**”), although certain of the duties and obligations of Customer under the Loan Documents may be performed by one or more of the Interested Third Parties, (i) no such Permitted Third Party Agreement shall reduce any of Customer's obligations, or Lender's rights, under any of the Loan Documents, (ii) all of Customer's obligations under the Loan Documents shall be and remain primary and continue in full force and effect as the obligations of a principal and not of a guarantor or surety, and (iii) Lender is not waiving the right to require full and timely performance of any such obligations in strict accordance with the provisions hereof and of the other Loan Documents. By way of clarification and not limitation, with respect to any provisions of this Agreement or any of the other Loan Documents requiring Customer to take or refrain from taking an action relating to the Aircraft or any of the other Collateral, such provision may also be read to mean that Customer shall cause the same to be done in accordance therewith, if at that time the Aircraft or such other Collateral is in the possession or control of an Interested Third Party pursuant to a Permitted Third Party Agreement.

Use of Aircraft; Maintenance; Modifications; Security.

Customer will operate the Aircraft or shall cause the Aircraft to be operated under and in compliance with Part 91 and any other applicable provision of the FARs, and all other Applicable Standards. Unless otherwise expressly permitted hereunder, (i) Customer shall not operate or permit the Aircraft to be operated for air taxi operations or otherwise under Part 135 of the FARs; and (ii) Customer, an Affiliate or other Interested Third Party shall at all times have, and maintain, “operational control” of the Aircraft (as such term is then interpreted by the FAA or such other applicable Governmental Authority), and no other Person shall operate the Aircraft. The Aircraft at all times will be operated by duly qualified pilots having satisfied all requirements established and specified by the FAA, the TSA, any other applicable Governmental Authority and the Required Coverages.

the Aircraft may be flown temporarily to any country in the world, provided that the Aircraft (i) shall at all times be based in the continental United States; and (ii) shall not be flown, operated, used or located in, to or over any such country or area (temporarily or otherwise) (A) that is excluded from the Required Coverages (or specifically not covered by such insurance), (B) with which the U.S. does not maintain favorable diplomatic relations (which is any country or jurisdiction not marked with an "\*" on the list maintained by the U.S. Department of State, at <http://www.state.gov/s/inr/rls/4250.htm> or any replacement or equivalent website maintained by the U.S. Department of State), provided that the prohibition in this clause (B) does not prohibit the operation of the Aircraft on an approved and assigned air traffic control route (if and so long as such use is otherwise in compliance with the provisions of the this Agreement and does not violate any insurance policies in effect with respect to the Aircraft), (C) to the extent that payment of any claim under the Required Coverages directly or indirectly arising or resulting from or connected with any such flight, operation, use or location would be prohibited under any trade or other economic sanction or embargo by the United States of America, or (D) in violation of any of the Loan Documents or any Applicable Standards. Customer shall adopt, implement and comply with all security measures required by any Applicable Law, or by any Required Coverages, or that are necessary or appropriate for the proper protection of the Aircraft (whether on the ground or in flight) against theft, vandalism, hijacking, destruction, bombing, terrorism or similar acts.

Customer agrees that, with respect to the Airframe, the Engines, each APU and each Part, Customer will at its own expense, (i) maintain, inspect, service, repair, overhaul and test the same in accordance with Applicable Standards; (ii) make any alterations or modifications that may at any time be required to comply with Applicable Standards, and to cause the Aircraft to remain airworthy; (iii) furnish all required parts, replacements, mechanisms, devices and servicing so that the condition and operating efficiency thereof will at all times be no less than its condition and operating efficiency as and when delivered to Customer, ordinary wear and tear from proper use alone excepted; (iv) promptly replace all Parts (A) which become worn out, lost, stolen, taken, destroyed, damaged beyond repair or permanently rendered or declared unfit for use for any reason whatsoever, or (B) if not previously replaced pursuant to clause (A), as and when required by any Applicable Standards, including any applicable life limits; and (v) maintain (in English) all Records in accordance with Applicable Standards; and (vi) enroll and maintain the Engines in an Engine Maintenance Program and the APU in an APU Maintenance Program or shall cause the foregoing to be done. All maintenance procedures shall be performed by properly trained, licensed, and certified maintenance sources and personnel utilizing replacement parts approved by the FAA and the manufacturer of (as applicable) the Airframe, the Engines, or any APU or Part. Without limiting the foregoing, Customer shall comply with all mandatory service bulletins and airworthiness directives by causing compliance to such bulletins and/or directives to be completed through corrective modification in lieu of operating manual restrictions.

Customer will not make, authorize or permit any improvement, change, addition or alteration to the Aircraft that will impair the originally intended function or use of the Aircraft, diminish the value of the Aircraft as it existed immediately prior thereto, or violate any Applicable Standard. All repairs, parts, replacements, mechanisms and devices added by Customer or on its behalf shall immediately, without further act, become part of the Aircraft and subject to the Lender's Lien granted under this Agreement.

#### Insurance.

Customer agrees to maintain or cause to be maintained at all times, at its sole cost and expense, with insurers of recognized reputation and responsibility satisfactory to Lender (but in no event having an A.M. Best or comparable agency rating of less than "A-"):

(A) comprehensive aircraft liability insurance against bodily injury or property damage claims including, without limitation, contractual liability, premises liability, death and property damage liability, public and passenger legal liability coverage, and sudden accident pollution coverage, in an amount not less than \$200,000,000.00 for 20 or more seats, or if the Aircraft will be chartered, or \$100,000,000.00 for 10 or more seats, or \$50,000,000.00 for fewer than 10 seats for each single occurrence, and (B) personal injury liability in an amount not less than \$25,000,000.00; but, in no event shall the amounts of coverage required by sub-clauses (A) and (B) be less than the coverage amounts as may then be required by Applicable Law;

"all-risk" ground, taxiing, and flight hull insurance on an agreed-value basis, covering the Aircraft, provided that such insurance shall at all times be in an amount not less than the greater of (1) the full replacement value of the Aircraft (as determined by Lender), or (2) the unpaid principal amount of the Note (each such amount re-determined as of each anniversary of the date hereof for the next succeeding year throughout the term of this Agreement); and

war risk and allied perils (including confiscation, appropriation, expropriation, terrorism and hijacking insurance) in the amounts required in paragraphs (i) and (ii), as applicable.

Any policies of insurance carried in accordance with this Section 4.6 and any policies taken out in substitution or replacement of any such policies shall (i) be endorsed to name Lender as an additional insured as its interests may appear (but without responsibility for premiums), (ii) provide, with respect to insurance carried in accordance with Section 4.6(a)(ii) or (a)(iii) above, that any amount payable thereunder shall be paid directly to Lender as sole loss payee and not to Lender and Customer jointly, (iii) provide for thirty (30) days' (seven (7) days' in the case of war, hijacking and allied perils) prior written notice by such insurer of cancellation, material change, or non-renewal, (iv) include a severability of interest clause providing that such policy shall operate in the same manner as if there were a separate policy covering each insured, (v) waive any right of set-off against Lender, and any rights of subrogation against Lender, (vi) provide that in respect of the interests of Lender in such policies, that the insurance shall not be invalidated by any action or inaction of Customer or any other Person operating or in possession of the Aircraft, regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by or binding upon Customer or any other Person operating or in possession of the Aircraft, and (vii) be primary, not subject to any co-insurance clause and shall be without right of contribution from any other insurance.

Customer shall not self-insure (by deductible, premium adjustment, or risk retention arrangement of any kind) with respect to any of the risks required to be insured pursuant to this Section 4.6. Customer agrees that it shall obtain and maintain such other insurance coverages, or cause adjustments to be made to the scope, amount or other aspects of the existing insurance coverages, promptly upon Lender's request, as and when Lender deems such additional insurance coverages or modifications to be appropriate in light of any changes in Applicable Law, prudent industry practices, the insurance market, Customer's anticipated use of the Aircraft or other pertinent circumstances. All of the coverages required herein shall be in full force and effect worldwide throughout any geographical areas to, in or over which the Aircraft is operated. All insurance proceeds payable under the requisite policies shall be payable in U.S. Dollars.

At least ten (10) days prior to the policy expiration date for any insurance coverage required by this Section 4.6, Customer shall furnish to Lender evidence (having the form and substance consistent with Section 1(f) of the Closing Terms Addendum) of the renewal or replacement of such coverage, complying with the terms hereof, for a twelve (12) month or greater period commencing from and after such expiration date.

#### Event of Loss: Loaner Engines.

Upon the occurrence of any Event of Loss with respect to the Aircraft and/or the Airframe, Customer shall notify Lender of any such Event of Loss within five (5) days of the date thereof. Customer shall pay the then Outstanding Balance promptly upon its receipt of insurance proceeds relating to such Event of Loss, but in no event later than ninety (90) days after the occurrence of such Event of Loss (irrespective as to

whether any or all of such proceeds have been received). Upon Lender's receipt in good and indefeasible funds of all of the amounts required to be paid pursuant to the preceding sentence (whether by applying Customer's payment of such amounts, or any such insurance proceeds, or both) the Aircraft shall be released from the Lender's Lien, and Lender shall remit to Customer any such insurance proceeds so received by Lender, to the extent then remaining.

Upon an Event of Loss with respect to an Engine or any APU (as applicable, a " **Lost Item** ") under circumstances in which there has not occurred an Event of Loss with respect to the Airframe, Customer shall, within one hundred twenty (120) days after the occurrence of such Event of Loss, replace such Lost Item, with a Permitted Replacement. Any engine or auxiliary power unit constituting a " **Permitted Replacement** " for a Lost Item shall (i) be of the same make and model number as the Lost Item, (ii) be free and clear of all Liens and (iii) have a value, utility and useful life at least equal to, and be in as good an operating condition as, the Lost Item, assuming such Lost Item was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss. Customer, at its own cost and expense, shall (i) furnish Lender with such documents to evidence such conveyance, (ii) cause the Permitted Replacement to be subject to the Lender's Lien under this Agreement, and (iii) take such other actions as may be required by Lender to cause the Lender's Lien therein to be validly created, perfected and have first priority, including as evidenced on the FAA Registry, the International Registry, and any other recording office. Each such Permitted Replacement shall, after such conveyance, be deemed an "Engine" or "APU" (as defined herein), as applicable, and shall be deemed part of the same Aircraft as was the Lost Item replaced thereby.

In the event an Engine is damaged and is being repaired, or is being inspected or overhauled, Customer, at its option, may temporarily substitute another engine during the period of such repair or overhaul, so long as such engine is of the same make and model as the Engine being repaired or overhauled, is free and clear of any Lien that might impair Lender's rights or interests in the Airframe and is maintained in accordance herewith (any such substitute engine being hereinafter referred to as a " **Loaner Engine** "). Customer shall (i) cause such Loaner Engine to be installed and removed, as applicable, by a maintenance facility certified by the FAA and manufacturer with respect to the Aircraft, and (ii) cause the repaired or overhauled original Engine to be reinstalled on the Airframe promptly upon completion of the repair or overhaul, but in no event later than the earlier of one hundred twenty (120) days after removal or the occurrence of an Event of Default.

So long as no Default has occurred and is continuing, and no Event of Default or Event of Loss with respect to the Aircraft has occurred, any loss or damage proceeds of the Required Coverages received by Lender shall be released promptly by Lender to Customer to reimburse Customer for paying the costs actually incurred with respect to repairs made to the Aircraft so as to restore it to the condition required by this Agreement, or for the purchase of a Permitted Replacement pursuant to Section 4.7(b), or shall be disbursed by Lender as otherwise required by this Agreement.

**Aircraft Registration.** On or before the Closing Date, and at all times thereafter, so long as any of the Obligations are outstanding, Customer shall remain solely responsible pursuant to the applicable provisions of this Agreement to cause (i) the Aircraft to be effectively and otherwise validly registered in Customer's name on the Registry, and (ii) the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft, in each case, accordance with the Registration Requirements; and without limiting the foregoing, or any other provision of this Agreement, Customer shall:

cause the Registration Certificate to be maintained within the Aircraft and cause the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft; including by (A) notifying Lender immediately of any event or circumstance with respect to which the Registration Requirements require further action by Customer, the Registry or any other Governmental Authority or other Person, (B) immediately upon receipt, placing the original, replacement or renewal Registration Certificate on the Aircraft prior to the expiration or other invalidation of any previously issued Registration Certificate (whether the certificate or any other document constituting the Registration Certificate as defined herein) under the Registration Requirements, and (C) complying with any and all of the other Registration Requirements relating to such Registration Certificate, and to the Registration Certificate replaced thereby (including any of the same relating to the destruction or return thereof, as the case may be); and

upon the occurrence, and at all times thereafter, of any Defective Registration (and without waiving Customer's responsibility to avoid such circumstance), or if the operation of the Aircraft is no longer authorized by the Registration Requirements, Customer shall (A) neither operate nor permit or suffer the operation of the Aircraft without a currently effective and otherwise valid Registration Certificate (and shall cause the pilots to be made aware of the Defective Registration), and otherwise comply with the FARs and other Applicable Laws relating to such Defective Registration, (B) ground and store the Aircraft in a manner reasonably acceptable to Lender, and (C) inform the insurer or insurers thereof, and obtain and maintain adjustments to the insurance coverages required pursuant Section 4.6 of this Agreement which may be necessary or desirable to Lender so as to reflect any changes in the insurable risks relating to any Defective Registration.

#### **Security Interest; Power of Attorney; Inspection .**

**Grant of Security Interest.** As collateral security for the prompt and complete payment and performance as and when due of all of the Obligations and in order to induce Lender to enter into this Agreement and make the Loan to Customer in accordance with the terms hereof, Customer hereby grants, pledges and assigns to Lender a first priority security interest, collateral assignment, international interest, prospective international interest, security assignment and prospective security assignment, in, against, under and with respect to (the " **Lender's Lien** ") all of Customer's right, title and interest in, to and under all of the following collateral, whether now existing or hereafter acquired (collectively, the " **Collateral** "): (i) the Aircraft, including the Airframe, the Engines, each of the APU and Parts, and the Records; (ii) any and all present and future Third Party Agreements; (iii) any and all other associated rights secured by or associated with the Airframe and/or the Engines, together with any related international interests and prospective international interests; (iv) any collateral described in the other Loan Documents (including in any Operating Consent); and (v) all proceeds of the foregoing. By way of clarification and not limitation, the foregoing grant of the Lender's Lien shall include, as applicable (and in each case, being validly registered and having first priority), an international interest in the Airframe and in each Engine. Notwithstanding the foregoing, (i) Customer shall not enter into any Third Party Agreements unless expressly permitted by Section 4.4 and (ii) Lender is not assuming, nor shall it be responsible for, any obligations, liabilities or duties of any kind whatsoever of Customer (and/or of any other Person) relating to the Collateral. Customer agrees that it shall perform and procure performance in accordance with any Third Party Agreement or other agreement or instrument giving rise to any associated rights that are or may become subjected to the Lender's Lien.

#### **UCCs, Registrations, Etc.; Lender as Attorney-in-Fact.** Customer hereby irrevocably:

authorizes Lender to prepare and file any UCC financing statements, amendments, continuations, terminations, assignments and other filings, or take such other actions for the purpose of perfecting, affording first and exclusive priority to or otherwise relating to Lender's Lien under this Agreement or the other Loan Documents;

consents to, and authorizes its professional user entity to consent to, the registration of each Registerable Interest requested by Lender or its Assignee, or otherwise required by the provisions of this Agreement or any of the other Loan Documents, including any subordination, amendment, assignment, discharge or undertaking permitted by the Cape Town Convention with respect thereto; and

constitutes and appoints Lender (including any Person acting on Lender's behalf), as its true and lawful attorney-in-fact with full power and authority in the place and stead of Customer and in the name of Customer or in its own name, for the purpose of carrying out the terms of this Agreement; which authority shall include the following undertakings that may be exercisable by Lender in its sole discretion at any time, and from time to time, if an Event of Default is then existing or upon the occurrence of an Event of Loss: (i) in Customer's name, file and/or record, such further instruments, filings and other documents, make, cause to be made and/or consent to all registrations with the International Registry, and take

such further action, to establish and protect Lender's rights, interests and remedies created, or intended to be created, pursuant to the Loan Documents; (ii) endorse Customer's name on any checks, notes, drafts or any other payments or instruments, or set off, apply, or take such other actions with respect to any funds relating to the Collateral that come into Lender's possession or control; and (iii) to settle, adjust, receive payment and make claim or proof of loss, and take such other actions relating to the Required Coverages. This appointment is coupled with an interest, is irrevocable and shall terminate only upon indefeasible payment and performance in full of all of the Obligations. The powers conferred on Lender hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Lender shall be accountable only for amounts that it actually receives in good and indefeasible funds as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to Customer for any act or failure to act. Without limiting the foregoing, Customer agrees that within five (5) Business Days of Lender's request, Customer will enter into an irrevocable power-of-attorney authorizing Aviation Counsel or Lender's other designee as Customer's professional user entity and administrator for the purpose of discharging any Registerable Interests as and when directed to do so by Lender in connection with its exercise of its rights and remedies under the Loan Documents.

**Inspection.** Lender or its authorized representatives shall have the right, but not the duty, to inspect the Aircraft, any part thereof and/or the Records, at its own cost any reasonable time and from time to time, wherever located, upon reasonable prior notice to Customer; except that after the occurrence of a Default or an Event of Default, such inspection may be conducted at any time without prior notice and at Customer's sole expense, and it shall pay Lender promptly upon demand any inspection costs incurred by Lender. So long as no Default or Event of Default exists, any such inspections shall be conducted during normal business hours and without interruption of the use and operation of the Aircraft as permitted hereby. Upon the request of Lender, Customer shall promptly confirm to Lender the location of the Aircraft or any of the other Collateral.

**Events of Default.** The term "Event of Default", wherever used herein, shall mean:

Customer shall fail to pay any Obligation within ten (10) days after the same shall become due and payable (whether at the stated maturity, by acceleration, upon demand or otherwise); or

(i) any Customer Party shall default in the payment or performance of any indebtedness, liability or obligation to Lender or any Affiliate of Lender under any note, security agreement, lease, title retention or conditional sales agreement or any other instrument or agreement; or (ii) any Customer Party shall fail to pay any Indebtedness (other than the Obligations) exceeding \$5,000,000.00, and such failure shall continue beyond any applicable grace period (or, with respect to trade Indebtedness which is not subject to a grace period, within ninety (90) days of the date such trade Indebtedness is incurred); OR

(i) any of the Required Coverages are not kept in full force and effect, or a breach or violation shall exist with respect to any provisions thereof; or the Aircraft is operated in a manner, at a time or in or over or located at a place with respect to which such Required Coverages shall not be in effect; (ii) Customer shall fail to cause the Airframe or the Engines to be used, operated, maintained or otherwise kept in a condition so as to be in compliance with all Applicable Laws; or (iii) any Customer Party shall fail to comply with (A) any financial covenants as and to the extent set forth or incorporated in any Guaranty or in any of the other Loan Documents, or (B) any provision of any of the Loan Documents restricting Liens and other dispositions relating to either the Collateral or any rights or obligations under any of the Transaction Documents (including Section 4.4 hereof), or (iv) the occurrence of any Defective Registration; or

(i) any representation or warranty made by any Customer Party in any of the Loan Documents or in any related agreement, document or certificate shall prove to have been incorrect, misleading, or inaccurate in any material respect when made or given (or, if a continuing representation or warranty, at any time); or (ii) any Customer Party shall fail to (A) perform or observe any other agreement (other than those specifically referred to in this Section 6) required to be performed or observed by it under this Agreement or in any of the other Loan Documents, and such failure shall continue uncured for thirty (30) days after the earlier of written notice thereof from Lender to such Customer Party or such Customer Party's actual knowledge thereof (but such notice and cure period will not be applicable unless such breach is curable by practical means within such notice period) or (B) notify Lender of any Default or Event of Default within ten (10) Business Days of its occurrence; or

(i) any Customer Party shall (A) generally fail to pay its, or his or her debts as they become due, admit its, or his or her inability to pay its, or his or her debts or obligations generally as they fall due, or shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws or other insolvency laws, or an answer admitting the material allegations of such a petition filed against such Customer Party in any such proceeding; or (B) by voluntary petition, answer or consent, seek relief under the provisions of any other bankruptcy or other insolvency or similar law providing for the reorganization or liquidation of corporations, or providing for an assignment for the benefit of creditors, or providing for an agreement, composition, extension or adjustment with its, or his or her creditors; or (ii) a petition against any Customer Party in a proceeding under applicable bankruptcy laws or other insolvency laws, as now or hereafter in effect, shall be filed and shall not be withdrawn or dismissed within one hundred twenty (120) days thereafter, or if, under the provisions of any law providing for reorganization or liquidation of business entities that may apply to any Customer Party, any court of competent jurisdiction shall assume jurisdiction, custody or control of such Customer Party or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of one hundred eighty (180) days after the filing date; or

the occurrence of any of the following events with respect to any Customer Party: (A) it enters into any transaction of merger, consolidation or reorganization; (B) it ceases to do business as a going concern, liquidates, or dissolves, or sells, transfers or otherwise disposes of all or substantially all of its assets or properties (in one or more transactions); (C) it becomes the subject of, or engages in, a leveraged buy out; (D) it changes the form of organization of its business; (E) if it is privately owned as of the Closing Date, there is any substantial change in the ownership or control of its capital stock or membership interests such that the holder(s) that own or control one hundred percent (100%) of such equity interests as of the Closing Date no longer do so; or (F) if it is publicly held as of the Closing Date, any change so that it is no longer subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or no longer registered under Section 12 of the Securities Act of 1933, as amended; or

(i) the conviction of or guilty plea by any Customer Party with respect to any criminal act constituting a felony, (ii) any repudiation by any Customer Party of its obligation for the payment or performance of the Obligations, (iii) any allegation by any Customer Party or judicial determination that any of the Loan Documents is unenforceable in any material respect or (iv) a Default (as defined in any Guaranty) shall occur; or any event or condition constituting a breach or other default under any Operating Consent.

## **Remedies.**

**Acceleration; Termination of Commitment.** If any Event of Default shall occur, Lender, in its sole discretion, may (a) declare the Obligations to be immediately due and payable, and upon such declaration the Obligations (including, the unpaid principal amount of the Note, together with all accrued but unpaid interest thereon, any prepayment fees and all other amounts due and payable under or with respect to the Loan Documents), shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the other Loan Documents to the contrary notwithstanding, (b) terminate any then outstanding commitment whether to Customer or any Affiliate to make the Loan or any advance thereof, or any other financial accommodations, whether related to the Loan or otherwise, and/or (c) pursue and enforce any of Lender's rights and remedies under this Section 7; provided, however, if an Event of Default specified in Section 6 (e) above shall occur, the Obligations shall become immediately due and payable, all such commitments shall terminate, and Lender shall have all such other rights and remedies contemplated in the preceding clauses (a), (b) and (c), automatically, and without any notice or

other action by Lender.

**Additional Remedies.** If an Event of Default occurs, in addition to all other rights and remedies granted to it in this Agreement and in the other Loan Documents, Lender may exercise all rights and remedies of a secured party under the UCC or as a creditor, chargee or security assignee under the Cape Town Convention (including any and all remedies thereunder requiring agreement by Customer), or otherwise available to Lender under any other Applicable Law. Without limiting the generality of the foregoing, Customer agrees that upon the occurrence of an Event of Default, Lender, without demand or notice of any kind (except as specified below) to or upon Customer or any other Person, in its sole discretion, may exercise any one or more of the following remedies:

(i) peacefully enter the premises where the Aircraft, the Engines, or any other Collateral is located, take immediate possession of, remove (or disable in place), or otherwise take control or custody of the Airframe, the Engines or any other Collateral (whether or not then attached to the Airframe) by self-help, summary proceedings or otherwise without liability, (ii) preserve the Airframe, the Engines or the other Collateral, and their respective value (but without any obligation to do so), and immobilize or keep idle the Airframe or Engines, and/or (iii) use Customer's premises for storage without liability; and Customer agrees, at Lender's request, to assemble the Collateral, and make it available to Lender at such places as Lender shall reasonably select, whether at Customer's premises or elsewhere;

(i) terminate the right of any Interested Third Party, and any other third party to use, possess or control the Airframe, the Engines or any of the other Collateral, including under any Permitted Third Party Agreement or other Third Party Agreement, without regard as to the existence of any event of default thereunder, (ii) recover from, and/or cause Customer and any such Interested Third Party, and any other third party, to relinquish possession and return the Airframe, the Engines and any other Collateral pursuant to this Section 7, and/or (iii) exercise any and all other remedies under any Operating Consents in Customer's stead, to the extent provided for under, or otherwise available to Customer in connection with any related Permitted Third Party Agreement or such other Third Party Agreement;

(i) manage, sell, lease, assign or otherwise dispose of the Airframe, the Engines or any other Collateral, in whole or in part, whether or not in Lender's possession, in one or more parcels or transactions, at public or private sale or sales, with or without notice to Customer (except as required by Applicable Law, and in furtherance thereof, Lender agrees that it shall give Customer no less than ten (10) working days' prior notice of any proposed sale or lease of the Airframe or Engines, which Customer acknowledges as constituting "reasonable prior notice" for the purposes of the Cape Town Convention) at such prices as Lender may deem best, and/or (ii) purchase the Collateral, in whole or in part, upon any public sale or sales, and to the extent permitted by Applicable Law upon any private sale or sales, free of any right or equity of redemption in Customer, which right or equity of redemption is hereby expressly released;

(i) collect, receive, appropriate and realize upon the Collateral, or any part thereof, including by applying any deposit or other cash collateral, or collecting or receiving, appropriating and realizing upon any income, profits or other proceeds arising from the management or use of the Airframe, the Engines or any of the other Collateral, and applying the same (after deducting all taxes, costs, expenses and other reductions of every kind incurred in connection therewith) to the payment in whole or in part of the Obligations, in such order and manner as Lender may elect; and (ii) after making such application, (A) remitting to Customer or to such other Person any excess then remaining, as and to the extent Lender is required by Applicable Law to make such remittance and (B) demanding, collecting and receiving from Customer any deficiency then remaining (and Customer agrees that it shall remain liable for, and pay upon demand, the full amount of any such deficiency);

(i) demand and obtain from any court speedy relief pending final determination available at law (including, possession, control, custody or immobilization of the Airframe and Engines, or preservation of the Airframe and the Engines and their respective value), (ii) procure the deregistration and/or export and physical transfer of the Airframe from the territory in which it is then situated (including pursuant to an IDERA, if any, executed by Customer), and/or (iii) otherwise proceed at law or in equity, to enforce specifically Customer's performance or to recover damages; and/or

exercise any and all other rights and remedies under or with respect to the Loan Documents or Applicable Law, including the Cape Town Convention and the UCC.

**No Waiver: Cumulative Remedies.** No right or remedy is exclusive. Customer hereby acknowledges that none of the provisions of this Section 7, including any remedies set forth or referenced herein, is "manifestly unreasonable" for the purposes of the Cape Town Convention. Each may be used successively and cumulatively and in addition to any other right or remedy referred to above or otherwise available to Lender at law or in equity, but in no event shall Lender be entitled to recover any amount in excess of the maximum amount recoverable under Applicable Law with respect to any Event of Default. No express or implied waiver by Lender of any Default or Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default. The failure or delay of Lender in exercising any rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or reoccurrence of any such contingencies or similar contingencies, and any single or partial exercise of any particular right by Lender shall not exhaust the same or constitute a waiver of any other right provided for or otherwise referred to herein. After the occurrence of any Default or Event of Default, the acceptance by Lender of any payment or performance of any of the Obligations, including the payment of any installment of principal and/or interest or of any other sum owing hereunder or under the other Loan Documents shall not constitute a waiver of such Default or Event of Default, regardless of Lender's knowledge or lack of knowledge thereof at the time of acceptance of any such payment or performance and shall not constitute a reinstatement of any of the Loan Documents, unless Lender shall have agreed in writing to reinstate the same and waive the Default or Event of Default. To the extent permitted by Applicable Law, Customer waives any rights now or hereafter conferred thereby, that (a) limit or modify any of Lender's rights or remedies under this Agreement or any of the other Loan Documents, including the provisions of Article 13(2) of the Convention, or (b) would otherwise entitle Customer to (i) receive notices or demands as a condition to Lender's exercise of any rights or remedies, except as expressly required above or (ii) make claims, damages and demands against Lender arising out of the repossession, retention, sale or other disposition of the Collateral.

#### **MISCELLANEOUS**

**Notices.** All communications and notices provided for herein shall be in writing and shall be deemed to have been duly given or made (i) upon hand delivery, or (ii) upon delivery by an overnight delivery service, or (iii) when sent by telecopy (with customary confirmation of receipt of such telecopy) on the Business Day when sent or upon the next Business Day if sent on other than a Business Day.

#### **Expenses and Fees; Indemnity; Performance of Customer's Obligations.**

Customer shall pay to Lender upon demand all reasonable fees, costs and expenses incurred by or on behalf of Lender at any time in connection with (i) the negotiation, preparation, execution, delivery and enforcement of the Loan Documents and the collection of the Obligations (both before and after the occurrence of a Default or Event of Default), (ii) the creation, preservation and protection of the Collateral and the perfection, first priority and enforcement of Lender's Lien, or (iii) Customer's exercise of any right granted under, or any amendment or other modification to any of, the Loan Documents. Such fees, costs and expenses shall include, without limitation, reasonable appraisal and inspection fees, the reasonable fees and expenses of Aviation Counsel and of Lender's counsel, consultants and brokers, UCC, FAA, International Registry and other applicable title, interest and lien searches, and reasonable costs and expenses relating to recovery, repossession, storage, insurance, transportation, repair, refurbishment, advertising, sale and other dispositions of the Aircraft or any of the other Collateral. Customer shall also pay all reasonable fees (including license, filing and registration fees), Impositions and other charges of whatever kind or nature that may be payable or determined to be payable in connection with (A) the execution, delivery, recording or performance of this Agreement or any of the other Loan Documents, or any modification thereof, and (B) the filings, registrations and other undertakings relating thereto. Notwithstanding the foregoing, as

long as there are no more than two (2) revised drafts of any Loan Document provided by Customer or its counsel to Lender or Lender's counsel, Customer shall be responsible for not more than \$35,000.00 in the aggregate for the legal fees of outside counsel to Lender (including, Aviation Counsel) and appraisal, inspection, processing, credit verification, lien searches, FAA and International Registry fees and other fees incurred in connection with the initial negotiation, preparation and execution of this Agreement and the other Loan Documents executed and delivered on or before the Closing Date (and the consummation of the closing contemplated to occur thereon); provided that in the event that the negotiation exceeds two (2) revised drafts of any Loan Document, then Customer shall pay for the actual amount of such out of pocket fees incurred by Lender relating to the drafting and negotiation in excess of such two (2) revised drafts. Lender shall apply the previously paid deposit amount of \$35,000.00 to such fees and shall refund to Customer the amount by which the deposit exceeds such fees.

Customer hereby further agrees, whether or not the transactions contemplated by this Agreement shall be consummated, to pay, indemnify, and hold Lender and its affiliates and all of the Lender's and such affiliates' respective directors, shareholders, members, officers, employees, agents, predecessors, attorneys-in-fact, lawyers, successors and assigns (Lender, its affiliates and all of such other parties and entities sometimes hereinafter collectively, the "**Indemnified Parties**") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, out of pocket costs, attorney's fees, expenses or disbursements of any kind or nature whatsoever ("**Claims**") arising with respect to or in connection with (i) the Airframe, the Engines, or any APUs or Parts, or any of the other Collateral, including (whether by or through Customer, Vendor, any Interested Third Party, or any other Person), the manufacture, inspection, ownership, lease, sublease, management, pooling, interchange, time sharing, chartering, possession, use, operation, maintenance, security, condition (whether prior to, upon or after delivery or acceptance of any of the same), repossession, storage, sale or other disposition of any of the same, or any accident in connection therewith, including Claims involving or alleging environmental damage, criminal acts, hijacking, acts of terrorism or similar acts, product liability or strict or absolute liability in tort, latent and other defects (whether or not discoverable) and for any other risk or matter, including any of the same that result in injuries, death, destruction, or other harm or loss to persons or property, or (ii) any of the Loan Documents, Third Party Agreements or other Transaction Documents, or the performance, breach (including any Default or Event of Default) or enforcement of any of the terms hereof or thereof, provided, that Customer shall have no obligation to indemnify an Indemnified Party with respect to Claims arising from the gross negligence or willful misconduct of such Indemnified Party (unless if imputed by Applicable Law). If any Claim is made against any Indemnified Party, the party receiving notice or otherwise becoming aware of such Claim shall promptly notify the other, but the failure of the party having knowledge of a Claim to so notify the other party shall not relieve Customer of any obligation hereunder.

If any Customer Party fails to perform or comply with any of its agreements contained herein or in the other Loan Documents, including, without limitation, its obligations to keep the Collateral free of Liens (other than the Permitted Liens), comply with Applicable Standards, or obtain the Required Coverages, Lender shall have the right, but shall not be obligated, to effect such performance or compliance, with such agreement. Any expenses of Lender incurred in connection with effecting such performance or compliance, together with interest thereon at the default rate of interest provided for in the Note from the date incurred until reimbursed, shall be payable by Customer to Lender promptly on demand and until such payment shall constitute part of the Obligations secured hereby. Any such action shall not be a cure or waiver of any Default or Event of Default hereunder.

Entire Agreement; Modifications. This Agreement and the other Loan Documents constitute the entire understanding and agreement of the parties hereto with respect to the matters contained herein and therein, and shall completely and fully supersede all other prior agreements (including any proposal letter, commitment letter, and/or term sheet), both written and oral, between Lender and Customer relating to the Obligations. Neither this Agreement, nor any terms hereof, may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of a change, waiver, discharge or termination is sought.

Construction of this Agreement and Related Matters. All representations and warranties made in this Agreement and in the other Loan Documents shall survive the execution and delivery of this Agreement and the making of the Loan hereunder. Customer's obligations contained in this Section 8 shall survive the payment and performance of the Obligations, the termination of this Agreement, and the release of the Collateral. This Agreement may be executed by the parties hereto on any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. The headings of the Sections hereof are for convenience only, are not part of this Agreement and shall not be deemed to affect the meaning or construction of any of the provisions hereof. Time is of the essence in the payment and performance of all of Customer's obligations under this Agreement. Any provision of this Agreement that may be determined to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective in such jurisdiction to the extent thereof without invalidating the remaining provisions of this Agreement, which shall remain in full force and effect.

Lender's Assignment. Lender, may at any time, with or without notice to Customer, freely grant a security interest in, sell, assign, participate or otherwise transfer (an "**Assignment**") all or any part of its interest in this Agreement and the other Loan Documents (including all associated rights associated with or secured thereby and the related international interests) or any amount due or to become due hereunder or thereunder, and Customer shall perform all of its obligations under the Loan Documents, to the extent so transferred, for the benefit of the beneficiary of such Assignment (such beneficiary, including any successors and assigns, an "**Assignee**"); provided, however, if such Assignee is not an Affiliate of Lender and if no Default or Event of Default exists, Lender will provide prior notice of any such Assignment to a third party. Customer hereby waives any right to assert, and agrees not to assert, against any Assignee any abatement, reduction, defense, setoff, recoupment, claim or counterclaim that Customer may have against Lender, provided that Lender remains fully responsible therefor. Upon the assumption by such Assignee of Lender's obligations hereunder, Lender shall be relieved of any such assumed obligations. Customer hereby consents to any such assignment, grant, sale or transfer, including, without limitation, for purposes of the Cape Town Convention. If so directed in writing, Customer shall pay all amounts due or to become due under the Loan Documents, including any of the same constituting associated rights or proceeds directly to the Assignee or any other party designated in writing by Lender or such Assignee. Customer acknowledges and agrees that Lender's right to enter into an Assignment is essential to Lender and, accordingly, waives any restrictions under Applicable Law with respect to an Assignment and any related remedies. Upon the request of Lender or any Assignee, Customer also agrees (a) to promptly execute and deliver, and cause to be executed and delivered by any Guarantor or any other Transaction Party, to Lender or to such Assignee an acknowledgment of assignment in form and substance satisfactory to the requesting party, an insurance certificate naming Assignee as additional insured and loss payee and otherwise evidencing the Required Coverages, an IDERA in favor of Assignee, and such other documents and assurances reasonably requested by Lender or Assignee, (b) to make, or cause to be made, all registrations (including all assignments and subordinations) and all amendments, extensions and discharges with the International Registry reasonably requested by Lender or Assignee (and give or obtain any necessary consent thereto, as well as renew any authorization required by the International Registry in connection therewith, including renewing its transacting user entity status and re-designating a professional user entity, if necessary in Lender's judgment), and (c) to comply with any and all other reasonable requirements of any such Assignee in connection with any such Assignment.

Jurisdiction. Customer and Lender each hereby irrevocably consents and agrees that any legal action, suit or proceeding arising out of or in any way in connection with this Agreement or any of the other Loan Documents may be instituted or brought in the courts of the State of New York or in the United States Courts for the Southern District of New York, as Customer or Lender may elect or in any other state or Federal court as Lender shall deem appropriate, and by execution and delivery of this Agreement, Customer and Lender each hereby irrevocably accepts and submits to, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of any such court, and to all proceedings in such courts. Customer and Lender each irrevocably consents to service of any summons and/or legal process by first class, certified

United States air mail, postage prepaid, to Customer at the address set forth below its signature hereto, such method of service to constitute, in every respect, sufficient and effective service of process in any such legal action or proceeding. Nothing in this Agreement or in any of the other Loan Documents shall affect the right to service of process in any other manner permitted by law or limit the right of Lender to bring actions, suits or proceedings in the courts of any other jurisdiction. Customer and Lender each further agrees that final judgment against it in any such legal action, suit or proceeding shall 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 shall be conclusive evidence of the fact and the amount of the liability. Notwithstanding anything in the foregoing to the contrary, Lender and Customer may bring a judicial proceeding in the Republic of Ireland, solely with respect to matters relating to the International Registry.

Governing Law; Binding Effect. This Agreement shall be construed and enforced in accordance with, and the rights of both parties shall be governed by, the internal laws of the State of New York (without regard to the conflict of laws principles of such state, except as to the effect of Title 14, Section 5-1401 of the New York General Obligations Law), including all matters of construction, validity, and performance. This Agreement shall be binding upon and inure to the benefit of Customer and Lender and their respective successors and assigns (but without limiting the provisions of Section 8.5); except that Customer may not assign or transfer its rights or obligations hereunder or under any other Loan Agreement, or any interest herein or therein; and any such purported or attempted assignment or transfer by Customer shall be null and void.

Customer's Capacity as Owner Trustee. TVPX Aircraft Solutions Inc. ("TVPX") is executing this Agreement, and the other Loan Documents solely in its capacity as Owner Trustee under the Trust Agreement and not in its individual capacity and in no case shall TVPX be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of the Customer hereunder, or under any Loan Document, all such liability, if any, being expressly waived by the parties hereto and any Person claiming by, through, or under such party. Under no circumstances shall TVPX be personally liable for the payment of any other amount stated to be due from the Customer hereunder, or under any Loan Document, or be personally liable for the breach or failure of any of Customer's representations, warranties, covenants, obligations, undertakings and agreements hereunder, or under any Loan Documents; provided, however, that the Customer (or any such successor owner trustee) shall be personally liable hereunder for its own gross negligence or willful misconduct or for its breach of its covenants, representations and warranties contained herein, or in any Loan Document, to the extent covenanted or made in its individual capacity.

Jury Waiver. CUSTOMER AND LENDER EACH HEREBY KNOWINGLY AND FREELY WAIVES THEIR RESPECTIVE RIGHTS TO A JURY TRIAL IN ANY ACTION, SUIT OR PROCEEDING RELATING TO, ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE NOTE OR ANY OF THE OTHER LOAN DOCUMENTS.

**[Signatures On Next Page]**

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Loan and Aircraft Security Agreement

IN WITNESS WHEREOF, the parties hereto have caused this Loan and Aircraft Security Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

BANC OF AMERICA LEASING & CAPITAL, LLC, Lender

TVPX AIRCRAFT SOLUTIONS INC., a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated July \_\_\_\_, 2017,  
Customer

By:  
Name:  
Title:  
Notice Address:

One Financial Plaza, 2nd Floor  
Providence, Rhode Island 02903  
Attention: Director of Aircraft Operations  
Telephone: 800-238-3737  
Facsimile: 401-278-7941

By:  
Name:  
Title:  
Notice Address:

39 East Eagle Ridge Drive, Ste. 201  
North Salt Lake, UT 84054  
Telephone: (801) 924-367  
Facsimile: (801) 877-0478

All capitalized terms and certain other terms not defined in this Closing Terms Addendum are defined in the Agreement. Execution of the Agreement by Customer and Lender shall be deemed to constitute execution and acceptance of the terms and conditions of this Closing Terms Addendum, and it shall supplement and be a part of the Agreement.

1. **Closing Deliverables** . Prior to making the Loan and, (if required by Lender) at least three (3) full Business Days prior to the Closing Date, Lender shall have received all of the following, in form and substance satisfactory to Lender (the “ **Closing Deliverables** ”):

(a) the Agreement dated as of the date hereof, and the Note (in the aggregate principal amount of the Loan) dated as of the Closing Date, any Third Party Agreements identified in Annex B and any other applicable Loan Documents, each duly executed by each of the applicable Transaction Parties;

(b) (i) the Purchase Agreement, duly executed by Customer and the seller, copies of the warranty bill of sale and FAA Bill of Sale (AC Form 8050-2) (the “ **FAA Bill of Sale** ”) conveying title to the Aircraft from the seller to Customer, a copy of the executed FAA Aircraft Registration Application (AC Form 8050-1) (the “ **Registration Application** ”) for the Aircraft, and such other documents relating to the purchase or conveyance of title as Lender may request; (ii) a copy of the invoice relating to the Loan; and (iii) a pay proceeds letter, executed by Customer, directing Lender to make disbursements of the Loan proceeds (including, if applicable, in accordance with any pre-funding agreements), as and to the extent so agreed by Lender, in its discretion;

(c) Certificates of good standing for each of the Customer Parties from their respective states of organization and chief executive office and principal place of business;

(d) a certificate for each of the Customer Parties executed by its secretary or other authorized representative certifying: (i) that the execution, delivery and performance of the Agreement and the other Loan Documents and participation in the transactions contemplated thereby have been duly authorized, (ii) the name(s) of the person(s) authorized to execute and deliver such documents on behalf of such Customer Party together with specimen signature(s) of such Person(s); and (iii) as to the completeness and accuracy of such Customer Party’s charter and by-laws, operating agreement and other organizational documents, as applicable, attached to the certificate;

(e) **[RESERVED]**

(f) evidence as to the Required Coverages, including, but not limited to, a certificate of insurance, copies of endorsements (including a Lender endorsement), and, if requested by Lender, copies of applicable policies and written confirmation from the insurance underwriter or broker that the insurance coverage provided is in compliance with the requirements of Section 4.6 of the Agreement and any other applicable provisions of the Loan Documents;

(g) a letter from a DAR confirming inspection of the Aircraft on the Closing Date and providing Lender with reasonable assurances of the certainty of the issuance of the FAA Standard Airworthiness Certificate (AC Form 8100-2) for the Aircraft within two (2) Business Days of the Closing Date;

(h) FAA and UCC search reports and search certificate from the International Registry, and if the Aircraft or any of the other Collateral is not free and clear of Liens, copies of any required subordinations, releases or terminations of any other prior Liens, and evidence of such other actions having been taken as may then be required to perfect and give first priority to the Lender’s Lien against the Aircraft and the other Collateral; and, if required by Lender, title insurance, from an issuer and having such terms, and evidenced by copies of policies or such other assurances as may be required by Lender;

(i) regarding the International Registry, evidence that each of Customer and all pertinent Persons (i) are transacting user entities (and identifying the name of their respective administrators), (ii) have designated Aviation Counsel as their professional user entity, and (iii) have taken all other actions which may then be necessary (including, by providing all necessary authority to its administrator) so that all of the Registerable Interests, including any discharges and subordinations, required by the Agreement or the other Loan Documents can be registered with the International Registry in favor of Lender;

(j) (i) a copy of each duly executed Permitted Third Party Agreement (including, if any of the same constitutes a lease, the only chattel paper original thereof) and the related Operating Consent; and (ii) if the Aircraft is to be chartered pursuant thereto, a copy of the manager’s or other charter operator’s Part 135 Certificate; and

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**LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)**

**THIS LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)** (together with all Addenda, Riders and Annexes hereto, this “ **Agreement** ”) is dated as of July 27, 2017 (the “ **Closing Date** ”), by and between **TVPX AIRCRAFT SOLUTIONS INC.** , a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated as of July 27, 2017 (“ **Customer** ”) and **BANC OF AMERICA LEASING & CAPITAL, LLC**, a Delaware limited liability company (“ **Lender** ”).

In consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

Capitalized and certain other terms used but not otherwise defined in this Agreement shall have the meanings ascribed to them in Annex A attached hereto and made a part hereof.

#### **Terms of Loan .**

Loan and Use of Proceeds . Subject to the terms and conditions of this Agreement, Lender agrees to make a loan to Customer in the principal amount set forth in Annex B attached hereto and made a part hereof (the “ **Loan** ”). Customer shall use the proceeds of the Loan to finance the costs of the acquisition of the Aircraft.

Repayment and Prepayment . The Customer's obligation to repay the Loan shall be evidenced by one or more Promissory Notes dated on and/or after the Closing Date, payable by Customer to the order of Lender in the original principal amount of the Loan (as amended, modified, restated, extended and renewed from time to time, the “ **Note** ”). The Loan shall bear interest and be repaid by Customer at the times and in the manner set forth in the Note. The Loan may be prepaid only in the manner and subject to terms and conditions set forth in the Note and, if applicable, Section 4.7 hereof.

**Conditions of Borrowing** . Lender's obligation to make the Loan shall be both subject to and conditioned upon the satisfaction of all of the conditions precedent specified in the Closing Terms Addendum attached to and made a part of this Agreement.

**Representations and Warranties** . In order to induce Lender to enter into this Agreement and to make the Loan herein provided for, Customer represents, warrants and covenants to Lender that:

(i) Customer (A) is duly qualified to do business in each jurisdiction in which the conduct of its business or the ownership or operation of its assets requires such qualification, including the jurisdiction of the Primary Hangar Location and wherever any of the Collateral may become located; (B) has the necessary authority and power to own and operate the Aircraft and its other assets and to transact the business in which it is engaged; (C) is a “citizen of the United States” within the meaning of the Transportation Code; and (D) has the form of business organization set forth in Annex B hereto and is and will remain duly organized, validly existing and in good standing under the laws of the state of its organization set forth in Annex B hereto, its federal tax identification number is as set forth in Annex B hereto, and its state-issued organizational identification number (if any), chief executive office and principal place of business address are all as set forth on Annex B hereto; and (ii) its name as shown in the preamble of this Agreement is its exact legal name as shown on its charter, by-laws, articles of organization or operating agreement, as applicable, each as amended as of the Closing Date;

(i) Customer's execution and delivery of, and performance of its obligations under and with respect to, each of the Loan Documents (including its borrowing the amounts constituting the Loan, granting the Lender's Lien against the Aircraft and other Collateral and participating in the other transactions contemplated herein and therein), (A) have been duly authorized by all necessary action on the part of Customer consistent with its form of organization, (B) do not contravene or constitute a default under any Applicable Law, any of Customer's Organizational Documents, or any agreement, indenture, or other instrument to which Customer is a party or by which it may be bound, (C) do not require the approval of or notice to (1) any Governmental Authority, except for the filings and registrations specified in the Closing Terms Addendum, all of which shall have been duly effected prior to or concurrently with Lender making the Loan, or (2) any other party (including any trustees or holders of indebtedness), and (D) will not result in the creation or imposition of any Lien on any of the assets of Customer other than the Lender's Lien created hereby and by the other Loan Documents with respect to the Collateral; (ii) each of the Transaction Documents referenced in the Closing Terms Addendum to which Customer is a party has been duly executed and delivered by an authorized representative of the Customer, and constitutes the legal, valid and binding obligation of the Customer, enforceable against it in accordance with the respective terms of such Transaction Documents (including, without limitation, the grant of the Lender's Lien); and (iii) without limiting the foregoing, upon Lender's advancing the Loan on the Closing Date, (A) Customer will have satisfied or complied with all conditions precedent and requirements as set forth in the Loan Documents required to have been satisfied or complied with concurrently with or prior to such advance and (B) no Default or Event of Default shall be then existing;

there are no proceedings pending or, so far as the officers, managers, or members of Customer know, threatened against or affecting Customer or any of its property before any Governmental Authority that could impair Customer's title to the Aircraft or any of the other Collateral, or that, if decided adversely, could materially affect the financial condition or operations of Customer or its ability to perform its obligations under any of the Loan Documents;

(i) Customer has, and shall continue to have, good and marketable title to the Collateral, free and clear of Liens, except Permitted Liens; (ii) the Lender's Lien in the Airframe, the Engines and the other Collateral is and shall remain validly created and perfected, and has and shall continue to have first priority over any other Liens pursuant to all Applicable Laws; and (iii) all filings, recordings, registrations or other actions necessary or desirable in order to vest such title in Customer, and establish, perfect and give first priority to Lender's Lien and other rights and interests in, against or with respect to the Collateral, have been duly effected, and all Impositions in connection therewith have been duly paid;

without limiting any of the other representations and warranties in this Agreement, for the purposes of the Cape Town Convention and any other Applicable Law, (i) upon the conclusion of the sale of the Aircraft to Customer, and Customer's grants and assignments, and (if constituting a lease) any Permitted Third Party Agreement, contemplated in the Loan Documents or other Transaction Documents, Customer and (if a lessee) any Interested Third Party shall be situated in, and Customer will cause the Aircraft to be duly registered in, the United States of America (which is a contracting state), (ii) with respect to any of the Transaction Documents relating to the Airframe or Engine, each of the respective parties thereto has power to dispose of the Airframe and Engine, as contemplated therein by way of the relevant Transaction Document, and (iii) the Purchase Documents qualify as a “contract of sale”, and (if constituting a lease) any Permitted Third Party Agreement and the Loan Documents are effective to constitute international interests in the Airframe and Engine and security assignments of the related associated rights and transfer of the related international interests, as contemplated therein, and each such Registerable Interest will be effective against third parties upon registration at the International Registry, without any further filings or registrations (except as contemplated in the Loan Documents);

(i) the Aircraft (A) has been delivered to Customer, is in Customer's possession and is, as of the Closing Date, unconditionally, irrevocably and fully accepted by Customer, (B) has been inspected by Customer to its complete satisfaction and, without limiting the foregoing, (1) has been found to be in good working order, repair and condition and fully equipped to operate for its intended purpose, and (2) is in conformity with the requirements of the Purchase Agreement and the Applicable Standards, (C) is, or will be at the time of the funding of the Loan, currently certified under existing FAA rules and regulations and any other Applicable Laws and is airworthy in all respects, and (D) is and will remain primarily hangared at the Primary Hangar Location; and (ii) without limiting the foregoing, (A) solely as between Lender and Customer (and without prejudicing Customer's rights against Vendor or any other third party, which rights are not being disclaimed hereby), Customer has no pending claims and has no knowledge of any facts upon which a future claim may be based, against any prior owner, the seller, manufacturer or supplier of the Aircraft or any of the other Collateral, for breach of warranty or otherwise, and (B) all of the information contained in Annex C , including the registration number of the Aircraft, and the serial numbers, manufacturer and model numbers of the Airframe, Engines, and APU, are true and accurate in all respects; and

(h) the Aircraft (i) is currently capable of being certified under existing FAA rules and regulations and completely airworthy in all respects, (ii) will undergo an inspection by a Designated Airworthiness Representative of the FAA (“ **DAR** ”) on the Closing Date and (iii) an FAA Standard

Airworthiness Certificate (AC Form 8100-2) shall be issued for the Aircraft no later than two (2) Business Days after the Closing Date.

**Covenants** . Customer covenants and agrees that from and after the Closing Date and so long as any of the Obligations are outstanding:

Notices; Financial Information; and Further Assurances . Customer will, at its sole expense:

promptly give written notice to Lender of (i) the occurrence of any Default or Event of Default; (ii) the occurrence of any Event of Loss or event of which Customer may be aware that could become an Event of Loss; (iii) the commencement or written threat of any material litigation or proceedings affecting Customer or any material litigation or proceedings affecting the Aircraft or any of the other Collateral, or the ability of Customer to comply with its obligations under the Loan Documents; and (iv) any material dispute between Customer or any Interested Third Party and any Governmental Authority or other party that involves the Aircraft or any of the other Collateral or that might materially interfere with the normal business operations of Customer;

cause Guarantor to comply with the financial reporting requirements set forth in the Guaranty and promptly furnish to Lender any such financial and other information regarding the Customer or Guarantor or any of its Affiliates as Lender may from time to time reasonably request; and

promptly execute and deliver to Lender such further instruments, UCC and FAA filings (including an IDERA) and other documents, make, cause to be made and/or consent to all registrations (including any discharges and subordinations, or as to the prospective or actual sale of, and any international interest in, the Engines) with the International Registry, and take such further action, as Lender may from time to time reasonably request in order to further carry out the intent and purpose of the Loan Documents and to establish, protect and enforce the rights, interests, remedies and Liens (including the first priority thereof) created, or intended to be created, in favor of Lender thereby.

General Obligations . (a) Customer agrees that it shall (i) duly observe and conform to all requirements of Applicable Law relating to the conduct of its business and/or the Aircraft, (ii) remain a "citizen of the United States" within the meaning of the Transportation Code, (iii) obtain and keep in full force and effect (A) all rights, franchises, licenses and permits that are necessary to the proper conduct of its business, and (B) all approvals by any Governmental Authority required with respect to the performance of its obligations under the Loan Documents and the operation of the Aircraft and its business, (iv) cause the Aircraft to remain primarily hangared at the Primary Hangar Location, and duly registered in Customer's name under the Transportation Code (including, by making all necessary reports, re-registering its ownership of the Aircraft, and taking all other actions required by Applicable Law), and (v) pay and perform all of its obligations and liabilities when due. (b) Customer agrees that (i) it shall not change its presently existing legal name or its form or state of organization on or after the date of this Agreement, without Lender's prior written consent, (ii) if its presently existing state organizational identification number changes, or if Customer currently has no such state organizational number but is subsequently issued such a number, on or at any time after the date of this Agreement, Customer shall immediately notify Lender thereof, and (iii) it shall not change the presently existing mailing, chief executive office and/or principal place of business address on or after the date of this Agreement without giving Lender thirty (30) days written notice of the same.

Taxes . (a) Customer will file or cause to be filed with all appropriate taxing authorities all Federal, state and local income tax returns that are required to be filed and all registrations, declarations, returns and other documentation with respect to any personal property taxes (or any other taxes in the nature of or imposed in lieu of property taxes) due or to become due with respect to the Aircraft or any of the other Collateral. (b) Customer will pay (or cause to be paid) (i) on or before the date when due all taxes as shown on said returns and all taxes assessed, billed or otherwise payable with respect to the Aircraft or the other Collateral directly to the appropriate taxing authorities; and (ii) when due all license and/or registration or filing fees, assessments, governmental charges and sales, use, property, excise, privilege, value added and other taxes (including any related interest or penalties) or other charges or fees now or hereafter imposed by any governmental body or agency upon Customer or the Aircraft or any of the other Collateral, with respect to the landing, airport use, manufacturing, ordering, shipment, purchase, ownership, delivery, installation, leasing, chartering, operation, possession, use or disposition of the Aircraft or any of the other Collateral, or any interest therein (the items referred to in (i) and (ii) above being referred to herein collectively, as "**Impositions** ").

No Disposition of Collateral or Liens; Title and Security Interest .

Customer shall not sell, assign, enter into any Third Party Agreement, convey, mortgage, exchange or otherwise transfer or relinquish possession of (including by any seizure or other taking by any foreign or domestic governmental authority) or dispose of the Airframe or Engines, any Part, any related associated rights, international interests or prospective international interests, any proceeds or any of the other Collateral, or attempt or offer to do, or suffer or permit any of the foregoing. Customer shall be permitted, however, to deliver possession of the Airframe, the Engines, or any APU or Part to another Person for testing, service, repair, maintenance, overhaul, alteration or modification, and to enter into Permitted Third Party Agreements, in each case, if and to the extent consistent with the provisions of the Loan Documents. Customer will warrant and defend its good and marketable title to the Airframe, the Engines and the other Collateral, and the validity, perfection and first priority of Lender's Lien in the Collateral, against all other Liens, claims and demands whatsoever, except Permitted Liens; and without limiting the foregoing, Customer will (i) not create, assume or suffer to exist any Liens on or with respect to the Airframe, the Engines, or any of the other Collateral, or Customer's interest therein (other than Permitted Liens); and (ii) promptly take such action as directed by Lender to duly discharge any such unpermitted Liens.

So long as no Default or Event of Default is then existing, Customer may enter into and remain a party to Third Party Agreements, in each such case, subject to the satisfaction of, and compliance by Customer and each Interested Third Party with, all of the following throughout the term of such arrangement: (i) Each such Interested Third Party shall (A) be and remain solvent, and (unless an individual) organized under the laws of a state within the United States; and (B) if engaged by Customer with the prior written consent of Lender as a manager and/or charter operator (including the Manager pursuant to the Management Agreement), while so engaged, (1) have a recognized favorable reputation as a manager and/or charter operator, as the case may be, of aircraft similar to the Aircraft, (2) be providing management and/or charter operation services for other aircraft owners similar to the services contemplated therein, and (3) if and at all times while conducting any charter operations (x) have and maintain a valid Part 135 Certificate evidencing its authority to conduct such operations, (y) list the Aircraft on its operations specifications, and (z) comply with all Applicable Standards pertaining to such charter operations. (ii) Any operation of the Aircraft pursuant to any such Third Party Agreement shall be limited to (A) if by Customer, Parent Guarantor or any Affiliate of Parent Guarantor, any time sharing agreements (as defined in Section 91.501(c)(1)) complying with Part 91 of the FARs and all other Applicable Standards, (B) if by a manager and/or a charter operator with Lender's prior written consent, pursuant to and in full compliance with the requirements of Part 135 of the FARs and all other Applicable Standards, or (C) if such Third Party Agreement is a "dry lease" by Customer, as lessor, to Parent Guarantor or an Affiliate of Parent Guarantor or other Interested Third Party permitted pursuant hereto, as lessee, operation by such lessee complying with (1) Part 91 and any other applicable provision of the FARs, and all other Applicable Standards, and (2) the provisions hereof and of the other Loan Documents pertinent to the operation of the Aircraft (whether by Customer or any permitted Interested Third Party). (iii) The related Third Party Agreement shall (A) be and remain, subject and subordinate to Lender's Lien in and with respect to the Collateral, and Lender's rights and remedies under the Loan Documents (and such subordination shall be expressly acknowledged therein), (B) not convey any Lien on, or other property interest in or against the Airframe, the Engines or any of the other Collateral, except for a Permitted Lien (but, without giving effect to clause (a) of the definition of such term), (C) not permit any further sublease or disposition of or unpermitted Lien against the Aircraft or any of the other Collateral by any of the Interested Parties thereto or any other Person, or any change in registration or unpermitted change in hangaring of the Aircraft, (D) not contain provisions that are inconsistent with the provisions of any of the Loan Documents or cause Customer to breach any of its representations, warranties or agreements

under any of the Loan Documents, (E) be in conformity with all requirements of the FARs and other Applicable Laws, and (F) otherwise conform to any Operating Consent required by Lender with respect thereto. (iv) (A) Customer shall have specified such Third Party Agreement on Annex B if existing on the Closing Date, or if not then existing shall require Lender's prior written consent and at least thirty (30) Business Days' prior written notice of its intention to enter into a Third Party Agreement and (B) no later than the effective date thereof Customer shall comply with, and at all times thereafter remain in compliance with, any related requirements by Lender, including (1) entering into, and causing any related Interested Third Parties to enter into, an Operating Consent, (2) causing Lender to be covered by the Required Coverages (which, for the purposes hereof, may include insurance coverages obtained and maintained by an Interested Third Party, conforming to the insurance requirements herein and in any of the other Loan Documents), and (3) entering into or delivering, or causing to be entered into and delivered, all such other documents, filings and assurances, making or causing to be made such filings and registrations, and taking or causing to be taken all such other actions, in each case as may be required by Lender and (4) paying or reimbursing Lender for any related costs or expenses. (v) Lender shall have the right, but not the obligation, to (A) require reasonable evidence that any Interested Third Party satisfies the requirements provided herein, and (B) review any such Third Party Agreement, as from time to time supplemented and amended, to determine its conformity with the provisions hereof, but without assuming any responsibility with respect thereto. (vi) Customer shall neither make, nor permit to be made, any filing or registration with respect to any Permitted Third Party Agreement, unless so directed by Lender pursuant to Section 5.2 or otherwise. Notwithstanding the foregoing limitations Parent Guarantor or any Affiliate shall be permitted to conduct the carriage of Parent Guarantor or any Affiliate and/or their respective guests pursuant to 14 CFR Section 91.501(b)(4), affiliated group operations pursuant to 14 CFR Section 91.501(b)(5) and/or (6), demonstration flights pursuant to 14 CFR Section 91.501(b)(3), time sharing or interchange operations pursuant to 14 CFR Section 91.501(b)(6), the carriage of customers pursuant to 14 CFR Section 91.501(b)(9) and/or the carriage of candidates in Federal elections conducted pursuant to 14 CFR Section 91.321.

With respect to any Third Party Agreements complying with all of the provisions of Section 4.4(b) (each a "**Permitted Third Party Agreement**"), although certain of the duties and obligations of Customer under the Loan Documents may be performed by one or more of the Interested Third Parties, (i) no such Permitted Third Party Agreement shall reduce any of Customer's obligations, or Lender's rights, under any of the Loan Documents, (ii) all of Customer's obligations under the Loan Documents shall be and remain primary and continue in full force and effect as the obligations of a principal and not of a guarantor or surety, and (iii) Lender is not waiving the right to require full and timely performance of any such obligations in strict accordance with the provisions hereof and of the other Loan Documents. By way of clarification and not limitation, with respect to any provisions of this Agreement or any of the other Loan Documents requiring Customer to take or refrain from taking an action relating to the Aircraft or any of the other Collateral, such provision may also be read to mean that Customer shall cause the same to be done in accordance therewith, if at that time the Aircraft or such other Collateral is in the possession or control of an Interested Third Party pursuant to a Permitted Third Party Agreement.

#### Use of Aircraft; Maintenance; Modifications; Security.

Customer will operate the Aircraft or shall cause the Aircraft to be operated under and in compliance with Part 91 and any other applicable provision of the FARs, and all other Applicable Standards. Unless otherwise expressly permitted hereunder, (i) Customer shall not operate or permit the Aircraft to be operated for air taxi operations or otherwise under Part 135 of the FARs; and (ii) Customer, an Affiliate or other Interested Third Party shall at all times have, and maintain, "operational control" of the Aircraft (as such term is then interpreted by the FAA or such other applicable Governmental Authority), and no other Person shall operate the Aircraft. The Aircraft at all times will be operated by duly qualified pilots having satisfied all requirements established and specified by the FAA, the TSA, any other applicable Governmental Authority and the Required Coverages.

the Aircraft may be flown temporarily to any country in the world, provided that the Aircraft (i) shall at all times be based in the continental United States; and (ii) shall not be flown, operated, used or located in, to or over any such country or area (temporarily or otherwise) (A) that is excluded from the Required Coverages (or specifically not covered by such insurance), (B) with which the U.S. does not maintain favorable diplomatic relations (which is any country or jurisdiction not marked with an "\*" on the list maintained by the U.S. Department of State, at <http://www.state.gov/s/inr/rls/4250.htm> or any replacement or equivalent website maintained by the U.S. Department of State), provided that the prohibition in this clause (B) does not prohibit the operation of the Aircraft on an approved and assigned air traffic control route (if and so long as such use is otherwise in compliance with the provisions of the this Agreement and does not violate any insurance policies in effect with respect to the Aircraft), (C) to the extent that payment of any claim under the Required Coverages directly or indirectly arising or resulting from or connected with any such flight, operation, use or location would be prohibited under any trade or other economic sanction or embargo by the United States of America, or (D) in violation of any of the Loan Documents or any Applicable Standards. Customer shall adopt, implement and comply with all security measures required by any Applicable Law, or by any Required Coverages, or that are necessary or appropriate for the proper protection of the Aircraft (whether on the ground or in flight) against theft, vandalism, hijacking, destruction, bombing, terrorism or similar acts.

Customer agrees that, with respect to the Airframe, the Engines, each APU and each Part, Customer will at its own expense, (i) maintain, inspect, service, repair, overhaul and test the same in accordance with Applicable Standards; (ii) make any alterations or modifications that may at any time be required to comply with Applicable Standards, and to cause the Aircraft to remain airworthy; (iii) furnish all required parts, replacements, mechanisms, devices and servicing so that the condition and operating efficiency thereof will at all times be no less than its condition and operating efficiency as and when delivered to Customer, ordinary wear and tear from proper use alone excepted; (iv) promptly replace all Parts (A) which become worn out, lost, stolen, taken, destroyed, damaged beyond repair or permanently rendered or declared unfit for use for any reason whatsoever, or (B) if not previously replaced pursuant to clause (A), as and when required by any Applicable Standards, including any applicable life limits; and (v) maintain (in English) all Records in accordance with Applicable Standards; and (vi) enroll and maintain the Engines in an Engine Maintenance Program and the APU in an APU Maintenance Program or shall cause the foregoing to be done. All maintenance procedures shall be performed by properly trained, licensed, and certified maintenance sources and personnel utilizing replacement parts approved by the FAA and the manufacturer of (as applicable) the Airframe, the Engines, or any APU or Part. Without limiting the foregoing, Customer shall comply with all mandatory service bulletins and airworthiness directives by causing compliance to such bulletins and/or directives to be completed through corrective modification in lieu of operating manual restrictions.

Customer will not make, authorize or permit any improvement, change, addition or alteration to the Aircraft that will impair the originally intended function or use of the Aircraft, diminish the value of the Aircraft as it existed immediately prior thereto, or violate any Applicable Standard. All repairs, parts, replacements, mechanisms and devices added by Customer or on its behalf shall immediately, without further act, become part of the Aircraft and subject to the Lender's Lien granted under this Agreement.

#### Insurance.

Customer agrees to maintain or cause to be maintained at all times, at its sole cost and expense, with insurers of recognized reputation and responsibility satisfactory to Lender (but in no event having an A.M. Best or comparable agency rating of less than "A-"):

(A) comprehensive aircraft liability insurance against bodily injury or property damage claims including, without limitation,

contractual liability, premises liability, death and property damage liability, public and passenger legal liability coverage, and sudden accident pollution coverage, in an amount not less than \$200,000,000.00 for 20 or more seats, or if the Aircraft will be chartered, or \$100,000,000.00 for 10 or more seats, or \$50,000,000.00 for fewer than 10 seats for each single occurrence, and (B) personal injury liability in an amount not less than \$25,000,000.00; but, in no event shall the amounts of coverage required by sub-clauses (A) and (B) be less than the coverage amounts as may then be required by Applicable Law;

“all-risk” ground, taxiing, and flight hull insurance on an agreed-value basis, covering the Aircraft, provided that such insurance shall at all times be in an amount not less than the greater of (1) the full replacement value of the Aircraft (as determined by Lender), or (2) the unpaid principal amount of the Note (each such amount re-determined as of each anniversary of the date hereof for the next succeeding year throughout the term of this Agreement); and

war risk and allied perils (including confiscation, appropriation, expropriation, terrorism and hijacking insurance) in the amounts required in paragraphs (i) and (ii), as applicable.

Any policies of insurance carried in accordance with this Section 4.6 and any policies taken out in substitution or replacement of any such policies shall (i) be endorsed to name Lender as an additional insured as its interests may appear (but without responsibility for premiums), (ii) provide, with respect to insurance carried in accordance with Section 4.6(a)(ii) or (a)(iii) above, that any amount payable thereunder shall be paid directly to Lender as sole loss payee and not to Lender and Customer jointly, (iii) provide for thirty (30) days’ (seven (7) days’ in the case of war, hijacking and allied perils) prior written notice by such insurer of cancellation, material change, or non-renewal, (iv) include a severability of interest clause providing that such policy shall operate in the same manner as if there were a separate policy covering each insured, (v) waive any right of set-off against Lender, and any rights of subrogation against Lender, (vi) provide that in respect of the interests of Lender in such policies, that the insurance shall not be invalidated by any action or inaction of Customer or any other Person operating or in possession of the Aircraft, regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by or binding upon Customer or any other Person operating or in possession of the Aircraft, and (vii) be primary, not subject to any co-insurance clause and shall be without right of contribution from any other insurance.

Customer shall not self-insure (by deductible, premium adjustment, or risk retention arrangement of any kind) with respect to any of the risks required to be insured pursuant to this Section 4.6. Customer agrees that it shall obtain and maintain such other insurance coverages, or cause adjustments to be made to the scope, amount or other aspects of the existing insurance coverages, promptly upon Lender’s request, as and when Lender deems such additional insurance coverages or modifications to be appropriate in light of any changes in Applicable Law, prudent industry practices, the insurance market, Customer’s anticipated use of the Aircraft or other pertinent circumstances. All of the coverages required herein shall be in full force and effect worldwide throughout any geographical areas to, in or over which the Aircraft is operated. All insurance proceeds payable under the requisite policies shall be payable in U.S. Dollars.

At least ten (10) days prior to the policy expiration date for any insurance coverage required by this Section 4.6, Customer shall furnish to Lender evidence (having the form and substance consistent with Section 1(f) of the Closing Terms Addendum) of the renewal or replacement of such coverage, complying with the terms hereof, for a twelve (12) month or greater period commencing from and after such expiration date.

#### Event of Loss: Loaner Engines.

Upon the occurrence of any Event of Loss with respect to the Aircraft and/or the Airframe, Customer shall notify Lender of any such Event of Loss within five (5) days of the date thereof. Customer shall pay the then Outstanding Balance promptly upon its receipt of insurance proceeds relating to such Event of Loss, but in no event later than ninety (90) days after the occurrence of such Event of Loss (irrespective as to whether any or all of such proceeds have been received). Upon Lender’s receipt in good and indefeasible funds of all of the amounts required to be paid pursuant to the preceding sentence (whether by applying Customer’s payment of such amounts, or any such insurance proceeds, or both) the Aircraft shall be released from the Lender’s Lien, and Lender shall remit to Customer any such insurance proceeds so received by Lender, to the extent then remaining.

Upon an Event of Loss with respect to an Engine or any APU (as applicable, a “ **Lost Item** ”) under circumstances in which there has not occurred an Event of Loss with respect to the Airframe, Customer shall, within one hundred twenty (120) days after the occurrence of such Event of Loss, replace such Lost Item, with a Permitted Replacement. Any engine or auxiliary power unit constituting a “ **Permitted Replacement** ” for a Lost Item shall (i) be of the same make and model number as the Lost Item, (ii) be free and clear of all Liens and (iii) have a value, utility and useful life at least equal to, and be in as good an operating condition as, the Lost Item, assuming such Lost Item was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss. Customer, at its own cost and expense, shall (i) furnish Lender with such documents to evidence such conveyance, (ii) cause the Permitted Replacement to be subject to the Lender’s Lien under this Agreement, and (iii) take such other actions as may be required by Lender to cause the Lender’s Lien therein to be validly created, perfected and have first priority, including as evidenced on the FAA Registry, the International Registry, and any other recording office. Each such Permitted Replacement shall, after such conveyance, be deemed an “Engine” or “APU” (as defined herein), as applicable, and shall be deemed part of the same Aircraft as was the Lost Item replaced thereby.

In the event an Engine is damaged and is being repaired, or is being inspected or overhauled, Customer, at its option, may temporarily substitute another engine during the period of such repair or overhaul, so long as such engine is of the same make and model as the Engine being repaired or overhauled, is free and clear of any Lien that might impair Lender’s rights or interests in the Airframe and is maintained in accordance herewith (any such substitute engine being hereinafter referred to as a “ **Loaner Engine** ”). Customer shall (i) cause such Loaner Engine to be installed and removed, as applicable, by a maintenance facility certified by the FAA and manufacturer with respect to the Aircraft, and (ii) cause the repaired or overhauled original Engine to be reinstalled on the Airframe promptly upon completion of the repair or overhaul, but in no event later than the earlier of one hundred twenty (120) days after removal or the occurrence of an Event of Default.

So long as no Default has occurred and is continuing, and no Event of Default or Event of Loss with respect to the Aircraft has occurred, any loss or damage proceeds of the Required Coverages received by Lender shall be released promptly by Lender to Customer to reimburse Customer for paying the costs actually incurred with respect to repairs made to the Aircraft so as to restore it to the condition required by this Agreement, or for the purchase of a Permitted Replacement pursuant to Section 4.7(b), or shall be disbursed by Lender as otherwise required by this Agreement.

Aircraft Registration. On or before the Closing Date, and at all times thereafter, so long as any of the Obligations are outstanding, Customer shall remain solely responsible pursuant to the applicable provisions of this Agreement to cause (i) the Aircraft to be effectively and otherwise validly registered in Customer’s name on the Registry, and (ii) the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft, in each case, accordance with the Registration Requirements; and without limiting the foregoing, or any other provision of this Agreement, Customer shall:

cause the Registration Certificate to be maintained within the Aircraft and cause the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft; including by (A) notifying Lender immediately of any event or circumstance with respect to which the Registration Requirements require further action by Customer, the Registry or any other Governmental Authority or other Person, (B) immediately upon receipt, placing the original, replacement or renewal Registration Certificate on the Aircraft prior to the expiration or other invalidation of any previously issued Registration Certificate (whether the certificate or any other document constituting the

Registration Certificate as defined herein) under the Registration Requirements, and (C) complying with any and all of the other Registration Requirements relating to such Registration Certificate, and to the Registration Certificate replaced thereby (including any of the same relating to the destruction or return thereof, as the case may be); and

upon the occurrence, and at all times thereafter, of any Defective Registration (and without waiving Customer's responsibility to avoid such circumstance), or if the operation of the Aircraft is no longer authorized by the Registration Requirements, Customer shall (A) neither operate nor permit or suffer the operation of the Aircraft without a currently effective and otherwise valid Registration Certificate (and shall cause the pilots to be made aware of the Defective Registration), and otherwise comply with the FARs and other Applicable Laws relating to such Defective Registration, (B) ground and store the Aircraft in a manner reasonably acceptable to Lender, and (C) inform the insurer or insurers thereof, and obtain and maintain adjustments to the insurance coverages required pursuant Section 4.6 of this Agreement which may be necessary or desirable to Lender so as to reflect any changes in the insurable risks relating to any Defective Registration.

**Security Interest; Power of Attorney; Inspection .**

Grant of Security Interest . As collateral security for the prompt and complete payment and performance as and when due of all of the Obligations and in order to induce Lender to enter into this Agreement and make the Loan to Customer in accordance with the terms hereof, Customer hereby grants, pledges and assigns to Lender a first priority security interest, collateral assignment, international interest, prospective international interest, security assignment and prospective security assignment, in, against, under and with respect to (the " **Lender's Lien** ") all of Customer's right, title and interest in, to and under all of the following collateral, whether now existing or hereafter acquired (collectively, the " **Collateral** "): (i) the Aircraft, including the Airframe, the Engines, each of the APU and Parts, and the Records; (ii) any and all present and future Third Party Agreements; (iii) any and all other associated rights secured by or associated with the Airframe and/or the Engines, together with any related international interests and prospective international interests; (iv) any collateral described in the other Loan Documents (including in any Operating Consent); and (v) all proceeds of the foregoing. By way of clarification and not limitation, the foregoing grant of the Lender's Lien shall include, as applicable (and in each case, being validly registered and having first priority), an international interest in the Airframe and in each Engine. Notwithstanding the foregoing, (i) Customer shall not enter into any Third Party Agreements unless expressly permitted by Section 4.4 and (ii) Lender is not assuming, nor shall it be responsible for, any obligations, liabilities or duties of any kind whatsoever of Customer (and/or of any other Person) relating to the Collateral. Customer agrees that it shall perform and procure performance in accordance with any Third Party Agreement or other agreement or instrument giving rise to any associated rights that are or may become subjected to the Lender's Lien.

UCCs, Registrations, Etc.: Lender as Attorney-in-Fact . Customer hereby irrevocably:

authorizes Lender to prepare and file any UCC financing statements, amendments, continuations, terminations, assignments and other filings, or take such other actions for the purpose of perfecting, affording first and exclusive priority to or otherwise relating to Lender's Lien under this Agreement or the other Loan Documents;

consents to, and authorizes its professional user entity to consent to, the registration of each Registerable Interest requested by Lender or its Assignee, or otherwise required by the provisions of this Agreement or any of the other Loan Documents, including any subordination, amendment, assignment, discharge or undertaking permitted by the Cape Town Convention with respect thereto; and

constitutes and appoints Lender (including any Person acting on Lender's behalf), as its true and lawful attorney-in-fact with full power and authority in the place and stead of Customer and in the name of Customer or in its own name, for the purpose of carrying out the terms of this Agreement; which authority shall include the following undertakings that may be exercisable by Lender in its sole discretion at any time, and from time to time, if an Event of Default is then existing or upon the occurrence of an Event of Loss: (i) in Customer's name, file and/or record, such further instruments, filings and other documents, make, cause to be made and/or consent to all registrations with the International Registry, and take such further action, to establish and protect Lender's rights, interests and remedies created, or intended to be created, pursuant to the Loan Documents; (ii) endorse Customer's name on any checks, notes, drafts or any other payments or instruments, or set off, apply, or take such other actions with respect to any funds relating to the Collateral that come into Lender's possession or control; and (iii) to settle, adjust, receive payment and make claim or proof of loss, and take such other actions relating to the Required Coverages. This appointment is coupled with an interest, is irrevocable and shall terminate only upon indefeasible payment and performance in full of all of the Obligations. The powers conferred on Lender hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Lender shall be accountable only for amounts that it actually receives in good and indefeasible funds as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to Customer for any act or failure to act. Without limiting the foregoing, Customer agrees that within five (5) Business Days of Lender's request, Customer will enter into an irrevocable power-of-attorney authorizing Aviation Counsel or Lender's other designee as Customer's professional user entity and administrator for the purpose of discharging any Registerable Interests as and when directed to do so by Lender in connection with its exercise of its rights and remedies under the Loan Documents.

Inspection . Lender or its authorized representatives shall have the right, but not the duty, to inspect the Aircraft, any part thereof and/or the Records, at its own cost any reasonable time and from time to time, wherever located, upon reasonable prior notice to Customer; except that after the occurrence of a Default or an Event of Default, such inspection may be conducted at any time without prior notice and at Customer's sole expense, and it shall pay Lender promptly upon demand any inspection costs incurred by Lender. So long as no Default or Event of Default exists, any such inspections shall be conducted during normal business hours and without interruption of the use and operation of the Aircraft as permitted hereby. Upon the request of Lender, Customer shall promptly confirm to Lender the location of the Aircraft or any of the other Collateral.

**Events of Default .** The term " **Event of Default** ", wherever used herein, shall mean:

Customer shall fail to pay any Obligation within ten (10) days after the same shall become due and payable (whether at the stated maturity, by acceleration, upon demand or otherwise); or

(i) any Customer Party shall default in the payment or performance of any indebtedness, liability or obligation to Lender or any Affiliate of Lender under any note, security agreement, lease, title retention or conditional sales agreement or any other instrument or agreement; or (ii) any Customer Party shall fail to pay any Indebtedness (other than the Obligations) exceeding \$5,000,000.00, and such failure shall continue beyond any applicable grace period (or, with respect to trade Indebtedness which is not subject to a grace period, within ninety (90) days of the date such trade Indebtedness is incurred); or

(i) any of the Required Coverages are not kept in full force and effect, or a breach or violation shall exist with respect to any provisions thereof; or the Aircraft is operated in a manner, at a time or in or over or located at a place with respect to which such Required Coverages shall not be in effect; (ii) Customer shall fail to cause the Airframe or the Engines to be used, operated, maintained or otherwise kept in a condition so as to be in compliance with all Applicable Laws; or (iii) any Customer Party shall fail to comply with (A) any financial covenants as and to the extent set forth or incorporated in any Guaranty or in any of the other Loan Documents, or (B) any provision of any of the Loan Documents restricting Liens and other dispositions relating to either the Collateral or any rights or obligations under any of the Transaction Documents (including Section 4.4 hereof), or (iv) the occurrence of any Defective Registration; or

(i) any representation or warranty made by any Customer Party in any of the Loan Documents or in any related agreement, document or certificate shall prove to have been incorrect, misleading, or inaccurate in any material respect when made or given (or, if a continuing representation or warranty, at any time); or (ii) any Customer Party shall fail to (A) perform or observe any other agreement (other than those

specifically referred to in this Section 6) required to be performed or observed by it under this Agreement or in any of the other Loan Documents, and such failure shall continue uncured for thirty (30) days after the earlier of written notice thereof from Lender to such Customer Party or such Customer Party's actual knowledge thereof (but such notice and cure period will not be applicable unless such breach is curable by practical means within such notice period) or (B) notify Lender of any Default or Event of Default within ten (10) Business Days of its occurrence; or

(i) any Customer Party shall (A) generally fail to pay its, or his or her debts as they become due, admit its, or his or her inability to pay its, or his or her debts or obligations generally as they fall due, or shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws or other insolvency laws, or an answer admitting the material allegations of such a petition filed against such Customer Party in any such proceeding; or (B) by voluntary petition, answer or consent, seek relief under the provisions of any other bankruptcy or other insolvency or similar law providing for the reorganization or liquidation of corporations, or providing for an assignment for the benefit of creditors, or providing for an agreement, composition, extension or adjustment with its, or his or her creditors; or (ii) a petition against any Customer Party in a proceeding under applicable bankruptcy laws or other insolvency laws, as now or hereafter in effect, shall be filed and shall not be withdrawn or dismissed within one hundred twenty (120) days thereafter, or if, under the provisions of any law providing for reorganization or liquidation of business entities that may apply to any Customer Party, any court of competent jurisdiction shall assume jurisdiction, custody or control of such Customer Party or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of one hundred eighty (180) days after the filing date; or

the occurrence of any of the following events with respect to any Customer Party: (A) it enters into any transaction of merger, consolidation or reorganization; (B) it ceases to do business as a going concern, liquidates, or dissolves, or sells, transfers or otherwise disposes of all or substantially all of its assets or properties (in one or more transactions); (C) it becomes the subject of, or engages in, a leveraged buy out; (D) it changes the form of organization of its business; (E) if it is privately owned as of the Closing Date, there is any substantial change in the ownership or control of its capital stock or membership interests such that the holder(s) that own or control one hundred percent (100%) of such equity interests as of the Closing Date no longer do so; or (F) if it is publicly held as of the Closing Date, any change so that it is no longer subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or no longer registered under Section 12 of the Securities Act of 1933, as amended; or

(i) the conviction of or guilty plea by any Customer Party with respect to any criminal act constituting a felony, (ii) any repudiation by any Customer Party of its obligation for the payment or performance of the Obligations, (iii) any allegation by any Customer Party or judicial determination that any of the Loan Documents is unenforceable in any material respect or (iv) a Default (as defined in any Guaranty) shall occur; or any event or condition constituting a breach or other default under any Operating Consent.

#### **Remedies .**

Acceleration; Termination of Commitment . If any Event of Default shall occur, Lender, in its sole discretion, may (a) declare the Obligations to be immediately due and payable, and upon such declaration the Obligations (including, the unpaid principal amount of the Note, together with all accrued but unpaid interest thereon, any prepayment fees and all other amounts due and payable under or with respect to the Loan Documents), shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the other Loan Documents to the contrary notwithstanding, (b) terminate any then outstanding commitment whether to Customer or any Affiliate to make the Loan or any advance thereof, or any other financial accommodations, whether related to the Loan or otherwise, and/or (c) pursue and enforce any of Lender's rights and remedies under this Section 7; provided, however, if an Event of Default specified in Section 6 (e) above shall occur, the Obligations shall become immediately due and payable, all such commitments shall terminate, and Lender shall have all such other rights and remedies contemplated in the preceding clauses (a), (b) and (c), automatically, and without any notice or other action by Lender.

Additional Remedies . If an Event of Default occurs, in addition to all other rights and remedies granted to it in this Agreement and in the other Loan Documents, Lender may exercise all rights and remedies of a secured party under the UCC or as a creditor, chargee or security assignee under the Cape Town Convention (including any and all remedies thereunder requiring agreement by Customer), or otherwise available to Lender under any other Applicable Law. Without limiting the generality of the foregoing, Customer agrees that upon the occurrence of an Event of Default, Lender, without demand or notice of any kind (except as specified below) to or upon Customer or any other Person, in its sole discretion, may exercise any one or more of the following remedies:

(i) peacefully enter the premises where the Aircraft, the Engines, or any other Collateral is located, take immediate possession of, remove (or disable in place), or otherwise take control or custody of the Airframe, the Engines or any other Collateral (whether or not then attached to the Airframe) by self-help, summary proceedings or otherwise without liability, (ii) preserve the Airframe, the Engines or the other Collateral, and their respective value (but without any obligation to do so), and immobilize or keep idle the Airframe or Engines, and/or (iii) use Customer's premises for storage without liability; and Customer agrees, at Lender's request, to assemble the Collateral, and make it available to Lender at such places as Lender shall reasonably select, whether at Customer's premises or elsewhere;

(i) terminate the right of any Interested Third Party, and any other third party to use, possess or control the Airframe, the Engines or any of the other Collateral, including under any Permitted Third Party Agreement or other Third Party Agreement, without regard as to the existence of any event of default thereunder, (ii) recover from, and/or cause Customer and any such Interested Third Party, and any other third party, to relinquish possession and return the Airframe, the Engines and any other Collateral pursuant to this Section 7, and/or (iii) exercise any and all other remedies under any Operating Consents in Customer's stead, to the extent provided for under, or otherwise available to Customer in connection with any related Permitted Third Party Agreement or such other Third Party Agreement;

(i) manage, sell, lease, assign or otherwise dispose of the Airframe, the Engines or any other Collateral, in whole or in part, whether or not in Lender's possession, in one or more parcels or transactions, at public or private sale or sales, with or without notice to Customer (except as required by Applicable Law, and in furtherance thereof, Lender agrees that it shall give Customer no less than ten (10) working days' prior notice of any proposed sale or lease of the Airframe or Engines, which Customer acknowledges as constituting "reasonable prior notice" for the purposes of the Cape Town Convention) at such prices as Lender may deem best, and/or (ii) purchase the Collateral, in whole or in part, upon any public sale or sales, and to the extent permitted by Applicable Law upon any private sale or sales, free of any right or equity of redemption in Customer, which right or equity of redemption is hereby expressly released;

(i) collect, receive, appropriate and realize upon the Collateral, or any part thereof, including by applying any deposit or other cash collateral, or collecting or receiving, appropriating and realizing upon any income, profits or other proceeds arising from the management or use of the Airframe, the Engines or any of the other Collateral, and applying the same (after deducting all taxes, costs, expenses and other reductions of every kind incurred in connection therewith) to the payment in whole or in part of the Obligations, in such order and manner as Lender may elect; and (ii) after making such application, (A) remitting to Customer or to such other Person any excess then remaining, as and to the extent Lender is required by Applicable Law to make such remittance and (B) demanding, collecting and receiving from Customer any deficiency then remaining (and Customer agrees that it shall remain liable for, and pay upon demand, the full amount of any such deficiency);

(i) demand and obtain from any court speedy relief pending final determination available at law (including, possession, control, custody or immobilization of the Airframe and Engines, or preservation of the Airframe and the Engines and their respective value), (ii) procure the deregistration and/or export and physical transfer of the Airframe from the territory in which it is then situated (including pursuant to an IDERA, if any, executed by Customer), and/or (iii) otherwise proceed at law or in equity, to enforce specifically Customer's performance or to recover

damages; and/or

exercise any and all other rights and remedies under or with respect to the Loan Documents or Applicable Law, including the Cape Town Convention and the UCC.

No Waiver: Cumulative Remedies. No right or remedy is exclusive. Customer hereby acknowledges that none of the provisions of this Section 7, including any remedies set forth or referenced herein, is "manifestly unreasonable" for the purposes of the Cape Town Convention. Each may be used successively and cumulatively and in addition to any other right or remedy referred to above or otherwise available to Lender at law or in equity, but in no event shall Lender be entitled to recover any amount in excess of the maximum amount recoverable under Applicable Law with respect to any Event of Default. No express or implied waiver by Lender of any Default or Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default. The failure or delay of Lender in exercising any rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or reoccurrence of any such contingencies or similar contingencies, and any single or partial exercise of any particular right by Lender shall not exhaust the same or constitute a waiver of any other right provided for or otherwise referred to herein. After the occurrence of any Default or Event of Default, the acceptance by Lender of any payment or performance of any of the Obligations, including the payment of any installment of principal and/or interest or of any other sum owing hereunder or under the other Loan Documents shall not constitute a waiver of such Default or Event of Default, regardless of Lender's knowledge or lack of knowledge thereof at the time of acceptance of any such payment or performance and shall not constitute a reinstatement of any of the Loan Documents, unless Lender shall have agreed in writing to reinstate the same and waive the Default or Event of Default. To the extent permitted by Applicable Law, Customer waives any rights now or hereafter conferred thereby, that (a) limit or modify any of Lender's rights or remedies under this Agreement or any of the other Loan Documents, including the provisions of Article 13(2) of the Convention, or (b) would otherwise entitle Customer to (i) receive notices or demands as a condition to Lender's exercise of any rights or remedies, except as expressly required above or (ii) make claims, damages and demands against Lender arising out of the repossession, retention, sale or other disposition of the Collateral.

#### **MISCELLANEOUS**

Notices. All communications and notices provided for herein shall be in writing and shall be deemed to have been duly given or made (i) upon hand delivery, or (ii) upon delivery by an overnight delivery service, or (iii) when sent by telecopy (with customary confirmation of receipt of such telecopy) on the Business Day when sent or upon the next Business Day if sent on other than a Business Day.

#### Expenses and Fees; Indemnity; Performance of Customer's Obligations

Customer shall pay to Lender upon demand all reasonable fees, costs and expenses incurred by or on behalf of Lender at any time in connection with (i) the negotiation, preparation, execution, delivery and enforcement of the Loan Documents and the collection of the Obligations (both before and after the occurrence of a Default or Event of Default), (ii) the creation, preservation and protection of the Collateral and the perfection, first priority and enforcement of Lender's Lien, or (iii) Customer's exercise of any right granted under, or any amendment or other modification to any of, the Loan Documents. Such fees, costs and expenses shall include, without limitation, reasonable appraisal and inspection fees, the reasonable fees and expenses of Aviation Counsel and of Lender's counsel, consultants and brokers, UCC, FAA, International Registry and other applicable title, interest and lien searches, and reasonable costs and expenses relating to recovery, repossession, storage, insurance, transportation, repair, refurbishment, advertising, sale and other dispositions of the Aircraft or any of the other Collateral. Customer shall also pay all reasonable fees (including license, filing and registration fees), Impositions and other charges of whatever kind or nature that may be payable or determined to be payable in connection with (A) the execution, delivery, recording or performance of this Agreement or any of the other Loan Documents, or any modification thereof, and (B) the filings, registrations and other undertakings relating thereto. Notwithstanding the foregoing, as long as there are no more than two (2) revised drafts of any Loan Document provided by Customer or its counsel to Lender or Lender's counsel, Customer shall be responsible for not more than \$35,000.00 in the aggregate for the legal fees of outside counsel to Lender (including, Aviation Counsel) and appraisal, inspection, processing, credit verification, lien searches, FAA and International Registry fees and other fees incurred in connection with the initial negotiation, preparation and execution of this Agreement and the other Loan Documents executed and delivered on or before the Closing Date (and the consummation of the closing contemplated to occur thereon); provided that in the event that the negotiation exceeds two (2) revised drafts of any Loan Document, then Customer shall pay for the actual amount of such out of pocket fees incurred by Lender relating to the drafting and negotiation in excess of such two (2) revised drafts. Lender shall apply the previously paid deposit amount of \$35,000.00 to such fees and shall refund to Customer the amount by which the deposit exceeds such fees.

Customer hereby further agrees, whether or not the transactions contemplated by this Agreement shall be consummated, to pay, indemnify, and hold Lender and its affiliates and all of the Lender's and such affiliates' respective directors, shareholders, members, officers, employees, agents, predecessors, attorneys-in-fact, lawyers, successors and assigns (Lender, its affiliates and all of such other parties and entities sometimes hereinafter collectively, the "**Indemnified Parties**") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, out of pocket costs, attorney's fees, expenses or disbursements of any kind or nature whatsoever ("**Claims**") arising with respect to or in connection with (i) the Airframe, the Engines, or any APUs or Parts, or any of the other Collateral, including (whether by or through Customer, Vendor, any Interested Third Party, or any other Person), the manufacture, inspection, ownership, lease, sublease, management, pooling, interchange, time sharing, chartering, possession, use, operation, maintenance, security, condition (whether prior to, upon or after delivery or acceptance of any of the same), repossession, storage, sale or other disposition of any of the same, or any accident in connection therewith, including Claims involving or alleging environmental damage, criminal acts, hijacking, acts of terrorism or similar acts, product liability or strict or absolute liability in tort, latent and other defects (whether or not discoverable) and for any other risk or matter, including any of the same that result in injuries, death, destruction, or other harm or loss to persons or property, or (ii) any of the Loan Documents, Third Party Agreements or other Transaction Documents, or the performance, breach (including any Default or Event of Default) or enforcement of any of the terms hereof or thereof, provided, that Customer shall have no obligation to indemnify an Indemnified Party with respect to Claims arising from the gross negligence or willful misconduct of such Indemnified Party (unless if imputed by Applicable Law). If any Claim is made against any Indemnified Party, the party receiving notice or otherwise becoming aware of such Claim shall promptly notify the other, but the failure of the party having knowledge of a Claim to so notify the other party shall not relieve Customer of any obligation hereunder.

If any Customer Party fails to perform or comply with any of its agreements contained herein or in the other Loan Documents, including, without limitation, its obligations to keep the Collateral free of Liens (other than the Permitted Liens), comply with Applicable Standards, or obtain the Required Coverages, Lender shall have the right, but shall not be obligated, to effect such performance or compliance, with such agreement. Any expenses of Lender incurred in connection with effecting such performance or compliance, together with interest thereon at the default rate of interest provided for in the Note from the date incurred until reimbursed, shall be payable by Customer to Lender promptly on demand and until such payment shall constitute part of the Obligations secured hereby. Any such action shall not be a cure or waiver of any Default or Event of Default hereunder.

Entire Agreement; Modifications. This Agreement and the other Loan Documents constitute the entire understanding and agreement of the parties hereto with respect to the matters contained herein and therein, and shall completely and fully supersede all other prior agreements (including any proposal letter, commitment letter, and/or term sheet), both written and oral, between Lender and Customer relating to the Obligations. Neither this Agreement, nor any terms hereof, may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of a change, waiver, discharge or termination is sought.

Construction of this Agreement and Related Matters. All representations and warranties made in this Agreement and in the other Loan Documents shall survive the execution and delivery of this Agreement and the making of the Loan hereunder. Customer's obligations contained in this Section 8 shall survive the payment and performance of the Obligations, the termination of this Agreement, and the release of the Collateral. This Agreement may be executed by the parties hereto on any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. The headings of the Sections hereof are for convenience only, are not part of this Agreement and shall not be deemed to affect the meaning or construction of any of the provisions hereof. Time is of the essence in the payment and performance of all of Customer's obligations under this Agreement. Any provision of this Agreement that may be determined to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective in such jurisdiction to the extent thereof without invalidating the remaining provisions of this Agreement, which shall remain in full force and effect.

Lender's Assignment. Lender, may at any time, with or without notice to Customer, freely grant a security interest in, sell, assign, participate or otherwise transfer (an " **Assignment** ") all or any part of its interest in this Agreement and the other Loan Documents (including all associated rights associated with or secured thereby and the related international interests) or any amount due or to become due hereunder or thereunder, and Customer shall perform all of its obligations under the Loan Documents, to the extent so transferred, for the benefit of the beneficiary of such Assignment (such beneficiary, including any successors and assigns, an " **Assignee** "); provided, however, if such Assignee is not an Affiliate of Lender and if no Default or Event of Default exists, Lender will provide prior notice of any such Assignment to a third party. Customer hereby waives any right to assert, and agrees not to assert, against any Assignee any abatement, reduction, defense, setoff, recoupment, claim or counterclaim that Customer may have against Lender, provided that Lender remains fully responsible therefor. Upon the assumption by such Assignee of Lender's obligations hereunder, Lender shall be relieved of any such assumed obligations. Customer hereby consents to any such assignment, grant, sale or transfer, including, without limitation, for purposes of the Cape Town Convention. If so directed in writing, Customer shall pay all amounts due or to become due under the Loan Documents, including any of the same constituting associated rights or proceeds directly to the Assignee or any other party designated in writing by Lender or such Assignee. Customer acknowledges and agrees that Lender's right to enter into an Assignment is essential to Lender and, accordingly, waives any restrictions under Applicable Law with respect to an Assignment and any related remedies. Upon the request of Lender or any Assignee, Customer also agrees (a) to promptly execute and deliver, and cause to be executed and delivered by any Guarantor or any other Transaction Party, to Lender or to such Assignee an acknowledgment of assignment in form and substance satisfactory to the requesting party, an insurance certificate naming Assignee as additional insured and loss payee and otherwise evidencing the Required Coverages, an IDERA in favor of Assignee, and such other documents and assurances reasonably requested by Lender or Assignee, (b) to make, or cause to be made, all registrations (including all assignments and subordinations) and all amendments, extensions and discharges with the International Registry reasonably requested by Lender or Assignee (and give or obtain any necessary consent thereto, as well as renew any authorization required by the International Registry in connection therewith, including renewing its transacting user entity status and re-designating a professional user entity, if necessary in Lender's judgment), and (c) to comply with any and all other reasonable requirements of any such Assignee in connection with any such Assignment.

Jurisdiction. Customer and Lender each hereby irrevocably consents and agrees that any legal action, suit or proceeding arising out of or in any way in connection with this Agreement or any of the other Loan Documents may be instituted or brought in the courts of the State of New York or in the United States Courts for the Southern District of New York, as Customer or Lender may elect or in any other state or Federal court as Lender shall deem appropriate, and by execution and delivery of this Agreement, Customer and Lender each hereby irrevocably accepts and submits to, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of any such court, and to all proceedings in such courts. Customer and Lender each irrevocably consents to service of any summons and/or legal process by first class, certified United States air mail, postage prepaid, to Customer at the address set forth below its signature hereto, such method of service to constitute, in every respect, sufficient and effective service of process in any such legal action or proceeding. Nothing in this Agreement or in any of the other Loan Documents shall affect the right to service of process in any other manner permitted by law or limit the right of Lender to bring actions, suits or proceedings in the courts of any other jurisdiction. Customer and Lender each further agrees that final judgment against it in any such legal action, suit or proceeding shall 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 shall be conclusive evidence of the fact and the amount of the liability. Notwithstanding anything in the foregoing to the contrary, Lender and Customer may bring a judicial proceeding in the Republic of Ireland, solely with respect to matters relating to the International Registry.

Governing Law; Binding Effect. This Agreement shall be construed and enforced in accordance with, and the rights of both parties shall be governed by, the internal laws of the State of New York (without regard to the conflict of laws principles of such state, except as to the effect of Title 14, Section 5-1401 of the New York General Obligations Law), including all matters of construction, validity, and performance. This Agreement shall be binding upon and inure to the benefit of Customer and Lender and their respective successors and assigns (but without limiting the provisions of Section 8.5); except that Customer may not assign or transfer its rights or obligations hereunder or under any other Loan Agreement, or any interest herein or therein; and any such purported or attempted assignment or transfer by Customer shall be null and void.

Customer's Capacity as Owner Trustee. TVPX Aircraft Solutions Inc. ("TVPX") is executing this Agreement, and the other Loan Documents solely in its capacity as Owner Trustee under the Trust Agreement and not in its individual capacity and in no case shall TVPX be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of the Customer hereunder, or under any Loan Document, all such liability, if any, being expressly waived by the parties hereto and any Person claiming by, through, or under such party. Under no circumstances shall TVPX be personally liable for the payment of any other amount stated to be due from the Customer hereunder, or under any Loan Document, or be personally liable for the breach or failure of any of Customer's representations, warranties, covenants, obligations, undertakings and agreements hereunder, or under any Loan Documents; provided, however, that the Customer (or any such successor owner trustee) shall be personally liable hereunder for its own gross negligence or willful misconduct or for its breach of its covenants, representations and warranties contained herein, or in any Loan Document, to the extent covenanted or made in its individual capacity.

Jury Waiver. CUSTOMER AND LENDER EACH HEREBY KNOWINGLY AND FREELY WAIVES THEIR RESPECTIVE RIGHTS TO A JURY TRIAL IN ANY ACTION, SUIT OR PROCEEDING RELATING TO, ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE NOTE OR ANY OF THE OTHER LOAN DOCUMENTS.

**[Signatures On Next Page]**

BANC OF AMERICA LEASING & CAPITAL, LLC, Lender

TVPX AIRCRAFT SOLUTIONS INC., a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated July \_\_\_, 2017, Customer

By:  
Name:  
Title:  
Notice Address:

By:  
Name:  
Title:  
Notice Address:

One Financial Plaza, 2nd Floor  
Providence, Rhode Island 02903  
Attention: Director of Aircraft Operations  
Telephone: 800-238-3737  
Facsimile: 401-278-7941

39 East Eagle Ridge Drive, Ste. 201  
North Salt Lake, UT 84054  
Telephone: (801) 924-367  
Facsimile: (801) 877-0478

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**LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)**

**THIS LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)** (together with all Addenda, Riders and Annexes hereto, this "Agreement") is dated as of July 27, 2017 (the "Closing Date"), by and between **TVPX AIRCRAFT SOLUTIONS INC.**, a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated as of July 27, 2017 ("Customer") and **BANC OF AMERICA LEASING & CAPITAL, LLC**, a Delaware limited liability company ("Lender").

In consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

Capitalized and certain other terms used but not otherwise defined in this Agreement shall have the meanings ascribed to them in Annex A attached hereto and made a part hereof.

**Terms of Loan .**

Loan and Use of Proceeds . Subject to the terms and conditions of this Agreement, Lender agrees to make a loan to Customer in the principal amount set forth in Annex B attached hereto and made a part hereof (the "Loan"). Customer shall use the proceeds of the Loan to finance the costs of the acquisition of the Aircraft.

Repayment and Prepayment . The Customer's obligation to repay the Loan shall be evidenced by one or more Promissory Notes dated on and/or after the Closing Date, payable by Customer to the order of Lender in the original principal amount of the Loan (as amended, modified, restated, extended and renewed from time to time, the "Note"). The Loan shall bear interest and be repaid by Customer at the times and in the manner set forth in the Note. The Loan may be prepaid only in the manner and subject to terms and conditions set forth in the Note and, if applicable, Section 4.7 hereof.

Conditions of Borrowing . Lender's obligation to make the Loan shall be both subject to and conditioned upon the satisfaction of all of the conditions precedent specified in the Closing Terms Addendum attached to and made a part of this Agreement.

Representations and Warranties . In order to induce Lender to enter into this Agreement and to make the Loan herein provided for, Customer represents, warrants and covenants to Lender that:

(i) Customer (A) is duly qualified to do business in each jurisdiction in which the conduct of its business or the ownership or operation of its assets requires such qualification, including the jurisdiction of the Primary Hangar Location and wherever any of the Collateral may become located; (B) has the necessary authority and power to own and operate the Aircraft and its other assets and to transact the business in which it is engaged; (C) is a "citizen of the United States" within the meaning of the Transportation Code; and (D) has the form of business organization set forth in Annex B hereto and is and will remain duly organized, validly existing and in good standing under the laws of the state of its organization set forth in Annex B hereto, its federal tax identification number is as set forth in Annex B hereto, and its state-issued organizational identification number (if any), chief executive office and principal place of business address are all as set forth on Annex B hereto; and (ii) its name as shown in the preamble of this Agreement is its exact legal name as shown on its charter, by-laws, articles of organization or operating agreement, as applicable, each as amended as of the Closing Date;

(i) Customer's execution and delivery of, and performance of its obligations under and with respect to, each of the Loan Documents (including its borrowing the amounts constituting the Loan, granting the Lender's Lien against the Aircraft and other Collateral and participating in the other transactions contemplated herein and therein), (A) have been duly authorized by all necessary action on the part of Customer consistent with its form of organization, (B) do not contravene or constitute a default under any Applicable Law, any of Customer's Organizational Documents, or any agreement, indenture, or other instrument to which Customer is a party or by which it may be bound, (C) do not require the approval of or notice to (1) any Governmental Authority, except for the filings and registrations specified in the Closing Terms Addendum, all of which shall have been duly effected prior to or concurrently with Lender making the Loan, or (2) any other party (including any trustees or holders of indebtedness), and (D) will not result in the creation or imposition of any Lien on any of the assets of Customer other than the Lender's Lien created hereby and by the other Loan Documents with respect to the Collateral; (ii) each of the Transaction Documents referenced in the Closing Terms Addendum to which Customer is a party has been duly executed and delivered by an authorized representative of the Customer, and constitutes the legal, valid and

binding obligation of the Customer, enforceable against it in accordance with the respective terms of such Transaction Documents (including, without limitation, the grant of the Lender's Lien); and (iii) without limiting the foregoing, upon Lender's advancing the Loan on the Closing Date, (A) Customer will have satisfied or complied with all conditions precedent and requirements as set forth in the Loan Documents required to have been satisfied or complied with concurrently with or prior to such advance and (B) no Default or Event of Default shall be then existing;

there are no proceedings pending or, so far as the officers, managers, or members of Customer know, threatened against or affecting Customer or any of its property before any Governmental Authority that could impair Customer's title to the Aircraft or any of the other Collateral, or that, if decided adversely, could materially affect the financial condition or operations of Customer or its ability to perform its obligations under any of the Loan Documents;

(i) Customer has, and shall continue to have, good and marketable title to the Collateral, free and clear of Liens, except Permitted Liens; (ii) the Lender's Lien in the Airframe, the Engines and the other Collateral is and shall remain validly created and perfected, and has and shall continue to have first priority over any other Liens pursuant to all Applicable Laws; and (iii) all filings, recordings, registrations or other actions necessary or desirable in order to vest such title in Customer, and establish, perfect and give first priority to Lender's Lien and other rights and interests in, against or with respect to the Collateral, have been duly effected, and all Impositions in connection therewith have been duly paid;

without limiting any of the other representations and warranties in this Agreement, for the purposes of the Cape Town Convention and any other Applicable Law, (i) upon the conclusion of the sale of the Aircraft to Customer, and Customer's grants and assignments, and (if constituting a lease) any Permitted Third Party Agreement, contemplated in the Loan Documents or other Transaction Documents, Customer and (if a lessee) any Interested Third Party shall be situated in, and Customer will cause the Aircraft to be duly registered in, the United States of America (which is a contracting state), (ii) with respect to any of the Transaction Documents relating to the Airframe or Engine, each of the respective parties thereto has power to dispose of the Airframe and Engine, as contemplated therein by way of the relevant Transaction Document, and (iii) the Purchase Documents qualify as a "contract of sale", and (if constituting a lease) any Permitted Third Party Agreement and the Loan Documents are effective to constitute international interests in the Airframe and Engine and security assignments of the related associated rights and transfer of the related international interests, as contemplated therein, and each such Registerable Interest will be effective against third parties upon registration at the International Registry, without any further filings or registrations (except as contemplated in the Loan Documents);

(i) the Aircraft (A) has been delivered to Customer, is in Customer's possession and is, as of the Closing Date, unconditionally, irrevocably and fully accepted by Customer, (B) has been inspected by Customer to its complete satisfaction and, without limiting the foregoing, (1) has been found to be in good working order, repair and condition and fully equipped to operate for its intended purpose, and (2) is in conformity with the requirements of the Purchase Agreement and the Applicable Standards, (C) is, or will be at the time of the funding of the Loan, currently certified under existing FAA rules and regulations and any other Applicable Laws and is airworthy in all respects, and (D) is and will remain primarily hangared at the Primary Hangar Location; and (ii) without limiting the foregoing, (A) solely as between Lender and Customer (and without prejudicing Customer's rights against Vendor or any other third party, which rights are not being disclaimed hereby), Customer has no pending claims and has no knowledge of any facts upon which a future claim may be based, against any prior owner, the seller, manufacturer or supplier of the Aircraft or any of the other Collateral, for breach of warranty or otherwise, and (B) all of the information contained in Annex C, including the registration number of the Aircraft, and the serial numbers, manufacturer and model numbers of the Airframe, Engines, and APU, are true and accurate in all respects; and

(h) the Aircraft (i) is currently capable of being certified under existing FAA rules and regulations and completely airworthy in all respects, (ii) will undergo an inspection by a Designated Airworthiness Representative of the FAA ("DAR") on the Closing Date and (iii) an FAA Standard Airworthiness Certificate (AC Form 8100-2) shall be issued for the Aircraft no later than two (2) Business Days after the Closing Date.

**Covenants** . Customer covenants and agrees that from and after the Closing Date and so long as any of the Obligations are outstanding:

Notices; Financial Information; and Further Assurances . Customer will, at its sole expense:

promptly give written notice to Lender of (i) the occurrence of any Default or Event of Default; (ii) the occurrence of any Event of Loss or event of which Customer may be aware that could become an Event of Loss; (iii) the commencement or written threat of any material litigation or proceedings affecting Customer or any material litigation or proceedings affecting the Aircraft or any of the other Collateral, or the ability of Customer to comply with its obligations under the Loan Documents; and (iv) any material dispute between Customer or any Interested Third Party and any Governmental Authority or other party that involves the Aircraft or any of the other Collateral or that might materially interfere with the normal business operations of Customer;

cause Guarantor to comply with the financial reporting requirements set forth in the Guaranty and promptly furnish to Lender any such financial and other information regarding the Customer or Guarantor or any of its Affiliates as Lender may from time to time reasonably request; and

promptly execute and deliver to Lender such further instruments, UCC and FAA filings (including an IDERA) and other documents, make, cause to be made and/or consent to all registrations (including any discharges and subordinations, or as to the prospective or actual sale of, and any international interest in, the Engines) with the International Registry, and take such further action, as Lender may from time to time reasonably request in order to further carry out the intent and purpose of the Loan Documents and to establish, protect and enforce the rights, interests, remedies and Liens (including the first priority thereof) created, or intended to be created, in favor of Lender thereby.

General Obligations . (a) Customer agrees that it shall (i) duly observe and conform to all requirements of Applicable Law relating to the conduct of its business and/or the Aircraft, (ii) remain a "citizen of the United States" within the meaning of the Transportation Code, (iii) obtain and keep in full force and effect (A) all rights, franchises, licenses and permits that are necessary to the proper conduct of its business, and (B) all approvals by any Governmental Authority required with respect to the performance of its obligations under the Loan Documents and the operation of the Aircraft and its business, (iv) cause the Aircraft to remain primarily hangared at the Primary Hangar Location, and duly registered in Customer's name under the Transportation Code (including, by making all necessary reports, re-registering its ownership of the Aircraft, and taking all other actions required by Applicable Law), and (v) pay and perform all of its obligations and liabilities when due. (b) Customer agrees that (i) it shall not change its presently existing legal name or its form or state of organization on or after the date of this Agreement, without Lender's prior written consent, (ii) if its presently existing state organizational identification number changes, or if Customer currently has no such state organizational number but is subsequently issued such a number, on or at any time after the date of this Agreement, Customer shall immediately notify Lender thereof, and (iii) it shall not change the presently existing mailing, chief executive office and/or principal place of business address on or after the date of this Agreement without giving Lender thirty (30) days written notice of the same.

Taxes . (a) Customer will file or cause to be filed with all appropriate taxing authorities all Federal, state and local income tax returns that are required to be filed and all registrations, declarations, returns and other documentation with respect to any personal property taxes (or any other taxes in the nature of or imposed in lieu of property taxes) due or to become due with respect to the Aircraft or any of the other Collateral. (b) Customer will pay (or cause to be paid) (i) on or before the date when due all taxes as shown on said returns and all taxes assessed, billed or otherwise payable with respect to the Aircraft or the other Collateral directly to the appropriate taxing authorities; and (ii) when due all license and/or registration or filing fees, assessments, governmental charges and sales, use, property, excise, privilege, value added and other taxes (including any related interest or penalties) or other charges or fees now or hereafter imposed by any governmental body or agency upon Customer or the Aircraft or any of the other Collateral, with respect to the landing, airport use, manufacturing, ordering, shipment, purchase, ownership, delivery,

installation, leasing, chartering, operation, possession, use or disposition of the Aircraft or any of the other Collateral, or any interest therein (the items referred to in (i) and (ii) above being referred to herein collectively, as “**Impositions**”).

No Disposition of Collateral or Liens; Title and Security Interest.

Customer shall not sell, assign, enter into any Third Party Agreement, convey, mortgage, exchange or otherwise transfer or relinquish possession of (including by any seizure or other taking by any foreign or domestic governmental authority) or dispose of the Airframe or Engines, any Part, any related associated rights, international interests or prospective international interests, any proceeds or any of the other Collateral, or attempt or offer to do, or suffer or permit any of the foregoing. Customer shall be permitted, however, to deliver possession of the Airframe, the Engines, or any APU or Part to another Person for testing, service, repair, maintenance, overhaul, alteration or modification, and to enter into Permitted Third Party Agreements, in each case, if and to the extent consistent with the provisions of the Loan Documents. Customer will warrant and defend its good and marketable title to the Airframe, the Engines and the other Collateral, and the validity, perfection and first priority of Lender's Lien in the Collateral, against all other Liens, claims and demands whatsoever, except Permitted Liens; and without limiting the foregoing, Customer will (i) not create, assume or suffer to exist any Liens on or with respect to the Airframe, the Engines, or any of the other Collateral, or Customer's interest therein (other than Permitted Liens); and (ii) promptly take such action as directed by Lender to duly discharge any such unpermitted Liens.

So long as no Default or Event of Default is then existing, Customer may enter into and remain a party to Third Party Agreements, in each such case, subject to the satisfaction of, and compliance by Customer and each Interested Third Party with, all of the following throughout the term of such arrangement: (i) Each such Interested Third Party shall (A) be and remain solvent, and (unless an individual) organized under the laws of a state within the United States; and (B) if engaged by Customer with the prior written consent of Lender as a manager and/or charter operator (including the Manager pursuant to the Management Agreement), while so engaged, (1) have a recognized favorable reputation as a manager and/or charter operator, as the case may be, of aircraft similar to the Aircraft, (2) be providing management and/or charter operation services for other aircraft owners similar to the services contemplated therein, and (3) if and at all times while conducting any charter operations (x) have and maintain a valid Part 135 Certificate evidencing its authority to conduct such operations, (y) list the Aircraft on its operations specifications, and (z) comply with all Applicable Standards pertaining to such charter operations. (ii) Any operation of the Aircraft pursuant to any such Third Party Agreement shall be limited to (A) if by Customer, Parent Guarantor or any Affiliate of Parent Guarantor, any time sharing agreements (as defined in Section 91.501(c)(1)) complying with Part 91 of the FARs and all other Applicable Standards, (B) if by a manager and/or a charter operator with Lender's prior written consent, pursuant to and in full compliance with the requirements of Part 135 of the FARs and all other Applicable Standards, or (C) if such Third Party Agreement is a “dry lease” by Customer, as lessor, to Parent Guarantor or an Affiliate of Parent Guarantor or other Interested Third Party permitted pursuant hereto, as lessee, operation by such lessee complying with (1) Part 91 and any other applicable provision of the FARs, and all other Applicable Standards, and (2) the provisions hereof and of the other Loan Documents pertinent to the operation of the Aircraft (whether by Customer or any permitted Interested Third Party). (iii) The related Third Party Agreement shall (A) be and remain, subject and subordinate to Lender's Lien in and with respect to the Collateral, and Lender's rights and remedies under the Loan Documents (and such subordination shall be expressly acknowledged therein), (B) not convey any Lien on, or other property interest in or against the Airframe, the Engines or any of the other Collateral, except for a Permitted Lien (but, without giving effect to clause (a) of the definition of such term), (C) not permit any further sublease or disposition of or unpermitted Lien against the Aircraft or any of the other Collateral by any of the Interested Parties thereto or any other Person, or any change in registration or unpermitted change in hangaring of the Aircraft, (D) not contain provisions that are inconsistent with the provisions of any of the Loan Documents or cause Customer to breach any of its representations, warranties or agreements under any of the Loan Documents, (E) be in conformity with all requirements of the FARs and other Applicable Laws, and (F) otherwise conform to any Operating Consent required by Lender with respect thereto. (iv) (A) Customer shall have specified such Third Party Agreement on Annex B if existing on the Closing Date, or if not then existing shall require Lender's prior written consent and at least thirty (30) Business Days' prior written notice of its intention to enter into a Third Party Agreement and (B) no later than the effective date thereof Customer shall comply with, and at all times thereafter remain in compliance with, any related requirements by Lender, including (1) entering into, and causing any related Interested Third Parties to enter into, an Operating Consent, (2) causing Lender to be covered by the Required Coverages (which, for the purposes hereof, may include insurance coverages obtained and maintained by an Interested Third Party, conforming to the insurance requirements herein and in any of the other Loan Documents), and (3) entering into or delivering, or causing to be entered into and delivered, all such other documents, filings and assurances, making or causing to be made such filings and registrations, and taking or causing to be taken all such other actions, in each case as may be required by Lender and (4) paying or reimbursing Lender for any related costs or expenses. (v) Lender shall have the right, but not the obligation, to (A) require reasonable evidence that any Interested Third Party satisfies the requirements provided herein, and (B) review any such Third Party Agreement, as from time to time supplemented and amended, to determine its conformity with the provisions hereof, but without assuming any responsibility with respect thereto. (vi) Customer shall neither make, nor permit to be made, any filing or registration with respect to any Permitted Third Party Agreement, unless so directed by Lender pursuant to Section 5.2 or otherwise. Notwithstanding the foregoing limitations Parent Guarantor or any Affiliate shall be permitted to conduct the carriage of Parent Guarantor or any Affiliate and/or their respective guests pursuant to 14 CFR Section 91.501(b)(4), affiliated group operations pursuant to 14 CFR Section 91.501(b)(5) and/or (6), demonstration flights pursuant to 14 CFR Section 91.501(b)(3), time sharing or interchange operations pursuant to 14 CFR Section 91.501(b)(6), the carriage of customers pursuant to 14 CFR Section 91.501(b)(9) and/or the carriage of candidates in Federal elections conducted pursuant to 14 CFR Section 91.321.

With respect to any Third Party Agreements complying with all of the provisions of Section 4.4(b) (each a “**Permitted Third Party Agreement**”), although certain of the duties and obligations of Customer under the Loan Documents may be performed by one or more of the Interested Third Parties, (i) no such Permitted Third Party Agreement shall reduce any of Customer's obligations, or Lender's rights, under any of the Loan Documents, (ii) all of Customer's obligations under the Loan Documents shall be and remain primary and continue in full force and effect as the obligations of a principal and not of a guarantor or surety, and (iii) Lender is not waiving the right to require full and timely performance of any such obligations in strict accordance with the provisions hereof and of the other Loan Documents. By way of clarification and not limitation, with respect to any provisions of this Agreement or any of the other Loan Documents requiring Customer to take or refrain from taking an action relating to the Aircraft or any of the other Collateral, such provision may also be read to mean that Customer shall cause the same to be done in accordance therewith, if at that time the Aircraft or such other Collateral is in the possession or control of an Interested Third Party pursuant to a Permitted Third Party Agreement.

Use of Aircraft; Maintenance; Modifications; Security.

Customer will operate the Aircraft or shall cause the Aircraft to be operated under and in compliance with Part 91 and any other applicable provision of the FARs, and all other Applicable Standards. Unless otherwise expressly permitted hereunder, (i) Customer shall not operate or permit the Aircraft to be operated for air taxi operations or otherwise under Part 135 of the FARs; and (ii) Customer, an Affiliate or other Interested Third Party shall at all times have, and maintain, “operational control” of the Aircraft (as such term is then interpreted by the FAA or such other applicable Governmental Authority), and no other Person shall operate the Aircraft. The Aircraft at all times will be operated by duly qualified pilots having satisfied all requirements established and specified by the FAA, the TSA, any other applicable Governmental Authority and the Required Coverages.

the Aircraft may be flown temporarily to any country in the world, provided that the Aircraft (i) shall at all times be

based in the continental United States; and (ii) shall not be flown, operated, used or located in, to or over any such country or area (temporarily or otherwise) (A) that is excluded from the Required Coverages (or specifically not covered by such insurance), (B) with which the U.S. does not maintain favorable diplomatic relations (which is any country or jurisdiction not marked with an "\*" on the list maintained by the U.S. Department of State, at <http://www.state.gov/s/inr/rls/4250.htm> or any replacement or equivalent website maintained by the U.S. Department of State), provided that the prohibition in this clause (B) does not prohibit the operation of the Aircraft on an approved and assigned air traffic control route (if and so long as such use is otherwise in compliance with the provisions of the this Agreement and does not violate any insurance policies in effect with respect to the Aircraft), (C) to the extent that payment of any claim under the Required Coverages directly or indirectly arising or resulting from or connected with any such flight, operation, use or location would be prohibited under any trade or other economic sanction or embargo by the United States of America, or (D) in violation of any of the Loan Documents or any Applicable Standards. Customer shall adopt, implement and comply with all security measures required by any Applicable Law, or by any Required Coverages, or that are necessary or appropriate for the proper protection of the Aircraft (whether on the ground or in flight) against theft, vandalism, hijacking, destruction, bombing, terrorism or similar acts.

Customer agrees that, with respect to the Airframe, the Engines, each APU and each Part, Customer will at its own expense, (i) maintain, inspect, service, repair, overhaul and test the same in accordance with Applicable Standards; (ii) make any alterations or modifications that may at any time be required to comply with Applicable Standards, and to cause the Aircraft to remain airworthy; (iii) furnish all required parts, replacements, mechanisms, devices and servicing so that the condition and operating efficiency thereof will at all times be no less than its condition and operating efficiency as and when delivered to Customer, ordinary wear and tear from proper use alone excepted; (iv) promptly replace all Parts (A) which become worn out, lost, stolen, taken, destroyed, damaged beyond repair or permanently rendered or declared unfit for use for any reason whatsoever, or (B) if not previously replaced pursuant to clause (A), as and when required by any Applicable Standards, including any applicable life limits; and (v) maintain (in English) all Records in accordance with Applicable Standards; and (vi) enroll and maintain the Engines in an Engine Maintenance Program and the APU in an APU Maintenance Program or shall cause the foregoing to be done. All maintenance procedures shall be performed by properly trained, licensed, and certified maintenance sources and personnel utilizing replacement parts approved by the FAA and the manufacturer of (as applicable) the Airframe, the Engines, or any APU or Part. Without limiting the foregoing, Customer shall comply with all mandatory service bulletins and airworthiness directives by causing compliance to such bulletins and/or directives to be completed through corrective modification in lieu of operating manual restrictions.

Customer will not make, authorize or permit any improvement, change, addition or alteration to the Aircraft that will impair the originally intended function or use of the Aircraft, diminish the value of the Aircraft as it existed immediately prior thereto, or violate any Applicable Standard. All repairs, parts, replacements, mechanisms and devices added by Customer or on its behalf shall immediately, without further act, become part of the Aircraft and subject to the Lender's Lien granted under this Agreement.

#### Insurance.

Customer agrees to maintain or cause to be maintained at all times, at its sole cost and expense, with insurers of recognized reputation and responsibility satisfactory to Lender (but in no event having an A.M. Best or comparable agency rating of less than "A-"):

(A) comprehensive aircraft liability insurance against bodily injury or property damage claims including, without limitation, contractual liability, premises liability, death and property damage liability, public and passenger legal liability coverage, and sudden accident pollution coverage, in an amount not less than \$200,000,000.00 for 20 or more seats, or if the Aircraft will be chartered, or \$100,000,000.00 for 10 or more seats, or \$50,000,000.00 for fewer than 10 seats for each single occurrence, and (B) personal injury liability in an amount not less than \$25,000,000.00; but, in no event shall the amounts of coverage required by sub-clauses (A) and (B) be less than the coverage amounts as may then be required by Applicable Law;

"all-risk" ground, taxiing, and flight hull insurance on an agreed-value basis, covering the Aircraft, provided that such insurance shall at all times be in an amount not less than the greater of (1) the full replacement value of the Aircraft (as determined by Lender), or (2) the unpaid principal amount of the Note (each such amount re-determined as of each anniversary of the date hereof for the next succeeding year throughout the term of this Agreement); and

war risk and allied perils (including confiscation, appropriation, expropriation, terrorism and hijacking insurance) in the amounts required in paragraphs (i) and (ii), as applicable.

Any policies of insurance carried in accordance with this Section 4.6 and any policies taken out in substitution or replacement of any such policies shall (i) be endorsed to name Lender as an additional insured as its interests may appear (but without responsibility for premiums), (ii) provide, with respect to insurance carried in accordance with Section 4.6(a)(ii) or (a)(iii) above, that any amount payable thereunder shall be paid directly to Lender as sole loss payee and not to Lender and Customer jointly, (iii) provide for thirty (30) days' (seven (7) days' in the case of war, hijacking and allied perils) prior written notice by such insurer of cancellation, material change, or non-renewal, (iv) include a severability of interest clause providing that such policy shall operate in the same manner as if there were a separate policy covering each insured, (v) waive any right of set-off against Lender, and any rights of subrogation against Lender, (vi) provide that in respect of the interests of Lender in such policies, that the insurance shall not be invalidated by any action or inaction of Customer or any other Person operating or in possession of the Aircraft, regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by or binding upon Customer or any other Person operating or in possession of the Aircraft, and (vii) be primary, not subject to any co-insurance clause and shall be without right of contribution from any other insurance.

Customer shall not self-insure (by deductible, premium adjustment, or risk retention arrangement of any kind) with respect to any of the risks required to be insured pursuant to this Section 4.6. Customer agrees that it shall obtain and maintain such other insurance coverages, or cause adjustments to be made to the scope, amount or other aspects of the existing insurance coverages, promptly upon Lender's request, as and when Lender deems such additional insurance coverages or modifications to be appropriate in light of any changes in Applicable Law, prudent industry practices, the insurance market, Customer's anticipated use of the Aircraft or other pertinent circumstances. All of the coverages required herein shall be in full force and effect worldwide throughout any geographical areas to, in or over which the Aircraft is operated. All insurance proceeds payable under the requisite policies shall be payable in U.S. Dollars.

At least ten (10) days prior to the policy expiration date for any insurance coverage required by this Section 4.6, Customer shall furnish to Lender evidence (having the form and substance consistent with Section 1(f) of the Closing Terms Addendum) of the renewal or replacement of such coverage, complying with the terms hereof, for a twelve (12) month or greater period commencing from and after such expiration date.

#### Event of Loss; Loaner Engines.

Upon the occurrence of any Event of Loss with respect to the Aircraft and/or the Airframe, Customer shall notify Lender of any such Event of Loss within five (5) days of the date thereof. Customer shall pay the then Outstanding Balance promptly upon its receipt of insurance proceeds relating to such Event of Loss, but in no event later than ninety (90) days after the occurrence of such Event of Loss (irrespective as to whether any or all of such proceeds have been received). Upon Lender's receipt in good and indefeasible funds of all of the amounts required to be paid pursuant to the preceding sentence (whether by applying Customer's payment of such amounts, or any such insurance proceeds, or both) the

Aircraft shall be released from the Lender's Lien, and Lender shall remit to Customer any such insurance proceeds so received by Lender, to the extent then remaining.

Upon an Event of Loss with respect to an Engine or any APU (as applicable, a " **Lost Item** ") under circumstances in which there has not occurred an Event of Loss with respect to the Airframe, Customer shall, within one hundred twenty (120) days after the occurrence of such Event of Loss, replace such Lost Item, with a Permitted Replacement. Any engine or auxiliary power unit constituting a " **Permitted Replacement** " for a Lost Item shall (i) be of the same make and model number as the Lost Item, (ii) be free and clear of all Liens and (iii) have a value, utility and useful life at least equal to, and be in as good an operating condition as, the Lost Item, assuming such Lost Item was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss. Customer, at its own cost and expense, shall (i) furnish Lender with such documents to evidence such conveyance, (ii) cause the Permitted Replacement to be subject to the Lender's Lien under this Agreement, and (iii) take such other actions as may be required by Lender to cause the Lender's Lien therein to be validly created, perfected and have first priority, including as evidenced on the FAA Registry, the International Registry, and any other recording office. Each such Permitted Replacement shall, after such conveyance, be deemed an "Engine" or "APU" (as defined herein), as applicable, and shall be deemed part of the same Aircraft as was the Lost Item replaced thereby.

In the event an Engine is damaged and is being repaired, or is being inspected or overhauled, Customer, at its option, may temporarily substitute another engine during the period of such repair or overhaul, so long as such engine is of the same make and model as the Engine being repaired or overhauled, is free and clear of any Lien that might impair Lender's rights or interests in the Airframe and is maintained in accordance herewith (any such substitute engine being hereinafter referred to as a " **Loaner Engine** "). Customer shall (i) cause such Loaner Engine to be installed and removed, as applicable, by a maintenance facility certified by the FAA and manufacturer with respect to the Aircraft, and (ii) cause the repaired or overhauled original Engine to be reinstalled on the Airframe promptly upon completion of the repair or overhaul, but in no event later than the earlier of one hundred twenty (120) days after removal or the occurrence of an Event of Default.

So long as no Default has occurred and is continuing, and no Event of Default or Event of Loss with respect to the Aircraft has occurred, any loss or damage proceeds of the Required Coverages received by Lender shall be released promptly by Lender to Customer to reimburse Customer for paying the costs actually incurred with respect to repairs made to the Aircraft so as to restore it to the condition required by this Agreement, or for the purchase of a Permitted Replacement pursuant to Section 4.7(b), or shall be disbursed by Lender as otherwise required by this Agreement.

**Aircraft Registration.** On or before the Closing Date, and at all times thereafter, so long as any of the Obligations are outstanding, Customer shall remain solely responsible pursuant to the applicable provisions of this Agreement to cause (i) the Aircraft to be effectively and otherwise validly registered in Customer's name on the Registry, and (ii) the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft, in each case, accordance with the Registration Requirements; and without limiting the foregoing, or any other provision of this Agreement, Customer shall:

cause the Registration Certificate to be maintained within the Aircraft and cause the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft; including by (A) notifying Lender immediately of any event or circumstance with respect to which the Registration Requirements require further action by Customer, the Registry or any other Governmental Authority or other Person, (B) immediately upon receipt, placing the original, replacement or renewal Registration Certificate on the Aircraft prior to the expiration or other invalidation of any previously issued Registration Certificate (whether the certificate or any other document constituting the Registration Certificate as defined herein) under the Registration Requirements, and (C) complying with any and all of the other Registration Requirements relating to such Registration Certificate, and to the Registration Certificate replaced thereby (including any of the same relating to the destruction or return thereof, as the case may be); and

upon the occurrence, and at all times thereafter, of any Defective Registration (and without waiving Customer's responsibility to avoid such circumstance), or if the operation of the Aircraft is no longer authorized by the Registration Requirements, Customer shall (A) neither operate nor permit or suffer the operation of the Aircraft without a currently effective and otherwise valid Registration Certificate (and shall cause the pilots to be made aware of the Defective Registration), and otherwise comply with the FARs and other Applicable Laws relating to such Defective Registration, (B) ground and store the Aircraft in a manner reasonably acceptable to Lender, and (C) inform the insurer or insurers thereof, and obtain and maintain adjustments to the insurance coverages required pursuant Section 4.6 of this Agreement which may be necessary or desirable to Lender so as to reflect any changes in the insurable risks relating to any Defective Registration.

**Security Interest; Power of Attorney; Inspection .**

**Grant of Security Interest.** As collateral security for the prompt and complete payment and performance as and when due of all of the Obligations and in order to induce Lender to enter into this Agreement and make the Loan to Customer in accordance with the terms hereof, Customer hereby grants, pledges and assigns to Lender a first priority security interest, collateral assignment, international interest, prospective international interest, security assignment and prospective security assignment, in, against, under and with respect to (the " **Lender's Lien** ") all of Customer's right, title and interest in, to and under all of the following collateral, whether now existing or hereafter acquired (collectively, the " **Collateral** "): (i) the Aircraft, including the Airframe, the Engines, each of the APU and Parts, and the Records; (ii) any and all present and future Third Party Agreements; (iii) any and all other associated rights secured by or associated with the Airframe and/or the Engines, together with any related international interests and prospective international interests; (iv) any collateral described in the other Loan Documents (including in any Operating Consent); and (v) all proceeds of the foregoing. By way of clarification and not limitation, the foregoing grant of the Lender's Lien shall include, as applicable (and in each case, being validly registered and having first priority), an international interest in the Airframe and in each Engine. Notwithstanding the foregoing, (i) Customer shall not enter into any Third Party Agreements unless expressly permitted by Section 4.4 and (ii) Lender is not assuming, nor shall it be responsible for, any obligations, liabilities or duties of any kind whatsoever of Customer (and/or of any other Person) relating to the Collateral. Customer agrees that it shall perform and procure performance in accordance with any Third Party Agreement or other agreement or instrument giving rise to any associated rights that are or may become subjected to the Lender's Lien.

**UCCs, Registrations, Etc.: Lender as Attorney-in-Fact.** Customer hereby irrevocably:

authorizes Lender to prepare and file any UCC financing statements, amendments, continuations, terminations, assignments and other filings, or take such other actions for the purpose of perfecting, affording first and exclusive priority to or otherwise relating to Lender's Lien under this Agreement or the other Loan Documents;

consents to, and authorizes its professional user entity to consent to, the registration of each Registerable Interest requested by Lender or its Assignee, or otherwise required by the provisions of this Agreement or any of the other Loan Documents, including any subordination, amendment, assignment, discharge or undertaking permitted by the Cape Town Convention with respect thereto; and

constitutes and appoints Lender (including any Person acting on Lender's behalf), as its true and lawful attorney-in-fact with full power and authority in the place and stead of Customer and in the name of Customer or in its own name, for the purpose of carrying out the terms of this Agreement; which authority shall include the following undertakings that may be exercisable by Lender in its sole discretion at any time, and from time to time, if an Event of Default is then existing or upon the occurrence of an Event of Loss: (i) in Customer's name, file and/or record, such further instruments, filings and other documents, make, cause to be made and/or consent to all registrations with the International Registry, and take such further action, to establish and protect Lender's rights, interests and remedies created, or intended to be created, pursuant to the Loan Documents; (ii) endorse Customer's name on any checks, notes, drafts or any other payments or instruments, or set off, apply, or take such other

actions with respect to any funds relating to the Collateral that come into Lender's possession or control; and (iii) to settle, adjust, receive payment and make claim or proof of loss, and take such other actions relating to the Required Coverages. This appointment is coupled with an interest, is irrevocable and shall terminate only upon indefeasible payment and performance in full of all of the Obligations. The powers conferred on Lender hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Lender shall be accountable only for amounts that it actually receives in good and indefeasible funds as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to Customer for any act or failure to act. Without limiting the foregoing, Customer agrees that within five (5) Business Days of Lender's request, Customer will enter into an irrevocable power-of-attorney authorizing Aviation Counsel or Lender's other designee as Customer's professional user entity and administrator for the purpose of discharging any Registerable Interests as and when directed to do so by Lender in connection with its exercise of its rights and remedies under the Loan Documents.

**Inspection.** Lender or its authorized representatives shall have the right, but not the duty, to inspect the Aircraft, any part thereof and/or the Records, at its own cost any reasonable time and from time to time, wherever located, upon reasonable prior notice to Customer; except that after the occurrence of a Default or an Event of Default, such inspection may be conducted at any time without prior notice and at Customer's sole expense, and it shall pay Lender promptly upon demand any inspection costs incurred by Lender. So long as no Default or Event of Default exists, any such inspections shall be conducted during normal business hours and without interruption of the use and operation of the Aircraft as permitted hereby. Upon the request of Lender, Customer shall promptly confirm to Lender the location of the Aircraft or any of the other Collateral.

**Events of Default.** The term " **Event of Default** ", wherever used herein, shall mean:

Customer shall fail to pay any Obligation within ten (10) days after the same shall become due and payable (whether at the stated maturity, by acceleration, upon demand or otherwise); or

(i) any Customer Party shall default in the payment or performance of any indebtedness, liability or obligation to Lender or any Affiliate of Lender under any note, security agreement, lease, title retention or conditional sales agreement or any other instrument or agreement; or (ii) any Customer Party shall fail to pay any Indebtedness (other than the Obligations) exceeding \$5,000,000.00, and such failure shall continue beyond any applicable grace period (or, with respect to trade Indebtedness which is not subject to a grace period, within ninety (90) days of the date such trade Indebtedness is incurred); or

(i) any of the Required Coverages are not kept in full force and effect, or a breach or violation shall exist with respect to any provisions thereof; or the Aircraft is operated in a manner, at a time or in or over or located at a place with respect to which such Required Coverages shall not be in effect; (ii) Customer shall fail to cause the Airframe or the Engines to be used, operated, maintained or otherwise kept in a condition so as to be in compliance with all Applicable Laws; or (iii) any Customer Party shall fail to comply with (A) any financial covenants as and to the extent set forth or incorporated in any Guaranty or in any of the other Loan Documents, or (B) any provision of any of the Loan Documents restricting Liens and other dispositions relating to either the Collateral or any rights or obligations under any of the Transaction Documents (including Section 4.4 hereof), or (iv) the occurrence of any Defective Registration; or

(i) any representation or warranty made by any Customer Party in any of the Loan Documents or in any related agreement, document or certificate shall prove to have been incorrect, misleading, or inaccurate in any material respect when made or given (or, if a continuing representation or warranty, at any time); or (ii) any Customer Party shall fail to (A) perform or observe any other agreement (other than those specifically referred to in this Section 6) required to be performed or observed by it under this Agreement or in any of the other Loan Documents, and such failure shall continue uncured for thirty (30) days after the earlier of written notice thereof from Lender to such Customer Party or such Customer Party's actual knowledge thereof (but such notice and cure period will not be applicable unless such breach is curable by practical means within such notice period) or (B) notify Lender of any Default or Event of Default within ten (10) Business Days of its occurrence; or

(i) any Customer Party shall (A) generally fail to pay its, or his or her debts as they become due, admit its, or his or her inability to pay its, or his or her debts or obligations generally as they fall due, or shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws or other insolvency laws, or an answer admitting the material allegations of such a petition filed against such Customer Party in any such proceeding; or (B) by voluntary petition, answer or consent, seek relief under the provisions of any other bankruptcy or other insolvency or similar law providing for the reorganization or liquidation of corporations, or providing for an assignment for the benefit of creditors, or providing for an agreement, composition, extension or adjustment with its, or his or her creditors; or (ii) a petition against any Customer Party in a proceeding under applicable bankruptcy laws or other insolvency laws, as now or hereafter in effect, shall be filed and shall not be withdrawn or dismissed within one hundred twenty (120) days thereafter, or if, under the provisions of any law providing for reorganization or liquidation of business entities that may apply to any Customer Party, any court of competent jurisdiction shall assume jurisdiction, custody or control of such Customer Party or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of one hundred eighty (180) days after the filing date; or

the occurrence of any of the following events with respect to any Customer Party: (A) it enters into any transaction of merger, consolidation or reorganization; (B) it ceases to do business as a going concern, liquidates, or dissolves, or sells, transfers or otherwise disposes of all or substantially all of its assets or properties (in one or more transactions); (C) it becomes the subject of, or engages in, a leveraged buy out; (D) it changes the form of organization of its business; (E) if it is privately owned as of the Closing Date, there is any substantial change in the ownership or control of its capital stock or membership interests such that the holder(s) that own or control one hundred percent (100%) of such equity interests as of the Closing Date no longer do so; or (F) if it is publicly held as of the Closing Date, any change so that it is no longer subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or no longer registered under Section 12 of the Securities Act of 1933, as amended; or

(i) the conviction of or guilty plea by any Customer Party with respect to any criminal act constituting a felony, (ii) any repudiation by any Customer Party of its obligation for the payment or performance of the Obligations, (iii) any allegation by any Customer Party or judicial determination that any of the Loan Documents is unenforceable in any material respect or (iv) a Default (as defined in any Guaranty) shall occur; or any event or condition constituting a breach or other default under any Operating Consent.

## **Remedies .**

**Acceleration; Termination of Commitment.** If any Event of Default shall occur, Lender, in its sole discretion, may (a) declare the Obligations to be immediately due and payable, and upon such declaration the Obligations (including, the unpaid principal amount of the Note, together with all accrued but unpaid interest thereon, any prepayment fees and all other amounts due and payable under or with respect to the Loan Documents), shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the other Loan Documents to the contrary notwithstanding, (b) terminate any then outstanding commitment whether to Customer or any Affiliate to make the Loan or any advance thereof, or any other financial accommodations, whether related to the Loan or otherwise, and/or (c) pursue and enforce any of Lender's rights and remedies under this Section 7; provided, however, if an Event of Default specified in Section 6 (e) above shall occur, the Obligations shall become immediately due and payable, all such commitments shall terminate, and Lender shall have all such other rights and remedies contemplated in the preceding clauses (a), (b) and (c), automatically, and without any notice or other action by Lender.

**Additional Remedies.** If an Event of Default occurs, in addition to all other rights and remedies granted to it in this Agreement and in the

other Loan Documents, Lender may exercise all rights and remedies of a secured party under the UCC or as a creditor, chargee or security assignee under the Cape Town Convention (including any and all remedies thereunder requiring agreement by Customer), or otherwise available to Lender under any other Applicable Law. Without limiting the generality of the foregoing, Customer agrees that upon the occurrence of an Event of Default, Lender, without demand or notice of any kind (except as specified below) to or upon Customer or any other Person, in its sole discretion, may exercise any one or more of the following remedies:

(i) peacefully enter the premises where the Aircraft, the Engines, or any other Collateral is located, take immediate possession of, remove (or disable in place), or otherwise take control or custody of the Airframe, the Engines or any other Collateral (whether or not then attached to the Airframe) by self-help, summary proceedings or otherwise without liability, (ii) preserve the Airframe, the Engines or the other Collateral, and their respective value (but without any obligation to do so), and immobilize or keep idle the Airframe or Engines, and/or (iii) use Customer's premises for storage without liability; and Customer agrees, at Lender's request, to assemble the Collateral, and make it available to Lender at such places as Lender shall reasonably select, whether at Customer's premises or elsewhere;

(i) terminate the right of any Interested Third Party, and any other third party to use, possess or control the Airframe, the Engines or any of the other Collateral, including under any Permitted Third Party Agreement or other Third Party Agreement, without regard as to the existence of any event of default thereunder, (ii) recover from, and/or cause Customer and any such Interested Third Party, and any other third party, to relinquish possession and return the Airframe, the Engines and any other Collateral pursuant to this Section 7, and/or (iii) exercise any and all other remedies under any Operating Consents in Customer's stead, to the extent provided for under, or otherwise available to Customer in connection with any related Permitted Third Party Agreement or such other Third Party Agreement;

(i) manage, sell, lease, assign or otherwise dispose of the Airframe, the Engines or any other Collateral, in whole or in part, whether or not in Lender's possession, in one or more parcels or transactions, at public or private sale or sales, with or without notice to Customer (except as required by Applicable Law, and in furtherance thereof, Lender agrees that it shall give Customer no less than ten (10) working days' prior notice of any proposed sale or lease of the Airframe or Engines, which Customer acknowledges as constituting "reasonable prior notice" for the purposes of the Cape Town Convention) at such prices as Lender may deem best, and/or (ii) purchase the Collateral, in whole or in part, upon any public sale or sales, and to the extent permitted by Applicable Law upon any private sale or sales, free of any right or equity of redemption in Customer, which right or equity of redemption is hereby expressly released;

(i) collect, receive, appropriate and realize upon the Collateral, or any part thereof, including by applying any deposit or other cash collateral, or collecting or receiving, appropriating and realizing upon any income, profits or other proceeds arising from the management or use of the Airframe, the Engines or any of the other Collateral, and applying the same (after deducting all taxes, costs, expenses and other reductions of every kind incurred in connection therewith) to the payment in whole or in part of the Obligations, in such order and manner as Lender may elect; and (ii) after making such application, (A) remitting to Customer or to such other Person any excess then remaining, as and to the extent Lender is required by Applicable Law to make such remittance and (B) demanding, collecting and receiving from Customer any deficiency then remaining (and Customer agrees that it shall remain liable for, and pay upon demand, the full amount of any such deficiency);

(i) demand and obtain from any court speedy relief pending final determination available at law (including, possession, control, custody or immobilization of the Airframe and Engines, or preservation of the Airframe and the Engines and their respective value), (ii) procure the deregistration and/or export and physical transfer of the Airframe from the territory in which it is then situated (including pursuant to an IDERA, if any, executed by Customer), and/or (iii) otherwise proceed at law or in equity, to enforce specifically Customer's performance or to recover damages; and/or

exercise any and all other rights and remedies under or with respect to the Loan Documents or Applicable Law, including the Cape Town Convention and the UCC.

**No Waiver: Cumulative Remedies.** No right or remedy is exclusive. Customer hereby acknowledges that none of the provisions of this Section 7, including any remedies set forth or referenced herein, is "manifestly unreasonable" for the purposes of the Cape Town Convention. Each may be used successively and cumulatively and in addition to any other right or remedy referred to above or otherwise available to Lender at law or in equity, but in no event shall Lender be entitled to recover any amount in excess of the maximum amount recoverable under Applicable Law with respect to any Event of Default. No express or implied waiver by Lender of any Default or Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default. The failure or delay of Lender in exercising any rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies, and any single or partial exercise of any particular right by Lender shall not exhaust the same or constitute a waiver of any other right provided for or otherwise referred to herein. After the occurrence of any Default or Event of Default, the acceptance by Lender of any payment or performance of any of the Obligations, including the payment of any installment of principal and/or interest or of any other sum owing hereunder or under the other Loan Documents shall not constitute a waiver of such Default or Event of Default, regardless of Lender's knowledge or lack of knowledge thereof at the time of acceptance of any such payment or performance and shall not constitute a reinstatement of any of the Loan Documents, unless Lender shall have agreed in writing to reinstate the same and waive the Default or Event of Default. To the extent permitted by Applicable Law, Customer waives any rights now or hereafter conferred thereby, that (a) limit or modify any of Lender's rights or remedies under this Agreement or any of the other Loan Documents, including the provisions of Article 13(2) of the Convention, or (b) would otherwise entitle Customer to (i) receive notices or demands as a condition to Lender's exercise of any rights or remedies, except as expressly required above or (ii) make claims, damages and demands against Lender arising out of the repossession, retention, sale or other disposition of the Collateral.

#### **MISCELLANEOUS**

**Notices.** All communications and notices provided for herein shall be in writing and shall be deemed to have been duly given or made (i) upon hand delivery, or (ii) upon delivery by an overnight delivery service, or (iii) when sent by telecopy (with customary confirmation of receipt of such telecopy) on the Business Day when sent or upon the next Business Day if sent on other than a Business Day.

#### **Expenses and Fees; Indemnity; Performance of Customer's Obligations.**

Customer shall pay to Lender upon demand all reasonable fees, costs and expenses incurred by or on behalf of Lender at any time in connection with (i) the negotiation, preparation, execution, delivery and enforcement of the Loan Documents and the collection of the Obligations (both before and after the occurrence of a Default or Event of Default), (ii) the creation, preservation and protection of the Collateral and the perfection, first priority and enforcement of Lender's Lien, or (iii) Customer's exercise of any right granted under, or any amendment or other modification to any of, the Loan Documents. Such fees, costs and expenses shall include, without limitation, reasonable appraisal and inspection fees, the reasonable fees and expenses of Aviation Counsel and of Lender's counsel, consultants and brokers, UCC, FAA, International Registry and other applicable title, interest and lien searches, and reasonable costs and expenses relating to recovery, repossession, storage, insurance, transportation, repair, refurbishment, advertising, sale and other dispositions of the Aircraft or any of the other Collateral. Customer shall also pay all reasonable fees (including license, filing and registration fees), Impositions and other charges of whatever kind or nature that may be payable or determined to be payable in connection with (A) the execution, delivery, recording or performance of this Agreement or any of the other Loan Documents, or any modification thereof, and (B) the filings, registrations and other undertakings relating thereto. Notwithstanding the foregoing, as long as there are no more than two (2) revised drafts of any Loan Document provided by Customer or its counsel to Lender or Lender's counsel, Customer shall be responsible for not more than \$35,000.00 in the aggregate for the legal fees of outside counsel to Lender (including, Aviation

Counsel) and appraisal, inspection, processing, credit verification, lien searches, FAA and International Registry fees and other fees incurred in connection with the initial negotiation, preparation and execution of this Agreement and the other Loan Documents executed and delivered on or before the Closing Date (and the consummation of the closing contemplated to occur thereon); provided that in the event that the negotiation exceeds two (2) revised drafts of any Loan Document, then Customer shall pay for the actual amount of such out of pocket fees incurred by Lender relating to the drafting and negotiation in excess of such two (2) revised drafts. Lender shall apply the previously paid deposit amount of \$35,000.00 to such fees and shall refund to Customer the amount by which the deposit exceeds such fees.

Customer hereby further agrees, whether or not the transactions contemplated by this Agreement shall be consummated, to pay, indemnify, and hold Lender and its affiliates and all of the Lender's and such affiliates' respective directors, shareholders, members, officers, employees, agents, predecessors, attorneys-in-fact, lawyers, successors and assigns (Lender, its affiliates and all of such other parties and entities sometimes hereinafter collectively, the "**Indemnified Parties**") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, out of pocket costs, attorney's fees, expenses or disbursements of any kind or nature whatsoever ("**Claims**") arising with respect to or in connection with (i) the Airframe, the Engines, or any APUs or Parts, or any of the other Collateral, including (whether by or through Customer, Vendor, any Interested Third Party, or any other Person), the manufacture, inspection, ownership, lease, sublease, management, pooling, interchange, time sharing, chartering, possession, use, operation, maintenance, security, condition (whether prior to, upon or after delivery or acceptance of any of the same), repossession, storage, sale or other disposition of any of the same, or any accident in connection therewith, including Claims involving or alleging environmental damage, criminal acts, hijacking, acts of terrorism or similar acts, product liability or strict or absolute liability in tort, latent and other defects (whether or not discoverable) and for any other risk or matter, including any of the same that result in injuries, death, destruction, or other harm or loss to persons or property, or (ii) any of the Loan Documents, Third Party Agreements or other Transaction Documents, or the performance, breach (including any Default or Event of Default) or enforcement of any of the terms hereof or thereof, provided, that Customer shall have no obligation to indemnify an Indemnified Party with respect to Claims arising from the gross negligence or willful misconduct of such Indemnified Party (unless if imputed by Applicable Law). If any Claim is made against any Indemnified Party, the party receiving notice or otherwise becoming aware of such Claim shall promptly notify the other, but the failure of the party having knowledge of a Claim to so notify the other party shall not relieve Customer of any obligation hereunder.

If any Customer Party fails to perform or comply with any of its agreements contained herein or in the other Loan Documents, including, without limitation, its obligations to keep the Collateral free of Liens (other than the Permitted Liens), comply with Applicable Standards, or obtain the Required Coverages, Lender shall have the right, but shall not be obligated, to effect such performance or compliance, with such agreement. Any expenses of Lender incurred in connection with effecting such performance or compliance, together with interest thereon at the default rate of interest provided for in the Note from the date incurred until reimbursed, shall be payable by Customer to Lender promptly on demand and until such payment shall constitute part of the Obligations secured hereby. Any such action shall not be a cure or waiver of any Default or Event of Default hereunder.

Entire Agreement; Modifications. This Agreement and the other Loan Documents constitute the entire understanding and agreement of the parties hereto with respect to the matters contained herein and therein, and shall completely and fully supersede all other prior agreements (including any proposal letter, commitment letter, and/or term sheet), both written and oral, between Lender and Customer relating to the Obligations. Neither this Agreement, nor any terms hereof, may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of a change, waiver, discharge or termination is sought.

Construction of this Agreement and Related Matters. All representations and warranties made in this Agreement and in the other Loan Documents shall survive the execution and delivery of this Agreement and the making of the Loan hereunder. Customer's obligations contained in this Section 8 shall survive the payment and performance of the Obligations, the termination of this Agreement, and the release of the Collateral. This Agreement may be executed by the parties hereto on any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. The headings of the Sections hereof are for convenience only, are not part of this Agreement and shall not be deemed to affect the meaning or construction of any of the provisions hereof. Time is of the essence in the payment and performance of all of Customer's obligations under this Agreement. Any provision of this Agreement that may be determined to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective in such jurisdiction to the extent thereof without invalidating the remaining provisions of this Agreement, which shall remain in full force and effect.

Lender's Assignment. Lender, may at any time, with or without notice to Customer, freely grant a security interest in, sell, assign, participate or otherwise transfer (an "**Assignment**") all or any part of its interest in this Agreement and the other Loan Documents (including all associated rights associated with or secured thereby and the related international interests) or any amount due or to become due hereunder or thereunder, and Customer shall perform all of its obligations under the Loan Documents, to the extent so transferred, for the benefit of the beneficiary of such Assignment (such beneficiary, including any successors and assigns, an "**Assignee**"); provided, however, if such Assignee is not an Affiliate of Lender and if no Default or Event of Default exists, Lender will provide prior notice of any such Assignment to a third party. Customer hereby waives any right to assert, and agrees not to assert, against any Assignee any abatement, reduction, defense, setoff, recoupment, claim or counterclaim that Customer may have against Lender, provided that Lender remains fully responsible therefor. Upon the assumption by such Assignee of Lender's obligations hereunder, Lender shall be relieved of any such assumed obligations. Customer hereby consents to any such assignment, grant, sale or transfer, including, without limitation, for purposes of the Cape Town Convention. If so directed in writing, Customer shall pay all amounts due or to become due under the Loan Documents, including any of the same constituting associated rights or proceeds directly to the Assignee or any other party designated in writing by Lender or such Assignee. Customer acknowledges and agrees that Lender's right to enter into an Assignment is essential to Lender and, accordingly, waives any restrictions under Applicable Law with respect to an Assignment and any related remedies. Upon the request of Lender or any Assignee, Customer also agrees (a) to promptly execute and deliver, and cause to be executed and delivered by any Guarantor or any other Transaction Party, to Lender or to such Assignee an acknowledgment of assignment in form and substance satisfactory to the requesting party, an insurance certificate naming Assignee as additional insured and loss payee and otherwise evidencing the Required Coverages, an IDERA in favor of Assignee, and such other documents and assurances reasonably requested by Lender or Assignee, (b) to make, or cause to be made, all registrations (including all assignments and subordinations) and all amendments, extensions and discharges with the International Registry reasonably requested by Lender or Assignee (and give or obtain any necessary consent thereto, as well as renew any authorization required by the International Registry in connection therewith, including renewing its transacting user entity status and re-designating a professional user entity, if necessary in Lender's judgment), and (c) to comply with any and all other reasonable requirements of any such Assignee in connection with any such Assignment.

Jurisdiction. Customer and Lender each hereby irrevocably consents and agrees that any legal action, suit or proceeding arising out of or in any way in connection with this Agreement or any of the other Loan Documents may be instituted or brought in the courts of the State of New York or in the United States Courts for the Southern District of New York, as Customer or Lender may elect or in any other state or Federal court as Lender shall deem appropriate, and by execution and delivery of this Agreement, Customer and Lender each hereby irrevocably accepts and submits to, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of any such court, and to all proceedings in such courts. Customer and Lender each irrevocably consents to service of any summons and/or legal process by first class, certified United States air mail, postage prepaid, to Customer at the address set forth below its signature hereto, such method of service to constitute, in every respect, sufficient and effective service of process in any such legal action or proceeding. Nothing in this Agreement or in any of the other

Loan Documents shall affect the right to service of process in any other manner permitted by law or limit the right of Lender to bring actions, suits or proceedings in the courts of any other jurisdiction. Customer and Lender each further agrees that final judgment against it in any such legal action, suit or proceeding shall 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 shall be conclusive evidence of the fact and the amount of the liability. Notwithstanding anything in the foregoing to the contrary, Lender and Customer may bring a judicial proceeding in the Republic of Ireland, solely with respect to matters relating to the International Registry.

Governing Law; Binding Effect. This Agreement shall be construed and enforced in accordance with, and the rights of both parties shall be governed by, the internal laws of the State of New York (without regard to the conflict of laws principles of such state, except as to the effect of Title 14, Section 5-1401 of the New York General Obligations Law), including all matters of construction, validity, and performance. This Agreement shall be binding upon and inure to the benefit of Customer and Lender and their respective successors and assigns (but without limiting the provisions of Section 8.5); except that Customer may not assign or transfer its rights or obligations hereunder or under any other Loan Agreement, or any interest herein or therein; and any such purported or attempted assignment or transfer by Customer shall be null and void.

Customer's Capacity as Owner Trustee. TVPX Aircraft Solutions Inc. ("TVPX") is executing this Agreement, and the other Loan Documents solely in its capacity as Owner Trustee under the Trust Agreement and not in its individual capacity and in no case shall TVPX be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of the Customer hereunder, or under any Loan Document, all such liability, if any, being expressly waived by the parties hereto and any Person claiming by, through, or under such party. Under no circumstances shall TVPX be personally liable for the payment of any other amount stated to be due from the Customer hereunder, or under any Loan Document, or be personally liable for the breach or failure of any of Customer's representations, warranties, covenants, obligations, undertakings and agreements hereunder, or under any Loan Documents; provided, however, that the Customer (or any such successor owner trustee) shall be personally liable hereunder for its own gross negligence or willful misconduct or for its breach of its covenants, representations and warranties contained herein, or in any Loan Document, to the extent covenanted or made in its individual capacity.

Jury Waiver. CUSTOMER AND LENDER EACH HEREBY KNOWINGLY AND FREELY WAIVES THEIR RESPECTIVE RIGHTS TO A JURY TRIAL IN ANY ACTION, SUIT OR PROCEEDING RELATING TO, ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE NOTE OR ANY OF THE OTHER LOAN DOCUMENTS.

**[Signatures On Next Page]**

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Loan and Aircraft Security Agreement

IN WITNESS WHEREOF, the parties hereto have caused this Loan and Aircraft Security Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

BANC OF AMERICA LEASING & CAPITAL, LLC, Lender

TVPX AIRCRAFT SOLUTIONS INC., a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated July \_\_\_\_, 2017,  
Customer

By:  
Name:  
Title:  
Notice Address:

One Financial Plaza, 2nd Floor  
Providence, Rhode Island 02903  
Attention: Director of Aircraft Operations  
Telephone: 800-238-3737  
Facsimile: 401-278-7941

By:  
Name:  
Title:  
Notice Address:

39 East Eagle Ridge Drive, Ste. 201  
North Salt Lake, UT 84054  
Telephone: (801) 924-367  
Facsimile: (801) 877-0478

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(k) such other documents, filings, certificates, opinions, assurances and evidence of such other matters, as Lender, Lender's counsel or Aviation Counsel, may reasonably request.

2. **Aviation Counsel's Escrow.** Prior to Lender's making the Loan and at least one (1) Business Day prior to the Closing Date, Lender shall have received confirmation from Aviation Counsel and from any other Person holding any Closing Deliverables in escrow (each, an "Escrow Holder"), that it is holding in its escrow all of the following (the "Aviation Documents"), if applicable, in proper form for filing with the FAA and otherwise having a form and substance satisfactory to Aviation Counsel: (a) if the Aircraft is not then owned by Customer, the executed FAA Bill of Sale and Registration Application (except for the pink copy, which shall be available to be placed on the Aircraft upon acceptance thereof), each in Customer's name; (b) FAA Entry Point Filing Forms (AC Form 8050-135) pertaining to each of the required Registerable Interests (as determined by Aviation Counsel, and specified therein, the "Required Registrations"); (c) if required, executed releases and any subordinations of any Liens on the Aircraft, and all consents and other directives necessary to register any of the same; (d) such other documents, instructions and consents as are necessary, in the opinion of Lender's counsel and/or Aviation Counsel; and (e) an executed original counterpart of the Agreement and (if requested by Lender) any Permitted Third Party Agreement constituting a lease, together with any related Operating Consent.

3. **Other Closing Assurances.** On the Closing Date, Lender shall have received:

(a) immediately prior to Lender's making the Loan, (i) assurances from Aviation Counsel that upon making the filings and Required Registrations contemplated herein, (A) title to the Airframe and the Engines is vested in Customer, (B) the Airframe, the Engines, and the other Collateral, will be free and clear of all other Liens of record with the FAA and the International Registry (other than Permitted Liens), and (C) Lender's Lien against the Airframe, the Engines and the other Collateral will be perfected and have first priority; and (ii) confirmation from (A) Customer and each such other party to any Closing Deliverables that immediately upon the disbursement of the funds being advanced or remitted in connection with the Loan in accordance with the pay proceeds letter between Lender and Customer, then automatically and without further action, (1) each Escrow Holder is deemed authorized to complete each of the Closing Deliverables, (2) all of the Closing Deliverables shall be deemed released from escrow and (3) all of the Aviation Documents shall be filed and all Required Registrations shall be made, as contemplated in the Agreement and in the order required by Lender; and (B) Aviation Counsel, that the professional user entity for Customer, and each such other party required to initiate or consent to all of Required Registrations have so initiated or consented to the same; and

(b) promptly after Lender has made the Loan, (i) confirmation by Aviation Counsel that the filing of the Agreement, and each of the other documents referenced in Section 2 above has been made (and the filing information is reported to the Lender telephonically or electronically); and (ii) a priority search certificate from the International Registry addressed to Lender evidencing that all of the Required Registrations have been duly registered and are searchable.

4. **All Other Conditions Satisfied.** On the Closing Date, and prior to making the Loan, (a) the representations and warranties contained in the Agreement and the other Loan Documents shall be true and correct in all respects on and as of the date of the making of the Loan or any advance thereof; and (b) any and all of the other conditions to Lender's making the Loan have been satisfied. As and when required thereby, Customer shall have caused the seller of the Aircraft to have complied with all Applicable Laws pertaining to the consummation of the sale of the Aircraft to Customer, consistent with the title, registration and Lien status as contemplated herein. Customer acknowledges and agrees that Lender's disbursement of any part or all of the Loan proceeds or its having taken any other actions in furtherance of consummating the transactions contemplated in connection with the Loan, shall not prejudice any of Lender's rights or remedies with respect to any conditions thereto which are not fully and indefeasibly satisfied as and when required in this Closing Terms Addendum; and Lender hereby reserves all of its rights and remedies with respect thereto, unless and to the extent expressly waived in writing by Lender's authorized officer.

5. **Post-Closing Matters.** Subsequent to Lender's having made the Loan, Customer shall cause the following post-closing matters to have been accomplished to Lender's reasonable satisfaction, on or prior to the below-referenced date: (a) Customer shall: (i) confirm to Lender that pertinent copies of the Registration Application, and (if constituting a lease) any Permitted Third Party Agreement and related Operating Consent have been properly placed on the Aircraft, not later than the date of the Aircraft's first flight after Customer takes title thereto; (ii) immediately upon receipt thereof, and at all times thereafter, maintain the permanent Certificate of Registration and Standard Airworthiness Certificate on-board the Aircraft; (iii) for all operations outside the continental U.S., unless the permanent Certificate of Registration is already on-board, Customer and (if applicable) Interested Third Party shall maintain the "fly-time wire" (FAA Standard Form 14) on-board the Aircraft; and (iv) pay or cause to be paid, report or cause to be reported, to the appropriate

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**LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)**

**THIS LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)** (together with all Addenda, Riders and Annexes hereto, this "Agreement") is dated as of July 27, 2017 (the "Closing Date"), by and between **TVPX AIRCRAFT SOLUTIONS INC.**, a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated as of July 27, 2017 ("Customer") and **BANC OF AMERICA LEASING & CAPITAL, LLC**, a Delaware limited liability company ("Lender").

In consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

Capitalized and certain other terms used but not otherwise defined in this Agreement shall have the meanings ascribed to them in Annex A attached hereto and made a part hereof.

#### **Terms of Loan .**

**Loan and Use of Proceeds .** Subject to the terms and conditions of this Agreement, Lender agrees to make a loan to Customer in the principal amount set forth in Annex B attached hereto and made a part hereof (the “ **Loan** ”). Customer shall use the proceeds of the Loan to finance the costs of the acquisition of the Aircraft.

**Repayment and Prepayment .** The Customer's obligation to repay the Loan shall be evidenced by one or more Promissory Notes dated on and/or after the Closing Date, payable by Customer to the order of Lender in the original principal amount of the Loan (as amended, modified, restated, extended and renewed from time to time, the “ **Note** ”). The Loan shall bear interest and be repaid by Customer at the times and in the manner set forth in the Note. The Loan may be prepaid only in the manner and subject to terms and conditions set forth in the Note and, if applicable, Section 4.7 hereof.

**Conditions of Borrowing .** Lender's obligation to make the Loan shall be both subject to and conditioned upon the satisfaction of all of the conditions precedent specified in the Closing Terms Addendum attached to and made a part of this Agreement.

**Representations and Warranties .** In order to induce Lender to enter into this Agreement and to make the Loan herein provided for, Customer represents, warrants and covenants to Lender that:

(i) Customer (A) is duly qualified to do business in each jurisdiction in which the conduct of its business or the ownership or operation of its assets requires such qualification, including the jurisdiction of the Primary Hangar Location and wherever any of the Collateral may become located; (B) has the necessary authority and power to own and operate the Aircraft and its other assets and to transact the business in which it is engaged; (C) is a “citizen of the United States” within the meaning of the Transportation Code; and (D) has the form of business organization set forth in Annex B hereto and is and will remain duly organized, validly existing and in good standing under the laws of the state of its organization set forth in Annex B hereto, its federal tax identification number is as set forth in Annex B hereto, and its state-issued organizational identification number (if any), chief executive office and principal place of business address are all as set forth on Annex B hereto; and (ii) its name as shown in the preamble of this Agreement is its exact legal name as shown on its charter, by-laws, articles of organization or operating agreement, as applicable, each as amended as of the Closing Date;

(i) Customer's execution and delivery of, and performance of its obligations under and with respect to, each of the Loan Documents (including its borrowing the amounts constituting the Loan, granting the Lender's Lien against the Aircraft and other Collateral and participating in the other transactions contemplated herein and therein), (A) have been duly authorized by all necessary action on the part of Customer consistent with its form of organization, (B) do not contravene or constitute a default under any Applicable Law, any of Customer's Organizational Documents, or any agreement, indenture, or other instrument to which Customer is a party or by which it may be bound, (C) do not require the approval of or notice to (1) any Governmental Authority, except for the filings and registrations specified in the Closing Terms Addendum, all of which shall have been duly effected prior to or concurrently with Lender making the Loan, or (2) any other party (including any trustees or holders of indebtedness), and (D) will not result in the creation or imposition of any Lien on any of the assets of Customer other than the Lender's Lien created hereby and by the other Loan Documents with respect to the Collateral; (ii) each of the Transaction Documents referenced in the Closing Terms Addendum to which Customer is a party has been duly executed and delivered by an authorized representative of the Customer, and constitutes the legal, valid and binding obligation of the Customer, enforceable against it in accordance with the respective terms of such Transaction Documents (including, without limitation, the grant of the Lender's Lien); and (iii) without limiting the foregoing, upon Lender's advancing the Loan on the Closing Date, (A) Customer will have satisfied or complied with all conditions precedent and requirements as set forth in the Loan Documents required to have been satisfied or complied with concurrently with or prior to such advance and (B) no Default or Event of Default shall be then existing;

there are no proceedings pending or, so far as the officers, managers, or members of Customer know, threatened against or affecting Customer or any of its property before any Governmental Authority that could impair Customer's title to the Aircraft or any of the other Collateral, or that, if decided adversely, could materially affect the financial condition or operations of Customer or its ability to perform its obligations under any of the Loan Documents;

(i) Customer has, and shall continue to have, good and marketable title to the Collateral, free and clear of Liens, except Permitted Liens; (ii) the Lender's Lien in the Airframe, the Engines and the other Collateral is and shall remain validly created and perfected, and has and shall continue to have first priority over any other Liens pursuant to all Applicable Laws; and (iii) all filings, recordings, registrations or other actions necessary or desirable in order to vest such title in Customer, and establish, perfect and give first priority to Lender's Lien and other rights and interests in, against or with respect to the Collateral, have been duly effected, and all Impositions in connection therewith have been duly paid;

without limiting any of the other representations and warranties in this Agreement, for the purposes of the Cape Town Convention and any other Applicable Law, (i) upon the conclusion of the sale of the Aircraft to Customer, and Customer's grants and assignments, and (if constituting a lease) any Permitted Third Party Agreement, contemplated in the Loan Documents or other Transaction Documents, Customer and (if a lessee) any Interested Third Party shall be situated in, and Customer will cause the Aircraft to be duly registered in, the United States of America (which is a contracting state), (ii) with respect to any of the Transaction Documents relating to the Airframe or Engine, each of the respective parties thereto has power to dispose of the Airframe and Engine, as contemplated therein by way of the relevant Transaction Document, and (iii) the Purchase Documents qualify as a “contract of sale”, and (if constituting a lease) any Permitted Third Party Agreement and the Loan Documents are effective to constitute international interests in the Airframe and Engine and security assignments of the related associated rights and transfer of the related international interests, as contemplated therein, and each such Registerable Interest will be effective against third parties upon registration at the International Registry, without any further filings or registrations (except as contemplated in the Loan Documents);

(i) the Aircraft (A) has been delivered to Customer, is in Customer's possession and is, as of the Closing Date, unconditionally, irrevocably and fully accepted by Customer, (B) has been inspected by Customer to its complete satisfaction and, without limiting the foregoing, (1) has been found to be in good working order, repair and condition and fully equipped to operate for its intended purpose, and (2) is in conformity with the requirements of the Purchase Agreement and the Applicable Standards, (C) is, or will be at the time of the funding of the Loan, currently certified under existing FAA rules and regulations and any other Applicable Laws and is airworthy in all respects, and (D) is and will remain primarily hangared at the Primary Hangar Location; and (ii) without limiting the foregoing, (A) solely as between Lender and Customer (and without prejudicing Customer's rights against Vendor or any other third party, which rights are not being disclaimed hereby), Customer has no pending claims and has no knowledge of any facts upon which a future claim may be based, against any prior owner, the seller, manufacturer or supplier of the Aircraft or any of the other Collateral, for breach of warranty or otherwise, and (B) all of the information contained in Annex C, including the registration number of the Aircraft, and the serial numbers, manufacturer and model numbers of the Airframe, Engines, and APU, are true and accurate in all respects; and

(h) the Aircraft (i) is currently capable of being certified under existing FAA rules and regulations and completely airworthy in all respects, (ii) will undergo an inspection by a Designated Airworthiness Representative of the FAA (“ **DAR** ”) on the Closing Date and (iii) an FAA Standard Airworthiness Certificate (AC Form 8100-2) shall be issued for the Aircraft no later than two (2) Business Days after the Closing Date.

**Covenants .** Customer covenants and agrees that from and after the Closing Date and so long as any of the Obligations are outstanding:

Notices; Financial Information; and Further Assurances. Customer will, at its sole expense:

promptly give written notice to Lender of (i) the occurrence of any Default or Event of Default; (ii) the occurrence of any Event of Loss or event of which Customer may be aware that could become an Event of Loss; (iii) the commencement or written threat of any material litigation or proceedings affecting Customer or any material litigation or proceedings affecting the Aircraft or any of the other Collateral, or the ability of Customer to comply with its obligations under the Loan Documents; and (iv) any material dispute between Customer or any Interested Third Party and any Governmental Authority or other party that involves the Aircraft or any of the other Collateral or that might materially interfere with the normal business operations of Customer;

cause Guarantor to comply with the financial reporting requirements set forth in the Guaranty and promptly furnish to Lender any such financial and other information regarding the Customer or Guarantor or any of its Affiliates as Lender may from time to time reasonably request; and

promptly execute and deliver to Lender such further instruments, UCC and FAA filings (including an IDERA) and other documents, make, cause to be made and/or consent to all registrations (including any discharges and subordinations, or as to the prospective or actual sale of, and any international interest in, the Engines) with the International Registry, and take such further action, as Lender may from time to time reasonably request in order to further carry out the intent and purpose of the Loan Documents and to establish, protect and enforce the rights, interests, remedies and Liens (including the first priority thereof) created, or intended to be created, in favor of Lender thereby.

General Obligations. (a) Customer agrees that it shall (i) duly observe and conform to all requirements of Applicable Law relating to the conduct of its business and/or the Aircraft, (ii) remain a "citizen of the United States" within the meaning of the Transportation Code, (iii) obtain and keep in full force and effect (A) all rights, franchises, licenses and permits that are necessary to the proper conduct of its business, and (B) all approvals by any Governmental Authority required with respect to the performance of its obligations under the Loan Documents and the operation of the Aircraft and its business, (iv) cause the Aircraft to remain primarily hangared at the Primary Hangar Location, and duly registered in Customer's name under the Transportation Code (including, by making all necessary reports, re-registering its ownership of the Aircraft, and taking all other actions required by Applicable Law), and (v) pay and perform all of its obligations and liabilities when due. (b) Customer agrees that (i) it shall not change its presently existing legal name or its form or state of organization on or after the date of this Agreement, without Lender's prior written consent, (ii) if its presently existing state organizational identification number changes, or if Customer currently has no such state organizational number but is subsequently issued such a number, on or at any time after the date of this Agreement, Customer shall immediately notify Lender thereof, and (iii) it shall not change the presently existing mailing, chief executive office and/or principal place of business address on or after the date of this Agreement without giving Lender thirty (30) days written notice of the same.

Taxes. (a) Customer will file or cause to be filed with all appropriate taxing authorities all Federal, state and local income tax returns that are required to be filed and all registrations, declarations, returns and other documentation with respect to any personal property taxes (or any other taxes in the nature of or imposed in lieu of property taxes) due or to become due with respect to the Aircraft or any of the other Collateral. (b) Customer will pay (or cause to be paid) (i) on or before the date when due all taxes as shown on said returns and all taxes assessed, billed or otherwise payable with respect to the Aircraft or the other Collateral directly to the appropriate taxing authorities; and (ii) when due all license and/or registration or filing fees, assessments, governmental charges and sales, use, property, excise, privilege, value added and other taxes (including any related interest or penalties) or other charges or fees now or hereafter imposed by any governmental body or agency upon Customer or the Aircraft or any of the other Collateral, with respect to the landing, airport use, manufacturing, ordering, shipment, purchase, ownership, delivery, installation, leasing, chartering, operation, possession, use or disposition of the Aircraft or any of the other Collateral, or any interest therein (the items referred to in (i) and (ii) above being referred to herein collectively, as "**Impositions**").

No Disposition of Collateral or Liens; Title and Security Interest.

Customer shall not sell, assign, enter into any Third Party Agreement, convey, mortgage, exchange or otherwise transfer or relinquish possession of (including by any seizure or other taking by any foreign or domestic governmental authority) or dispose of the Airframe or Engines, any Part, any related associated rights, international interests or prospective international interests, any proceeds or any of the other Collateral, or attempt or offer to do, or suffer or permit any of the foregoing. Customer shall be permitted, however, to deliver possession of the Airframe, the Engines, or any APU or Part to another Person for testing, service, repair, maintenance, overhaul, alteration or modification, and to enter into Permitted Third Party Agreements, in each case, if and to the extent consistent with the provisions of the Loan Documents. Customer will warrant and defend its good and marketable title to the Airframe, the Engines and the other Collateral, and the validity, perfection and first priority of Lender's Lien in the Collateral, against all other Liens, claims and demands whatsoever, except Permitted Liens; and without limiting the foregoing, Customer will (i) not create, assume or suffer to exist any Liens on or with respect to the Airframe, the Engines, or any of the other Collateral, or Customer's interest therein (other than Permitted Liens); and (ii) promptly take such action as directed by Lender to duly discharge any such unpermitted Liens.

So long as no Default or Event of Default is then existing, Customer may enter into and remain a party to Third Party Agreements, in each such case, subject to the satisfaction of, and compliance by Customer and each Interested Third Party with, all of the following throughout the term of such arrangement: (i) Each such Interested Third Party shall (A) be and remain solvent, and (unless an individual) organized under the laws of a state within the United States; and (B) if engaged by Customer with the prior written consent of Lender as a manager and/or charter operator (including the Manager pursuant to the Management Agreement), while so engaged, (1) have a recognized favorable reputation as a manager and/or charter operator, as the case may be, of aircraft similar to the Aircraft, (2) be providing management and/or charter operation services for other aircraft owners similar to the services contemplated therein, and (3) if and at all times while conducting any charter operations (x) have and maintain a valid Part 135 Certificate evidencing its authority to conduct such operations, (y) list the Aircraft on its operations specifications, and (z) comply with all Applicable Standards pertaining to such charter operations. (ii) Any operation of the Aircraft pursuant to any such Third Party Agreement shall be limited to (A) if by Customer, Parent Guarantor or any Affiliate of Parent Guarantor, any time sharing agreements (as defined in Section 91.501(c)(1)) complying with Part 91 of the FARs and all other Applicable Standards, (B) if by a manager and/or a charter operator with Lender's prior written consent, pursuant to and in full compliance with the requirements of Part 135 of the FARs and all other Applicable Standards, or (C) if such Third Party Agreement is a "dry lease" by Customer, as lessor, to Parent Guarantor or an Affiliate of Parent Guarantor or other Interested Third Party permitted pursuant hereto, as lessee, operation by such lessee complying with (1) Part 91 and any other applicable provision of the FARs, and all other Applicable Standards, and (2) the provisions hereof and of the other Loan Documents pertinent to the operation of the Aircraft (whether by Customer or any permitted Interested Third Party). (iii) The related Third Party Agreement shall (A) be and remain, subject and subordinate to Lender's Lien in and with respect to the Collateral, and Lender's rights and remedies under the Loan Documents (and such subordination shall be expressly acknowledged therein), (B) not convey any Lien on, or other property interest in or against the Airframe, the Engines or any of the other Collateral, except for a Permitted Lien (but, without giving effect to clause (a) of the definition of such term), (C) not permit any further sublease or disposition of or unpermitted Lien against the Aircraft or any of the other Collateral by any of the Interested Parties thereto or any other Person, or any change in registration or unpermitted change in hangaring of the Aircraft, (D) not contain provisions that are inconsistent with the provisions of any of the Loan Documents or cause Customer to breach any of its representations, warranties or agreements under any of the Loan Documents, (E) be in conformity with all requirements of the FARs and other Applicable Laws, and (F) otherwise conform to any Operating Consent required by Lender with respect thereto. (iv) (A) Customer shall have specified such Third Party Agreement on Annex B if existing on the Closing Date, or if not then existing shall require Lender's prior written consent and at least thirty (30) Business Days' prior written

notice of its intention to enter into a Third Party Agreement and (B) no later than the effective date thereof Customer shall comply with, and at all times thereafter remain in compliance with, any related requirements by Lender, including (1) entering into, and causing any related Interested Third Parties to enter into, an Operating Consent, (2) causing Lender to be covered by the Required Coverages (which, for the purposes hereof, may include insurance coverages obtained and maintained by an Interested Third Party, conforming to the insurance requirements herein and in any of the other Loan Documents), and (3) entering into or delivering, or causing to be entered into and delivered, all such other documents, filings and assurances, making or causing to be made such filings and registrations, and taking or causing to be taken all such other actions, in each case as may be required by Lender and (4) paying or reimbursing Lender for any related costs or expenses. (v) Lender shall have the right, but not the obligation, to (A) require reasonable evidence that any Interested Third Party satisfies the requirements provided herein, and (B) review any such Third Party Agreement, as from time to time supplemented and amended, to determine its conformity with the provisions hereof, but without assuming any responsibility with respect thereto. (vi) Customer shall neither make, nor permit to be made, any filing or registration with respect to any Permitted Third Party Agreement, unless so directed by Lender pursuant to Section 5.2 or otherwise. Notwithstanding the foregoing limitations Parent Guarantor or any Affiliate shall be permitted to conduct the carriage of Parent Guarantor or any Affiliate and/or their respective guests pursuant to 14 CFR Section 91.501(b)(4), affiliated group operations pursuant to 14 CFR Section 91.501(b)(5) and/or (6), demonstration flights pursuant to 14 CFR Section 91.501(b)(3), time sharing or interchange operations pursuant to 14 CFR Section 91.501(b)(6), the carriage of customers pursuant to 14 CFR Section 91.501(b)(9) and/or the carriage of candidates in Federal elections conducted pursuant to 14 CFR Section 91.321.

With respect to any Third Party Agreements complying with all of the provisions of Section 4.4(b) (each a “ **Permitted Third Party Agreement** ”), although certain of the duties and obligations of Customer under the Loan Documents may be performed by one or more of the Interested Third Parties, (i) no such Permitted Third Party Agreement shall reduce any of Customer’s obligations, or Lender’s rights, under any of the Loan Documents, (ii) all of Customer’s obligations under the Loan Documents shall be and remain primary and continue in full force and effect as the obligations of a principal and not of a guarantor or surety, and (iii) Lender is not waiving the right to require full and timely performance of any such obligations in strict accordance with the provisions hereof and of the other Loan Documents. By way of clarification and not limitation, with respect to any provisions of this Agreement or any of the other Loan Documents requiring Customer to take or refrain from taking an action relating to the Aircraft or any of the other Collateral, such provision may also be read to mean that Customer shall cause the same to be done in accordance therewith, if at that time the Aircraft or such other Collateral is in the possession or control of an Interested Third Party pursuant to a Permitted Third Party Agreement.

Use of Aircraft; Maintenance; Modifications; Security.

Customer will operate the Aircraft or shall cause the Aircraft to be operated under and in compliance with Part 91 and any other applicable provision of the FARs, and all other Applicable Standards. Unless otherwise expressly permitted hereunder, (i) Customer shall not operate or permit the Aircraft to be operated for air taxi operations or otherwise under Part 135 of the FARs; and (ii) Customer, an Affiliate or other Interested Third Party shall at all times have, and maintain, “operational control” of the Aircraft (as such term is then interpreted by the FAA or such other applicable Governmental Authority), and no other Person shall operate the Aircraft. The Aircraft at all times will be operated by duly qualified pilots having satisfied all requirements established and specified by the FAA, the TSA, any other applicable Governmental Authority and the Required Coverages.

the Aircraft may be flown temporarily to any country in the world, provided that the Aircraft (i) shall at all times be based in the continental United States; and (ii) shall not be flown, operated, used or located in, to or over any such country or area (temporarily or otherwise) (A) that is excluded from the Required Coverages (or specifically not covered by such insurance), (B) with which the U.S. does not maintain favorable diplomatic relations (which is any country or jurisdiction not marked with an “\*” on the list maintained by the U.S. Department of State, at <http://www.state.gov/s/inr/rls/4250.htm> or any replacement or equivalent website maintained by the U.S. Department of State), provided that the prohibition in this clause (B) does not prohibit the operation of the Aircraft on an approved and assigned air traffic control route (if and so long as such use is otherwise in compliance with the provisions of the this Agreement and does not violate any insurance policies in effect with respect to the Aircraft) , (C) to the extent that payment of any claim under the Required Coverages directly or indirectly arising or resulting from or connected with any such flight, operation, use or location would be prohibited under any trade or other economic sanction or embargo by the United States of America, or (D) in violation of any of the Loan Documents or any Applicable Standards. Customer shall adopt, implement and comply with all security measures required by any Applicable Law, or by any Required Coverages, or that are necessary or appropriate for the proper protection of the Aircraft (whether on the ground or in flight) against theft, vandalism, hijacking, destruction, bombing, terrorism or similar acts.

Customer agrees that, with respect to the Airframe, the Engines, each APU and each Part, Customer will at its own expense, (i) maintain, inspect, service, repair, overhaul and test the same in accordance with Applicable Standards; (ii) make any alterations or modifications that may at any time be required to comply with Applicable Standards, and to cause the Aircraft to remain airworthy; (iii) furnish all required parts, replacements, mechanisms, devices and servicing so that the condition and operating efficiency thereof will at all times be no less than its condition and operating efficiency as and when delivered to Customer, ordinary wear and tear from proper use alone excepted; (iv) promptly replace all Parts (A) which become worn out, lost, stolen, taken, destroyed, damaged beyond repair or permanently rendered or declared unfit for use for any reason whatsoever, or (B) if not previously replaced pursuant to clause (A), as and when required by any Applicable Standards, including any applicable life limits; and (v) maintain (in English) all Records in accordance with Applicable Standards; and (vi) enroll and maintain the Engines in an Engine Maintenance Program and the APU in an APU Maintenance Program or shall cause the foregoing to be done. All maintenance procedures shall be performed by properly trained, licensed, and certified maintenance sources and personnel utilizing replacement parts approved by the FAA and the manufacturer of (as applicable) the Airframe, the Engines, or any APU or Part. Without limiting the foregoing, Customer shall comply with all mandatory service bulletins and airworthiness directives by causing compliance to such bulletins and/or directives to be completed through corrective modification in lieu of operating manual restrictions.

Customer will not make, authorize or permit any improvement, change, addition or alteration to the Aircraft that will impair the originally intended function or use of the Aircraft, diminish the value of the Aircraft as it existed immediately prior thereto, or violate any Applicable Standard. All repairs, parts, replacements, mechanisms and devices added by Customer or on its behalf shall immediately, without further act, become part of the Aircraft and subject to the Lender’s Lien granted under this Agreement.

Insurance.

Customer agrees to maintain or cause to be maintained at all times, at its sole cost and expense, with insurers of recognized reputation and responsibility satisfactory to Lender (but in no event having an A.M. Best or comparable agency rating of less than “A-”):

(A) comprehensive aircraft liability insurance against bodily injury or property damage claims including, without limitation, contractual liability, premises liability, death and property damage liability, public and passenger legal liability coverage, and sudden accident pollution coverage, in an amount not less than \$200,000,000.00 for 20 or more seats, or if the Aircraft will be chartered, or \$100,000,000.00 for 10 or more seats, or \$50,000,000.00 for fewer than 10 seats for each single occurrence, and (B) personal injury liability in an amount not less than

\$25,000,000.00; but, in no event shall the amounts of coverage required by sub-clauses (A) and (B) be less than the coverage amounts as may then be required by Applicable Law;

“all-risk” ground, taxiing, and flight hull insurance on an agreed-value basis, covering the Aircraft, provided that such insurance shall at all times be in an amount not less than the greater of (1) the full replacement value of the Aircraft (as determined by Lender), or (2) the unpaid principal amount of the Note (each such amount re-determined as of each anniversary of the date hereof for the next succeeding year throughout the term of this Agreement); and

war risk and allied perils (including confiscation, appropriation, expropriation, terrorism and hijacking insurance) in the amounts required in paragraphs (i) and (ii), as applicable.

Any policies of insurance carried in accordance with this Section 4.6 and any policies taken out in substitution or replacement of any such policies shall (i) be endorsed to name Lender as an additional insured as its interests may appear (but without responsibility for premiums), (ii) provide, with respect to insurance carried in accordance with Section 4.6(a)(ii) or (a)(iii) above, that any amount payable thereunder shall be paid directly to Lender as sole loss payee and not to Lender and Customer jointly, (iii) provide for thirty (30) days’ (seven (7) days’ in the case of war, hijacking and allied perils) prior written notice by such insurer of cancellation, material change, or non-renewal, (iv) include a severability of interest clause providing that such policy shall operate in the same manner as if there were a separate policy covering each insured, (v) waive any right of set-off against Lender, and any rights of subrogation against Lender, (vi) provide that in respect of the interests of Lender in such policies, that the insurance shall not be invalidated by any action or inaction of Customer or any other Person operating or in possession of the Aircraft, regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by or binding upon Customer or any other Person operating or in possession of the Aircraft, and (vii) be primary, not subject to any co-insurance clause and shall be without right of contribution from any other insurance.

Customer shall not self-insure (by deductible, premium adjustment, or risk retention arrangement of any kind) with respect to any of the risks required to be insured pursuant to this Section 4.6. Customer agrees that it shall obtain and maintain such other insurance coverages, or cause adjustments to be made to the scope, amount or other aspects of the existing insurance coverages, promptly upon Lender’s request, as and when Lender deems such additional insurance coverages or modifications to be appropriate in light of any changes in Applicable Law, prudent industry practices, the insurance market, Customer’s anticipated use of the Aircraft or other pertinent circumstances. All of the coverages required herein shall be in full force and effect worldwide throughout any geographical areas to, in or over which the Aircraft is operated. All insurance proceeds payable under the requisite policies shall be payable in U.S. Dollars.

At least ten (10) days prior to the policy expiration date for any insurance coverage required by this Section 4.6, Customer shall furnish to Lender evidence (having the form and substance consistent with Section 1(f) of the Closing Terms Addendum) of the renewal or replacement of such coverage, complying with the terms hereof, for a twelve (12) month or greater period commencing from and after such expiration date.

#### Event of Loss; Loaner Engines.

Upon the occurrence of any Event of Loss with respect to the Aircraft and/or the Airframe, Customer shall notify Lender of any such Event of Loss within five (5) days of the date thereof. Customer shall pay the then Outstanding Balance promptly upon its receipt of insurance proceeds relating to such Event of Loss, but in no event later than ninety (90) days after the occurrence of such Event of Loss (irrespective as to whether any or all of such proceeds have been received). Upon Lender’s receipt in good and indefeasible funds of all of the amounts required to be paid pursuant to the preceding sentence (whether by applying Customer’s payment of such amounts, or any such insurance proceeds, or both) the Aircraft shall be released from the Lender’s Lien, and Lender shall remit to Customer any such insurance proceeds so received by Lender, to the extent then remaining.

Upon an Event of Loss with respect to an Engine or any APU (as applicable, a “ **Lost Item** ”) under circumstances in which there has not occurred an Event of Loss with respect to the Airframe, Customer shall, within one hundred twenty (120) days after the occurrence of such Event of Loss, replace such Lost Item, with a Permitted Replacement. Any engine or auxiliary power unit constituting a “ **Permitted Replacement** ” for a Lost Item shall (i) be of the same make and model number as the Lost Item, (ii) be free and clear of all Liens and (iii) have a value, utility and useful life at least equal to, and be in as good an operating condition as, the Lost Item, assuming such Lost Item was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss. Customer, at its own cost and expense, shall (i) furnish Lender with such documents to evidence such conveyance, (ii) cause the Permitted Replacement to be subject to the Lender’s Lien under this Agreement, and (iii) take such other actions as may be required by Lender to cause the Lender’s Lien therein to be validly created, perfected and have first priority, including as evidenced on the FAA Registry, the International Registry, and any other recording office. Each such Permitted Replacement shall, after such conveyance, be deemed an “Engine” or “APU” (as defined herein), as applicable, and shall be deemed part of the same Aircraft as was the Lost Item replaced thereby.

In the event an Engine is damaged and is being repaired, or is being inspected or overhauled, Customer, at its option, may temporarily substitute another engine during the period of such repair or overhaul, so long as such engine is of the same make and model as the Engine being repaired or overhauled, is free and clear of any Lien that might impair Lender’s rights or interests in the Airframe and is maintained in accordance herewith (any such substitute engine being hereinafter referred to as a “ **Loaner Engine** ”). Customer shall (i) cause such Loaner Engine to be installed and removed, as applicable, by a maintenance facility certified by the FAA and manufacturer with respect to the Aircraft, and (ii) cause the repaired or overhauled original Engine to be reinstalled on the Airframe promptly upon completion of the repair or overhaul, but in no event later than the earlier of one hundred twenty (120) days after removal or the occurrence of an Event of Default.

So long as no Default has occurred and is continuing, and no Event of Default or Event of Loss with respect to the Aircraft has occurred, any loss or damage proceeds of the Required Coverages received by Lender shall be released promptly by Lender to Customer to reimburse Customer for paying the costs actually incurred with respect to repairs made to the Aircraft so as to restore it to the condition required by this Agreement, or for the purchase of a Permitted Replacement pursuant to Section 4.7(b), or shall be disbursed by Lender as otherwise required by this Agreement.

Aircraft Registration. On or before the Closing Date, and at all times thereafter, so long as any of the Obligations are outstanding, Customer shall remain solely responsible pursuant to the applicable provisions of this Agreement to cause (i) the Aircraft to be effectively and otherwise validly registered in Customer’s name on the Registry, and (ii) the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft, in each case, accordance with the Registration Requirements; and without limiting the foregoing, or any other provision of this Agreement, Customer shall:

cause the Registration Certificate to be maintained within the Aircraft and cause the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft; including by (A) notifying Lender immediately of any event or circumstance with respect to which the Registration Requirements require further action by Customer, the Registry or any other Governmental Authority or other Person, (B) immediately upon receipt, placing the original, replacement or renewal Registration Certificate on the Aircraft prior to the expiration or other invalidation of any previously issued Registration Certificate (whether the certificate or any other document constituting the Registration Certificate as defined herein) under the Registration Requirements, and (C) complying with any and all of the other Registration Requirements relating to such Registration Certificate, and to the Registration Certificate replaced thereby (including any of the same relating to the destruction or return thereof, as the case may be); and



within such notice period) or (B) notify Lender of any Default or Event of Default within ten (10) Business Days of its occurrence; or

(i) any Customer Party shall (A) generally fail to pay its, or his or her debts as they become due, admit its, or his or her inability to pay its, or his or her debts or obligations generally as they fall due, or shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws or other insolvency laws, or an answer admitting the material allegations of such a petition filed against such Customer Party in any such proceeding; or (B) by voluntary petition, answer or consent, seek relief under the provisions of any other bankruptcy or other insolvency or similar law providing for the reorganization or liquidation of corporations, or providing for an assignment for the benefit of creditors, or providing for an agreement, composition, extension or adjustment with its, or his or her creditors; or (ii) a petition against any Customer Party in a proceeding under applicable bankruptcy laws or other insolvency laws, as now or hereafter in effect, shall be filed and shall not be withdrawn or dismissed within one hundred twenty (120) days thereafter, or if, under the provisions of any law providing for reorganization or liquidation of business entities that may apply to any Customer Party, any court of competent jurisdiction shall assume jurisdiction, custody or control of such Customer Party or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of one hundred eighty (180) days after the filing date; or

the occurrence of any of the following events with respect to any Customer Party: (A) it enters into any transaction of merger, consolidation or reorganization; (B) it ceases to do business as a going concern, liquidates, or dissolves, or sells, transfers or otherwise disposes of all or substantially all of its assets or properties (in one or more transactions); (C) it becomes the subject of, or engages in, a leveraged buy out; (D) it changes the form of organization of its business; (E) if it is privately owned as of the Closing Date, there is any substantial change in the ownership or control of its capital stock or membership interests such that the holder(s) that own or control one hundred percent (100%) of such equity interests as of the Closing Date no longer do so; or (F) if it is publicly held as of the Closing Date, any change so that it is no longer subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or no longer registered under Section 12 of the Securities Act of 1933, as amended; or

(i) the conviction of or guilty plea by any Customer Party with respect to any criminal act constituting a felony, (ii) any repudiation by any Customer Party of its obligation for the payment or performance of the Obligations, (iii) any allegation by any Customer Party or judicial determination that any of the Loan Documents is unenforceable in any material respect or (iv) a Default (as defined in any Guaranty) shall occur; or any event or condition constituting a breach or other default under any Operating Consent.

## **Remedies .**

Acceleration; Termination of Commitment . If any Event of Default shall occur, Lender, in its sole discretion, may (a) declare the Obligations to be immediately due and payable, and upon such declaration the Obligations (including, the unpaid principal amount of the Note, together with all accrued but unpaid interest thereon, any prepayment fees and all other amounts due and payable under or with respect to the Loan Documents), shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the other Loan Documents to the contrary notwithstanding, (b) terminate any then outstanding commitment whether to Customer or any Affiliate to make the Loan or any advance thereof, or any other financial accommodations, whether related to the Loan or otherwise, and/or (c) pursue and enforce any of Lender's rights and remedies under this Section 7; provided, however, if an Event of Default specified in Section 6 (e) above shall occur, the Obligations shall become immediately due and payable, all such commitments shall terminate, and Lender shall have all such other rights and remedies contemplated in the preceding clauses (a), (b) and (c), automatically, and without any notice or other action by Lender.

Additional Remedies . If an Event of Default occurs, in addition to all other rights and remedies granted to it in this Agreement and in the other Loan Documents, Lender may exercise all rights and remedies of a secured party under the UCC or as a creditor, chargee or security assignee under the Cape Town Convention (including any and all remedies thereunder requiring agreement by Customer), or otherwise available to Lender under any other Applicable Law. Without limiting the generality of the foregoing, Customer agrees that upon the occurrence of an Event of Default, Lender, without demand or notice of any kind (except as specified below) to or upon Customer or any other Person, in its sole discretion, may exercise any one or more of the following remedies:

(i) peacefully enter the premises where the Aircraft, the Engines, or any other Collateral is located, take immediate possession of, remove (or disable in place), or otherwise take control or custody of the Airframe, the Engines or any other Collateral (whether or not then attached to the Airframe) by self-help, summary proceedings or otherwise without liability, (ii) preserve the Airframe, the Engines or the other Collateral, and their respective value (but without any obligation to do so), and immobilize or keep idle the Airframe or Engines, and/or (iii) use Customer's premises for storage without liability; and Customer agrees, at Lender's request, to assemble the Collateral, and make it available to Lender at such places as Lender shall reasonably select, whether at Customer's premises or elsewhere;

(i) terminate the right of any Interested Third Party, and any other third party to use, possess or control the Airframe, the Engines or any of the other Collateral, including under any Permitted Third Party Agreement or other Third Party Agreement, without regard as to the existence of any event of default thereunder, (ii) recover from, and/or cause Customer and any such Interested Third Party, and any other third party, to relinquish possession and return the Airframe, the Engines and any other Collateral pursuant to this Section 7, and/or (iii) exercise any and all other remedies under any Operating Consents in Customer's stead, to the extent provided for under, or otherwise available to Customer in connection with any related Permitted Third Party Agreement or such other Third Party Agreement;

(i) manage, sell, lease, assign or otherwise dispose of the Airframe, the Engines or any other Collateral, in whole or in part, whether or not in Lender's possession, in one or more parcels or transactions, at public or private sale or sales, with or without notice to Customer (except as required by Applicable Law, and in furtherance thereof, Lender agrees that it shall give Customer no less than ten (10) working days' prior notice of any proposed sale or lease of the Airframe or Engines, which Customer acknowledges as constituting "reasonable prior notice" for the purposes of the Cape Town Convention) at such prices as Lender may deem best, and/or (ii) purchase the Collateral, in whole or in part, upon any public sale or sales, and to the extent permitted by Applicable Law upon any private sale or sales, free of any right or equity of redemption in Customer, which right or equity of redemption is hereby expressly released;

(i) collect, receive, appropriate and realize upon the Collateral, or any part thereof, including by applying any deposit or other cash collateral, or collecting or receiving, appropriating and realizing upon any income, profits or other proceeds arising from the management or use of the Airframe, the Engines or any of the other Collateral, and applying the same (after deducting all taxes, costs, expenses and other reductions of every kind incurred in connection therewith) to the payment in whole or in part of the Obligations, in such order and manner as Lender may elect; and (ii) after making such application, (A) remitting to Customer or to such other Person any excess then remaining, as and to the extent Lender is required by Applicable Law to make such remittance and (B) demanding, collecting and receiving from Customer any deficiency then remaining (and Customer agrees that it shall remain liable for, and pay upon demand, the full amount of any such deficiency);

(i) demand and obtain from any court speedy relief pending final determination available at law (including, possession, control, custody or immobilization of the Airframe and Engines, or preservation of the Airframe and the Engines and their respective value), (ii) procure the deregistration and/or export and physical transfer of the Airframe from the territory in which it is then situated (including pursuant to an IDERA, if any, executed by Customer), and/or (iii) otherwise proceed at law or in equity, to enforce specifically Customer's performance or to recover damages; and/or

exercise any and all other rights and remedies under or with respect to the Loan Documents or Applicable Law, including the Cape Town Convention and the UCC.

No Waiver: Cumulative Remedies . No right or remedy is exclusive. Customer hereby acknowledges that none of the provisions of this Section 7, including any remedies set forth or referenced herein, is "manifestly unreasonable" for the purposes of the Cape Town Convention. Each may be used successively and cumulatively and in addition to any other right or remedy referred to above or otherwise available to Lender at law or in equity, but in no event shall Lender be entitled to recover any amount in excess of the maximum amount recoverable under Applicable Law with respect to any Event of Default. No express or implied waiver by Lender of any Default or Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default. The failure or delay of Lender in exercising any rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or reoccurrence of any such contingencies or similar contingencies, and any single or partial exercise of any particular right by Lender shall not exhaust the same or constitute a waiver of any other right provided for or otherwise referred to herein. After the occurrence of any Default or Event of Default, the acceptance by Lender of any payment or performance of any of the Obligations, including the payment of any installment of principal and/or interest or of any other sum owing hereunder or under the other Loan Documents shall not constitute a waiver of such Default or Event of Default, regardless of Lender's knowledge or lack of knowledge thereof at the time of acceptance of any such payment or performance and shall not constitute a reinstatement of any of the Loan Documents, unless Lender shall have agreed in writing to reinstate the same and waive the Default or Event of Default. To the extent permitted by Applicable Law, Customer waives any rights now or hereafter conferred thereby, that (a) limit or modify any of Lender's rights or remedies under this Agreement or any of the other Loan Documents, including the provisions of Article 13(2) of the Convention, or (b) would otherwise entitle Customer to (i) receive notices or demands as a condition to Lender's exercise of any rights or remedies, except as expressly required above or (ii) make claims, damages and demands against Lender arising out of the repossession, retention, sale or other disposition of the Collateral.

#### **MISCELLANEOUS**

Notices . All communications and notices provided for herein shall be in writing and shall be deemed to have been duly given or made (i) upon hand delivery, or (ii) upon delivery by an overnight delivery service, or (iii) when sent by telecopy (with customary confirmation of receipt of such telecopy) on the Business Day when sent or upon the next Business Day if sent on other than a Business Day.

#### Expenses and Fees; Indemnity; Performance of Customer's Obligations .

Customer shall pay to Lender upon demand all reasonable fees, costs and expenses incurred by or on behalf of Lender at any time in connection with (i) the negotiation, preparation, execution, delivery and enforcement of the Loan Documents and the collection of the Obligations (both before and after the occurrence of a Default or Event of Default), (ii) the creation, preservation and protection of the Collateral and the perfection, first priority and enforcement of Lender's Lien, or (iii) Customer's exercise of any right granted under, or any amendment or other modification to any of, the Loan Documents. Such fees, costs and expenses shall include, without limitation, reasonable appraisal and inspection fees, the reasonable fees and expenses of Aviation Counsel and of Lender's counsel, consultants and brokers, UCC, FAA, International Registry and other applicable title, interest and lien searches, and reasonable costs and expenses relating to recovery, repossession, storage, insurance, transportation, repair, refurbishment, advertising, sale and other dispositions of the Aircraft or any of the other Collateral. Customer shall also pay all reasonable fees (including license, filing and registration fees), Impositions and other charges of whatever kind or nature that may be payable or determined to be payable in connection with (A) the execution, delivery, recording or performance of this Agreement or any of the other Loan Documents, or any modification thereof, and (B) the filings, registrations and other undertakings relating thereto. Notwithstanding the foregoing, as long as there are no more than two (2) revised drafts of any Loan Document provided by Customer or its counsel to Lender or Lender's counsel, Customer shall be responsible for not more than \$35,000.00 in the aggregate for the legal fees of outside counsel to Lender (including, Aviation Counsel) and appraisal, inspection, processing, credit verification, lien searches, FAA and International Registry fees and other fees incurred in connection with the initial negotiation, preparation and execution of this Agreement and the other Loan Documents executed and delivered on or before the Closing Date (and the consummation of the closing contemplated to occur thereon); provided that in the event that the negotiation exceeds two (2) revised drafts of any Loan Document, then Customer shall pay for the actual amount of such out of pocket fees incurred by Lender relating to the drafting and negotiation in excess of such two (2) revised drafts. Lender shall apply the previously paid deposit amount of \$35,000.00 to such fees and shall refund to Customer the amount by which the deposit exceeds such fees.

Customer hereby further agrees, whether or not the transactions contemplated by this Agreement shall be consummated, to pay, indemnify, and hold Lender and its affiliates and all of the Lender's and such affiliates' respective directors, shareholders, members, officers, employees, agents, predecessors, attorneys-in-fact, lawyers, successors and assigns (Lender, its affiliates and all of such other parties and entities sometimes hereinafter collectively, the "**Indemnified Parties** ") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, out of pocket costs, attorney's fees, expenses or disbursements of any kind or nature whatsoever ("**Claims** ") arising with respect to or in connection with (i) the Airframe, the Engines, or any APUs or Parts, or any of the other Collateral, including (whether by or through Customer, Vendor, any Interested Third Party, or any other Person), the manufacture, inspection, ownership, lease, sublease, management, pooling, interchange, time sharing, chartering, possession, use, operation, maintenance, security, condition (whether prior to, upon or after delivery or acceptance of any of the same), repossession, storage, sale or other disposition of any of the same, or any accident in connection therewith, including Claims involving or alleging environmental damage, criminal acts, hijacking, acts of terrorism or similar acts, product liability or strict or absolute liability in tort, latent and other defects (whether or not discoverable) and for any other risk or matter, including any of the same that result in injuries, death, destruction, or other harm or loss to persons or property, or (ii) any of the Loan Documents, Third Party Agreements or other Transaction Documents, or the performance, breach (including any Default or Event of Default) or enforcement of any of the terms hereof or thereof, provided, that Customer shall have no obligation to indemnify an Indemnified Party with respect to Claims arising from the gross negligence or willful misconduct of such Indemnified Party (unless if imputed by Applicable Law). If any Claim is made against any Indemnified Party, the party receiving notice or otherwise becoming aware of such Claim shall promptly notify the other, but the failure of the party having knowledge of a Claim to so notify the other party shall not relieve Customer of any obligation hereunder.

If any Customer Party fails to perform or comply with any of its agreements contained herein or in the other Loan Documents, including, without limitation, its obligations to keep the Collateral free of Liens (other than the Permitted Liens), comply with Applicable Standards, or obtain the Required Coverages, Lender shall have the right, but shall not be obligated, to effect such performance or compliance, with such agreement. Any expenses of Lender incurred in connection with effecting such performance or compliance, together with interest thereon at the default rate of interest provided for in the Note from the date incurred until reimbursed, shall be payable by Customer to Lender promptly on demand and until such payment shall constitute part of the Obligations secured hereby. Any such action shall not be a cure or waiver of any Default or Event of Default hereunder.

Entire Agreement; Modifications . This Agreement and the other Loan Documents constitute the entire understanding and agreement of the parties hereto with respect to the matters contained herein and therein, and shall completely and fully supersede all other prior agreements (including any proposal letter, commitment letter, and/or term sheet), both written and oral, between Lender and Customer relating to the Obligations. Neither this Agreement, nor any terms hereof, may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of a change, waiver, discharge or termination is sought.

Construction of this Agreement and Related Matters . All representations and warranties made in this Agreement and in the other Loan Documents shall survive the execution and delivery of this Agreement and the making of the Loan hereunder. Customer's obligations contained in this Section 8 shall survive the payment and performance of the Obligations, the termination of this Agreement, and the release of the Collateral.

This Agreement may be executed by the parties hereto on any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. The headings of the Sections hereof are for convenience only, are not part of this Agreement and shall not be deemed to affect the meaning or construction of any of the provisions hereof. Time is of the essence in the payment and performance of all of Customer's obligations under this Agreement. Any provision of this Agreement that may be determined to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective in such jurisdiction to the extent thereof without invalidating the remaining provisions of this Agreement, which shall remain in full force and effect.

**Lender's Assignment.** Lender, may at any time, with or without notice to Customer, freely grant a security interest in, sell, assign, participate or otherwise transfer (an "Assignment") all or any part of its interest in this Agreement and the other Loan Documents (including all associated rights associated with or secured thereby and the related international interests) or any amount due or to become due hereunder or thereunder, and Customer shall perform all of its obligations under the Loan Documents, to the extent so transferred, for the benefit of the beneficiary of such Assignment (such beneficiary, including any successors and assigns, an "Assignee"); provided, however, if such Assignee is not an Affiliate of Lender and if no Default or Event of Default exists, Lender will provide prior notice of any such Assignment to a third party. Customer hereby waives any right to assert, and agrees not to assert, against any Assignee any abatement, reduction, defense, setoff, recoupment, claim or counterclaim that Customer may have against Lender, provided that Lender remains fully responsible therefor. Upon the assumption by such Assignee of Lender's obligations hereunder, Lender shall be relieved of any such assumed obligations. Customer hereby consents to any such assignment, grant, sale or transfer, including, without limitation, for purposes of the Cape Town Convention. If so directed in writing, Customer shall pay all amounts due or to become due under the Loan Documents, including any of the same constituting associated rights or proceeds directly to the Assignee or any other party designated in writing by Lender or such Assignee. Customer acknowledges and agrees that Lender's right to enter into an Assignment is essential to Lender and, accordingly, waives any restrictions under Applicable Law with respect to an Assignment and any related remedies. Upon the request of Lender or any Assignee, Customer also agrees (a) to promptly execute and deliver, and cause to be executed and delivered by any Guarantor or any other Transaction Party, to Lender or to such Assignee an acknowledgment of assignment in form and substance satisfactory to the requesting party, an insurance certificate naming Assignee as additional insured and loss payee and otherwise evidencing the Required Coverages, an IDERA in favor of Assignee, and such other documents and assurances reasonably requested by Lender or Assignee, (b) to make, or cause to be made, all registrations (including all assignments and subordinations) and all amendments, extensions and discharges with the International Registry reasonably requested by Lender or Assignee (and give or obtain any necessary consent thereto, as well as renew any authorization required by the International Registry in connection therewith, including renewing its transacting user entity status and re-designating a professional user entity, if necessary in Lender's judgment), and (c) to comply with any and all other reasonable requirements of any such Assignee in connection with any such Assignment.

**Jurisdiction.** Customer and Lender each hereby irrevocably consents and agrees that any legal action, suit or proceeding arising out of or in any way in connection with this Agreement or any of the other Loan Documents may be instituted or brought in the courts of the State of New York or in the United States Courts for the Southern District of New York, as Customer or Lender may elect or in any other state or Federal court as Lender shall deem appropriate, and by execution and delivery of this Agreement, Customer and Lender each hereby irrevocably accepts and submits to, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of any such court, and to all proceedings in such courts. Customer and Lender each irrevocably consents to service of any summons and/or legal process by first class, certified United States air mail, postage prepaid, to Customer at the address set forth below its signature hereto, such method of service to constitute, in every respect, sufficient and effective service of process in any such legal action or proceeding. Nothing in this Agreement or in any of the other Loan Documents shall affect the right to service of process in any other manner permitted by law or limit the right of Lender to bring actions, suits or proceedings in the courts of any other jurisdiction. Customer and Lender each further agrees that final judgment against it in any such legal action, suit or proceeding shall 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 shall be conclusive evidence of the fact and the amount of the liability. Notwithstanding anything in the foregoing to the contrary, Lender and Customer may bring a judicial proceeding in the Republic of Ireland, solely with respect to matters relating to the International Registry.

**Governing Law; Binding Effect.** This Agreement shall be construed and enforced in accordance with, and the rights of both parties shall be governed by, the internal laws of the State of New York (without regard to the conflict of laws principles of such state, except as to the effect of Title 14, Section 5-1401 of the New York General Obligations Law), including all matters of construction, validity, and performance. This Agreement shall be binding upon and inure to the benefit of Customer and Lender and their respective successors and assigns (but without limiting the provisions of Section 8.5); except that Customer may not assign or transfer its rights or obligations hereunder or under any other Loan Agreement, or any interest herein or therein; and any such purported or attempted assignment or transfer by Customer shall be null and void.

**Customer's Capacity as Owner Trustee.** TVPX Aircraft Solutions Inc. ("TVPX") is executing this Agreement, and the other Loan Documents solely in its capacity as Owner Trustee under the Trust Agreement and not in its individual capacity and in no case shall TVPX be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of the Customer hereunder, or under any Loan Document, all such liability, if any, being expressly waived by the parties hereto and any Person claiming by, through, or under such party. Under no circumstances shall TVPX be personally liable for the payment of any other amount stated to be due from the Customer hereunder, or under any Loan Document, or be personally liable for the breach or failure of any of Customer's representations, warranties, covenants, obligations, undertakings and agreements hereunder, or under any Loan Documents; provided, however, that the Customer (or any such successor owner trustee) shall be personally liable hereunder for its own gross negligence or willful misconduct or for its breach of its covenants, representations and warranties contained herein, or in any Loan Document, to the extent covenanted or made in its individual capacity.

**Jury Waiver.** CUSTOMER AND LENDER EACH HEREBY KNOWINGLY AND FREELY WAIVES THEIR RESPECTIVE RIGHTS TO A JURY TRIAL IN ANY ACTION, SUIT OR PROCEEDING RELATING TO, ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE NOTE OR ANY OF THE OTHER LOAN DOCUMENTS.

**[Signatures On Next Page]**

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Loan and Aircraft Security Agreement

IN WITNESS WHEREOF, the parties hereto have caused this Loan and Aircraft Security Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

BANC OF AMERICA LEASING & CAPITAL, LLC, Lender

TVPX AIRCRAFT SOLUTIONS INC., a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated July \_\_\_\_, 2017,

Customer

By:  
Name:  
Title:  
Notice Address:

One Financial Plaza, 2nd Floor  
Providence, Rhode Island 02903  
Attention: Director of Aircraft Operations  
Telephone: 800-238-3737  
Facsimile: 401-278-7941

By:  
Name:  
Title:

Notice Address:

39 East Eagle Ridge Drive, Ste. 201  
North Salt Lake, UT 84054  
Telephone: (801) 924-367  
Facsimile: (801) 877-0478

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### LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)

**THIS LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)** (together with all Addenda, Riders and Annexes hereto, this “**Agreement**”) is dated as of July 27, 2017 (the “**Closing Date**”), by and between **TVPX AIRCRAFT SOLUTIONS INC.**, a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated as of July 27, 2017 (“**Customer**”) and **BANC OF AMERICA LEASING & CAPITAL, LLC**, a Delaware limited liability company (“**Lender**”).

In consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

Capitalized and certain other terms used but not otherwise defined in this Agreement shall have the meanings ascribed to them in Annex A attached hereto and made a part hereof.

#### Terms of Loan .

**Loan and Use of Proceeds** . Subject to the terms and conditions of this Agreement, Lender agrees to make a loan to Customer in the principal amount set forth in Annex B attached hereto and made a part hereof (the “**Loan**”). Customer shall use the proceeds of the Loan to finance the costs of the acquisition of the Aircraft.

**Repayment and Prepayment** . The Customer’s obligation to repay the Loan shall be evidenced by one or more Promissory Notes dated on and/or after the Closing Date, payable by Customer to the order of Lender in the original principal amount of the Loan (as amended, modified, restated, extended and renewed from time to time, the “**Note**”). The Loan shall bear interest and be repaid by Customer at the times and in the manner set forth in the Note. The Loan may be prepaid only in the manner and subject to terms and conditions set forth in the Note and, if applicable, Section 4.7 hereof.

**Conditions of Borrowing** . Lender’s obligation to make the Loan shall be both subject to and conditioned upon the satisfaction of all of the conditions precedent specified in the Closing Terms Addendum attached to and made a part of this Agreement.

**Representations and Warranties** . In order to induce Lender to enter into this Agreement and to make the Loan herein provided for, Customer represents, warrants and covenants to Lender that:

(i) Customer (A) is duly qualified to do business in each jurisdiction in which the conduct of its business or the ownership or operation of its assets requires such qualification, including the jurisdiction of the Primary Hangar Location and wherever any of the Collateral may become located; (B) has the necessary authority and power to own and operate the Aircraft and its other assets and to transact the business in which it is engaged; (C) is a “citizen of the United States” within the meaning of the Transportation Code; and (D) has the form of business organization set forth in Annex B hereto and is and will remain duly organized, validly existing and in good standing under the laws of the state of its organization set forth in Annex B hereto, its federal tax identification number is as set forth in Annex B hereto, and its state-issued organizational identification number (if any), chief executive office and principal place of business address are all as set forth on Annex B hereto; and (ii) its name as shown in the preamble of this Agreement is its exact legal name as shown on its charter, by-laws, articles of organization or operating agreement, as applicable, each as amended as of the Closing Date;

(i) Customer’s execution and delivery of, and performance of its obligations under and with respect to, each of the Loan Documents (including its borrowing the amounts constituting the Loan, granting the Lender’s Lien against the Aircraft and other Collateral and participating in the other transactions contemplated herein and therein), (A) have been duly authorized by all necessary action on the part of Customer consistent with its form of organization, (B) do not contravene or constitute a default under any Applicable Law, any of Customer’s Organizational Documents, or any agreement, indenture, or other instrument to which Customer is a party or by which it may be bound, (C) do not require the approval of or notice to (1) any Governmental Authority, except for the filings and registrations specified in the Closing Terms Addendum, all of which shall have been duly effected prior to or concurrently with Lender making the Loan, or (2) any other party (including any trustees or holders of indebtedness), and (D) will not result in the creation or imposition of any Lien on any of the assets of Customer other than the Lender’s Lien created hereby and by the other Loan Documents with respect to the Collateral; (ii) each of the Transaction Documents referenced in the Closing Terms Addendum to which Customer is a party has been duly executed and delivered by an authorized representative of the Customer, and constitutes the legal, valid and binding obligation of the Customer, enforceable against it in accordance with the respective terms of such Transaction Documents (including, without limitation, the grant of the Lender’s Lien); and (iii) without limiting the foregoing, upon Lender’s advancing the Loan on the Closing Date, (A) Customer will have satisfied or complied with all conditions precedent and requirements as set forth in the Loan Documents required to have been

satisfied or complied with concurrently with or prior to such advance and (B) no Default or Event of Default shall be then existing;

there are no proceedings pending or, so far as the officers, managers, or members of Customer know, threatened against or affecting Customer or any of its property before any Governmental Authority that could impair Customer's title to the Aircraft or any of the other Collateral, or that, if decided adversely, could materially affect the financial condition or operations of Customer or its ability to perform its obligations under any of the Loan Documents;

(i) Customer has, and shall continue to have, good and marketable title to the Collateral, free and clear of Liens, except Permitted Liens; (ii) the Lender's Lien in the Airframe, the Engines and the other Collateral is and shall remain validly created and perfected, and has and shall continue to have first priority over any other Liens pursuant to all Applicable Laws; and (iii) all filings, recordings, registrations or other actions necessary or desirable in order to vest such title in Customer, and establish, perfect and give first priority to Lender's Lien and other rights and interests in, against or with respect to the Collateral, have been duly effected, and all Impositions in connection therewith have been duly paid;

without limiting any of the other representations and warranties in this Agreement, for the purposes of the Cape Town Convention and any other Applicable Law, (i) upon the conclusion of the sale of the Aircraft to Customer, and Customer's grants and assignments, and (if constituting a lease) any Permitted Third Party Agreement, contemplated in the Loan Documents or other Transaction Documents, Customer and (if a lessee) any Interested Third Party shall be situated in, and Customer will cause the Aircraft to be duly registered in, the United States of America (which is a contracting state), (ii) with respect to any of the Transaction Documents relating to the Airframe or Engine, each of the respective parties thereto has power to dispose of the Airframe and Engine, as contemplated therein by way of the relevant Transaction Document, and (iii) the Purchase Documents qualify as a "contract of sale", and (if constituting a lease) any Permitted Third Party Agreement and the Loan Documents are effective to constitute international interests in the Airframe and Engine and security assignments of the related associated rights and transfer of the related international interests, as contemplated therein, and each such Registerable Interest will be effective against third parties upon registration at the International Registry, without any further filings or registrations (except as contemplated in the Loan Documents);

(i) the Aircraft (A) has been delivered to Customer, is in Customer's possession and is, as of the Closing Date, unconditionally, irrevocably and fully accepted by Customer, (B) has been inspected by Customer to its complete satisfaction and, without limiting the foregoing, (1) has been found to be in good working order, repair and condition and fully equipped to operate for its intended purpose, and (2) is in conformity with the requirements of the Purchase Agreement and the Applicable Standards, (C) is, or will be at the time of the funding of the Loan, currently certified under existing FAA rules and regulations and any other Applicable Laws and is airworthy in all respects, and (D) is and will remain primarily hangared at the Primary Hangar Location; and (ii) without limiting the foregoing, (A) solely as between Lender and Customer (and without prejudicing Customer's rights against Vendor or any other third party, which rights are not being disclaimed hereby), Customer has no pending claims and has no knowledge of any facts upon which a future claim may be based, against any prior owner, the seller, manufacturer or supplier of the Aircraft or any of the other Collateral, for breach of warranty or otherwise, and (B) all of the information contained in Annex C, including the registration number of the Aircraft, and the serial numbers, manufacturer and model numbers of the Airframe, Engines, and APU, are true and accurate in all respects; and

(h) the Aircraft (i) is currently capable of being certified under existing FAA rules and regulations and completely airworthy in all respects, (ii) will undergo an inspection by a Designated Airworthiness Representative of the FAA ("DAR") on the Closing Date and (iii) an FAA Standard Airworthiness Certificate (AC Form 8100-2) shall be issued for the Aircraft no later than two (2) Business Days after the Closing Date.

**Covenants** . Customer covenants and agrees that from and after the Closing Date and so long as any of the Obligations are outstanding:

Notices; Financial Information; and Further Assurances . Customer will, at its sole expense:

promptly give written notice to Lender of (i) the occurrence of any Default or Event of Default; (ii) the occurrence of any Event of Loss or event of which Customer may be aware that could become an Event of Loss; (iii) the commencement or written threat of any material litigation or proceedings affecting Customer or any material litigation or proceedings affecting the Aircraft or any of the other Collateral, or the ability of Customer to comply with its obligations under the Loan Documents; and (iv) any material dispute between Customer or any Interested Third Party and any Governmental Authority or other party that involves the Aircraft or any of the other Collateral or that might materially interfere with the normal business operations of Customer;

cause Guarantor to comply with the financial reporting requirements set forth in the Guaranty and promptly furnish to Lender any such financial and other information regarding the Customer or Guarantor or any of its Affiliates as Lender may from time to time reasonably request; and

promptly execute and deliver to Lender such further instruments, UCC and FAA filings (including an IDERA) and other documents, make, cause to be made and/or consent to all registrations (including any discharges and subordinations, or as to the prospective or actual sale of, and any international interest in, the Engines) with the International Registry, and take such further action, as Lender may from time to time reasonably request in order to further carry out the intent and purpose of the Loan Documents and to establish, protect and enforce the rights, interests, remedies and Liens (including the first priority thereof) created, or intended to be created, in favor of Lender thereby.

General Obligations . (a) Customer agrees that it shall (i) duly observe and conform to all requirements of Applicable Law relating to the conduct of its business and/or the Aircraft, (ii) remain a "citizen of the United States" within the meaning of the Transportation Code, (iii) obtain and keep in full force and effect (A) all rights, franchises, licenses and permits that are necessary to the proper conduct of its business, and (B) all approvals by any Governmental Authority required with respect to the performance of its obligations under the Loan Documents and the operation of the Aircraft and its business, (iv) cause the Aircraft to remain primarily hangared at the Primary Hangar Location, and duly registered in Customer's name under the Transportation Code (including, by making all necessary reports, re-registering its ownership of the Aircraft, and taking all other actions required by Applicable Law), and (v) pay and perform all of its obligations and liabilities when due. (b) Customer agrees that (i) it shall not change its presently existing legal name or its form or state of organization on or after the date of this Agreement, without Lender's prior written consent, (ii) if its presently existing state organizational identification number changes, or if Customer currently has no such state organizational number but is subsequently issued such a number, on or at any time after the date of this Agreement, Customer shall immediately notify Lender thereof, and (iii) it shall not change the presently existing mailing, chief executive office and/or principal place of business address on or after the date of this Agreement without giving Lender thirty (30) days written notice of the same.

Taxes . (a) Customer will file or cause to be filed with all appropriate taxing authorities all Federal, state and local income tax returns that are required to be filed and all registrations, declarations, returns and other documentation with respect to any personal property taxes (or any other taxes in the nature of or imposed in lieu of property taxes) due or to become due with respect to the Aircraft or any of the other Collateral. (b) Customer will pay (or cause to be paid) (i) on or before the date when due all taxes as shown on said returns and all taxes assessed, billed or otherwise payable with respect to the Aircraft or the other Collateral directly to the appropriate taxing authorities; and (ii) when due all license and/or registration or filing fees, assessments, governmental charges and sales, use, property, excise, privilege, value added and other taxes (including any related interest or penalties) or other charges or fees now or hereafter imposed by any governmental body or agency upon Customer or the Aircraft or any of the other Collateral, with respect to the landing, airport use, manufacturing, ordering, shipment, purchase, ownership, delivery, installation, leasing, chartering, operation, possession, use or disposition of the Aircraft or any of the other Collateral, or any interest therein (the items referred to in (i) and (ii) above being referred to herein collectively, as "Impositions").

No Disposition of Collateral or Liens; Title and Security Interest .

Customer shall not sell, assign, enter into any Third Party Agreement, convey, mortgage, exchange or otherwise transfer or relinquish possession of (including by any seizure or other taking by any foreign or domestic governmental authority) or dispose of the Airframe or Engines, any Part, any related associated rights, international interests or prospective international interests, any proceeds or any of the other Collateral, or attempt or offer to do, or suffer or permit any of the foregoing. Customer shall be permitted, however, to deliver possession of the Airframe, the Engines, or any APU or Part to another Person for testing, service, repair, maintenance, overhaul, alteration or modification, and to enter into Permitted Third Party Agreements, in each case, if and to the extent consistent with the provisions of the Loan Documents. Customer will warrant and defend its good and marketable title to the Airframe, the Engines and the other Collateral, and the validity, perfection and first priority of Lender's Lien in the Collateral, against all other Liens, claims and demands whatsoever, except Permitted Liens; and without limiting the foregoing, Customer will (i) not create, assume or suffer to exist any Liens on or with respect to the Airframe, the Engines, or any of the other Collateral, or Customer's interest therein (other than Permitted Liens); and (ii) promptly take such action as directed by Lender to duly discharge any such unpermitted Liens.

So long as no Default or Event of Default is then existing, Customer may enter into and remain a party to Third Party Agreements, in each such case, subject to the satisfaction of, and compliance by Customer and each Interested Third Party with, all of the following throughout the term of such arrangement: (i) Each such Interested Third Party shall (A) be and remain solvent, and (unless an individual) organized under the laws of a state within the United States; and (B) if engaged by Customer with the prior written consent of Lender as a manager and/or charter operator (including the Manager pursuant to the Management Agreement), while so engaged, (1) have a recognized favorable reputation as a manager and/or charter operator, as the case may be, of aircraft similar to the Aircraft, (2) be providing management and/or charter operation services for other aircraft owners similar to the services contemplated therein, and (3) if and at all times while conducting any charter operations (x) have and maintain a valid Part 135 Certificate evidencing its authority to conduct such operations, (y) list the Aircraft on its operations specifications, and (z) comply with all Applicable Standards pertaining to such charter operations. (ii) Any operation of the Aircraft pursuant to any such Third Party Agreement shall be limited to (A) if by Customer, Parent Guarantor or any Affiliate of Parent Guarantor, any time sharing agreements (as defined in Section 91.501(c)(1)) complying with Part 91 of the FARs and all other Applicable Standards, (B) if by a manager and/or a charter operator with Lender's prior written consent, pursuant to and in full compliance with the requirements of Part 135 of the FARs and all other Applicable Standards, or (C) if such Third Party Agreement is a "dry lease" by Customer, as lessor, to Parent Guarantor or an Affiliate of Parent Guarantor or other Interested Third Party permitted pursuant hereto, as lessee, operation by such lessee complying with (1) Part 91 and any other applicable provision of the FARs, and all other Applicable Standards, and (2) the provisions hereof and of the other Loan Documents pertinent to the operation of the Aircraft (whether by Customer or any permitted Interested Third Party). (iii) The related Third Party Agreement shall (A) be and remain, subject and subordinate to Lender's Lien in and with respect to the Collateral, and Lender's rights and remedies under the Loan Documents (and such subordination shall be expressly acknowledged therein), (B) not convey any Lien on, or other property interest in or against the Airframe, the Engines or any of the other Collateral, except for a Permitted Lien (but, without giving effect to clause (a) of the definition of such term), (C) not permit any further sublease or disposition of or unpermitted Lien against the Aircraft or any of the other Collateral by any of the Interested Parties thereto or any other Person, or any change in registration or unpermitted change in hanging of the Aircraft, (D) not contain provisions that are inconsistent with the provisions of any of the Loan Documents or cause Customer to breach any of its representations, warranties or agreements under any of the Loan Documents, (E) be in conformity with all requirements of the FARs and other Applicable Laws, and (F) otherwise conform to any Operating Consent required by Lender with respect thereto. (iv) (A) Customer shall have specified such Third Party Agreement on Annex B if existing on the Closing Date, or if not then existing shall require Lender's prior written consent and at least thirty (30) Business Days' prior written notice of its intention to enter into a Third Party Agreement and (B) no later than the effective date thereof Customer shall comply with, and at all times thereafter remain in compliance with, any related requirements by Lender, including (1) entering into, and causing any related Interested Third Parties to enter into, an Operating Consent, (2) causing Lender to be covered by the Required Coverages (which, for the purposes hereof, may include insurance coverages obtained and maintained by an Interested Third Party, conforming to the insurance requirements herein and in any of the other Loan Documents), and (3) entering into or delivering, or causing to be entered into and delivered, all such other documents, filings and assurances, making or causing to be made such filings and registrations, and taking or causing to be taken all such other actions, in each case as may be required by Lender and (4) paying or reimbursing Lender for any related costs or expenses. (v) Lender shall have the right, but not the obligation, to (A) require reasonable evidence that any Interested Third Party satisfies the requirements provided herein, and (B) review any such Third Party Agreement, as from time to time supplemented and amended, to determine its conformity with the provisions hereof, but without assuming any responsibility with respect thereto. (vi) Customer shall neither make, nor permit to be made, any filing or registration with respect to any Permitted Third Party Agreement, unless so directed by Lender pursuant to Section 5.2 or otherwise. Notwithstanding the foregoing limitations Parent Guarantor or any Affiliate shall be permitted to conduct the carriage of Parent Guarantor or any Affiliate and/or their respective guests pursuant to 14 CFR Section 91.501(b)(4), affiliated group operations pursuant to 14 CFR Section 91.501(b)(5) and/or (6), demonstration flights pursuant to 14 CFR Section 91.501(b)(3), time sharing or interchange operations pursuant to 14 CFR Section 91.501(b)(6), the carriage of customers pursuant to 14 CFR Section 91.501(b)(9) and/or the carriage of candidates in Federal elections conducted pursuant to 14 CFR Section 91.321.

With respect to any Third Party Agreements complying with all of the provisions of Section 4.4(b) (each a "**Permitted Third Party Agreement**"), although certain of the duties and obligations of Customer under the Loan Documents may be performed by one or more of the Interested Third Parties, (i) no such Permitted Third Party Agreement shall reduce any of Customer's obligations, or Lender's rights, under any of the Loan Documents, (ii) all of Customer's obligations under the Loan Documents shall be and remain primary and continue in full force and effect as the obligations of a principal and not of a guarantor or surety, and (iii) Lender is not waiving the right to require full and timely performance of any such obligations in strict accordance with the provisions hereof and of the other Loan Documents. By way of clarification and not limitation, with respect to any provisions of this Agreement or any of the other Loan Documents requiring Customer to take or refrain from taking an action relating to the Aircraft or any of the other Collateral, such provision may also be read to mean that Customer shall cause the same to be done in accordance therewith, if at that time the Aircraft or such other Collateral is in the possession or control of an Interested Third Party pursuant to a Permitted Third Party Agreement.

#### Use of Aircraft; Maintenance; Modifications; Security .

Customer will operate the Aircraft or shall cause the Aircraft to be operated under and in compliance with Part 91 and any other applicable provision of the FARs, and all other Applicable Standards. Unless otherwise expressly permitted hereunder, (i) Customer shall not operate or permit the Aircraft to be operated for air taxi operations or otherwise under Part 135 of the FARs; and (ii) Customer, an Affiliate or other Interested Third Party shall at all times have, and maintain, "operational control" of the Aircraft (as such term is then interpreted by the FAA or such other applicable Governmental Authority), and no other Person shall operate the Aircraft. The Aircraft at all times will be operated by duly qualified pilots having satisfied all requirements established and specified by the FAA, the TSA, any other applicable Governmental Authority and the Required Coverages.

the Aircraft may be flown temporarily to any country in the world, provided that the Aircraft (i) shall at all times be based in the continental United States; and (ii) shall not be flown, operated, used or located in, to or over any such country or area (temporarily or otherwise) (A) that is excluded from the Required Coverages (or specifically not covered by such

insurance), (B) with which the U.S. does not maintain favorable diplomatic relations (which is any country or jurisdiction not marked with an “\*” on the list maintained by the U.S. Department of State, at <http://www.state.gov/s/inr/rls/4250.htm> or any replacement or equivalent website maintained by the U.S. Department of State), provided that the prohibition in this clause (B) does not prohibit the operation of the Aircraft on an approved and assigned air traffic control route (if and so long as such use is otherwise in compliance with the provisions of the this Agreement and does not violate any insurance policies in effect with respect to the Aircraft), (C) to the extent that payment of any claim under the Required Coverages directly or indirectly arising or resulting from or connected with any such flight, operation, use or location would be prohibited under any trade or other economic sanction or embargo by the United States of America, or (D) in violation of any of the Loan Documents or any Applicable Standards. Customer shall adopt, implement and comply with all security measures required by any Applicable Law, or by any Required Coverages, or that are necessary or appropriate for the proper protection of the Aircraft (whether on the ground or in flight) against theft, vandalism, hijacking, destruction, bombing, terrorism or similar acts.

Customer agrees that, with respect to the Airframe, the Engines, each APU and each Part, Customer will at its own expense, (i) maintain, inspect, service, repair, overhaul and test the same in accordance with Applicable Standards; (ii) make any alterations or modifications that may at any time be required to comply with Applicable Standards, and to cause the Aircraft to remain airworthy; (iii) furnish all required parts, replacements, mechanisms, devices and servicing so that the condition and operating efficiency thereof will at all times be no less than its condition and operating efficiency as and when delivered to Customer, ordinary wear and tear from proper use alone excepted; (iv) promptly replace all Parts (A) which become worn out, lost, stolen, taken, destroyed, damaged beyond repair or permanently rendered or declared unfit for use for any reason whatsoever, or (B) if not previously replaced pursuant to clause (A), as and when required by any Applicable Standards, including any applicable life limits; and (v) maintain (in English) all Records in accordance with Applicable Standards; and (vi) enroll and maintain the Engines in an Engine Maintenance Program and the APU in an APU Maintenance Program or shall cause the foregoing to be done. All maintenance procedures shall be performed by properly trained, licensed, and certified maintenance sources and personnel utilizing replacement parts approved by the FAA and the manufacturer of (as applicable) the Airframe, the Engines, or any APU or Part. Without limiting the foregoing, Customer shall comply with all mandatory service bulletins and airworthiness directives by causing compliance to such bulletins and/or directives to be completed through corrective modification in lieu of operating manual restrictions.

Customer will not make, authorize or permit any improvement, change, addition or alteration to the Aircraft that will impair the originally intended function or use of the Aircraft, diminish the value of the Aircraft as it existed immediately prior thereto, or violate any Applicable Standard. All repairs, parts, replacements, mechanisms and devices added by Customer or on its behalf shall immediately, without further act, become part of the Aircraft and subject to the Lender's Lien granted under this Agreement.

#### Insurance.

Customer agrees to maintain or cause to be maintained at all times, at its sole cost and expense, with insurers of recognized reputation and responsibility satisfactory to Lender (but in no event having an A.M. Best or comparable agency rating of less than “A-”):

(A) comprehensive aircraft liability insurance against bodily injury or property damage claims including, without limitation, contractual liability, premises liability, death and property damage liability, public and passenger legal liability coverage, and sudden accident pollution coverage, in an amount not less than \$200,000,000.00 for 20 or more seats, or if the Aircraft will be chartered, or \$100,000,000.00 for 10 or more seats, or \$50,000,000.00 for fewer than 10 seats for each single occurrence, and (B) personal injury liability in an amount not less than \$25,000,000.00; but, in no event shall the amounts of coverage required by sub-clauses (A) and (B) be less than the coverage amounts as may then be required by Applicable Law;

“all-risk” ground, taxiing, and flight hull insurance on an agreed-value basis, covering the Aircraft, provided that such insurance shall at all times be in an amount not less than the greater of (1) the full replacement value of the Aircraft (as determined by Lender), or (2) the unpaid principal amount of the Note (each such amount re-determined as of each anniversary of the date hereof for the next succeeding year throughout the term of this Agreement); and

war risk and allied perils (including confiscation, appropriation, expropriation, terrorism and hijacking insurance) in the amounts required in paragraphs (i) and (ii), as applicable.

Any policies of insurance carried in accordance with this Section 4.6 and any policies taken out in substitution or replacement of any such policies shall (i) be endorsed to name Lender as an additional insured as its interests may appear (but without responsibility for premiums), (ii) provide, with respect to insurance carried in accordance with Section 4.6(a)(ii) or (a)(iii) above, that any amount payable thereunder shall be paid directly to Lender as sole loss payee and not to Lender and Customer jointly, (iii) provide for thirty (30) days' (seven (7) days' in the case of war, hijacking and allied perils) prior written notice by such insurer of cancellation, material change, or non-renewal, (iv) include a severability of interest clause providing that such policy shall operate in the same manner as if there were a separate policy covering each insured, (v) waive any right of set-off against Lender, and any rights of subrogation against Lender, (vi) provide that in respect of the interests of Lender in such policies, that the insurance shall not be invalidated by any action or inaction of Customer or any other Person operating or in possession of the Aircraft, regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by or binding upon Customer or any other Person operating or in possession of the Aircraft, and (vii) be primary, not subject to any co-insurance clause and shall be without right of contribution from any other insurance.

Customer shall not self-insure (by deductible, premium adjustment, or risk retention arrangement of any kind) with respect to any of the risks required to be insured pursuant to this Section 4.6. Customer agrees that it shall obtain and maintain such other insurance coverages, or cause adjustments to be made to the scope, amount or other aspects of the existing insurance coverages, promptly upon Lender's request, as and when Lender deems such additional insurance coverages or modifications to be appropriate in light of any changes in Applicable Law, prudent industry practices, the insurance market, Customer's anticipated use of the Aircraft or other pertinent circumstances. All of the coverages required herein shall be in full force and effect worldwide throughout any geographical areas to, in or over which the Aircraft is operated. All insurance proceeds payable under the requisite policies shall be payable in U.S. Dollars.

At least ten (10) days prior to the policy expiration date for any insurance coverage required by this Section 4.6, Customer shall furnish to Lender evidence (having the form and substance consistent with Section 1(f) of the Closing Terms Addendum) of the renewal or replacement of such coverage, complying with the terms hereof, for a twelve (12) month or greater period commencing from and after such expiration date.

#### Event of Loss: Loaner Engines.

Upon the occurrence of any Event of Loss with respect to the Aircraft and/or the Airframe, Customer shall notify Lender of any such Event of Loss within five (5) days of the date thereof. Customer shall pay the then Outstanding Balance promptly upon its receipt of insurance proceeds relating to such Event of Loss, but in no event later than ninety (90) days after the occurrence of such Event of Loss (irrespective as to whether any or all of such proceeds have been received). Upon Lender's receipt in good and indefeasible funds of all of the amounts required to be paid pursuant to the preceding sentence (whether by applying Customer's payment of such amounts, or any such insurance proceeds, or both) the Aircraft shall be released from the Lender's Lien, and Lender shall remit to Customer any such insurance proceeds so received by Lender, to the extent then remaining.

Upon an Event of Loss with respect to an Engine or any APU (as applicable, a “ **Lost Item** ”) under circumstances in which there has not occurred an Event of Loss with respect to the Airframe, Customer shall, within one hundred twenty (120) days after the occurrence of such Event of Loss, replace such Lost Item, with a Permitted Replacement. Any engine or auxiliary power unit constituting a “ **Permitted Replacement** ” for a Lost Item shall (i) be of the same make and model number as the Lost Item, (ii) be free and clear of all Liens and (iii) have a value, utility and useful life at least equal to, and be in as good an operating condition as, the Lost Item, assuming such Lost Item was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss. Customer, at its own cost and expense, shall (i) furnish Lender with such documents to evidence such conveyance, (ii) cause the Permitted Replacement to be subject to the Lender’s Lien under this Agreement, and (iii) take such other actions as may be required by Lender to cause the Lender’s Lien therein to be validly created, perfected and have first priority, including as evidenced on the FAA Registry, the International Registry, and any other recording office. Each such Permitted Replacement shall, after such conveyance, be deemed an “Engine” or “APU” (as defined herein), as applicable, and shall be deemed part of the same Aircraft as was the Lost Item replaced thereby.

In the event an Engine is damaged and is being repaired, or is being inspected or overhauled, Customer, at its option, may temporarily substitute another engine during the period of such repair or overhaul, so long as such engine is of the same make and model as the Engine being repaired or overhauled, is free and clear of any Lien that might impair Lender’s rights or interests in the Airframe and is maintained in accordance herewith (any such substitute engine being hereinafter referred to as a “ **Loaner Engine** ”). Customer shall (i) cause such Loaner Engine to be installed and removed, as applicable, by a maintenance facility certified by the FAA and manufacturer with respect to the Aircraft, and (ii) cause the repaired or overhauled original Engine to be reinstalled on the Airframe promptly upon completion of the repair or overhaul, but in no event later than the earlier of one hundred twenty (120) days after removal or the occurrence of an Event of Default.

So long as no Default has occurred and is continuing, and no Event of Default or Event of Loss with respect to the Aircraft has occurred, any loss or damage proceeds of the Required Coverages received by Lender shall be released promptly by Lender to Customer to reimburse Customer for paying the costs actually incurred with respect to repairs made to the Aircraft so as to restore it to the condition required by this Agreement, or for the purchase of a Permitted Replacement pursuant to Section 4.7(b), or shall be disbursed by Lender as otherwise required by this Agreement.

**Aircraft Registration.** On or before the Closing Date, and at all times thereafter, so long as any of the Obligations are outstanding, Customer shall remain solely responsible pursuant to the applicable provisions of this Agreement to cause (i) the Aircraft to be effectively and otherwise validly registered in Customer’s name on the Registry, and (ii) the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft, in each case, accordance with the Registration Requirements; and without limiting the foregoing, or any other provision of this Agreement, Customer shall:

cause the Registration Certificate to be maintained within the Aircraft and cause the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft; including by (A) notifying Lender immediately of any event or circumstance with respect to which the Registration Requirements require further action by Customer, the Registry or any other Governmental Authority or other Person, (B) immediately upon receipt, placing the original, replacement or renewal Registration Certificate on the Aircraft prior to the expiration or other invalidation of any previously issued Registration Certificate (whether the certificate or any other document constituting the Registration Certificate as defined herein) under the Registration Requirements, and (C) complying with any and all of the other Registration Requirements relating to such Registration Certificate, and to the Registration Certificate replaced thereby (including any of the same relating to the destruction or return thereof, as the case may be); and

upon the occurrence, and at all times thereafter, of any Defective Registration (and without waiving Customer’s responsibility to avoid such circumstance), or if the operation of the Aircraft is no longer authorized by the Registration Requirements, Customer shall (A) neither operate nor permit or suffer the operation of the Aircraft without a currently effective and otherwise valid Registration Certificate (and shall cause the pilots to be made aware of the Defective Registration), and otherwise comply with the FARs and other Applicable Laws relating to such Defective Registration, (B) ground and store the Aircraft in a manner reasonably acceptable to Lender, and (C) inform the insurer or insurers thereof, and obtain and maintain adjustments to the insurance coverages required pursuant Section 4.6 of this Agreement which may be necessary or desirable to Lender so as to reflect any changes in the insurable risks relating to any Defective Registration.

#### **Security Interest; Power of Attorney; Inspection .**

**Grant of Security Interest.** As collateral security for the prompt and complete payment and performance as and when due of all of the Obligations and in order to induce Lender to enter into this Agreement and make the Loan to Customer in accordance with the terms hereof, Customer hereby grants, pledges and assigns to Lender a first priority security interest, collateral assignment, international interest, prospective international interest, security assignment and prospective security assignment, in, against, under and with respect to (the “ **Lender’s Lien** ”) all of Customer’s right, title and interest in, to and under all of the following collateral, whether now existing or hereafter acquired (collectively, the “ **Collateral** ”): (i) the Aircraft, including the Airframe, the Engines, each of the APU and Parts, and the Records; (ii) any and all present and future Third Party Agreements; (iii) any and all other associated rights secured by or associated with the Airframe and/or the Engines, together with any related international interests and prospective international interests; (iv) any collateral described in the other Loan Documents (including in any Operating Consent); and (v) all proceeds of the foregoing. By way of clarification and not limitation, the foregoing grant of the Lender’s Lien shall include, as applicable (and in each case, being validly registered and having first priority), an international interest in the Airframe and in each Engine. Notwithstanding the foregoing, (i) Customer shall not enter into any Third Party Agreements unless expressly permitted by Section 4.4 and (ii) Lender is not assuming, nor shall it be responsible for, any obligations, liabilities or duties of any kind whatsoever of Customer (and/or of any other Person) relating to the Collateral. Customer agrees that it shall perform and procure performance in accordance with any Third Party Agreement or other agreement or instrument giving rise to any associated rights that are or may become subjected to the Lender’s Lien.

#### **UCCs, Registrations, Etc.; Lender as Attorney-in-Fact.** Customer hereby irrevocably:

authorizes Lender to prepare and file any UCC financing statements, amendments, continuations, terminations, assignments and other filings, or take such other actions for the purpose of perfecting, affording first and exclusive priority to or otherwise relating to Lender’s Lien under this Agreement or the other Loan Documents;

consents to, and authorizes its professional user entity to consent to, the registration of each Registerable Interest requested by Lender or its Assignee, or otherwise required by the provisions of this Agreement or any of the other Loan Documents, including any subordination, amendment, assignment, discharge or undertaking permitted by the Cape Town Convention with respect thereto; and

constitutes and appoints Lender (including any Person acting on Lender’s behalf), as its true and lawful attorney-in-fact with full power and authority in the place and stead of Customer and in the name of Customer or in its own name, for the purpose of carrying out the terms of this Agreement; which authority shall include the following undertakings that may be exercisable by Lender in its sole discretion at any time, and from time to time, if an Event of Default is then existing or upon the occurrence of an Event of Loss: (i) in Customer’s name, file and/or record, such further instruments, filings and other documents, make, cause to be made and/or consent to all registrations with the International Registry, and take such further action, to establish and protect Lender’s rights, interests and remedies created, or intended to be created, pursuant to the Loan Documents; (ii) endorse Customer’s name on any checks, notes, drafts or any other payments or instruments, or set off, apply, or take such other actions with respect to any funds relating to the Collateral that come into Lender’s possession or control; and (iii) to settle, adjust, receive payment and make claim or proof of loss, and take such other actions relating to the Required Coverages. This appointment is coupled with an interest, is

irrevocable and shall terminate only upon indefeasible payment and performance in full of all of the Obligations. The powers conferred on Lender hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Lender shall be accountable only for amounts that it actually receives in good and indefeasible funds as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to Customer for any act or failure to act. Without limiting the foregoing, Customer agrees that within five (5) Business Days of Lender's request, Customer will enter into an irrevocable power-of-attorney authorizing Aviation Counsel or Lender's other designee as Customer's professional user entity and administrator for the purpose of discharging any Registerable Interests as and when directed to do so by Lender in connection with its exercise of its rights and remedies under the Loan Documents.

**Inspection.** Lender or its authorized representatives shall have the right, but not the duty, to inspect the Aircraft, any part thereof and/or the Records, at its own cost any reasonable time and from time to time, wherever located, upon reasonable prior notice to Customer; except that after the occurrence of a Default or an Event of Default, such inspection may be conducted at any time without prior notice and at Customer's sole expense, and it shall pay Lender promptly upon demand any inspection costs incurred by Lender. So long as no Default or Event of Default exists, any such inspections shall be conducted during normal business hours and without interruption of the use and operation of the Aircraft as permitted hereby. Upon the request of Lender, Customer shall promptly confirm to Lender the location of the Aircraft or any of the other Collateral.

**Events of Default.** The term "**Event of Default**", wherever used herein, shall mean:

Customer shall fail to pay any Obligation within ten (10) days after the same shall become due and payable (whether at the stated maturity, by acceleration, upon demand or otherwise); or

(i) any Customer Party shall default in the payment or performance of any indebtedness, liability or obligation to Lender or any Affiliate of Lender under any note, security agreement, lease, title retention or conditional sales agreement or any other instrument or agreement; or

(ii) any Customer Party shall fail to pay any Indebtedness (other than the Obligations) exceeding \$5,000,000.00, and such failure shall continue beyond any applicable grace period (or, with respect to trade Indebtedness which is not subject to a grace period, within ninety (90) days of the date such trade Indebtedness is incurred); or

(i) any of the Required Coverages are not kept in full force and effect, or a breach or violation shall exist with respect to any provisions thereof; or the Aircraft is operated in a manner, at a time or in or over or located at a place with respect to which such Required Coverages shall not be in effect; (ii) Customer shall fail to cause the Airframe or the Engines to be used, operated, maintained or otherwise kept in a condition so as to be in compliance with all Applicable Laws; or (iii) any Customer Party shall fail to comply with (A) any financial covenants as and to the extent set forth or incorporated in any Guaranty or in any of the other Loan Documents, or (B) any provision of any of the Loan Documents restricting Liens and other dispositions relating to either the Collateral or any rights or obligations under any of the Transaction Documents (including Section 4.4 hereof), or (iv) the occurrence of any Defective Registration; or

(i) any representation or warranty made by any Customer Party in any of the Loan Documents or in any related agreement, document or certificate shall prove to have been incorrect, misleading, or inaccurate in any material respect when made or given (or, if a continuing representation or warranty, at any time); or (ii) any Customer Party shall fail to (A) perform or observe any other agreement (other than those specifically referred to in this Section 6) required to be performed or observed by it under this Agreement or in any of the other Loan Documents, and such failure shall continue uncured for thirty (30) days after the earlier of written notice thereof from Lender to such Customer Party or such Customer Party's actual knowledge thereof (but such notice and cure period will not be applicable unless such breach is curable by practical means within such notice period) or (B) notify Lender of any Default or Event of Default within ten (10) Business Days of its occurrence; or

(i) any Customer Party shall (A) generally fail to pay its, or his or her debts as they become due, admit its, or his or her inability to pay its, or his or her debts or obligations generally as they fall due, or shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws or other insolvency laws, or an answer admitting the material allegations of such a petition filed against such Customer Party in any such proceeding; or (B) by voluntary petition, answer or consent, seek relief under the provisions of any other bankruptcy or other insolvency or similar law providing for the reorganization or liquidation of corporations, or providing for an assignment for the benefit of creditors, or providing for an agreement, composition, extension or adjustment with its, or his or her creditors; or (ii) a petition against any Customer Party in a proceeding under applicable bankruptcy laws or other insolvency laws, as now or hereafter in effect, shall be filed and shall not be withdrawn or dismissed within one hundred twenty (120) days thereafter, or if, under the provisions of any law providing for reorganization or liquidation of business entities that may apply to any Customer Party, any court of competent jurisdiction shall assume jurisdiction, custody or control of such Customer Party or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of one hundred eighty (180) days after the filing date; or

the occurrence of any of the following events with respect to any Customer Party: (A) it enters into any transaction of merger, consolidation or reorganization; (B) it ceases to do business as a going concern, liquidates, or dissolves, or sells, transfers or otherwise disposes of all or substantially all of its assets or properties (in one or more transactions); (C) it becomes the subject of, or engages in, a leveraged buy out; (D) it changes the form of organization of its business; (E) if it is privately owned as of the Closing Date, there is any substantial change in the ownership or control of its capital stock or membership interests such that the holder(s) that own or control one hundred percent (100%) of such equity interests as of the Closing Date no longer do so; or (F) if it is publicly held as of the Closing Date, any change so that it is no longer subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or no longer registered under Section 12 of the Securities Act of 1933, as amended; or

(i) the conviction of or guilty plea by any Customer Party with respect to any criminal act constituting a felony, (ii) any repudiation by any Customer Party of its obligation for the payment or performance of the Obligations, (iii) any allegation by any Customer Party or judicial determination that any of the Loan Documents is unenforceable in any material respect or (iv) a Default (as defined in any Guaranty) shall occur; or

any event or condition constituting a breach or other default under any Operating Consent.

## **Remedies .**

**Acceleration; Termination of Commitment.** If any Event of Default shall occur, Lender, in its sole discretion, may (a) declare the Obligations to be immediately due and payable, and upon such declaration the Obligations (including, the unpaid principal amount of the Note, together with all accrued but unpaid interest thereon, any prepayment fees and all other amounts due and payable under or with respect to the Loan Documents), shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the other Loan Documents to the contrary notwithstanding, (b) terminate any then outstanding commitment whether to Customer or any Affiliate to make the Loan or any advance thereof, or any other financial accommodations, whether related to the Loan or otherwise, and/or (c) pursue and enforce any of Lender's rights and remedies under this Section 7; provided, however, if an Event of Default specified in Section 6 (e) above shall occur, the Obligations shall become immediately due and payable, all such commitments shall terminate, and Lender shall have all such other rights and remedies contemplated in the preceding clauses (a), (b) and (c), automatically, and without any notice or other action by Lender.

**Additional Remedies.** If an Event of Default occurs, in addition to all other rights and remedies granted to it in this Agreement and in the other Loan Documents, Lender may exercise all rights and remedies of a secured party under the UCC or as a creditor, chargee or security assignee under the Cape Town Convention (including any and all remedies thereunder requiring agreement by Customer), or otherwise available to

Lender under any other Applicable Law. Without limiting the generality of the foregoing, Customer agrees that upon the occurrence of an Event of Default, Lender, without demand or notice of any kind (except as specified below) to or upon Customer or any other Person, in its sole discretion, may exercise any one or more of the following remedies:

(i) peacefully enter the premises where the Aircraft, the Engines, or any other Collateral is located, take immediate possession of, remove (or disable in place), or otherwise take control or custody of the Airframe, the Engines or any other Collateral (whether or not then attached to the Airframe) by self-help, summary proceedings or otherwise without liability, (ii) preserve the Airframe, the Engines or the other Collateral, and their respective value (but without any obligation to do so), and immobilize or keep idle the Airframe or Engines, and/or (iii) use Customer's premises for storage without liability; and Customer agrees, at Lender's request, to assemble the Collateral, and make it available to Lender at such places as Lender shall reasonably select, whether at Customer's premises or elsewhere;

(i) terminate the right of any Interested Third Party, and any other third party to use, possess or control the Airframe, the Engines or any of the other Collateral, including under any Permitted Third Party Agreement or other Third Party Agreement, without regard as to the existence of any event of default thereunder, (ii) recover from, and/or cause Customer and any such Interested Third Party, and any other third party, to relinquish possession and return the Airframe, the Engines and any other Collateral pursuant to this Section 7, and/or (iii) exercise any and all other remedies under any Operating Consents in Customer's stead, to the extent provided for under, or otherwise available to Customer in connection with any related Permitted Third Party Agreement or such other Third Party Agreement;

(i) manage, sell, lease, assign or otherwise dispose of the Airframe, the Engines or any other Collateral, in whole or in part, whether or not in Lender's possession, in one or more parcels or transactions, at public or private sale or sales, with or without notice to Customer (except as required by Applicable Law, and in furtherance thereof, Lender agrees that it shall give Customer no less than ten (10) working days' prior notice of any proposed sale or lease of the Airframe or Engines, which Customer acknowledges as constituting "reasonable prior notice" for the purposes of the Cape Town Convention) at such prices as Lender may deem best, and/or (ii) purchase the Collateral, in whole or in part, upon any public sale or sales, and to the extent permitted by Applicable Law upon any private sale or sales, free of any right or equity of redemption in Customer, which right or equity of redemption is hereby expressly released;

(i) collect, receive, appropriate and realize upon the Collateral, or any part thereof, including by applying any deposit or other cash collateral, or collecting or receiving, appropriating and realizing upon any income, profits or other proceeds arising from the management or use of the Airframe, the Engines or any of the other Collateral, and applying the same (after deducting all taxes, costs, expenses and other reductions of every kind incurred in connection therewith) to the payment in whole or in part of the Obligations, in such order and manner as Lender may elect; and (ii) after making such application, (A) remitting to Customer or to such other Person any excess then remaining, as and to the extent Lender is required by Applicable Law to make such remittance and (B) demanding, collecting and receiving from Customer any deficiency then remaining (and Customer agrees that it shall remain liable for, and pay upon demand, the full amount of any such deficiency);

(i) demand and obtain from any court speedy relief pending final determination available at law (including, possession, control, custody or immobilization of the Airframe and Engines, or preservation of the Airframe and the Engines and their respective value), (ii) procure the deregistration and/or export and physical transfer of the Airframe from the territory in which it is then situated (including pursuant to an IDERA, if any, executed by Customer), and/or (iii) otherwise proceed at law or in equity, to enforce specifically Customer's performance or to recover damages; and/or

exercise any and all other rights and remedies under or with respect to the Loan Documents or Applicable Law, including the Cape Town Convention and the UCC.

No Waiver: Cumulative Remedies. No right or remedy is exclusive. Customer hereby acknowledges that none of the provisions of this Section 7, including any remedies set forth or referenced herein, is "manifestly unreasonable" for the purposes of the Cape Town Convention. Each may be used successively and cumulatively and in addition to any other right or remedy referred to above or otherwise available to Lender at law or in equity, but in no event shall Lender be entitled to recover any amount in excess of the maximum amount recoverable under Applicable Law with respect to any Event of Default. No express or implied waiver by Lender of any Default or Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default. The failure or delay of Lender in exercising any rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or reoccurrence of any such contingencies or similar contingencies, and any single or partial exercise of any particular right by Lender shall not exhaust the same or constitute a waiver of any other right provided for or otherwise referred to herein. After the occurrence of any Default or Event of Default, the acceptance by Lender of any payment or performance of any of the Obligations, including the payment of any installment of principal and/or interest or of any other sum owing hereunder or under the other Loan Documents shall not constitute a waiver of such Default or Event of Default, regardless of Lender's knowledge or lack of knowledge thereof at the time of acceptance of any such payment or performance and shall not constitute a reinstatement of any of the Loan Documents, unless Lender shall have agreed in writing to reinstate the same and waive the Default or Event of Default. To the extent permitted by Applicable Law, Customer waives any rights now or hereafter conferred thereby, that (a) limit or modify any of Lender's rights or remedies under this Agreement or any of the other Loan Documents, including the provisions of Article 13(2) of the Convention, or (b) would otherwise entitle Customer to (i) receive notices or demands as a condition to Lender's exercise of any rights or remedies, except as expressly required above or (ii) make claims, damages and demands against Lender arising out of the repossession, retention, sale or other disposition of the Collateral.

#### **MISCELLANEOUS**

Notices. All communications and notices provided for herein shall be in writing and shall be deemed to have been duly given or made (i) upon hand delivery, or (ii) upon delivery by an overnight delivery service, or (iii) when sent by telecopy (with customary confirmation of receipt of such telecopy) on the Business Day when sent or upon the next Business Day if sent on other than a Business Day.

#### Expenses and Fees; Indemnity; Performance of Customer's Obligations

Customer shall pay to Lender upon demand all reasonable fees, costs and expenses incurred by or on behalf of Lender at any time in connection with (i) the negotiation, preparation, execution, delivery and enforcement of the Loan Documents and the collection of the Obligations (both before and after the occurrence of a Default or Event of Default), (ii) the creation, preservation and protection of the Collateral and the perfection, first priority and enforcement of Lender's Lien, or (iii) Customer's exercise of any right granted under, or any amendment or other modification to any of, the Loan Documents. Such fees, costs and expenses shall include, without limitation, reasonable appraisal and inspection fees, the reasonable fees and expenses of Aviation Counsel and of Lender's counsel, consultants and brokers, UCC, FAA, International Registry and other applicable title, interest and lien searches, and reasonable costs and expenses relating to recovery, repossession, storage, insurance, transportation, repair, refurbishment, advertising, sale and other dispositions of the Aircraft or any of the other Collateral. Customer shall also pay all reasonable fees (including license, filing and registration fees), Impositions and other charges of whatever kind or nature that may be payable or determined to be payable in connection with (A) the execution, delivery, recording or performance of this Agreement or any of the other Loan Documents, or any modification thereof, and (B) the filings, registrations and other undertakings relating thereto. Notwithstanding the foregoing, as long as there are no more than two (2) revised drafts of any Loan Document provided by Customer or its counsel to Lender or Lender's counsel, Customer shall be responsible for not more than \$35,000.00 in the aggregate for the legal fees of outside counsel to Lender (including, Aviation Counsel) and appraisal, inspection, processing, credit verification, lien searches, FAA and International Registry fees and other fees incurred in connection with the initial negotiation, preparation and execution of this Agreement and the other Loan Documents executed and delivered on or

before the Closing Date (and the consummation of the closing contemplated to occur thereon); provided that in the event that the negotiation exceeds two (2) revised drafts of any Loan Document, then Customer shall pay for the actual amount of such out of pocket fees incurred by Lender relating to the drafting and negotiation in excess of such two (2) revised drafts. Lender shall apply the previously paid deposit amount of \$35,000.00 to such fees and shall refund to Customer the amount by which the deposit exceeds such fees.

Customer hereby further agrees, whether or not the transactions contemplated by this Agreement shall be consummated, to pay, indemnify, and hold Lender and its affiliates and all of the Lender's and such affiliates' respective directors, shareholders, members, officers, employees, agents, predecessors, attorneys-in-fact, lawyers, successors and assigns (Lender, its affiliates and all of such other parties and entities sometimes hereinafter collectively, the "**Indemnified Parties**") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, out of pocket costs, attorney's fees, expenses or disbursements of any kind or nature whatsoever ("**Claims**") arising with respect to or in connection with (i) the Airframe, the Engines, or any APUs or Parts, or any of the other Collateral, including (whether by or through Customer, Vendor, any Interested Third Party, or any other Person), the manufacture, inspection, ownership, lease, sublease, management, pooling, interchange, time sharing, chartering, possession, use, operation, maintenance, security, condition (whether prior to, upon or after delivery or acceptance of any of the same), repossession, storage, sale or other disposition of any of the same, or any accident in connection therewith, including Claims involving or alleging environmental damage, criminal acts, hijacking, acts of terrorism or similar acts, product liability or strict or absolute liability in tort, latent and other defects (whether or not discoverable) and for any other risk or matter, including any of the same that result in injuries, death, destruction, or other harm or loss to persons or property, or (ii) any of the Loan Documents, Third Party Agreements or other Transaction Documents, or the performance, breach (including any Default or Event of Default) or enforcement of any of the terms hereof or thereof, provided, that Customer shall have no obligation to indemnify an Indemnified Party with respect to Claims arising from the gross negligence or willful misconduct of such Indemnified Party (unless if imputed by Applicable Law). If any Claim is made against any Indemnified Party, the party receiving notice or otherwise becoming aware of such Claim shall promptly notify the other, but the failure of the party having knowledge of a Claim to so notify the other party shall not relieve Customer of any obligation hereunder.

If any Customer Party fails to perform or comply with any of its agreements contained herein or in the other Loan Documents, including, without limitation, its obligations to keep the Collateral free of Liens (other than the Permitted Liens), comply with Applicable Standards, or obtain the Required Coverages, Lender shall have the right, but shall not be obligated, to effect such performance or compliance, with such agreement. Any expenses of Lender incurred in connection with effecting such performance or compliance, together with interest thereon at the default rate of interest provided for in the Note from the date incurred until reimbursed, shall be payable by Customer to Lender promptly on demand and until such payment shall constitute part of the Obligations secured hereby. Any such action shall not be a cure or waiver of any Default or Event of Default hereunder.

Entire Agreement; Modifications. This Agreement and the other Loan Documents constitute the entire understanding and agreement of the parties hereto with respect to the matters contained herein and therein, and shall completely and fully supersede all other prior agreements (including any proposal letter, commitment letter, and/or term sheet), both written and oral, between Lender and Customer relating to the Obligations. Neither this Agreement, nor any terms hereof, may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of a change, waiver, discharge or termination is sought.

Construction of this Agreement and Related Matters. All representations and warranties made in this Agreement and in the other Loan Documents shall survive the execution and delivery of this Agreement and the making of the Loan hereunder. Customer's obligations contained in this Section 8 shall survive the payment and performance of the Obligations, the termination of this Agreement, and the release of the Collateral. This Agreement may be executed by the parties hereto on any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. The headings of the Sections hereof are for convenience only, are not part of this Agreement and shall not be deemed to affect the meaning or construction of any of the provisions hereof. Time is of the essence in the payment and performance of all of Customer's obligations under this Agreement. Any provision of this Agreement that may be determined to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective in such jurisdiction to the extent thereof without invalidating the remaining provisions of this Agreement, which shall remain in full force and effect.

Lender's Assignment. Lender, may at any time, with or without notice to Customer, freely grant a security interest in, sell, assign, participate or otherwise transfer (an "**Assignment**") all or any part of its interest in this Agreement and the other Loan Documents (including all associated rights associated with or secured thereby and the related international interests) or any amount due or to become due hereunder or thereunder, and Customer shall perform all of its obligations under the Loan Documents, to the extent so transferred, for the benefit of the beneficiary of such Assignment (such beneficiary, including any successors and assigns, an "**Assignee**"); provided, however, if such Assignee is not an Affiliate of Lender and if no Default or Event of Default exists, Lender will provide prior notice of any such Assignment to a third party. Customer hereby waives any right to assert, and agrees not to assert, against any Assignee any abatement, reduction, defense, setoff, recoupment, claim or counterclaim that Customer may have against Lender, provided that Lender remains fully responsible therefor. Upon the assumption by such Assignee of Lender's obligations hereunder, Lender shall be relieved of any such assumed obligations. Customer hereby consents to any such assignment, grant, sale or transfer, including, without limitation, for purposes of the Cape Town Convention. If so directed in writing, Customer shall pay all amounts due or to become due under the Loan Documents, including any of the same constituting associated rights or proceeds directly to the Assignee or any other party designated in writing by Lender or such Assignee. Customer acknowledges and agrees that Lender's right to enter into an Assignment is essential to Lender and, accordingly, waives any restrictions under Applicable Law with respect to an Assignment and any related remedies. Upon the request of Lender or any Assignee, Customer also agrees (a) to promptly execute and deliver, and cause to be executed and delivered by any Guarantor or any other Transaction Party, to Lender or to such Assignee an acknowledgment of assignment in form and substance satisfactory to the requesting party, an insurance certificate naming Assignee as additional insured and loss payee and otherwise evidencing the Required Coverages, an IDERA in favor of Assignee, and such other documents and assurances reasonably requested by Lender or Assignee, (b) to make, or cause to be made, all registrations (including all assignments and subordinations) and all amendments, extensions and discharges with the International Registry reasonably requested by Lender or Assignee (and give or obtain any necessary consent thereto, as well as renew any authorization required by the International Registry in connection therewith, including renewing its transacting user entity status and re-designating a professional user entity, if necessary in Lender's judgment), and (c) to comply with any and all other reasonable requirements of any such Assignee in connection with any such Assignment.

Jurisdiction. Customer and Lender each hereby irrevocably consents and agrees that any legal action, suit or proceeding arising out of or in any way in connection with this Agreement or any of the other Loan Documents may be instituted or brought in the courts of the State of New York or in the United States Courts for the Southern District of New York, as Customer or Lender may elect or in any other state or Federal court as Lender shall deem appropriate, and by execution and delivery of this Agreement, Customer and Lender each hereby irrevocably accepts and submits to, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of any such court, and to all proceedings in such courts. Customer and Lender each irrevocably consents to service of any summons and/or legal process by first class, certified United States air mail, postage prepaid, to Customer at the address set forth below its signature hereto, such method of service to constitute, in every respect, sufficient and effective service of process in any such legal action or proceeding. Nothing in this Agreement or in any of the other Loan Documents shall affect the right to service of process in any other manner permitted by law or limit the right of Lender to bring actions, suits or proceedings in the courts of any other jurisdiction. Customer and Lender each further agrees that final judgment against it in any such legal action,

suit or proceeding shall 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 shall be conclusive evidence of the fact and the amount of the liability. Notwithstanding anything in the foregoing to the contrary, Lender and Customer may bring a judicial proceeding in the Republic of Ireland, solely with respect to matters relating to the International Registry.

Governing Law; Binding Effect. This Agreement shall be construed and enforced in accordance with, and the rights of both parties shall be governed by, the internal laws of the State of New York (without regard to the conflict of laws principles of such state, except as to the effect of Title 14, Section 5-1401 of the New York General Obligations Law), including all matters of construction, validity, and performance. This Agreement shall be binding upon and inure to the benefit of Customer and Lender and their respective successors and assigns (but without limiting the provisions of Section 8.5); except that Customer may not assign or transfer its rights or obligations hereunder or under any other Loan Agreement, or any interest herein or therein; and any such purported or attempted assignment or transfer by Customer shall be null and void.

Customer's Capacity as Owner Trustee. TVPX Aircraft Solutions Inc. ("TVPX") is executing this Agreement, and the other Loan Documents solely in its capacity as Owner Trustee under the Trust Agreement and not in its individual capacity and in no case shall TVPX be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of the Customer hereunder, or under any Loan Document, all such liability, if any, being expressly waived by the parties hereto and any Person claiming by, through, or under such party. Under no circumstances shall TVPX be personally liable for the payment of any other amount stated to be due from the Customer hereunder, or under any Loan Document, or be personally liable for the breach or failure of any of Customer's representations, warranties, covenants, obligations, undertakings and agreements hereunder, or under any Loan Documents; provided, however, that the Customer (or any such successor owner trustee) shall be personally liable hereunder for its own gross negligence or willful misconduct or for its breach of its covenants, representations and warranties contained herein, or in any Loan Document, to the extent covenanted or made in its individual capacity.

Jury Waiver. CUSTOMER AND LENDER EACH HEREBY KNOWINGLY AND FREELY WAIVES THEIR RESPECTIVE RIGHTS TO A JURY TRIAL IN ANY ACTION, SUIT OR PROCEEDING RELATING TO, ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE NOTE OR ANY OF THE OTHER LOAN DOCUMENTS.

**[Signatures On Next Page]**

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Loan and Aircraft Security Agreement

IN WITNESS WHEREOF, the parties hereto have caused this Loan and Aircraft Security Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

BANC OF AMERICA LEASING & CAPITAL, LLC, Lender

TVPX AIRCRAFT SOLUTIONS INC., a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated July \_\_\_\_, 2017,  
Customer

By:  
Name:  
Title:  
Notice Address:

One Financial Plaza, 2nd Floor  
Providence, Rhode Island 02903  
Attention: Director of Aircraft Operations  
Telephone: 800-238-3737  
Facsimile: 401-278-7941

By:  
Name:  
Title:  
Notice Address:

39 East Eagle Ridge Drive, Ste. 201  
North Salt Lake, UT 84054  
Telephone: (801) 924-367  
Facsimile: (801) 877-0478

taxing authority, all Impositions as and to the extent payable in connection with the sale of the Aircraft to Customer, by the date and in the amounts and otherwise in compliance with all Applicable Laws; (b) within thirty (30) days of the Closing Date, Customer shall provide a copy of Customer's Engine Maintenance Program for the Engines and a copy of Customer's APU Maintenance Program for the APU; and an acknowledgement of Lender's rights therein by the applicable provider; and (c) within two (2) days of the Closing Date, Customer shall provide a copy of the FAA Standard Airworthiness Certificate (AC Form 8100-2) for the Aircraft.

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### LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)

**THIS LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)** (together with all Addenda, Riders and Annexes hereto, this "**Agreement**") is dated as of July 27, 2017 (the "**Closing Date**"), by and between **TVPX AIRCRAFT SOLUTIONS INC.**, a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated as of July 27, 2017 ("**Customer**") and **BANC OF AMERICA LEASING & CAPITAL, LLC**, a Delaware limited liability company ("**Lender**").

In consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

Capitalized and certain other terms used but not otherwise defined in this Agreement shall have the meanings ascribed to them in Annex A attached hereto and made a part hereof.

#### Terms of Loan .

Loan and Use of Proceeds . Subject to the terms and conditions of this Agreement, Lender agrees to make a loan to Customer in the principal amount set forth in Annex B attached hereto and made a part hereof (the "**Loan**"). Customer shall use the proceeds of the Loan to finance the costs of the acquisition of the Aircraft.

Repayment and Prepayment . The Customer's obligation to repay the Loan shall be evidenced by one or more Promissory Notes dated on and/or after the Closing Date, payable by Customer to the order of Lender in the original principal amount of the Loan (as amended, modified, restated, extended and renewed from time to time, the "**Note**"). The Loan shall bear interest and be repaid by Customer at the times and in the manner set forth in the Note. The Loan may be prepaid only in the manner and subject to terms and conditions set forth in the Note and, if applicable, Section 4.7 hereof.

Conditions of Borrowing . Lender's obligation to make the Loan shall be both subject to and conditioned upon the satisfaction of all of the conditions precedent specified in the Closing Terms Addendum attached to and made a part of this Agreement.

Representations and Warranties . In order to induce Lender to enter into this Agreement and to make the Loan herein provided for, Customer represents, warrants and covenants to Lender that:

(i) Customer (A) is duly qualified to do business in each jurisdiction in which the conduct of its business or the ownership or operation of its assets requires such qualification, including the jurisdiction of the Primary Hangar Location and wherever any of the Collateral may become located; (B) has the necessary authority and power to own and operate the Aircraft and its other assets and to transact the business in which it is engaged; (C) is a "citizen of the United States" within the meaning of the Transportation Code; and (D) has the form of business organization set forth in Annex B hereto and is and will remain duly organized, validly existing and in good standing under the laws of the state of its organization set forth in Annex B hereto, its federal tax identification number is as set forth in Annex B hereto, and its state-issued organizational identification number (if any), chief executive office and principal place of business address are all as set forth on Annex B hereto; and (ii) its name as shown in the preamble of this Agreement is its exact legal name as shown on its charter, by-laws, articles of organization or operating agreement, as applicable, each as amended as of the Closing Date;

(i) Customer's execution and delivery of, and performance of its obligations under and with respect to, each of the Loan Documents (including its borrowing the amounts constituting the Loan, granting the Lender's Lien against the Aircraft and other Collateral and participating in the other transactions contemplated herein and therein), (A) have been duly authorized by all necessary action on the part of Customer consistent with its form of organization, (B) do not contravene or constitute a default under any Applicable Law, any of Customer's Organizational Documents, or any agreement, indenture, or other instrument to which Customer is a party or by which it may be bound, (C) do not require the approval of or notice to (1) any Governmental Authority, except for the filings and registrations specified in the Closing Terms Addendum, all of which shall have been duly effected prior to or concurrently with Lender making the Loan, or (2) any other party (including any trustees or holders of indebtedness), and (D) will not result in the creation or imposition of any Lien on any of the assets of Customer other than the Lender's Lien created hereby and by the other Loan Documents with respect to the Collateral; (ii) each of the Transaction Documents referenced in the Closing Terms Addendum to which Customer is a party has been duly executed and delivered by an authorized representative of the Customer, and constitutes the legal, valid and binding obligation of the Customer, enforceable against it in accordance with the respective terms of such Transaction Documents (including, without limitation, the grant of the Lender's Lien); and (iii) without limiting the foregoing, upon Lender's advancing the Loan on the Closing Date, (A) Customer will have satisfied or complied with all conditions precedent and requirements as set forth in the Loan Documents required to have been satisfied or complied with concurrently with or prior to such advance and (B) no Default or Event of Default shall be then existing;

there are no proceedings pending or, so far as the officers, managers, or members of Customer know, threatened against or affecting Customer or any of its property before any Governmental Authority that could impair Customer's title to the Aircraft or any of the other Collateral, or

that, if decided adversely, could materially affect the financial condition or operations of Customer or its ability to perform its obligations under any of the Loan Documents;

(i) Customer has, and shall continue to have, good and marketable title to the Collateral, free and clear of Liens, except Permitted Liens; (ii) the Lender's Lien in the Airframe, the Engines and the other Collateral is and shall remain validly created and perfected, and has and shall continue to have first priority over any other Liens pursuant to all Applicable Laws; and (iii) all filings, recordings, registrations or other actions necessary or desirable in order to vest such title in Customer, and establish, perfect and give first priority to Lender's Lien and other rights and interests in, against or with respect to the Collateral, have been duly effected, and all Impositions in connection therewith have been duly paid;

without limiting any of the other representations and warranties in this Agreement, for the purposes of the Cape Town Convention and any other Applicable Law, (i) upon the conclusion of the sale of the Aircraft to Customer, and Customer's grants and assignments, and (if constituting a lease) any Permitted Third Party Agreement, contemplated in the Loan Documents or other Transaction Documents, Customer and (if a lessee) any Interested Third Party shall be situated in, and Customer will cause the Aircraft to be duly registered in, the United States of America (which is a contracting state), (ii) with respect to any of the Transaction Documents relating to the Airframe or Engine, each of the respective parties thereto has power to dispose of the Airframe and Engine, as contemplated therein by way of the relevant Transaction Document, and (iii) the Purchase Documents qualify as a "contract of sale", and (if constituting a lease) any Permitted Third Party Agreement and the Loan Documents are effective to constitute international interests in the Airframe and Engine and security assignments of the related associated rights and transfer of the related international interests, as contemplated therein, and each such Registerable Interest will be effective against third parties upon registration at the International Registry, without any further filings or registrations (except as contemplated in the Loan Documents);

(i) the Aircraft (A) has been delivered to Customer, is in Customer's possession and is, as of the Closing Date, unconditionally, irrevocably and fully accepted by Customer, (B) has been inspected by Customer to its complete satisfaction and, without limiting the foregoing, (1) has been found to be in good working order, repair and condition and fully equipped to operate for its intended purpose, and (2) is in conformity with the requirements of the Purchase Agreement and the Applicable Standards, (C) is, or will be at the time of the funding of the Loan, currently certified under existing FAA rules and regulations and any other Applicable Laws and is airworthy in all respects, and (D) is and will remain primarily hangared at the Primary Hangar Location; and (ii) without limiting the foregoing, (A) solely as between Lender and Customer (and without prejudicing Customer's rights against Vendor or any other third party, which rights are not being disclaimed hereby), Customer has no pending claims and has no knowledge of any facts upon which a future claim may be based, against any prior owner, the seller, manufacturer or supplier of the Aircraft or any of the other Collateral, for breach of warranty or otherwise, and (B) all of the information contained in Annex C, including the registration number of the Aircraft, and the serial numbers, manufacturer and model numbers of the Airframe, Engines, and APU, are true and accurate in all respects; and

(h) the Aircraft (i) is currently capable of being certified under existing FAA rules and regulations and completely airworthy in all respects, (ii) will undergo an inspection by a Designated Airworthiness Representative of the FAA ("DAR") on the Closing Date and (iii) an FAA Standard Airworthiness Certificate (AC Form 8100-2) shall be issued for the Aircraft no later than two (2) Business Days after the Closing Date.

**Covenants** . Customer covenants and agrees that from and after the Closing Date and so long as any of the Obligations are outstanding:

Notices; Financial Information; and Further Assurances . Customer will, at its sole expense:

promptly give written notice to Lender of (i) the occurrence of any Default or Event of Default; (ii) the occurrence of any Event of Loss or event of which Customer may be aware that could become an Event of Loss; (iii) the commencement or written threat of any material litigation or proceedings affecting Customer or any material litigation or proceedings affecting the Aircraft or any of the other Collateral, or the ability of Customer to comply with its obligations under the Loan Documents; and (iv) any material dispute between Customer or any Interested Third Party and any Governmental Authority or other party that involves the Aircraft or any of the other Collateral or that might materially interfere with the normal business operations of Customer;

cause Guarantor to comply with the financial reporting requirements set forth in the Guaranty and promptly furnish to Lender any such financial and other information regarding the Customer or Guarantor or any of its Affiliates as Lender may from time to time reasonably request; and

promptly execute and deliver to Lender such further instruments, UCC and FAA filings (including an IDERA) and other documents, make, cause to be made and/or consent to all registrations (including any discharges and subordinations, or as to the prospective or actual sale of, and any international interest in, the Engines) with the International Registry, and take such further action, as Lender may from time to time reasonably request in order to further carry out the intent and purpose of the Loan Documents and to establish, protect and enforce the rights, interests, remedies and Liens (including the first priority thereof) created, or intended to be created, in favor of Lender thereby.

General Obligations . (a) Customer agrees that it shall (i) duly observe and conform to all requirements of Applicable Law relating to the conduct of its business and/or the Aircraft, (ii) remain a "citizen of the United States" within the meaning of the Transportation Code, (iii) obtain and keep in full force and effect (A) all rights, franchises, licenses and permits that are necessary to the proper conduct of its business, and (B) all approvals by any Governmental Authority required with respect to the performance of its obligations under the Loan Documents and the operation of the Aircraft and its business, (iv) cause the Aircraft to remain primarily hangared at the Primary Hangar Location, and duly registered in Customer's name under the Transportation Code (including, by making all necessary reports, re-registering its ownership of the Aircraft, and taking all other actions required by Applicable Law), and (v) pay and perform all of its obligations and liabilities when due. (b) Customer agrees that (i) it shall not change its presently existing legal name or its form or state of organization on or after the date of this Agreement, without Lender's prior written consent, (ii) if its presently existing state organizational identification number changes, or if Customer currently has no such state organizational number but is subsequently issued such a number, on or at any time after the date of this Agreement, Customer shall immediately notify Lender thereof, and (iii) it shall not change the presently existing mailing, chief executive office and/or principal place of business address on or after the date of this Agreement without giving Lender thirty (30) days written notice of the same.

Taxes . (a) Customer will file or cause to be filed with all appropriate taxing authorities all Federal, state and local income tax returns that are required to be filed and all registrations, declarations, returns and other documentation with respect to any personal property taxes (or any other taxes in the nature of or imposed in lieu of property taxes) due or to become due with respect to the Aircraft or any of the other Collateral. (b) Customer will pay (or cause to be paid) (i) on or before the date when due all taxes as shown on said returns and all taxes assessed, billed or otherwise payable with respect to the Aircraft or the other Collateral directly to the appropriate taxing authorities; and (ii) when due all license and/or registration or filing fees, assessments, governmental charges and sales, use, property, excise, privilege, value added and other taxes (including any related interest or penalties) or other charges or fees now or hereafter imposed by any governmental body or agency upon Customer or the Aircraft or any of the other Collateral, with respect to the landing, airport use, manufacturing, ordering, shipment, purchase, ownership, delivery, installation, leasing, chartering, operation, possession, use or disposition of the Aircraft or any of the other Collateral, or any interest therein (the items referred to in (i) and (ii) above being referred to herein collectively, as "Impositions").

No Disposition of Collateral or Liens; Title and Security Interest .

Customer shall not sell, assign, enter into any Third Party Agreement, convey, mortgage, exchange or otherwise transfer or relinquish possession of (including by any seizure or other taking by any foreign or domestic governmental authority) or dispose of the Airframe or Engines, any Part, any related associated rights, international interests or prospective international interests, any proceeds or any of the other

Collateral, or attempt or offer to do, or suffer or permit any of the foregoing. Customer shall be permitted, however, to deliver possession of the Airframe, the Engines, or any APU or Part to another Person for testing, service, repair, maintenance, overhaul, alteration or modification, and to enter into Permitted Third Party Agreements, in each case, if and to the extent consistent with the provisions of the Loan Documents. Customer will warrant and defend its good and marketable title to the Airframe, the Engines and the other Collateral, and the validity, perfection and first priority of Lender's Lien in the Collateral, against all other Liens, claims and demands whatsoever, except Permitted Liens; and without limiting the foregoing, Customer will (i) not create, assume or suffer to exist any Liens on or with respect to the Airframe, the Engines, or any of the other Collateral, or Customer's interest therein (other than Permitted Liens); and (ii) promptly take such action as directed by Lender to duly discharge any such unpermitted Liens.

So long as no Default or Event of Default is then existing, Customer may enter into and remain a party to Third Party Agreements, in each such case, subject to the satisfaction of, and compliance by Customer and each Interested Third Party with, all of the following throughout the term of such arrangement: (i) Each such Interested Third Party shall (A) be and remain solvent, and (unless an individual) organized under the laws of a state within the United States; and (B) if engaged by Customer with the prior written consent of Lender as a manager and/or charter operator (including the Manager pursuant to the Management Agreement), while so engaged, (1) have a recognized favorable reputation as a manager and/or charter operator, as the case may be, of aircraft similar to the Aircraft, (2) be providing management and/or charter operation services for other aircraft owners similar to the services contemplated therein, and (3) if and at all times while conducting any charter operations (x) have and maintain a valid Part 135 Certificate evidencing its authority to conduct such operations, (y) list the Aircraft on its operations specifications, and (z) comply with all Applicable Standards pertaining to such charter operations. (ii) Any operation of the Aircraft pursuant to any such Third Party Agreement shall be limited to (A) if by Customer, Parent Guarantor or any Affiliate of Parent Guarantor, any time sharing agreements (as defined in Section 91.501(c)(1)) complying with Part 91 of the FARs and all other Applicable Standards, (B) if by a manager and/or a charter operator with Lender's prior written consent, pursuant to and in full compliance with the requirements of Part 135 of the FARs and all other Applicable Standards, or (C) if such Third Party Agreement is a "dry lease" by Customer, as lessor, to Parent Guarantor or an Affiliate of Parent Guarantor or other Interested Third Party permitted pursuant hereto, as lessee, operation by such lessee complying with (1) Part 91 and any other applicable provision of the FARs, and all other Applicable Standards, and (2) the provisions hereof and of the other Loan Documents pertinent to the operation of the Aircraft (whether by Customer or any permitted Interested Third Party). (iii) The related Third Party Agreement shall (A) be and remain, subject and subordinate to Lender's Lien in and with respect to the Collateral, and Lender's rights and remedies under the Loan Documents (and such subordination shall be expressly acknowledged therein), (B) not convey any Lien on, or other property interest in or against the Airframe, the Engines or any of the other Collateral, except for a Permitted Lien (but, without giving effect to clause (a) of the definition of such term), (C) not permit any further sublease or disposition of or unpermitted Lien against the Aircraft or any of the other Collateral by any of the Interested Parties thereto or any other Person, or any change in registration or unpermitted change in hangaring of the Aircraft, (D) not contain provisions that are inconsistent with the provisions of any of the Loan Documents or cause Customer to breach any of its representations, warranties or agreements under any of the Loan Documents, (E) be in conformity with all requirements of the FARs and other Applicable Laws, and (F) otherwise conform to any Operating Consent required by Lender with respect thereto. (iv) (A) Customer shall have specified such Third Party Agreement on Annex B if existing on the Closing Date, or if not then existing shall require Lender's prior written consent and at least thirty (30) Business Days' prior written notice of its intention to enter into a Third Party Agreement and (B) no later than the effective date thereof Customer shall comply with, and at all times thereafter remain in compliance with, any related requirements by Lender, including (1) entering into, and causing any related Interested Third Parties to enter into, an Operating Consent, (2) causing Lender to be covered by the Required Coverages (which, for the purposes hereof, may include insurance coverages obtained and maintained by an Interested Third Party, conforming to the insurance requirements herein and in any of the other Loan Documents), and (3) entering into or delivering, or causing to be entered into and delivered, all such other documents, filings and assurances, making or causing to be made such filings and registrations, and taking or causing to be taken all such other actions, in each case as may be required by Lender and (4) paying or reimbursing Lender for any related costs or expenses. (v) Lender shall have the right, but not the obligation, to (A) require reasonable evidence that any Interested Third Party satisfies the requirements provided herein, and (B) review any such Third Party Agreement, as from time to time supplemented and amended, to determine its conformity with the provisions hereof, but without assuming any responsibility with respect thereto. (vi) Customer shall neither make, nor permit to be made, any filing or registration with respect to any Permitted Third Party Agreement, unless so directed by Lender pursuant to Section 5.2 or otherwise. Notwithstanding the foregoing limitations Parent Guarantor or any Affiliate shall be permitted to conduct the carriage of Parent Guarantor or any Affiliate and/or their respective guests pursuant to 14 CFR Section 91.501(b)(4), affiliated group operations pursuant to 14 CFR Section 91.501(b)(5) and/or (6), demonstration flights pursuant to 14 CFR Section 91.501(b)(3), time sharing or interchange operations pursuant to 14 CFR Section 91.501(b)(6), the carriage of customers pursuant to 14 CFR Section 91.501(b)(9) and/or the carriage of candidates in Federal elections conducted pursuant to 14 CFR Section 91.321.

With respect to any Third Party Agreements complying with all of the provisions of Section 4.4(b) (each a " **Permitted Third Party Agreement** "), although certain of the duties and obligations of Customer under the Loan Documents may be performed by one or more of the Interested Third Parties, (i) no such Permitted Third Party Agreement shall reduce any of Customer's obligations, or Lender's rights, under any of the Loan Documents, (ii) all of Customer's obligations under the Loan Documents shall be and remain primary and continue in full force and effect as the obligations of a principal and not of a guarantor or surety, and (iii) Lender is not waiving the right to require full and timely performance of any such obligations in strict accordance with the provisions hereof and of the other Loan Documents. By way of clarification and not limitation, with respect to any provisions of this Agreement or any of the other Loan Documents requiring Customer to take or refrain from taking an action relating to the Aircraft or any of the other Collateral, such provision may also be read to mean that Customer shall cause the same to be done in accordance therewith, if at that time the Aircraft or such other Collateral is in the possession or control of an Interested Third Party pursuant to a Permitted Third Party Agreement.

#### Use of Aircraft; Maintenance; Modifications; Security .

Customer will operate the Aircraft or shall cause the Aircraft to be operated under and in compliance with Part 91 and any other applicable provision of the FARs, and all other Applicable Standards. Unless otherwise expressly permitted hereunder, (i) Customer shall not operate or permit the Aircraft to be operated for air taxi operations or otherwise under Part 135 of the FARs; and (ii) Customer, an Affiliate or other Interested Third Party shall at all times have, and maintain, "operational control" of the Aircraft (as such term is then interpreted by the FAA or such other applicable Governmental Authority), and no other Person shall operate the Aircraft. The Aircraft at all times will be operated by duly qualified pilots having satisfied all requirements established and specified by the FAA, the TSA, any other applicable Governmental Authority and the Required Coverages.

the Aircraft may be flown temporarily to any country in the world, provided that the Aircraft (i) shall at all times be based in the continental United States; and (ii) shall not be flown, operated, used or located in, to or over any such country or area (temporarily or otherwise) (A) that is excluded from the Required Coverages (or specifically not covered by such insurance), (B) with which the U.S. does not maintain favorable diplomatic relations (which is any country or jurisdiction not marked with an "\*" on the list maintained by the U.S. Department of State, at <http://www.state.gov/s/inr/rls/4250.htm> or any replacement or equivalent website maintained by the U.S. Department of State), provided that the prohibition in this clause (B) does not prohibit the operation of the Aircraft on an approved and

assigned air traffic control route (if and so long as such use is otherwise in compliance with the provisions of the this Agreement and does not violate any insurance policies in effect with respect to the Aircraft) , (C) to the extent that payment of any claim under the Required Coverages directly or indirectly arising or resulting from or connected with any such flight, operation, use or location would be prohibited under any trade or other economic sanction or embargo by the United States of America, or (D) in violation of any of the Loan Documents or any Applicable Standards. Customer shall adopt, implement and comply with all security measures required by any Applicable Law, or by any Required Coverages, or that are necessary or appropriate for the proper protection of the Aircraft (whether on the ground or in flight) against theft, vandalism, hijacking, destruction, bombing, terrorism or similar acts.

Customer agrees that, with respect to the Airframe, the Engines, each APU and each Part, Customer will at its own expense, (i) maintain, inspect, service, repair, overhaul and test the same in accordance with Applicable Standards; (ii) make any alterations or modifications that may at any time be required to comply with Applicable Standards, and to cause the Aircraft to remain airworthy; (iii) furnish all required parts, replacements, mechanisms, devices and servicing so that the condition and operating efficiency thereof will at all times be no less than its condition and operating efficiency as and when delivered to Customer, ordinary wear and tear from proper use alone excepted; (iv) promptly replace all Parts (A) which become worn out, lost, stolen, taken, destroyed, damaged beyond repair or permanently rendered or declared unfit for use for any reason whatsoever, or (B) if not previously replaced pursuant to clause (A), as and when required by any Applicable Standards, including any applicable life limits; and (v) maintain (in English) all Records in accordance with Applicable Standards; and (vi) enroll and maintain the Engines in an Engine Maintenance Program and the APU in an APU Maintenance Program or shall cause the foregoing to be done. All maintenance procedures shall be performed by properly trained, licensed, and certified maintenance sources and personnel utilizing replacement parts approved by the FAA and the manufacturer of (as applicable) the Airframe, the Engines, or any APU or Part. Without limiting the foregoing, Customer shall comply with all mandatory service bulletins and airworthiness directives by causing compliance to such bulletins and/or directives to be completed through corrective modification in lieu of operating manual restrictions.

Customer will not make, authorize or permit any improvement, change, addition or alteration to the Aircraft that will impair the originally intended function or use of the Aircraft, diminish the value of the Aircraft as it existed immediately prior thereto, or violate any Applicable Standard. All repairs, parts, replacements, mechanisms and devices added by Customer or on its behalf shall immediately, without further act, become part of the Aircraft and subject to the Lender's Lien granted under this Agreement.

#### Insurance.

Customer agrees to maintain or cause to be maintained at all times, at its sole cost and expense, with insurers of recognized reputation and responsibility satisfactory to Lender (but in no event having an A.M. Best or comparable agency rating of less than "A-"):

(A) comprehensive aircraft liability insurance against bodily injury or property damage claims including, without limitation, contractual liability, premises liability, death and property damage liability, public and passenger legal liability coverage, and sudden accident pollution coverage, in an amount not less than \$200,000,000.00 for 20 or more seats, or if the Aircraft will be chartered, or \$100,000,000.00 for 10 or more seats, or \$50,000,000.00 for fewer than 10 seats for each single occurrence, and (B) personal injury liability in an amount not less than \$25,000,000.00; but, in no event shall the amounts of coverage required by sub-clauses (A) and (B) be less than the coverage amounts as may then be required by Applicable Law;

"all-risk" ground, taxiing, and flight hull insurance on an agreed-value basis, covering the Aircraft, provided that such insurance shall at all times be in an amount not less than the greater of (1) the full replacement value of the Aircraft (as determined by Lender), or (2) the unpaid principal amount of the Note (each such amount re-determined as of each anniversary of the date hereof for the next succeeding year throughout the term of this Agreement); and

war risk and allied perils (including confiscation, appropriation, expropriation, terrorism and hijacking insurance) in the amounts required in paragraphs (i) and (ii), as applicable.

Any policies of insurance carried in accordance with this Section 4.6 and any policies taken out in substitution or replacement of any such policies shall (i) be endorsed to name Lender as an additional insured as its interests may appear (but without responsibility for premiums), (ii) provide, with respect to insurance carried in accordance with Section 4.6(a)(ii) or (a)(iii) above, that any amount payable thereunder shall be paid directly to Lender as sole loss payee and not to Lender and Customer jointly, (iii) provide for thirty (30) days' (seven (7) days' in the case of war, hijacking and allied perils) prior written notice by such insurer of cancellation, material change, or non-renewal, (iv) include a severability of interest clause providing that such policy shall operate in the same manner as if there were a separate policy covering each insured, (v) waive any right of set-off against Lender, and any rights of subrogation against Lender, (vi) provide that in respect of the interests of Lender in such policies, that the insurance shall not be invalidated by any action or inaction of Customer or any other Person operating or in possession of the Aircraft, regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by or binding upon Customer or any other Person operating or in possession of the Aircraft, and (vii) be primary, not subject to any co-insurance clause and shall be without right of contribution from any other insurance.

Customer shall not self-insure (by deductible, premium adjustment, or risk retention arrangement of any kind) with respect to any of the risks required to be insured pursuant to this Section 4.6. Customer agrees that it shall obtain and maintain such other insurance coverages, or cause adjustments to be made to the scope, amount or other aspects of the existing insurance coverages, promptly upon Lender's request, as and when Lender deems such additional insurance coverages or modifications to be appropriate in light of any changes in Applicable Law, prudent industry practices, the insurance market, Customer's anticipated use of the Aircraft or other pertinent circumstances. All of the coverages required herein shall be in full force and effect worldwide throughout any geographical areas to, in or over which the Aircraft is operated. All insurance proceeds payable under the requisite policies shall be payable in U.S. Dollars.

At least ten (10) days prior to the policy expiration date for any insurance coverage required by this Section 4.6, Customer shall furnish to Lender evidence (having the form and substance consistent with Section 1(f) of the Closing Terms Addendum) of the renewal or replacement of such coverage, complying with the terms hereof, for a twelve (12) month or greater period commencing from and after such expiration date.

#### Event of Loss: Loaner Engines.

Upon the occurrence of any Event of Loss with respect to the Aircraft and/or the Airframe, Customer shall notify Lender of any such Event of Loss within five (5) days of the date thereof. Customer shall pay the then Outstanding Balance promptly upon its receipt of insurance proceeds relating to such Event of Loss, but in no event later than ninety (90) days after the occurrence of such Event of Loss (irrespective as to whether any or all of such proceeds have been received). Upon Lender's receipt in good and indefeasible funds of all of the amounts required to be paid pursuant to the preceding sentence (whether by applying Customer's payment of such amounts, or any such insurance proceeds, or both) the Aircraft shall be released from the Lender's Lien, and Lender shall remit to Customer any such insurance proceeds so received by Lender, to the extent then remaining.

Upon an Event of Loss with respect to an Engine or any APU (as applicable, a " **Lost Item** ") under circumstances in which there has not occurred an Event of Loss with respect to the Airframe, Customer shall, within one hundred twenty (120) days after the occurrence of such Event of Loss, replace such Lost Item, with a Permitted Replacement. Any engine or auxiliary power unit constituting a " **Permitted Replacement** " for a Lost Item shall (i) be of the same make and model number as the Lost Item, (ii) be free and clear of all Liens and (iii) have a value, utility and

useful life at least equal to, and be in as good an operating condition as, the Lost Item, assuming such Lost Item was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss. Customer, at its own cost and expense, shall (i) furnish Lender with such documents to evidence such conveyance, (ii) cause the Permitted Replacement to be subject to the Lender's Lien under this Agreement, and (iii) take such other actions as may be required by Lender to cause the Lender's Lien therein to be validly created, perfected and have first priority, including as evidenced on the FAA Registry, the International Registry, and any other recording office. Each such Permitted Replacement shall, after such conveyance, be deemed an "Engine" or "APU" (as defined herein), as applicable, and shall be deemed part of the same Aircraft as was the Lost Item replaced thereby.

In the event an Engine is damaged and is being repaired, or is being inspected or overhauled, Customer, at its option, may temporarily substitute another engine during the period of such repair or overhaul, so long as such engine is of the same make and model as the Engine being repaired or overhauled, is free and clear of any Lien that might impair Lender's rights or interests in the Airframe and is maintained in accordance herewith (any such substitute engine being hereinafter referred to as a "**Loaner Engine**"). Customer shall (i) cause such Loaner Engine to be installed and removed, as applicable, by a maintenance facility certified by the FAA and manufacturer with respect to the Aircraft, and (ii) cause the repaired or overhauled original Engine to be reinstalled on the Airframe promptly upon completion of the repair or overhaul, but in no event later than the earlier of one hundred twenty (120) days after removal or the occurrence of an Event of Default.

So long as no Default has occurred and is continuing, and no Event of Default or Event of Loss with respect to the Aircraft has occurred, any loss or damage proceeds of the Required Coverages received by Lender shall be released promptly by Lender to Customer to reimburse Customer for paying the costs actually incurred with respect to repairs made to the Aircraft so as to restore it to the condition required by this Agreement, or for the purchase of a Permitted Replacement pursuant to Section 4.7(b), or shall be disbursed by Lender as otherwise required by this Agreement.

**Aircraft Registration.** On or before the Closing Date, and at all times thereafter, so long as any of the Obligations are outstanding, Customer shall remain solely responsible pursuant to the applicable provisions of this Agreement to cause (i) the Aircraft to be effectively and otherwise validly registered in Customer's name on the Registry, and (ii) the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft, in each case, accordance with the Registration Requirements; and without limiting the foregoing, or any other provision of this Agreement, Customer shall:

cause the Registration Certificate to be maintained within the Aircraft and cause the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft; including by (A) notifying Lender immediately of any event or circumstance with respect to which the Registration Requirements require further action by Customer, the Registry or any other Governmental Authority or other Person, (B) immediately upon receipt, placing the original, replacement or renewal Registration Certificate on the Aircraft prior to the expiration or other invalidation of any previously issued Registration Certificate (whether the certificate or any other document constituting the Registration Certificate as defined herein) under the Registration Requirements, and (C) complying with any and all of the other Registration Requirements relating to such Registration Certificate, and to the Registration Certificate replaced thereby (including any of the same relating to the destruction or return thereof, as the case may be); and

upon the occurrence, and at all times thereafter, of any Defective Registration (and without waiving Customer's responsibility to avoid such circumstance), or if the operation of the Aircraft is no longer authorized by the Registration Requirements, Customer shall (A) neither operate nor permit or suffer the operation of the Aircraft without a currently effective and otherwise valid Registration Certificate (and shall cause the pilots to be made aware of the Defective Registration), and otherwise comply with the FARs and other Applicable Laws relating to such Defective Registration, (B) ground and store the Aircraft in a manner reasonably acceptable to Lender, and (C) inform the insurer or insurers thereof, and obtain and maintain adjustments to the insurance coverages required pursuant Section 4.6 of this Agreement which may be necessary or desirable to Lender so as to reflect any changes in the insurable risks relating to any Defective Registration.

**Security Interest; Power of Attorney; Inspection .**

**Grant of Security Interest.** As collateral security for the prompt and complete payment and performance as and when due of all of the Obligations and in order to induce Lender to enter into this Agreement and make the Loan to Customer in accordance with the terms hereof, Customer hereby grants, pledges and assigns to Lender a first priority security interest, collateral assignment, international interest, prospective international interest, security assignment and prospective security assignment, in, against, under and with respect to (the "**Lender's Lien**") all of Customer's right, title and interest in, to and under all of the following collateral, whether now existing or hereafter acquired (collectively, the "**Collateral**"): (i) the Aircraft, including the Airframe, the Engines, each of the APU and Parts, and the Records; (ii) any and all present and future Third Party Agreements; (iii) any and all other associated rights secured by or associated with the Airframe and/or the Engines, together with any related international interests and prospective international interests; (iv) any collateral described in the other Loan Documents (including in any Operating Consent); and (v) all proceeds of the foregoing. By way of clarification and not limitation, the foregoing grant of the Lender's Lien shall include, as applicable (and in each case, being validly registered and having first priority), an international interest in the Airframe and in each Engine. Notwithstanding the foregoing, (i) Customer shall not enter into any Third Party Agreements unless expressly permitted by Section 4.4 and (ii) Lender is not assuming, nor shall it be responsible for, any obligations, liabilities or duties of any kind whatsoever of Customer (and/or of any other Person) relating to the Collateral. Customer agrees that it shall perform and procure performance in accordance with any Third Party Agreement or other agreement or instrument giving rise to any associated rights that are or may become subjected to the Lender's Lien.

**UCCs, Registrations, Etc.; Lender as Attorney-in-Fact.** Customer hereby irrevocably:

authorizes Lender to prepare and file any UCC financing statements, amendments, continuations, terminations, assignments and other filings, or take such other actions for the purpose of perfecting, affording first and exclusive priority to or otherwise relating to Lender's Lien under this Agreement or the other Loan Documents;

consents to, and authorizes its professional user entity to consent to, the registration of each Registerable Interest requested by Lender or its Assignee, or otherwise required by the provisions of this Agreement or any of the other Loan Documents, including any subordination, amendment, assignment, discharge or undertaking permitted by the Cape Town Convention with respect thereto; and

constitutes and appoints Lender (including any Person acting on Lender's behalf), as its true and lawful attorney-in-fact with full power and authority in the place and stead of Customer and in the name of Customer or in its own name, for the purpose of carrying out the terms of this Agreement; which authority shall include the following undertakings that may be exercisable by Lender in its sole discretion at any time, and from time to time, if an Event of Default is then existing or upon the occurrence of an Event of Loss: (i) in Customer's name, file and/or record, such further instruments, filings and other documents, make, cause to be made and/or consent to all registrations with the International Registry, and take such further action, to establish and protect Lender's rights, interests and remedies created, or intended to be created, pursuant to the Loan Documents; (ii) endorse Customer's name on any checks, notes, drafts or any other payments or instruments, or set off, apply, or take such other actions with respect to any funds relating to the Collateral that come into Lender's possession or control; and (iii) to settle, adjust, receive payment and make claim or proof of loss, and take such other actions relating to the Required Coverages. This appointment is coupled with an interest, is irrevocable and shall terminate only upon indefeasible payment and performance in full of all of the Obligations. The powers conferred on Lender hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Lender shall be accountable only for amounts that it actually receives in good and indefeasible funds as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to Customer for any act or failure to act. Without limiting the foregoing,

Customer agrees that within five (5) Business Days of Lender's request, Customer will enter into an irrevocable power-of-attorney authorizing Aviation Counsel or Lender's other designee as Customer's professional user entity and administrator for the purpose of discharging any Registerable Interests as and when directed to do so by Lender in connection with its exercise of its rights and remedies under the Loan Documents.

**Inspection.** Lender or its authorized representatives shall have the right, but not the duty, to inspect the Aircraft, any part thereof and/or the Records, at its own cost any reasonable time and from time to time, wherever located, upon reasonable prior notice to Customer; except that after the occurrence of a Default or an Event of Default, such inspection may be conducted at any time without prior notice and at Customer's sole expense, and it shall pay Lender promptly upon demand any inspection costs incurred by Lender. So long as no Default or Event of Default exists, any such inspections shall be conducted during normal business hours and without interruption of the use and operation of the Aircraft as permitted hereby. Upon the request of Lender, Customer shall promptly confirm to Lender the location of the Aircraft or any of the other Collateral.

**Events of Default.** The term " **Event of Default** ", wherever used herein, shall mean:

Customer shall fail to pay any Obligation within ten (10) days after the same shall become due and payable (whether at the stated maturity, by acceleration, upon demand or otherwise); or

(i) any Customer Party shall default in the payment or performance of any indebtedness, liability or obligation to Lender or any Affiliate of Lender under any note, security agreement, lease, title retention or conditional sales agreement or any other instrument or agreement; or (ii) any Customer Party shall fail to pay any Indebtedness (other than the Obligations) exceeding \$5,000,000.00, and such failure shall continue beyond any applicable grace period (or, with respect to trade Indebtedness which is not subject to a grace period, within ninety (90) days of the date such trade Indebtedness is incurred); or

(i) any of the Required Coverages are not kept in full force and effect, or a breach or violation shall exist with respect to any provisions thereof; or the Aircraft is operated in a manner, at a time or in or over or located at a place with respect to which such Required Coverages shall not be in effect; (ii) Customer shall fail to cause the Airframe or the Engines to be used, operated, maintained or otherwise kept in a condition so as to be in compliance with all Applicable Laws; or (iii) any Customer Party shall fail to comply with (A) any financial covenants as and to the extent set forth or incorporated in any Guaranty or in any of the other Loan Documents, or (B) any provision of any of the Loan Documents restricting Liens and other dispositions relating to either the Collateral or any rights or obligations under any of the Transaction Documents (including Section 4.4 hereof), or (iv) the occurrence of any Defective Registration; or

(i) any representation or warranty made by any Customer Party in any of the Loan Documents or in any related agreement, document or certificate shall prove to have been incorrect, misleading, or inaccurate in any material respect when made or given (or, if a continuing representation or warranty, at any time); or (ii) any Customer Party shall fail to (A) perform or observe any other agreement (other than those specifically referred to in this Section 6) required to be performed or observed by it under this Agreement or in any of the other Loan Documents, and such failure shall continue uncured for thirty (30) days after the earlier of written notice thereof from Lender to such Customer Party or such Customer Party's actual knowledge thereof (but such notice and cure period will not be applicable unless such breach is curable by practical means within such notice period) or (B) notify Lender of any Default or Event of Default within ten (10) Business Days of its occurrence; or

(i) any Customer Party shall (A) generally fail to pay its, or his or her debts as they become due, admit its, or his or her inability to pay its, or his or her debts or obligations generally as they fall due, or shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws or other insolvency laws, or an answer admitting the material allegations of such a petition filed against such Customer Party in any such proceeding; or (B) by voluntary petition, answer or consent, seek relief under the provisions of any other bankruptcy or other insolvency or similar law providing for the reorganization or liquidation of corporations, or providing for an assignment for the benefit of creditors, or providing for an agreement, composition, extension or adjustment with its, or his or her creditors; or (ii) a petition against any Customer Party in a proceeding under applicable bankruptcy laws or other insolvency laws, as now or hereafter in effect, shall be filed and shall not be withdrawn or dismissed within one hundred twenty (120) days thereafter, or if, under the provisions of any law providing for reorganization or liquidation of business entities that may apply to any Customer Party, any court of competent jurisdiction shall assume jurisdiction, custody or control of such Customer Party or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of one hundred eighty (180) days after the filing date; or

the occurrence of any of the following events with respect to any Customer Party: (A) it enters into any transaction of merger, consolidation or reorganization; (B) it ceases to do business as a going concern, liquidates, or dissolves, or sells, transfers or otherwise disposes of all or substantially all of its assets or properties (in one or more transactions); (C) it becomes the subject of, or engages in, a leveraged buy out; (D) it changes the form of organization of its business; (E) if it is privately owned as of the Closing Date, there is any substantial change in the ownership or control of its capital stock or membership interests such that the holder(s) that own or control one hundred percent (100%) of such equity interests as of the Closing Date no longer do so; or (F) if it is publicly held as of the Closing Date, any change so that it is no longer subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or no longer registered under Section 12 of the Securities Act of 1933, as amended; or

(i) the conviction of or guilty plea by any Customer Party with respect to any criminal act constituting a felony, (ii) any repudiation by any Customer Party of its obligation for the payment or performance of the Obligations, (iii) any allegation by any Customer Party or judicial determination that any of the Loan Documents is unenforceable in any material respect or (iv) a Default (as defined in any Guaranty) shall occur; or any event or condition constituting a breach or other default under any Operating Consent.

## **Remedies .**

**Acceleration; Termination of Commitment.** If any Event of Default shall occur, Lender, in its sole discretion, may (a) declare the Obligations to be immediately due and payable, and upon such declaration the Obligations (including, the unpaid principal amount of the Note, together with all accrued but unpaid interest thereon, any prepayment fees and all other amounts due and payable under or with respect to the Loan Documents), shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the other Loan Documents to the contrary notwithstanding, (b) terminate any then outstanding commitment whether to Customer or any Affiliate to make the Loan or any advance thereof, or any other financial accommodations, whether related to the Loan or otherwise, and/or (c) pursue and enforce any of Lender's rights and remedies under this Section 7; provided, however, if an Event of Default specified in Section 6 (e) above shall occur, the Obligations shall become immediately due and payable, all such commitments shall terminate, and Lender shall have all such other rights and remedies contemplated in the preceding clauses (a), (b) and (c), automatically, and without any notice or other action by Lender.

**Additional Remedies.** If an Event of Default occurs, in addition to all other rights and remedies granted to it in this Agreement and in the other Loan Documents, Lender may exercise all rights and remedies of a secured party under the UCC or as a creditor, chargee or security assignee under the Cape Town Convention (including any and all remedies thereunder requiring agreement by Customer), or otherwise available to Lender under any other Applicable Law. Without limiting the generality of the foregoing, Customer agrees that upon the occurrence of an Event of Default, Lender, without demand or notice of any kind (except as specified below) to or upon Customer or any other Person, in its sole discretion, may exercise any one or more of the following remedies:

(i) peacefully enter the premises where the Aircraft, the Engines, or any other Collateral is located, take immediate possession of,

remove (or disable in place), or otherwise take control or custody of the Airframe, the Engines or any other Collateral (whether or not then attached to the Airframe) by self-help, summary proceedings or otherwise without liability, (ii) preserve the Airframe, the Engines or the other Collateral, and their respective value (but without any obligation to do so), and immobilize or keep idle the Airframe or Engines, and/or (iii) use Customer's premises for storage without liability; and Customer agrees, at Lender's request, to assemble the Collateral, and make it available to Lender at such places as Lender shall reasonably select, whether at Customer's premises or elsewhere;

(i) terminate the right of any Interested Third Party, and any other third party to use, possess or control the Airframe, the Engines or any of the other Collateral, including under any Permitted Third Party Agreement or other Third Party Agreement, without regard as to the existence of any event of default thereunder, (ii) recover from, and/or cause Customer and any such Interested Third Party, and any other third party, to relinquish possession and return the Airframe, the Engines and any other Collateral pursuant to this Section 7, and/or (iii) exercise any and all other remedies under any Operating Consents in Customer's stead, to the extent provided for under, or otherwise available to Customer in connection with any related Permitted Third Party Agreement or such other Third Party Agreement;

(i) manage, sell, lease, assign or otherwise dispose of the Airframe, the Engines or any other Collateral, in whole or in part, whether or not in Lender's possession, in one or more parcels or transactions, at public or private sale or sales, with or without notice to Customer (except as required by Applicable Law, and in furtherance thereof, Lender agrees that it shall give Customer no less than ten (10) working days' prior notice of any proposed sale or lease of the Airframe or Engines, which Customer acknowledges as constituting "reasonable prior notice" for the purposes of the Cape Town Convention) at such prices as Lender may deem best, and/or (ii) purchase the Collateral, in whole or in part, upon any public sale or sales, and to the extent permitted by Applicable Law upon any private sale or sales, free of any right or equity of redemption in Customer, which right or equity of redemption is hereby expressly released;

(i) collect, receive, appropriate and realize upon the Collateral, or any part thereof, including by applying any deposit or other cash collateral, or collecting or receiving, appropriating and realizing upon any income, profits or other proceeds arising from the management or use of the Airframe, the Engines or any of the other Collateral, and applying the same (after deducting all taxes, costs, expenses and other reductions of every kind incurred in connection therewith) to the payment in whole or in part of the Obligations, in such order and manner as Lender may elect; and (ii) after making such application, (A) remitting to Customer or to such other Person any excess then remaining, as and to the extent Lender is required by Applicable Law to make such remittance and (B) demanding, collecting and receiving from Customer any deficiency then remaining (and Customer agrees that it shall remain liable for, and pay upon demand, the full amount of any such deficiency);

(i) demand and obtain from any court speedy relief pending final determination available at law (including, possession, control, custody or immobilization of the Airframe and Engines, or preservation of the Airframe and the Engines and their respective value), (ii) procure the deregistration and/or export and physical transfer of the Airframe from the territory in which it is then situated (including pursuant to an IDERA, if any, executed by Customer), and/or (iii) otherwise proceed at law or in equity, to enforce specifically Customer's performance or to recover damages; and/or

exercise any and all other rights and remedies under or with respect to the Loan Documents or Applicable Law, including the Cape Town Convention and the UCC.

**No Waiver: Cumulative Remedies .** No right or remedy is exclusive. Customer hereby acknowledges that none of the provisions of this Section 7, including any remedies set forth or referenced herein, is "manifestly unreasonable" for the purposes of the Cape Town Convention. Each may be used successively and cumulatively and in addition to any other right or remedy referred to above or otherwise available to Lender at law or in equity, but in no event shall Lender be entitled to recover any amount in excess of the maximum amount recoverable under Applicable Law with respect to any Event of Default. No express or implied waiver by Lender of any Default or Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default. The failure or delay of Lender in exercising any rights granted it hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or reoccurrence of any such contingencies or similar contingencies, and any single or partial exercise of any particular right by Lender shall not exhaust the same or constitute a waiver of any other right provided for or otherwise referred to herein. After the occurrence of any Default or Event of Default, the acceptance by Lender of any payment or performance of any of the Obligations, including the payment of any installment of principal and/or interest or of any other sum owing hereunder or under the other Loan Documents shall not constitute a waiver of such Default or Event of Default, regardless of Lender's knowledge or lack of knowledge thereof at the time of acceptance of any such payment or performance and shall not constitute a reinstatement of any of the Loan Documents, unless Lender shall have agreed in writing to reinstate the same and waive the Default or Event of Default. To the extent permitted by Applicable Law, Customer waives any rights now or hereafter conferred thereby, that (a) limit or modify any of Lender's rights or remedies under this Agreement or any of the other Loan Documents, including the provisions of Article 13(2) of the Convention, or (b) would otherwise entitle Customer to (i) receive notices or demands as a condition to Lender's exercise of any rights or remedies, except as expressly required above or (ii) make claims, damages and demands against Lender arising out of the repossession, retention, sale or other disposition of the Collateral.

#### **MISCELLANEOUS .**

**Notices .** All communications and notices provided for herein shall be in writing and shall be deemed to have been duly given or made (i) upon hand delivery, or (ii) upon delivery by an overnight delivery service, or (iii) when sent by telecopy (with customary confirmation of receipt of such telecopy) on the Business Day when sent or upon the next Business Day if sent on other than a Business Day.

#### **Expenses and Fees; Indemnity; Performance of Customer's Obligations .**

Customer shall pay to Lender upon demand all reasonable fees, costs and expenses incurred by or on behalf of Lender at any time in connection with (i) the negotiation, preparation, execution, delivery and enforcement of the Loan Documents and the collection of the Obligations (both before and after the occurrence of a Default or Event of Default), (ii) the creation, preservation and protection of the Collateral and the perfection, first priority and enforcement of Lender's Lien, or (iii) Customer's exercise of any right granted under, or any amendment or other modification to any of, the Loan Documents. Such fees, costs and expenses shall include, without limitation, reasonable appraisal and inspection fees, the reasonable fees and expenses of Aviation Counsel and of Lender's counsel, consultants and brokers, UCC, FAA, International Registry and other applicable title, interest and lien searches, and reasonable costs and expenses relating to recovery, repossession, storage, insurance, transportation, repair, refurbishment, advertising, sale and other dispositions of the Aircraft or any of the other Collateral. Customer shall also pay all reasonable fees (including license, filing and registration fees), Impositions and other charges of whatever kind or nature that may be payable or determined to be payable in connection with (A) the execution, delivery, recording or performance of this Agreement or any of the other Loan Documents, or any modification thereof, and (B) the filings, registrations and other undertakings relating thereto. Notwithstanding the foregoing, as long as there are no more than two (2) revised drafts of any Loan Document provided by Customer or its counsel to Lender or Lender's counsel, Customer shall be responsible for not more than \$35,000.00 in the aggregate for the legal fees of outside counsel to Lender (including, Aviation Counsel) and appraisal, inspection, processing, credit verification, lien searches, FAA and International Registry fees and other fees incurred in connection with the initial negotiation, preparation and execution of this Agreement and the other Loan Documents executed and delivered on or before the Closing Date (and the consummation of the closing contemplated to occur thereon); provided that in the event that the negotiation exceeds two (2) revised drafts of any Loan Document, then Customer shall pay for the actual amount of such out of pocket fees incurred by Lender relating to the drafting and negotiation in excess of such two (2) revised drafts. Lender shall apply the previously paid deposit amount of \$35,000.00 to such fees and shall refund to Customer the amount by which the deposit exceeds such fees.

Customer hereby further agrees, whether or not the transactions contemplated by this Agreement shall be consummated, to pay, indemnify, and hold Lender and its affiliates and all of the Lender's and such affiliates' respective directors, shareholders, members, officers, employees, agents, predecessors, attorneys-in-fact, lawyers, successors and assigns (Lender, its affiliates and all of such other parties and entities sometimes hereinafter collectively, the "**Indemnified Parties**") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, out of pocket costs, attorney's fees, expenses or disbursements of any kind or nature whatsoever ("**Claims**") arising with respect to or in connection with (i) the Airframe, the Engines, or any APUs or Parts, or any of the other Collateral, including (whether by or through Customer, Vendor, any Interested Third Party, or any other Person), the manufacture, inspection, ownership, lease, sublease, management, pooling, interchange, time sharing, chartering, possession, use, operation, maintenance, security, condition (whether prior to, upon or after delivery or acceptance of any of the same), repossession, storage, sale or other disposition of any of the same, or any accident in connection therewith, including Claims involving or alleging environmental damage, criminal acts, hijacking, acts of terrorism or similar acts, product liability or strict or absolute liability in tort, latent and other defects (whether or not discoverable) and for any other risk or matter, including any of the same that result in injuries, death, destruction, or other harm or loss to persons or property, or (ii) any of the Loan Documents, Third Party Agreements or other Transaction Documents, or the performance, breach (including any Default or Event of Default) or enforcement of any of the terms hereof or thereof, provided, that Customer shall have no obligation to indemnify an Indemnified Party with respect to Claims arising from the gross negligence or willful misconduct of such Indemnified Party (unless if imputed by Applicable Law). If any Claim is made against any Indemnified Party, the party receiving notice or otherwise becoming aware of such Claim shall promptly notify the other, but the failure of the party having knowledge of a Claim to so notify the other party shall not relieve Customer of any obligation hereunder.

If any Customer Party fails to perform or comply with any of its agreements contained herein or in the other Loan Documents, including, without limitation, its obligations to keep the Collateral free of Liens (other than the Permitted Liens), comply with Applicable Standards, or obtain the Required Coverages, Lender shall have the right, but shall not be obligated, to effect such performance or compliance, with such agreement. Any expenses of Lender incurred in connection with effecting such performance or compliance, together with interest thereon at the default rate of interest provided for in the Note from the date incurred until reimbursed, shall be payable by Customer to Lender promptly on demand and until such payment shall constitute part of the Obligations secured hereby. Any such action shall not be a cure or waiver of any Default or Event of Default hereunder.

Entire Agreement; Modifications. This Agreement and the other Loan Documents constitute the entire understanding and agreement of the parties hereto with respect to the matters contained herein and therein, and shall completely and fully supersede all other prior agreements (including any proposal letter, commitment letter, and/or term sheet), both written and oral, between Lender and Customer relating to the Obligations. Neither this Agreement, nor any terms hereof, may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of a change, waiver, discharge or termination is sought.

Construction of this Agreement and Related Matters. All representations and warranties made in this Agreement and in the other Loan Documents shall survive the execution and delivery of this Agreement and the making of the Loan hereunder. Customer's obligations contained in this Section 8 shall survive the payment and performance of the Obligations, the termination of this Agreement, and the release of the Collateral. This Agreement may be executed by the parties hereto on any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. The headings of the Sections hereof are for convenience only, are not part of this Agreement and shall not be deemed to affect the meaning or construction of any of the provisions hereof. Time is of the essence in the payment and performance of all of Customer's obligations under this Agreement. Any provision of this Agreement that may be determined to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective in such jurisdiction to the extent thereof without invalidating the remaining provisions of this Agreement, which shall remain in full force and effect.

Lender's Assignment. Lender, may at any time, with or without notice to Customer, freely grant a security interest in, sell, assign, participate or otherwise transfer (an "**Assignment**") all or any part of its interest in this Agreement and the other Loan Documents (including all associated rights associated with or secured thereby and the related international interests) or any amount due or to become due hereunder or thereunder, and Customer shall perform all of its obligations under the Loan Documents, to the extent so transferred, for the benefit of the beneficiary of such Assignment (such beneficiary, including any successors and assigns, an "**Assignee**"); provided, however, if such Assignee is not an Affiliate of Lender and if no Default or Event of Default exists, Lender will provide prior notice of any such Assignment to a third party. Customer hereby waives any right to assert, and agrees not to assert, against any Assignee any abatement, reduction, defense, setoff, recoupment, claim or counterclaim that Customer may have against Lender, provided that Lender remains fully responsible therefor. Upon the assumption by such Assignee of Lender's obligations hereunder, Lender shall be relieved of any such assumed obligations. Customer hereby consents to any such assignment, grant, sale or transfer, including, without limitation, for purposes of the Cape Town Convention. If so directed in writing, Customer shall pay all amounts due or to become due under the Loan Documents, including any of the same constituting associated rights or proceeds directly to the Assignee or any other party designated in writing by Lender or such Assignee. Customer acknowledges and agrees that Lender's right to enter into an Assignment is essential to Lender and, accordingly, waives any restrictions under Applicable Law with respect to an Assignment and any related remedies. Upon the request of Lender or any Assignee, Customer also agrees (a) to promptly execute and deliver, and cause to be executed and delivered by any Guarantor or any other Transaction Party, to Lender or to such Assignee an acknowledgment of assignment in form and substance satisfactory to the requesting party, an insurance certificate naming Assignee as additional insured and loss payee and otherwise evidencing the Required Coverages, an IDERA in favor of Assignee, and such other documents and assurances reasonably requested by Lender or Assignee, (b) to make, or cause to be made, all registrations (including all assignments and subordinations) and all amendments, extensions and discharges with the International Registry reasonably requested by Lender or Assignee (and give or obtain any necessary consent thereto, as well as renew any authorization required by the International Registry in connection therewith, including renewing its transacting user entity status and re-designating a professional user entity, if necessary in Lender's judgment), and (c) to comply with any and all other reasonable requirements of any such Assignee in connection with any such Assignment.

Jurisdiction. Customer and Lender each hereby irrevocably consents and agrees that any legal action, suit or proceeding arising out of or in any way in connection with this Agreement or any of the other Loan Documents may be instituted or brought in the courts of the State of New York or in the United States Courts for the Southern District of New York, as Customer or Lender may elect or in any other state or Federal court as Lender shall deem appropriate, and by execution and delivery of this Agreement, Customer and Lender each hereby irrevocably accepts and submits to, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of any such court, and to all proceedings in such courts. Customer and Lender each irrevocably consents to service of any summons and/or legal process by first class, certified United States air mail, postage prepaid, to Customer at the address set forth below its signature hereto, such method of service to constitute, in every respect, sufficient and effective service of process in any such legal action or proceeding. Nothing in this Agreement or in any of the other Loan Documents shall affect the right to service of process in any other manner permitted by law or limit the right of Lender to bring actions, suits or proceedings in the courts of any other jurisdiction. Customer and Lender each further agrees that final judgment against it in any such legal action, suit or proceeding shall 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 shall be conclusive evidence of the fact and the amount of the liability. Notwithstanding anything in the foregoing to the contrary, Lender and Customer may bring a judicial proceeding in the Republic of Ireland, solely with respect to matters relating to the International Registry.

Governing Law; Binding Effect. This Agreement shall be construed and enforced in accordance with, and the rights of both parties shall be governed by, the internal laws of the State of New York (without regard to the conflict of laws principles of such state, except as to the effect of Title 14, Section 5-1401 of the New York General Obligations Law), including all matters of construction, validity, and performance. This Agreement shall be binding upon and inure to the benefit of Customer and Lender and their respective successors and assigns (but without limiting the provisions of Section 8.5); except that Customer may not assign or transfer its rights or obligations hereunder or under any other Loan Agreement, or any interest herein or therein; and any such purported or attempted assignment or transfer by Customer shall be null and void.

Customer's Capacity as Owner Trustee. TVPX Aircraft Solutions Inc. ("TVPX") is executing this Agreement, and the other Loan Documents solely in its capacity as Owner Trustee under the Trust Agreement and not in its individual capacity and in no case shall TVPX be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of the Customer hereunder, or under any Loan Document, all such liability, if any, being expressly waived by the parties hereto and any Person claiming by, through, or under such party. Under no circumstances shall TVPX be personally liable for the payment of any other amount stated to be due from the Customer hereunder, or under any Loan Document, or be personally liable for the breach or failure of any of Customer's representations, warranties, covenants, obligations, undertakings and agreements hereunder, or under any Loan Documents; provided, however, that the Customer (or any such successor owner trustee) shall be personally liable hereunder for its own gross negligence or willful misconduct or for its breach of its covenants, representations and warranties contained herein, or in any Loan Document, to the extent covenanted or made in its individual capacity.

Jury Waiver. CUSTOMER AND LENDER EACH HEREBY KNOWINGLY AND FREELY WAIVES THEIR RESPECTIVE RIGHTS TO A JURY TRIAL IN ANY ACTION, SUIT OR PROCEEDING RELATING TO, ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE NOTE OR ANY OF THE OTHER LOAN DOCUMENTS.

[Signatures On Next Page]

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Loan and Aircraft Security Agreement

IN WITNESS WHEREOF, the parties hereto have caused this Loan and Aircraft Security Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

BANC OF AMERICA LEASING & CAPITAL, LLC, Lender

TVPX AIRCRAFT SOLUTIONS INC., a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated July \_\_\_\_, 2017, Customer

By:  
Name:  
Title:  
Notice Address:

One Financial Plaza, 2nd Floor  
Providence, Rhode Island 02903  
Attention: Director of Aircraft Operations  
Telephone: 800-238-3737  
Facsimile: 401-278-7941

By:  
Name:  
Title:  
Notice Address:

39 East Eagle Ridge Drive, Ste. 201  
North Salt Lake, UT 84054  
Telephone: (801) 924-367  
Facsimile: (801) 877-0478

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### LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)

**THIS LOAN AND AIRCRAFT SECURITY AGREEMENT (S/N 218)** (together with all Addenda, Riders and Annexes hereto, this "Agreement") is dated as of July 27, 2017 (the "Closing Date"), by and between **TVPX AIRCRAFT SOLUTIONS INC.**, a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated as of July 27, 2017 ("Customer") and **BANC OF AMERICA LEASING & CAPITAL, LLC**, a Delaware limited liability company ("Lender").

In consideration of the mutual agreements contained herein, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows:

Capitalized and certain other terms used but not otherwise defined in this Agreement shall have the meanings ascribed to them in Annex A attached hereto and made a part hereof.

#### Terms of Loan .

Loan and Use of Proceeds. Subject to the terms and conditions of this Agreement, Lender agrees to make a loan to Customer in the principal amount set forth in Annex B attached hereto and made a part hereof (the "Loan"). Customer shall use the proceeds of the Loan to finance

the costs of the acquisition of the Aircraft.

**Repayment and Prepayment.** The Customer's obligation to repay the Loan shall be evidenced by one or more Promissory Notes dated on and/or after the Closing Date, payable by Customer to the order of Lender in the original principal amount of the Loan (as amended, modified, restated, extended and renewed from time to time, the " **Note** "). The Loan shall bear interest and be repaid by Customer at the times and in the manner set forth in the Note. The Loan may be prepaid only in the manner and subject to terms and conditions set forth in the Note and, if applicable, Section 4.7 hereof.

**Conditions of Borrowing.** Lender's obligation to make the Loan shall be both subject to and conditioned upon the satisfaction of all of the conditions precedent specified in the Closing Terms Addendum attached to and made a part of this Agreement.

**Representations and Warranties.** In order to induce Lender to enter into this Agreement and to make the Loan herein provided for, Customer represents, warrants and covenants to Lender that:

(i) Customer (A) is duly qualified to do business in each jurisdiction in which the conduct of its business or the ownership or operation of its assets requires such qualification, including the jurisdiction of the Primary Hangar Location and wherever any of the Collateral may become located; (B) has the necessary authority and power to own and operate the Aircraft and its other assets and to transact the business in which it is engaged; (C) is a "citizen of the United States" within the meaning of the Transportation Code; and (D) has the form of business organization set forth in Annex B hereto and is and will remain duly organized, validly existing and in good standing under the laws of the state of its organization set forth in Annex B hereto, its federal tax identification number is as set forth in Annex B hereto, and its state-issued organizational identification number (if any), chief executive office and principal place of business address are all as set forth on Annex B hereto; and (ii) its name as shown in the preamble of this Agreement is its exact legal name as shown on its charter, by-laws, articles of organization or operating agreement, as applicable, each as amended as of the Closing Date;

(i) Customer's execution and delivery of, and performance of its obligations under and with respect to, each of the Loan Documents (including its borrowing the amounts constituting the Loan, granting the Lender's Lien against the Aircraft and other Collateral and participating in the other transactions contemplated herein and therein), (A) have been duly authorized by all necessary action on the part of Customer consistent with its form of organization, (B) do not contravene or constitute a default under any Applicable Law, any of Customer's Organizational Documents, or any agreement, indenture, or other instrument to which Customer is a party or by which it may be bound, (C) do not require the approval of or notice to (1) any Governmental Authority, except for the filings and registrations specified in the Closing Terms Addendum, all of which shall have been duly effected prior to or concurrently with Lender making the Loan, or (2) any other party (including any trustees or holders of indebtedness), and (D) will not result in the creation or imposition of any Lien on any of the assets of Customer other than the Lender's Lien created hereby and by the other Loan Documents with respect to the Collateral; (ii) each of the Transaction Documents referenced in the Closing Terms Addendum to which Customer is a party has been duly executed and delivered by an authorized representative of the Customer, and constitutes the legal, valid and binding obligation of the Customer, enforceable against it in accordance with the respective terms of such Transaction Documents (including, without limitation, the grant of the Lender's Lien); and (iii) without limiting the foregoing, upon Lender's advancing the Loan on the Closing Date, (A) Customer will have satisfied or complied with all conditions precedent and requirements as set forth in the Loan Documents required to have been satisfied or complied with concurrently with or prior to such advance and (B) no Default or Event of Default shall be then existing;

there are no proceedings pending or, so far as the officers, managers, or members of Customer know, threatened against or affecting Customer or any of its property before any Governmental Authority that could impair Customer's title to the Aircraft or any of the other Collateral, or that, if decided adversely, could materially affect the financial condition or operations of Customer or its ability to perform its obligations under any of the Loan Documents;

(i) Customer has, and shall continue to have, good and marketable title to the Collateral, free and clear of Liens, except Permitted Liens; (ii) the Lender's Lien in the Airframe, the Engines and the other Collateral is and shall remain validly created and perfected, and has and shall continue to have first priority over any other Liens pursuant to all Applicable Laws; and (iii) all filings, recordings, registrations or other actions necessary or desirable in order to vest such title in Customer, and establish, perfect and give first priority to Lender's Lien and other rights and interests in, against or with respect to the Collateral, have been duly effected, and all Impositions in connection therewith have been duly paid;

without limiting any of the other representations and warranties in this Agreement, for the purposes of the Cape Town Convention and any other Applicable Law, (i) upon the conclusion of the sale of the Aircraft to Customer, and Customer's grants and assignments, and (if constituting a lease) any Permitted Third Party Agreement, contemplated in the Loan Documents or other Transaction Documents, Customer and (if a lessee) any Interested Third Party shall be situated in, and Customer will cause the Aircraft to be duly registered in, the United States of America (which is a contracting state), (ii) with respect to any of the Transaction Documents relating to the Airframe or Engine, each of the respective parties thereto has power to dispose of the Airframe and Engine, as contemplated therein by way of the relevant Transaction Document, and (iii) the Purchase Documents qualify as a "contract of sale", and (if constituting a lease) any Permitted Third Party Agreement and the Loan Documents are effective to constitute international interests in the Airframe and Engine and security assignments of the related associated rights and transfer of the related international interests, as contemplated therein, and each such Registerable Interest will be effective against third parties upon registration at the International Registry, without any further filings or registrations (except as contemplated in the Loan Documents);

(i) the Aircraft (A) has been delivered to Customer, is in Customer's possession and is, as of the Closing Date, unconditionally, irrevocably and fully accepted by Customer, (B) has been inspected by Customer to its complete satisfaction and, without limiting the foregoing, (1) has been found to be in good working order, repair and condition and fully equipped to operate for its intended purpose, and (2) is in conformity with the requirements of the Purchase Agreement and the Applicable Standards, (C) is, or will be at the time of the funding of the Loan, currently certified under existing FAA rules and regulations and any other Applicable Laws and is airworthy in all respects, and (D) is and will remain primarily hangared at the Primary Hangar Location; and (ii) without limiting the foregoing, (A) solely as between Lender and Customer (and without prejudicing Customer's rights against Vendor or any other third party, which rights are not being disclaimed hereby), Customer has no pending claims and has no knowledge of any facts upon which a future claim may be based, against any prior owner, the seller, manufacturer or supplier of the Aircraft or any of the other Collateral, for breach of warranty or otherwise, and (B) all of the information contained in Annex C, including the registration number of the Aircraft, and the serial numbers, manufacturer and model numbers of the Airframe, Engines, and APU, are true and accurate in all respects; and

(h) the Aircraft (i) is currently capable of being certified under existing FAA rules and regulations and completely airworthy in all respects, (ii) will undergo an inspection by a Designated Airworthiness Representative of the FAA (" **DAR** ") on the Closing Date and (iii) an FAA Standard Airworthiness Certificate (AC Form 8100-2) shall be issued for the Aircraft no later than two (2) Business Days after the Closing Date.

**Covenants.** Customer covenants and agrees that from and after the Closing Date and so long as any of the Obligations are outstanding:

**Notices; Financial Information; and Further Assurances.** Customer will, at its sole expense:

promptly give written notice to Lender of (i) the occurrence of any Default or Event of Default; (ii) the occurrence of any Event of Loss or event of which Customer may be aware that could become an Event of Loss; (iii) the commencement or written threat of any material litigation or proceedings affecting Customer or any material litigation or proceedings affecting the Aircraft or any of the other Collateral, or the ability of Customer to comply with its obligations under the Loan Documents; and (iv) any material dispute between Customer or any Interested Third Party and any Governmental Authority or other party that involves the Aircraft or any of the other Collateral or that might materially interfere with the

normal business operations of Customer;

cause Guarantor to comply with the financial reporting requirements set forth in the Guaranty and promptly furnish to Lender any such financial and other information regarding the Customer or Guarantor or any of its Affiliates as Lender may from time to time reasonably request; and

promptly execute and deliver to Lender such further instruments, UCC and FAA filings (including an IDERA) and other documents, make, cause to be made and/or consent to all registrations (including any discharges and subordinations, or as to the prospective or actual sale of, and any international interest in, the Engines) with the International Registry, and take such further action, as Lender may from time to time reasonably request in order to further carry out the intent and purpose of the Loan Documents and to establish, protect and enforce the rights, interests, remedies and Liens (including the first priority thereof) created, or intended to be created, in favor of Lender thereby.

**General Obligations.** (a) Customer agrees that it shall (i) duly observe and conform to all requirements of Applicable Law relating to the conduct of its business and/or the Aircraft, (ii) remain a "citizen of the United States" within the meaning of the Transportation Code, (iii) obtain and keep in full force and effect (A) all rights, franchises, licenses and permits that are necessary to the proper conduct of its business, and (B) all approvals by any Governmental Authority required with respect to the performance of its obligations under the Loan Documents and the operation of the Aircraft and its business, (iv) cause the Aircraft to remain primarily hangared at the Primary Hangar Location, and duly registered in Customer's name under the Transportation Code (including, by making all necessary reports, re-registering its ownership of the Aircraft, and taking all other actions required by Applicable Law), and (v) pay and perform all of its obligations and liabilities when due. (b) Customer agrees that (i) it shall not change its presently existing legal name or its form or state of organization on or after the date of this Agreement, without Lender's prior written consent, (ii) if its presently existing state organizational identification number changes, or if Customer currently has no such state organizational number but is subsequently issued such a number, on or at any time after the date of this Agreement, Customer shall immediately notify Lender thereof, and (iii) it shall not change the presently existing mailing, chief executive office and/or principal place of business address on or after the date of this Agreement without giving Lender thirty (30) days written notice of the same.

**Taxes.** (a) Customer will file or cause to be filed with all appropriate taxing authorities all Federal, state and local income tax returns that are required to be filed and all registrations, declarations, returns and other documentation with respect to any personal property taxes (or any other taxes in the nature of or imposed in lieu of property taxes) due or to become due with respect to the Aircraft or any of the other Collateral. (b) Customer will pay (or cause to be paid) (i) on or before the date when due all taxes as shown on said returns and all taxes assessed, billed or otherwise payable with respect to the Aircraft or the other Collateral directly to the appropriate taxing authorities; and (ii) when due all license and/or registration or filing fees, assessments, governmental charges and sales, use, property, excise, privilege, value added and other taxes (including any related interest or penalties) or other charges or fees now or hereafter imposed by any governmental body or agency upon Customer or the Aircraft or any of the other Collateral, with respect to the landing, airport use, manufacturing, ordering, shipment, purchase, ownership, delivery, installation, leasing, chartering, operation, possession, use or disposition of the Aircraft or any of the other Collateral, or any interest therein (the items referred to in (i) and (ii) above being referred to herein collectively, as "**Impositions**").

**No Disposition of Collateral or Liens; Title and Security Interest.**

Customer shall not sell, assign, enter into any Third Party Agreement, convey, mortgage, exchange or otherwise transfer or relinquish possession of (including by any seizure or other taking by any foreign or domestic governmental authority) or dispose of the Airframe or Engines, any Part, any related associated rights, international interests or prospective international interests, any proceeds or any of the other Collateral, or attempt or offer to do, or suffer or permit any of the foregoing. Customer shall be permitted, however, to deliver possession of the Airframe, the Engines, or any APU or Part to another Person for testing, service, repair, maintenance, overhaul, alteration or modification, and to enter into Permitted Third Party Agreements, in each case, if and to the extent consistent with the provisions of the Loan Documents. Customer will warrant and defend its good and marketable title to the Airframe, the Engines and the other Collateral, and the validity, perfection and first priority of Lender's Lien in the Collateral, against all other Liens, claims and demands whatsoever, except Permitted Liens; and without limiting the foregoing, Customer will (i) not create, assume or suffer to exist any Liens on or with respect to the Airframe, the Engines, or any of the other Collateral, or Customer's interest therein (other than Permitted Liens); and (ii) promptly take such action as directed by Lender to duly discharge any such unpermitted Liens.

So long as no Default or Event of Default is then existing, Customer may enter into and remain a party to Third Party Agreements, in each such case, subject to the satisfaction of, and compliance by Customer and each Interested Third Party with, all of the following throughout the term of such arrangement: (i) Each such Interested Third Party shall (A) be and remain solvent, and (unless an individual) organized under the laws of a state within the United States; and (B) if engaged by Customer with the prior written consent of Lender as a manager and/or charter operator (including the Manager pursuant to the Management Agreement), while so engaged, (1) have a recognized favorable reputation as a manager and/or charter operator, as the case may be, of aircraft similar to the Aircraft, (2) be providing management and/or charter operation services for other aircraft owners similar to the services contemplated therein, and (3) if and at all times while conducting any charter operations (x) have and maintain a valid Part 135 Certificate evidencing its authority to conduct such operations, (y) list the Aircraft on its operations specifications, and (z) comply with all Applicable Standards pertaining to such charter operations. (ii) Any operation of the Aircraft pursuant to any such Third Party Agreement shall be limited to (A) if by Customer, Parent Guarantor or any Affiliate of Parent Guarantor, any time sharing agreements (as defined in Section 91.501(c)(1)) complying with Part 91 of the FARs and all other Applicable Standards, (B) if by a manager and/or a charter operator with Lender's prior written consent, pursuant to and in full compliance with the requirements of Part 135 of the FARs and all other Applicable Standards, or (C) if such Third Party Agreement is a "dry lease" by Customer, as lessor, to Parent Guarantor or an Affiliate of Parent Guarantor or other Interested Third Party permitted pursuant hereto, as lessee, operation by such lessee complying with (1) Part 91 and any other applicable provision of the FARs, and all other Applicable Standards, and (2) the provisions hereof and of the other Loan Documents pertinent to the operation of the Aircraft (whether by Customer or any permitted Interested Third Party). (iii) The related Third Party Agreement shall (A) be and remain, subject and subordinate to Lender's Lien in and with respect to the Collateral, and Lender's rights and remedies under the Loan Documents (and such subordination shall be expressly acknowledged therein), (B) not convey any Lien on, or other property interest in or against the Airframe, the Engines or any of the other Collateral, except for a Permitted Lien (but, without giving effect to clause (a) of the definition of such term), (C) not permit any further sublease or disposition of or unpermitted Lien against the Aircraft or any of the other Collateral by any of the Interested Parties thereto or any other Person, or any change in registration or unpermitted change in hangaring of the Aircraft, (D) not contain provisions that are inconsistent with the provisions of any of the Loan Documents or cause Customer to breach any of its representations, warranties or agreements under any of the Loan Documents, (E) be in conformity with all requirements of the FARs and other Applicable Laws, and (F) otherwise conform to any Operating Consent required by Lender with respect thereto. (iv) (A) Customer shall have specified such Third Party Agreement on Annex B if existing on the Closing Date, or if not then existing shall require Lender's prior written consent and at least thirty (30) Business Days' prior written notice of its intention to enter into a Third Party Agreement and (B) no later than the effective date thereof Customer shall comply with, and at all times thereafter remain in compliance with, any related requirements by Lender, including (1) entering into, and causing any related Interested Third Parties to enter into, an Operating Consent, (2) causing Lender to be covered by the Required Coverages (which, for the purposes hereof, may include insurance coverages obtained and maintained by an Interested Third Party, conforming to the insurance requirements herein and in any of the other Loan Documents), and (3) entering into or delivering, or causing to be entered into and delivered, all such other documents, filings and assurances, making or causing to be made such filings and registrations, and taking or causing to be taken all such other actions, in each case as

may be required by Lender and (4) paying or reimbursing Lender for any related costs or expenses. (v) Lender shall have the right, but not the obligation, to (A) require reasonable evidence that any Interested Third Party satisfies the requirements provided herein, and (B) review any such Third Party Agreement, as from time to time supplemented and amended, to determine its conformity with the provisions hereof, but without assuming any responsibility with respect thereto. (vi) Customer shall neither make, nor permit to be made, any filing or registration with respect to any Permitted Third Party Agreement, unless so directed by Lender pursuant to Section 5.2 or otherwise. Notwithstanding the foregoing limitations Parent Guarantor or any Affiliate shall be permitted to conduct the carriage of Parent Guarantor or any Affiliate and/or their respective guests pursuant to 14 CFR Section 91.501(b)(4), affiliated group operations pursuant to 14 CFR Section 91.501(b)(5) and/or (6), demonstration flights pursuant to 14 CFR Section 91.501(b)(3), time sharing or interchange operations pursuant to 14 CFR Section 91.501(b)(6), the carriage of customers pursuant to 14 CFR Section 91.501(b)(9) and/or the carriage of candidates in Federal elections conducted pursuant to 14 CFR Section 91.321.

With respect to any Third Party Agreements complying with all of the provisions of Section 4.4(b) (each a "**Permitted Third Party Agreement**"), although certain of the duties and obligations of Customer under the Loan Documents may be performed by one or more of the Interested Third Parties, (i) no such Permitted Third Party Agreement shall reduce any of Customer's obligations, or Lender's rights, under any of the Loan Documents, (ii) all of Customer's obligations under the Loan Documents shall be and remain primary and continue in full force and effect as the obligations of a principal and not of a guarantor or surety, and (iii) Lender is not waiving the right to require full and timely performance of any such obligations in strict accordance with the provisions hereof and of the other Loan Documents. By way of clarification and not limitation, with respect to any provisions of this Agreement or any of the other Loan Documents requiring Customer to take or refrain from taking an action relating to the Aircraft or any of the other Collateral, such provision may also be read to mean that Customer shall cause the same to be done in accordance therewith, if at that time the Aircraft or such other Collateral is in the possession or control of an Interested Third Party pursuant to a Permitted Third Party Agreement.

Use of Aircraft: Maintenance; Modifications; Security.

Customer will operate the Aircraft or shall cause the Aircraft to be operated under and in compliance with Part 91 and any other applicable provision of the FARs, and all other Applicable Standards. Unless otherwise expressly permitted hereunder, (i) Customer shall not operate or permit the Aircraft to be operated for air taxi operations or otherwise under Part 135 of the FARs; and (ii) Customer, an Affiliate or other Interested Third Party shall at all times have, and maintain, "operational control" of the Aircraft (as such term is then interpreted by the FAA or such other applicable Governmental Authority), and no other Person shall operate the Aircraft. The Aircraft at all times will be operated by duly qualified pilots having satisfied all requirements established and specified by the FAA, the TSA, any other applicable Governmental Authority and the Required Coverages.

the Aircraft may be flown temporarily to any country in the world, provided that the Aircraft (i) shall at all times be based in the continental United States; and (ii) shall not be flown, operated, used or located in, to or over any such country or area (temporarily or otherwise) (A) that is excluded from the Required Coverages (or specifically not covered by such insurance), (B) with which the U.S. does not maintain favorable diplomatic relations (which is any country or jurisdiction not marked with an "\*" on the list maintained by the U.S. Department of State, at <http://www.state.gov/s/inr/rls/4250.htm> or any replacement or equivalent website maintained by the U.S. Department of State), provided that the prohibition in this clause (B) does not prohibit the operation of the Aircraft on an approved and assigned air traffic control route (if and so long as such use is otherwise in compliance with the provisions of the this Agreement and does not violate any insurance policies in effect with respect to the Aircraft), (C) to the extent that payment of any claim under the Required Coverages directly or indirectly arising or resulting from or connected with any such flight, operation, use or location would be prohibited under any trade or other economic sanction or embargo by the United States of America, or (D) in violation of any of the Loan Documents or any Applicable Standards. Customer shall adopt, implement and comply with all security measures required by any Applicable Law, or by any Required Coverages, or that are necessary or appropriate for the proper protection of the Aircraft (whether on the ground or in flight) against theft, vandalism, hijacking, destruction, bombing, terrorism or similar acts.

Customer agrees that, with respect to the Airframe, the Engines, each APU and each Part, Customer will at its own expense, (i) maintain, inspect, service, repair, overhaul and test the same in accordance with Applicable Standards; (ii) make any alterations or modifications that may at any time be required to comply with Applicable Standards, and to cause the Aircraft to remain airworthy; (iii) furnish all required parts, replacements, mechanisms, devices and servicing so that the condition and operating efficiency thereof will at all times be no less than its condition and operating efficiency as and when delivered to Customer, ordinary wear and tear from proper use alone excepted; (iv) promptly replace all Parts (A) which become worn out, lost, stolen, taken, destroyed, damaged beyond repair or permanently rendered or declared unfit for use for any reason whatsoever, or (B) if not previously replaced pursuant to clause (A), as and when required by any Applicable Standards, including any applicable life limits; and (v) maintain (in English) all Records in accordance with Applicable Standards; and (vi) enroll and maintain the Engines in an Engine Maintenance Program and the APU in an APU Maintenance Program or shall cause the foregoing to be done. All maintenance procedures shall be performed by properly trained, licensed, and certified maintenance sources and personnel utilizing replacement parts approved by the FAA and the manufacturer of (as applicable) the Airframe, the Engines, or any APU or Part. Without limiting the foregoing, Customer shall comply with all mandatory service bulletins and airworthiness directives by causing compliance to such bulletins and/or directives to be completed through corrective modification in lieu of operating manual restrictions.

Customer will not make, authorize or permit any improvement, change, addition or alteration to the Aircraft that will impair the originally intended function or use of the Aircraft, diminish the value of the Aircraft as it existed immediately prior thereto, or violate any Applicable Standard. All repairs, parts, replacements, mechanisms and devices added by Customer or on its behalf shall immediately, without further act, become part of the Aircraft and subject to the Lender's Lien granted under this Agreement.

Insurance.

Customer agrees to maintain or cause to be maintained at all times, at its sole cost and expense, with insurers of recognized reputation and responsibility satisfactory to Lender (but in no event having an A.M. Best or comparable agency rating of less than "A-"):

(A) comprehensive aircraft liability insurance against bodily injury or property damage claims including, without limitation, contractual liability, premises liability, death and property damage liability, public and passenger legal liability coverage, and sudden accident pollution coverage, in an amount not less than \$200,000,000.00 for 20 or more seats, or if the Aircraft will be chartered, or \$100,000,000.00 for 10 or more seats, or \$50,000,000.00 for fewer than 10 seats for each single occurrence, and (B) personal injury liability in an amount not less than \$25,000,000.00; but, in no event shall the amounts of coverage required by sub-clauses (A) and (B) be less than the coverage amounts as may then be required by Applicable Law;

"all-risk" ground, taxiing, and flight hull insurance on an agreed-value basis, covering the Aircraft, provided that such insurance shall at all times be in an amount not less than the greater of (1) the full replacement value of the Aircraft (as determined by Lender), or (2) the unpaid principal amount of the Note (each such amount re-determined as of each anniversary of the date hereof for the next succeeding year throughout the term of this Agreement); and

war risk and allied perils (including confiscation, appropriation, expropriation, terrorism and hijacking insurance) in the amounts required in paragraphs (i) and (ii), as applicable.

Any policies of insurance carried in accordance with this Section 4.6 and any policies taken out in substitution or replacement of any such policies shall (i) be endorsed to name Lender as an additional insured as its interests may appear (but without responsibility for premiums), (ii) provide, with respect to insurance carried in accordance with Section 4.6(a)(ii) or (a)(iii) above, that any amount payable thereunder shall be paid directly to Lender as sole loss payee and not to Lender and Customer jointly, (iii) provide for thirty (30) days' (seven (7) days' in the case of war, hijacking and allied perils) prior written notice by such insurer of cancellation, material change, or non-renewal, (iv) include a severability of interest clause providing that such policy shall operate in the same manner as if there were a separate policy covering each insured, (v) waive any right of set-off against Lender, and any rights of subrogation against Lender, (vi) provide that in respect of the interests of Lender in such policies, that the insurance shall not be invalidated by any action or inaction of Customer or any other Person operating or in possession of the Aircraft, regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by or binding upon Customer or any other Person operating or in possession of the Aircraft, and (vii) be primary, not subject to any co-insurance clause and shall be without right of contribution from any other insurance.

Customer shall not self-insure (by deductible, premium adjustment, or risk retention arrangement of any kind) with respect to any of the risks required to be insured pursuant to this Section 4.6. Customer agrees that it shall obtain and maintain such other insurance coverages, or cause adjustments to be made to the scope, amount or other aspects of the existing insurance coverages, promptly upon Lender's request, as and when Lender deems such additional insurance coverages or modifications to be appropriate in light of any changes in Applicable Law, prudent industry practices, the insurance market, Customer's anticipated use of the Aircraft or other pertinent circumstances. All of the coverages required herein shall be in full force and effect worldwide throughout any geographical areas to, in or over which the Aircraft is operated. All insurance proceeds payable under the requisite policies shall be payable in U.S. Dollars.

At least ten (10) days prior to the policy expiration date for any insurance coverage required by this Section 4.6, Customer shall furnish to Lender evidence (having the form and substance consistent with Section 1(f) of the Closing Terms Addendum) of the renewal or replacement of such coverage, complying with the terms hereof, for a twelve (12) month or greater period commencing from and after such expiration date.

#### Event of Loss; Loaner Engines.

Upon the occurrence of any Event of Loss with respect to the Aircraft and/or the Airframe, Customer shall notify Lender of any such Event of Loss within five (5) days of the date thereof. Customer shall pay the then Outstanding Balance promptly upon its receipt of insurance proceeds relating to such Event of Loss, but in no event later than ninety (90) days after the occurrence of such Event of Loss (irrespective as to whether any or all of such proceeds have been received). Upon Lender's receipt in good and indefeasible funds of all of the amounts required to be paid pursuant to the preceding sentence (whether by applying Customer's payment of such amounts, or any such insurance proceeds, or both) the Aircraft shall be released from the Lender's Lien, and Lender shall remit to Customer any such insurance proceeds so received by Lender, to the extent then remaining.

Upon an Event of Loss with respect to an Engine or any APU (as applicable, a " **Lost Item** ") under circumstances in which there has not occurred an Event of Loss with respect to the Airframe, Customer shall, within one hundred twenty (120) days after the occurrence of such Event of Loss, replace such Lost Item, with a Permitted Replacement. Any engine or auxiliary power unit constituting a " **Permitted Replacement** " for a Lost Item shall (i) be of the same make and model number as the Lost Item, (ii) be free and clear of all Liens and (iii) have a value, utility and useful life at least equal to, and be in as good an operating condition as, the Lost Item, assuming such Lost Item was in the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of Loss. Customer, at its own cost and expense, shall (i) furnish Lender with such documents to evidence such conveyance, (ii) cause the Permitted Replacement to be subject to the Lender's Lien under this Agreement, and (iii) take such other actions as may be required by Lender to cause the Lender's Lien therein to be validly created, perfected and have first priority, including as evidenced on the FAA Registry, the International Registry, and any other recording office. Each such Permitted Replacement shall, after such conveyance, be deemed an "Engine" or "APU" (as defined herein), as applicable, and shall be deemed part of the same Aircraft as was the Lost Item replaced thereby.

In the event an Engine is damaged and is being repaired, or is being inspected or overhauled, Customer, at its option, may temporarily substitute another engine during the period of such repair or overhaul, so long as such engine is of the same make and model as the Engine being repaired or overhauled, is free and clear of any Lien that might impair Lender's rights or interests in the Airframe and is maintained in accordance herewith (any such substitute engine being hereinafter referred to as a " **Loaner Engine** "). Customer shall (i) cause such Loaner Engine to be installed and removed, as applicable, by a maintenance facility certified by the FAA and manufacturer with respect to the Aircraft, and (ii) cause the repaired or overhauled original Engine to be reinstalled on the Airframe promptly upon completion of the repair or overhaul, but in no event later than the earlier of one hundred twenty (120) days after removal or the occurrence of an Event of Default.

So long as no Default has occurred and is continuing, and no Event of Default or Event of Loss with respect to the Aircraft has occurred, any loss or damage proceeds of the Required Coverages received by Lender shall be released promptly by Lender to Customer to reimburse Customer for paying the costs actually incurred with respect to repairs made to the Aircraft so as to restore it to the condition required by this Agreement, or for the purchase of a Permitted Replacement pursuant to Section 4.7(b), or shall be disbursed by Lender as otherwise required by this Agreement.

Aircraft Registration. On or before the Closing Date, and at all times thereafter, so long as any of the Obligations are outstanding, Customer shall remain solely responsible pursuant to the applicable provisions of this Agreement to cause (i) the Aircraft to be effectively and otherwise validly registered in Customer's name on the Registry, and (ii) the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft, in each case, accordance with the Registration Requirements; and without limiting the foregoing, or any other provision of this Agreement, Customer shall:

cause the Registration Certificate to be maintained within the Aircraft and cause the U.S. registration number then currently assigned to the Aircraft to remain authorized for use by Customer on the Aircraft; including by (A) notifying Lender immediately of any event or circumstance with respect to which the Registration Requirements require further action by Customer, the Registry or any other Governmental Authority or other Person, (B) immediately upon receipt, placing the original, replacement or renewal Registration Certificate on the Aircraft prior to the expiration or other invalidation of any previously issued Registration Certificate (whether the certificate or any other document constituting the Registration Certificate as defined herein) under the Registration Requirements, and (C) complying with any and all of the other Registration Requirements relating to such Registration Certificate, and to the Registration Certificate replaced thereby (including any of the same relating to the destruction or return thereof, as the case may be); and

upon the occurrence, and at all times thereafter, of any Defective Registration (and without waiving Customer's responsibility to avoid such circumstance), or if the operation of the Aircraft is no longer authorized by the Registration Requirements, Customer shall (A) neither operate nor permit or suffer the operation of the Aircraft without a currently effective and otherwise valid Registration Certificate (and shall cause the pilots to be made aware of the Defective Registration), and otherwise comply with the FARs and other Applicable Laws relating to such Defective Registration, (B) ground and store the Aircraft in a manner reasonably acceptable to Lender, and (C) inform the insurer or insurers thereof, and obtain and maintain adjustments to the insurance coverages required pursuant Section 4.6 of this Agreement which may be necessary or desirable

to Lender so as to reflect any changes in the insurable risks relating to any Defective Registration.

**Security Interest; Power of Attorney; Inspection .**

**Grant of Security Interest.** As collateral security for the prompt and complete payment and performance as and when due of all of the Obligations and in order to induce Lender to enter into this Agreement and make the Loan to Customer in accordance with the terms hereof, Customer hereby grants, pledges and assigns to Lender a first priority security interest, collateral assignment, international interest, prospective international interest, security assignment and prospective security assignment, in, against, under and with respect to (the “ **Lender’s Lien** ”) all of Customer’s right, title and interest in, to and under all of the following collateral, whether now existing or hereafter acquired (collectively, the “ **Collateral** ”): (i) the Aircraft, including the Airframe, the Engines, each of the APU and Parts, and the Records; (ii) any and all present and future Third Party Agreements; (iii) any and all other associated rights secured by or associated with the Airframe and/or the Engines, together with any related international interests and prospective international interests; (iv) any collateral described in the other Loan Documents (including in any Operating Consent); and (v) all proceeds of the foregoing. By way of clarification and not limitation, the foregoing grant of the Lender’s Lien shall include, as applicable (and in each case, being validly registered and having first priority), an international interest in the Airframe and in each Engine. Notwithstanding the foregoing, (i) Customer shall not enter into any Third Party Agreements unless expressly permitted by Section 4.4 and (ii) Lender is not assuming, nor shall it be responsible for, any obligations, liabilities or duties of any kind whatsoever of Customer (and/or of any other Person) relating to the Collateral. Customer agrees that it shall perform and procure performance in accordance with any Third Party Agreement or other agreement or instrument giving rise to any associated rights that are or may become subjected to the Lender’s Lien.

**UCCs, Registrations, Etc.: Lender as Attorney-in-Fact.** Customer hereby irrevocably:

authorizes Lender to prepare and file any UCC financing statements, amendments, continuations, terminations, assignments and other filings, or take such other actions for the purpose of perfecting, affording first and exclusive priority to or otherwise relating to Lender’s Lien under this Agreement or the other Loan Documents;

consents to, and authorizes its professional user entity to consent to, the registration of each Registerable Interest requested by Lender or its Assignee, or otherwise required by the provisions of this Agreement or any of the other Loan Documents, including any subordination, amendment, assignment, discharge or undertaking permitted by the Cape Town Convention with respect thereto; and

constitutes and appoints Lender (including any Person acting on Lender’s behalf), as its true and lawful attorney-in-fact with full power and authority in the place and stead of Customer and in the name of Customer or in its own name, for the purpose of carrying out the terms of this Agreement; which authority shall include the following undertakings that may be exercisable by Lender in its sole discretion at any time, and from time to time, if an Event of Default is then existing or upon the occurrence of an Event of Loss: (i) in Customer’s name, file and/or record, such further instruments, filings and other documents, make, cause to be made and/or consent to all registrations with the International Registry, and take such further action, to establish and protect Lender’s rights, interests and remedies created, or intended to be created, pursuant to the Loan Documents; (ii) endorse Customer’s name on any checks, notes, drafts or any other payments or instruments, or set off, apply, or take such other actions with respect to any funds relating to the Collateral that come into Lender’s possession or control; and (iii) to settle, adjust, receive payment and make claim or proof of loss, and take such other actions relating to the Required Coverages. This appointment is coupled with an interest, is irrevocable and shall terminate only upon indefeasible payment and performance in full of all of the Obligations. The powers conferred on Lender hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Lender shall be accountable only for amounts that it actually receives in good and indefeasible funds as a result of the exercise of such powers and neither it nor any of its officers, directors, employees or agents shall be responsible to Customer for any act or failure to act. Without limiting the foregoing, Customer agrees that within five (5) Business Days of Lender’s request, Customer will enter into an irrevocable power-of-attorney authorizing Aviation Counsel or Lender’s other designee as Customer’s professional user entity and administrator for the purpose of discharging any Registerable Interests as and when directed to do so by Lender in connection with its exercise of its rights and remedies under the Loan Documents.

**Inspection.** Lender or its authorized representatives shall have the right, but not the duty, to inspect the Aircraft, any part thereof and/or the Records, at its own cost any reasonable time and from time to time, wherever located, upon reasonable prior notice to Customer; except that after the occurrence of a Default or an Event of Default, such inspection may be conducted at any time without prior notice and at Customer’s sole expense, and it shall pay Lender promptly upon demand any inspection costs incurred by Lender. So long as no Default or Event of Default exists, any such inspections shall be conducted during normal business hours and without interruption of the use and operation of the Aircraft as permitted hereby. Upon the request of Lender, Customer shall promptly confirm to Lender the location of the Aircraft or any of the other Collateral.

**Events of Default .** The term “ **Event of Default** ”, wherever used herein, shall mean:

Customer shall fail to pay any Obligation within ten (10) days after the same shall become due and payable (whether at the stated maturity, by acceleration, upon demand or otherwise); or

(i) any Customer Party shall default in the payment or performance of any indebtedness, liability or obligation to Lender or any Affiliate of Lender under any note, security agreement, lease, title retention or conditional sales agreement or any other instrument or agreement; or (ii) any Customer Party shall fail to pay any Indebtedness (other than the Obligations) exceeding \$5,000,000.00, and such failure shall continue beyond any applicable grace period (or, with respect to trade Indebtedness which is not subject to a grace period, within ninety (90) days of the date such trade Indebtedness is incurred); or

(i) any of the Required Coverages are not kept in full force and effect, or a breach or violation shall exist with respect to any provisions thereof; or the Aircraft is operated in a manner, at a time or in or over or located at a place with respect to which such Required Coverages shall not be in effect; (ii) Customer shall fail to cause the Airframe or the Engines to be used, operated, maintained or otherwise kept in a condition so as to be in compliance with all Applicable Laws; or (iii) any Customer Party shall fail to comply with (A) any financial covenants as and to the extent set forth or incorporated in any Guaranty or in any of the other Loan Documents, or (B) any provision of any of the Loan Documents restricting Liens and other dispositions relating to either the Collateral or any rights or obligations under any of the Transaction Documents (including Section 4.4 hereof), or (iv) the occurrence of any Defective Registration; or

(i) any representation or warranty made by any Customer Party in any of the Loan Documents or in any related agreement, document or certificate shall prove to have been incorrect, misleading, or inaccurate in any material respect when made or given (or, if a continuing representation or warranty, at any time); or (ii) any Customer Party shall fail to (A) perform or observe any other agreement (other than those specifically referred to in this Section 6) required to be performed or observed by it under this Agreement or in any of the other Loan Documents, and such failure shall continue uncured for thirty (30) days after the earlier of written notice thereof from Lender to such Customer Party or such Customer Party’s actual knowledge thereof (but such notice and cure period will not be applicable unless such breach is curable by practical means within such notice period) or (B) notify Lender of any Default or Event of Default within ten (10) Business Days of its occurrence; or

(i) any Customer Party shall (A) generally fail to pay its, or his or her debts as they become due, admit its, or his or her inability to pay its, or his or her debts or obligations generally as they fall due, or shall file a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws or other insolvency laws, or an answer admitting the material allegations of such a petition filed against such Customer Party in any such proceeding; or (B) by voluntary petition, answer or consent, seek relief under the provisions of any other bankruptcy or other insolvency or similar law providing for the reorganization or liquidation of corporations, or providing for an

assignment for the benefit of creditors, or providing for an agreement, composition, extension or adjustment with its, or his or her creditors; or (ii) a petition against any Customer Party in a proceeding under applicable bankruptcy laws or other insolvency laws, as now or hereafter in effect, shall be filed and shall not be withdrawn or dismissed within one hundred twenty (120) days thereafter, or if, under the provisions of any law providing for reorganization or liquidation of business entities that may apply to any Customer Party, any court of competent jurisdiction shall assume jurisdiction, custody or control of such Customer Party or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of one hundred eighty (180) days after the filing date; or

the occurrence of any of the following events with respect to any Customer Party: (A) it enters into any transaction of merger, consolidation or reorganization; (B) it ceases to do business as a going concern, liquidates, or dissolves, or sells, transfers or otherwise disposes of all or substantially all of its assets or properties (in one or more transactions); (C) it becomes the subject of, or engages in, a leveraged buy out; (D) it changes the form of organization of its business; (E) if it is privately owned as of the Closing Date, there is any substantial change in the ownership or control of its capital stock or membership interests such that the holder(s) that own or control one hundred percent (100%) of such equity interests as of the Closing Date no longer do so; or (F) if it is publicly held as of the Closing Date, any change so that it is no longer subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, or no longer registered under Section 12 of the Securities Act of 1933, as amended; or

(i) the conviction of or guilty plea by any Customer Party with respect to any criminal act constituting a felony, (ii) any repudiation by any Customer Party of its obligation for the payment or performance of the Obligations, (iii) any allegation by any Customer Party or judicial determination that any of the Loan Documents is unenforceable in any material respect or (iv) a Default (as defined in any Guaranty) shall occur; or any event or condition constituting a breach or other default under any Operating Consent.

#### **Remedies .**

Acceleration; Termination of Commitment . If any Event of Default shall occur, Lender, in its sole discretion, may (a) declare the Obligations to be immediately due and payable, and upon such declaration the Obligations (including, the unpaid principal amount of the Note, together with all accrued but unpaid interest thereon, any prepayment fees and all other amounts due and payable under or with respect to the Loan Documents), shall become immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived, anything contained herein or in the other Loan Documents to the contrary notwithstanding, (b) terminate any then outstanding commitment whether to Customer or any Affiliate to make the Loan or any advance thereof, or any other financial accommodations, whether related to the Loan or otherwise, and/or (c) pursue and enforce any of Lender's rights and remedies under this Section 7; provided, however, if an Event of Default specified in Section 6 (e) above shall occur, the Obligations shall become immediately due and payable, all such commitments shall terminate, and Lender shall have all such other rights and remedies contemplated in the preceding clauses (a), (b) and (c), automatically, and without any notice or other action by Lender.

Additional Remedies . If an Event of Default occurs, in addition to all other rights and remedies granted to it in this Agreement and in the other Loan Documents, Lender may exercise all rights and remedies of a secured party under the UCC or as a creditor, chargee or security assignee under the Cape Town Convention (including any and all remedies thereunder requiring agreement by Customer), or otherwise available to Lender under any other Applicable Law. Without limiting the generality of the foregoing, Customer agrees that upon the occurrence of an Event of Default, Lender, without demand or notice of any kind (except as specified below) to or upon Customer or any other Person, in its sole discretion, may exercise any one or more of the following remedies:

(i) peacefully enter the premises where the Aircraft, the Engines, or any other Collateral is located, take immediate possession of, remove (or disable in place), or otherwise take control or custody of the Airframe, the Engines or any other Collateral (whether or not then attached to the Airframe) by self-help, summary proceedings or otherwise without liability, (ii) preserve the Airframe, the Engines or the other Collateral, and their respective value (but without any obligation to do so), and immobilize or keep idle the Airframe or Engines, and/or (iii) use Customer's premises for storage without liability; and Customer agrees, at Lender's request, to assemble the Collateral, and make it available to Lender at such places as Lender shall reasonably select, whether at Customer's premises or elsewhere;

(i) terminate the right of any Interested Third Party, and any other third party to use, possess or control the Airframe, the Engines or any of the other Collateral, including under any Permitted Third Party Agreement or other Third Party Agreement, without regard as to the existence of any event of default thereunder, (ii) recover from, and/or cause Customer and any such Interested Third Party, and any other third party, to relinquish possession and return the Airframe, the Engines and any other Collateral pursuant to this Section 7, and/or (iii) exercise any and all other remedies under any Operating Consents in Customer's stead, to the extent provided for under, or otherwise available to Customer in connection with any related Permitted Third Party Agreement or such other Third Party Agreement;

(i) manage, sell, lease, assign or otherwise dispose of the Airframe, the Engines or any other Collateral, in whole or in part, whether or not in Lender's possession, in one or more parcels or transactions, at public or private sale or sales, with or without notice to Customer (except as required by Applicable Law, and in furtherance thereof, Lender agrees that it shall give Customer no less than ten (10) working days' prior notice of any proposed sale or lease of the Airframe or Engines, which Customer acknowledges as constituting "reasonable prior notice" for the purposes of the Cape Town Convention) at such prices as Lender may deem best, and/or (ii) purchase the Collateral, in whole or in part, upon any public sale or sales, and to the extent permitted by Applicable Law upon any private sale or sales, free of any right or equity of redemption in Customer, which right or equity of redemption is hereby expressly released;

(i) collect, receive, appropriate and realize upon the Collateral, or any part thereof, including by applying any deposit or other cash collateral, or collecting or receiving, appropriating and realizing upon any income, profits or other proceeds arising from the management or use of the Airframe, the Engines or any of the other Collateral, and applying the same (after deducting all taxes, costs, expenses and other reductions of every kind incurred in connection therewith) to the payment in whole or in part of the Obligations, in such order and manner as Lender may elect; and (ii) after making such application, (A) remitting to Customer or to such other Person any excess then remaining, as and to the extent Lender is required by Applicable Law to make such remittance and (B) demanding, collecting and receiving from Customer any deficiency then remaining (and Customer agrees that it shall remain liable for, and pay upon demand, the full amount of any such deficiency);

(i) demand and obtain from any court speedy relief pending final determination available at law (including, possession, control, custody or immobilization of the Airframe and Engines, or preservation of the Airframe and the Engines and their respective value), (ii) procure the deregistration and/or export and physical transfer of the Airframe from the territory in which it is then situated (including pursuant to an IDERA, if any, executed by Customer), and/or (iii) otherwise proceed at law or in equity, to enforce specifically Customer's performance or to recover damages; and/or

exercise any and all other rights and remedies under or with respect to the Loan Documents or Applicable Law, including the Cape Town Convention and the UCC.

No Waiver: Cumulative Remedies . No right or remedy is exclusive. Customer hereby acknowledges that none of the provisions of this Section 7, including any remedies set forth or referenced herein, is "manifestly unreasonable" for the purposes of the Cape Town Convention. Each may be used successively and cumulatively and in addition to any other right or remedy referred to above or otherwise available to Lender at law or in equity, but in no event shall Lender be entitled to recover any amount in excess of the maximum amount recoverable under Applicable Law with respect to any Event of Default. No express or implied waiver by Lender of any Default or Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Default or Event of Default. The failure or delay of Lender in exercising any rights granted it

hereunder upon the occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or reoccurrence of any such contingencies or similar contingencies, and any single or partial exercise of any particular right by Lender shall not exhaust the same or constitute a waiver of any other right provided for or otherwise referred to herein. After the occurrence of any Default or Event of Default, the acceptance by Lender of any payment or performance of any of the Obligations, including the payment of any installment of principal and/or interest or of any other sum owing hereunder or under the other Loan Documents shall not constitute a waiver of such Default or Event of Default, regardless of Lender's knowledge or lack of knowledge thereof at the time of acceptance of any such payment or performance and shall not constitute a reinstatement of any of the Loan Documents, unless Lender shall have agreed in writing to reinstate the same and waive the Default or Event of Default. To the extent permitted by Applicable Law, Customer waives any rights now or hereafter conferred thereby, that (a) limit or modify any of Lender's rights or remedies under this Agreement or any of the other Loan Documents, including the provisions of Article 13(2) of the Convention, or (b) would otherwise entitle Customer to (i) receive notices or demands as a condition to Lender's exercise of any rights or remedies, except as expressly required above or (ii) make claims, damages and demands against Lender arising out of the repossession, retention, sale or other disposition of the Collateral.

#### **MISCELLANEOUS**

Notices. All communications and notices provided for herein shall be in writing and shall be deemed to have been duly given or made (i) upon hand delivery, or (ii) upon delivery by an overnight delivery service, or (iii) when sent by telecopy (with customary confirmation of receipt of such telecopy) on the Business Day when sent or upon the next Business Day if sent on other than a Business Day.

#### Expenses and Fees; Indemnity; Performance of Customer's Obligations

Customer shall pay to Lender upon demand all reasonable fees, costs and expenses incurred by or on behalf of Lender at any time in connection with (i) the negotiation, preparation, execution, delivery and enforcement of the Loan Documents and the collection of the Obligations (both before and after the occurrence of a Default or Event of Default), (ii) the creation, preservation and protection of the Collateral and the perfection, first priority and enforcement of Lender's Lien, or (iii) Customer's exercise of any right granted under, or any amendment or other modification to any of, the Loan Documents. Such fees, costs and expenses shall include, without limitation, reasonable appraisal and inspection fees, the reasonable fees and expenses of Aviation Counsel and of Lender's counsel, consultants and brokers, UCC, FAA, International Registry and other applicable title, interest and lien searches, and reasonable costs and expenses relating to recovery, repossession, storage, insurance, transportation, repair, refurbishment, advertising, sale and other dispositions of the Aircraft or any of the other Collateral. Customer shall also pay all reasonable fees (including license, filing and registration fees), Impositions and other charges of whatever kind or nature that may be payable or determined to be payable in connection with (A) the execution, delivery, recording or performance of this Agreement or any of the other Loan Documents, or any modification thereof, and (B) the filings, registrations and other undertakings relating thereto. Notwithstanding the foregoing, as long as there are no more than two (2) revised drafts of any Loan Document provided by Customer or its counsel to Lender or Lender's counsel, Customer shall be responsible for not more than \$35,000.00 in the aggregate for the legal fees of outside counsel to Lender (including, Aviation Counsel) and appraisal, inspection, processing, credit verification, lien searches, FAA and International Registry fees and other fees incurred in connection with the initial negotiation, preparation and execution of this Agreement and the other Loan Documents executed and delivered on or before the Closing Date (and the consummation of the closing contemplated to occur thereon); provided that in the event that the negotiation exceeds two (2) revised drafts of any Loan Document, then Customer shall pay for the actual amount of such out of pocket fees incurred by Lender relating to the drafting and negotiation in excess of such two (2) revised drafts. Lender shall apply the previously paid deposit amount of \$35,000.00 to such fees and shall refund to Customer the amount by which the deposit exceeds such fees.

Customer hereby further agrees, whether or not the transactions contemplated by this Agreement shall be consummated, to pay, indemnify, and hold Lender and its affiliates and all of the Lender's and such affiliates' respective directors, shareholders, members, officers, employees, agents, predecessors, attorneys-in-fact, lawyers, successors and assigns (Lender, its affiliates and all of such other parties and entities sometimes hereinafter collectively, the "**Indemnified Parties**") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, out of pocket costs, attorney's fees, expenses or disbursements of any kind or nature whatsoever ("**Claims**") arising with respect to or in connection with (i) the Airframe, the Engines, or any APUs or Parts, or any of the other Collateral, including (whether by or through Customer, Vendor, any Interested Third Party, or any other Person), the manufacture, inspection, ownership, lease, sublease, management, pooling, interchange, time sharing, chartering, possession, use, operation, maintenance, security, condition (whether prior to, upon or after delivery or acceptance of any of the same), repossession, storage, sale or other disposition of any of the same, or any accident in connection therewith, including Claims involving or alleging environmental damage, criminal acts, hijacking, acts of terrorism or similar acts, product liability or strict or absolute liability in tort, latent and other defects (whether or not discoverable) and for any other risk or matter, including any of the same that result in injuries, death, destruction, or other harm or loss to persons or property, or (ii) any of the Loan Documents, Third Party Agreements or other Transaction Documents, or the performance, breach (including any Default or Event of Default) or enforcement of any of the terms hereof or thereof, provided, that Customer shall have no obligation to indemnify an Indemnified Party with respect to Claims arising from the gross negligence or willful misconduct of such Indemnified Party (unless if imputed by Applicable Law). If any Claim is made against any Indemnified Party, the party receiving notice or otherwise becoming aware of such Claim shall promptly notify the other, but the failure of the party having knowledge of a Claim to so notify the other party shall not relieve Customer of any obligation hereunder.

If any Customer Party fails to perform or comply with any of its agreements contained herein or in the other Loan Documents, including, without limitation, its obligations to keep the Collateral free of Liens (other than the Permitted Liens), comply with Applicable Standards, or obtain the Required Coverages, Lender shall have the right, but shall not be obligated, to effect such performance or compliance, with such agreement. Any expenses of Lender incurred in connection with effecting such performance or compliance, together with interest thereon at the default rate of interest provided for in the Note from the date incurred until reimbursed, shall be payable by Customer to Lender promptly on demand and until such payment shall constitute part of the Obligations secured hereby. Any such action shall not be a cure or waiver of any Default or Event of Default hereunder.

Entire Agreement; Modifications. This Agreement and the other Loan Documents constitute the entire understanding and agreement of the parties hereto with respect to the matters contained herein and therein, and shall completely and fully supersede all other prior agreements (including any proposal letter, commitment letter, and/or term sheet), both written and oral, between Lender and Customer relating to the Obligations. Neither this Agreement, nor any terms hereof, may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which enforcement of a change, waiver, discharge or termination is sought.

Construction of this Agreement and Related Matters. All representations and warranties made in this Agreement and in the other Loan Documents shall survive the execution and delivery of this Agreement and the making of the Loan hereunder. Customer's obligations contained in this Section 8 shall survive the payment and performance of the Obligations, the termination of this Agreement, and the release of the Collateral. This Agreement may be executed by the parties hereto on any number of separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. The headings of the Sections hereof are for convenience only, are not part of this Agreement and shall not be deemed to affect the meaning or construction of any of the provisions hereof. Time is of the essence in the payment and performance of all of Customer's obligations under this Agreement. Any provision of this Agreement that may be determined to be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective in such jurisdiction to the extent thereof without invalidating the remaining provisions of this Agreement, which shall remain in full force and effect.

Lender's Assignment. Lender, may at any time, with or without notice to Customer, freely grant a security interest in, sell, assign, participate or otherwise transfer (an " **Assignment** ") all or any part of its interest in this Agreement and the other Loan Documents (including all associated rights associated with or secured thereby and the related international interests) or any amount due or to become due hereunder or thereunder, and Customer shall perform all of its obligations under the Loan Documents, to the extent so transferred, for the benefit of the beneficiary of such Assignment (such beneficiary, including any successors and assigns, an " **Assignee** "); provided, however, if such Assignee is not an Affiliate of Lender and if no Default or Event of Default exists, Lender will provide prior notice of any such Assignment to a third party. Customer hereby waives any right to assert, and agrees not to assert, against any Assignee any abatement, reduction, defense, setoff, recoupment, claim or counterclaim that Customer may have against Lender, provided that Lender remains fully responsible therefor. Upon the assumption by such Assignee of Lender's obligations hereunder, Lender shall be relieved of any such assumed obligations. Customer hereby consents to any such assignment, grant, sale or transfer, including, without limitation, for purposes of the Cape Town Convention. If so directed in writing, Customer shall pay all amounts due or to become due under the Loan Documents, including any of the same constituting associated rights or proceeds directly to the Assignee or any other party designated in writing by Lender or such Assignee. Customer acknowledges and agrees that Lender's right to enter into an Assignment is essential to Lender and, accordingly, waives any restrictions under Applicable Law with respect to an Assignment and any related remedies. Upon the request of Lender or any Assignee, Customer also agrees (a) to promptly execute and deliver, and cause to be executed and delivered by any Guarantor or any other Transaction Party, to Lender or to such Assignee an acknowledgment of assignment in form and substance satisfactory to the requesting party, an insurance certificate naming Assignee as additional insured and loss payee and otherwise evidencing the Required Coverages, an IDERA in favor of Assignee, and such other documents and assurances reasonably requested by Lender or Assignee, (b) to make, or cause to be made, all registrations (including all assignments and subordinations) and all amendments, extensions and discharges with the International Registry reasonably requested by Lender or Assignee (and give or obtain any necessary consent thereto, as well as renew any authorization required by the International Registry in connection therewith, including renewing its transacting user entity status and re-designating a professional user entity, if necessary in Lender's judgment), and (c) to comply with any and all other reasonable requirements of any such Assignee in connection with any such Assignment.

Jurisdiction. Customer and Lender each hereby irrevocably consents and agrees that any legal action, suit or proceeding arising out of or in any way in connection with this Agreement or any of the other Loan Documents may be instituted or brought in the courts of the State of New York or in the United States Courts for the Southern District of New York, as Customer or Lender may elect or in any other state or Federal court as Lender shall deem appropriate, and by execution and delivery of this Agreement, Customer and Lender each hereby irrevocably accepts and submits to, for itself and in respect of its property, generally and unconditionally, the non-exclusive jurisdiction of any such court, and to all proceedings in such courts. Customer and Lender each irrevocably consents to service of any summons and/or legal process by first class, certified United States air mail, postage prepaid, to Customer at the address set forth below its signature hereto, such method of service to constitute, in every respect, sufficient and effective service of process in any such legal action or proceeding. Nothing in this Agreement or in any of the other Loan Documents shall affect the right to service of process in any other manner permitted by law or limit the right of Lender to bring actions, suits or proceedings in the courts of any other jurisdiction. Customer and Lender each further agrees that final judgment against it in any such legal action, suit or proceeding shall 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 shall be conclusive evidence of the fact and the amount of the liability. Notwithstanding anything in the foregoing to the contrary, Lender and Customer may bring a judicial proceeding in the Republic of Ireland, solely with respect to matters relating to the International Registry.

Governing Law; Binding Effect. This Agreement shall be construed and enforced in accordance with, and the rights of both parties shall be governed by, the internal laws of the State of New York (without regard to the conflict of laws principles of such state, except as to the effect of Title 14, Section 5-1401 of the New York General Obligations Law), including all matters of construction, validity, and performance. This Agreement shall be binding upon and inure to the benefit of Customer and Lender and their respective successors and assigns (but without limiting the provisions of Section 8.5); except that Customer may not assign or transfer its rights or obligations hereunder or under any other Loan Agreement, or any interest herein or therein; and any such purported or attempted assignment or transfer by Customer shall be null and void.

Customer's Capacity as Owner Trustee. TVPX Aircraft Solutions Inc. ("TVPX") is executing this Agreement, and the other Loan Documents solely in its capacity as Owner Trustee under the Trust Agreement and not in its individual capacity and in no case shall TVPX be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of the Customer hereunder, or under any Loan Document, all such liability, if any, being expressly waived by the parties hereto and any Person claiming by, through, or under such party. Under no circumstances shall TVPX be personally liable for the payment of any other amount stated to be due from the Customer hereunder, or under any Loan Document, or be personally liable for the breach or failure of any of Customer's representations, warranties, covenants, obligations, undertakings and agreements hereunder, or under any Loan Documents; provided, however, that the Customer (or any such successor owner trustee) shall be personally liable hereunder for its own gross negligence or willful misconduct or for its breach of its covenants, representations and warranties contained herein, or in any Loan Document, to the extent covenanted or made in its individual capacity.

Jury Waiver. CUSTOMER AND LENDER EACH HEREBY KNOWINGLY AND FREELY WAIVES THEIR RESPECTIVE RIGHTS TO A JURY TRIAL IN ANY ACTION, SUIT OR PROCEEDING RELATING TO, ARISING UNDER OR IN CONNECTION WITH THIS AGREEMENT, THE NOTE OR ANY OF THE OTHER LOAN DOCUMENTS.

**[Signatures On Next Page]**

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Loan and Aircraft Security Agreement

IN WITNESS WHEREOF, the parties hereto have caused this Loan and Aircraft Security Agreement to be duly executed and delivered by their proper and duly authorized officers as of the date first above written.

BANC OF AMERICA LEASING & CAPITAL, LLC, Lender

TVPX AIRCRAFT SOLUTIONS INC., a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated July \_\_\_\_, 2017,  
Customer

By:  
Name:  
Title:

By:  
Name:  
Title:

Notice Address:

One Financial Plaza, 2nd Floor  
Providence, Rhode Island 02903  
Attention: Director of Aircraft Operations  
Telephone: 800-238-3737  
Facsimile: 401-278-7941

Notice Address:

39 East Eagle Ridge Drive, Ste. 201  
North Salt Lake, UT 84054  
Telephone: (801) 924-367  
Facsimile: (801) 877-0478

## PROMISSORY NOTE

BANC OF AMERICA LEASING & CAPITAL, LLC  
 One Financial Plaza  
 Providence, Rhode Island 02903-2448

\$28,000,000.00      July 27, 2017

For value received, the undersigned (jointly and severally if more than one) promises to pay to the order of Banc of America Leasing & Capital, LLC ("Lender"), having its principal place of business in Providence, Rhode Island (together with any other holder of this Note, hereinafter referred to as the "Holder"), the principal sum of \$28,000,000.00, together with interest thereon as provided herein. This Promissory Note is one of the "Notes," and the obligations of the undersigned hereunder are "Obligations" secured by the "Collateral," as such terms are defined or referred to in that certain Loan and Aircraft Security Agreement (S/N 218) between the undersigned and Lender dated as of July 27, 2017 (the "Security Agreement").

This Note shall be payable by the undersigned to Holder in (i) sixty (60) consecutive installments of principal and interest (the "Principal and Interest Payments") commencing on August 27, 2017 and continuing monthly thereafter through and including July 27, 2022 (the "Maturity Date") and (ii) an additional principal payment in the amount of \$15,375,000.00 (the "Principal Balloon Payment") due, together with the final Principal and Interest Payment, on the Maturity Date. The Principal and Interest Payments and the Principal Balloon Payment sometimes hereinafter collectively referred to as the "Payments". Each Payment shall be due and payable on the same day of the month as the initial Payment set forth above in each succeeding payment period during the term of this Note (each, a "Payment Date"). Payments will be deducted automatically on the due date from an account at Bank of America, N.A. pursuant to that certain Authorization Agreement for Direct Payments (ACH Debits) substantially in the form of Exhibit A attached hereto. Interest shall accrue on the entire principal amount of this Note outstanding from time to time at a fixed rate of 2.7400% per annum (the "Interest Rate"), from the date hereof until the principal amount of this Note is paid in full, and shall be due and payable on each Payment Date. All interest hereunder shall be calculated on the basis of a year of 360 days comprised of 12 months of 30 days each. Payments of principal and interest hereunder shall be due, payable on each Payment Date in the amounts set forth, and corresponding to each of the numbered Payments listed below:

<u>Payment No(s)</u>	<u>Payment Amount</u>
1 - 59	\$260,505.22
60	\$260,505.22 + the Principal Balloon Payment

The entire unpaid principal balance of this Note may be prepaid in full (but not in part) upon thirty (30) days prior written notice to Holder, provided that any such prepayment shall be made together with (a) all accrued interest and other charges owing hereunder or under the Security Agreement, and (b) a prepayment fee equal to: 3% of such prepayment if made prior to the first anniversary of this Note; thereafter, 2% of such prepayment if made prior to the second anniversary of this Note; thereafter, 1% of such prepayment if made prior to the third anniversary of this Note; and thereafter no prepayment fee shall be required; provided, however, that, unless an Event of Default exists, no prepayment fee shall be payable in connection with (a) any refinancing of the indebtedness evidenced by this Note that is provided by Holder to the undersigned for the acquisition by the undersigned of a replacement aircraft that has a fair market value, utility, and useful life at least equal to the Aircraft (as defined in the Security Agreement) and that is otherwise acceptable to Holder, including, without limitation, with respect to the financial condition of the undersigned and Guarantor (as defined in the Security Agreement), in its sole and absolute discretion or (b) the prepayment of the entire unpaid principal balance of this Note together with accrued interest and all other amounts due and owing under the Loan Documents made within fifteen (15) days after written notice from Lender provided pursuant to Section 8.5 of the Security Agreement of an intent to syndicate or assign this Note to a third party. Notwithstanding the foregoing, (i) nothing herein shall constitute a commitment by Holder to provide any financing with respect to any replacement aircraft and (ii) in the event that Holder provided prior notice of an Assignment pursuant to Section 8.5 of the Security Agreement and no Default or Event of Default exists, the entire unpaid principal balance of this Note may be prepaid in full (but not in part), upon thirty (30) days prior written notice to Holder, without prepayment fees.

Time is of the essence in the payment and performance of those Obligations, which are evidenced by this Note. In the event any amount due hereunder is not paid within ten (10) days of the date when due, the undersigned agrees to pay an administrative and late charge equal to the lesser of (a) two percent (2%) on and in addition to the amount of such overdue amount, or (b) the maximum charges allowable under applicable law. In addition, the undersigned shall pay overdue interest on any delinquent Payment or other Obligation due (by reason of acceleration or otherwise) from thirty (30) days after the due date thereof through the date of payment thereof at a rate of interest equal to the lesser of: (a) 1.5% per month (the "Late Charge Rate"), or (b) the maximum rate of interest allowable under then applicable law.

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Each payment hereunder shall be made in lawful money of the United States and shall be payable to such account or address, as Holder shall from time to time direct the undersigned. Whenever any payment to be made under this Note shall be stated to be due on a Saturday, Sunday or a public holiday, or the equivalent for banks generally under the laws of the State of Rhode Island, such payment shall be made on the next succeeding Business Day, and such extension of time shall be included in the computation of the payment of interest. All amounts received hereunder or in respect of this Note shall be applied first, to accrued late charges and any other costs or expenses due and owing hereunder or under the terms of the Security Agreement; second, to accrued interest; and third, to unpaid principal. It is the intention of Holder to comply with all applicable usury laws. Accordingly, it is agreed that notwithstanding anything to the contrary contained herein, in no event shall any provision contained herein require or permit interest in excess of the maximum amount permitted by applicable law to be paid by the undersigned. If necessary to give effect to these provisions, Holder will, at its option, in accordance with applicable law, either refund any amount to the undersigned to the extent that it was in excess of that allowed by applicable law or credit such excess amount against the then unpaid principal balance hereunder.

Failure to pay this Note or any installment hereunder promptly when due, or the occurrence of an " **Event of Default** " under the Security Agreement, or default or failure in the performance or due observance of any of the terms, conditions or obligations under any other agreement or instrument between the undersigned (or any endorser, guarantor, surety or other party liable for the undersigned's obligations hereunder, or any other entity controlling, controlled by, or under common control with the undersigned) and Holder (or any other entity controlling, controlled by or under common control with Holder), shall constitute a default hereunder and entitle Holder to accelerate the maturity of this Note and to declare the entire unpaid principal balance and all accrued interest and other charges hereunder (including prepayment fees calculated as of the date of default) and under the Security Agreement to be immediately due and payable, and to proceed at once to exercise each and every one of the remedies provided in the Security Agreement or otherwise available at law or in equity.

The undersigned and all other parties who may be liable (whether as endorsers, guarantors, sureties or otherwise) for payment of any sum or sums due or to become due under the terms of this Note waive diligence, presentment, demand, protest, notice of dishonor, notice of intention to accelerate, notice of acceleration and notice of any other kind whatsoever and agree to pay all costs incurred by Holder in enforcing its rights under this Note or the Security Agreement, including reasonable attorney's fees, and they do hereby consent to any number of renewals or extensions at any time in the payment of this Note. No extension of time for payment of this Note made by any agreement with any person now or hereafter liable for payment of this Note shall operate to release, discharge, modify, change or affect the original liability of the undersigned under this Note, either in whole or in part. No delay or failure by Holder hereof in exercising any right, power, privilege or remedy shall be deemed to be a waiver of the same or any part thereof; nor shall any single or partial exercise thereof or any failure to exercise the same in any instance preclude any future exercise thereof, or exercise of any other right, power, privilege or remedy, and the rights and remedies provided for hereunder are cumulative and not exclusive of any other right or remedy available at law or in equity. The Holder of this Note may proceed against all or any of the Collateral securing this Note or against any guarantor hereof, or may proceed contemporaneously or in the first instance against the undersigned, in such order and at such times following default hereunder as Holder may determine in its sole discretion. All of the undersigned's obligations under this Note are absolute and unconditional, and shall not be subject to any offset or deduction whatsoever. The undersigned waives any right to assert, by way of counterclaim or affirmative defense in any action to enforce the undersigned's obligations hereunder, any claim whatsoever against the Holder of this Note.

THIS NOTE AND THE LEGAL RELATIONS OF THE UNDERSIGNED AND HOLDER SHALL IN ALL RESPECTS BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES REGARDING THE CHOICE OF LAW. THE UNDERSIGNED HEREBY CONSENTS AND SUBMITS TO THE JURISDICTION OF THE COURTS OF THE STATE OF NEW YORK AND THE FEDERAL DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK FOR THE PURPOSES OF ANY SUIT, ACTION OR OTHER PROCEEDING ARISING OUT OF ITS OBLIGATIONS HEREUNDER, AND EXPRESSLY WAIVES ANY OBJECTIONS THAT IT MAY HAVE TO THE VENUE OF SUCH COURTS. THE UNDERSIGNED HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY ACTION BROUGHT ON OR WITH RESPECT TO THIS NOTE.

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IN WITNESS WHEREOF, the undersigned has caused this Note to be executed by its duly authorized representative as of the date first above written.

ATTEST/WITNESS:

**MAKER: TVPX AIRCRAFT SOLUTIONS INC., a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated July 27, 2017**

By: /s/ Scott Neilsen      By: /s/ Brett King  
Name: Scott Neilsen      Name: Brett King  
Title: Senior Vice President

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EXHIBIT A

**Banc of America Leasing & Capital, LLC**

Mailcode: GA3-003-04-01  
Northeast Center Building  
2059 Northlake Parkway  
Tucker, GA 30084

**AUTHORIZATION AGREEMENT FOR DIRECT PAYMENTS (ACH DEBITS)**

**Customer Name:**

**Customer Loan Number:**

The undersigned, a duly authorized officer of the above-referenced Customer, hereby authorizes Banc of America Leasing & Capital, LLC ("BAL") to initiate debit entries **as selected below** to the Customer's ( ) checking or ( ) savings account (check one) indicated below at the depository named below to debit the same to such account. If funds in the account so debited are not sufficient to cover such ACH debits, Customer shall pay BAL \$35.00 for each such non-sufficient funds occurrence.

**Scheduled Loan Payments.**

**Depository (Bank) Name:**

**Street Address:**

**City:**                      **State:**                      **Zip Code:**

**ABA Routing Number:**

**Account Number:**

**Effective Date:**

**PLEASE ATTACH A VOIDED CHECK / DEPOSIT SLIP**

This authorization is to remain in full force and effect until BAL has received written notification from Customer of its termination in such time and in such manner as to afford BAL and the above-referenced Depository a reasonable opportunity to act on it. Please complete and return to the address above or fax to the attention of **ACH Department at 404-532-3171**

**Customer Name:**

**Officer Signature:**

**Officer Title:**                      **Date:**

**NOTE: ALL WRITTEN DEBIT AUTHORIZATIONS MUST PROVIDE THAT THE RECEIVER MAY REVOKE THE AUTHORIZATION ONLY BY NOTIFYING THE ORIGINATOR IN THE MANNER SPECIFIED IN THE AUTHORIZATION**

Internal Use Only: Documentation Specialist \_\_\_\_\_  
A = Rent and Sales/Tax Only P = Rental/Sales/Use/PPT E = All charges (excluding late charges)

## GUARANTY

This Guaranty (this "**Guaranty**") is executed and delivered as of July 27, 2017 by the undersigned guarantor (the "**Guarantor**") in favor of Banc of America Leasing & Capital, LLC, located at One Financial Plaza, Second Floor, Providence, RI 02903-2305 ("**BALC**"). TVPX AIRCRAFT SOLUTIONS INC., a Utah corporation, not in its individual capacity, but solely as Owner Trustee under the Trust Agreement dated July 27, 2017, located at 39 East Eagle Ridge Drive, Suite 201, North Salt Lake, UT 84054 ("**Customer**") has requested that BALC enter into that certain Loan and Aircraft Security Agreement (S/N 218) dated as of July 27, 2017 (as amended, supplemented or restated from time to time, and together with any and all other documents, instruments, certificates and other agreements relating thereto, the "**Agreement**"), between BALC and Customer, and this Guaranty is a condition to BALC's entering into the Agreement. BALC is unwilling to enter the Agreement with Customer, unless Guarantor absolutely and unconditionally guarantees to BALC the payment and performance of all such Obligations of Customer at any time owing to BALC. With knowledge that BALC will enter into the Agreement with or otherwise extend financial accommodations to Customer in reliance upon the existence of this Guaranty and the validity and enforceability of the obligations and liabilities of Guarantor to BALC contemplated hereby, Guarantor agrees with BALC as follows:

1. **Guaranty**. Guarantor guarantees to BALC the prompt payment and/or performance of all indebtedness, obligations and liabilities of Customer at any time owing to BALC, whether direct or indirect, matured or unmatured, primary or secondary, certain or contingent, or acquired by or otherwise created in favor of BALC arising out of the Agreement, including without limitation any and all rent, loan, purchase or other installment payments, principal balances, taxes, indemnities, liquidated damages, accelerated amounts, return deficiency charges, casualty value payments, transaction expenses and other reimbursements, administrative charges, all interest, including late charge interest, attorneys' fees or enforcement and other costs, which may at any time be payable in connection with the Agreement, together with all claims for damages arising from or in connection with the failure to punctually and completely pay or perform such obligations, whether or not such obligations are from time to time reduced or extinguished and thereafter increased or incurred (collectively, the "**Obligations**"). This Guaranty is a guaranty of payment and performance, and not a guaranty of collection, and Guarantor hereby undertakes and agrees, that if Customer or Guarantor is in Default (defined below) hereunder for any reason, Guarantor shall (i) punctually pay any such Obligations requiring the payment of money, as an obligation for payment due and owing directly from Guarantor to BALC and without any abatement, reduction, setoff, defense, counterclaim or recoupment, and (ii) punctually cause Customer to perform any and all Obligations not requiring the payment of money for the benefit of BALC, as an obligation for performance due and owing directly from Guarantor to BALC. Guarantor shall be deemed to be primarily liable for each Obligation and not merely as a surety thereof.
  
2. **Absolute, Unconditional, Joint and Several Nature of Guaranty**. The obligations of Guarantor hereunder are absolute, unconditional and irrevocable, may not be cancelled, terminated, repudiated or rescinded for any reason, and shall be joint and several with each Guarantor executing this Guaranty and each other party that may be liable, directly or indirectly, for the payment or performance of any Obligations. Guarantor shall not be released from any obligations under or in respect of this Guaranty for any reason, nor shall such obligations be reduced, diminished or discharged for any reason, including:
  - (a) **Modifications ;Indulgences; Payment Applications**. Any modifications, renewals, or alterations of any agreement, document or instrument relating to any Obligation; any indulgences, adjustments, preferences, extensions or compromises made by BALC in favor of Customer or Guarantor or any other party; or the application of any payments and receipts, by whomever paid and/or however realized, to any amounts owing by Guarantor or Customer to BALC in such manner as BALC shall determine in its sole discretion.
  - (b) **Condition of Customer or Guarantor**. Any insolvency, bankruptcy, arrangement, adjustment, composition, liquidation, disability, dissolution, appointment of a receiver for, or other similar proceeding affecting Customer or Guarantor; any sale, lease or other disposition of any of the assets of Customer or Guarantor; any reorganization of, or change in the composition of the shareholders, partners or members of, Customer or Guarantor; or any termination of, or other change in, the relationship between Customer and Guarantor.
  - (c) **Invalidity of Obligations or Other Agreements**. The invalidity, illegality or unenforceability of any Obligation for any reason whatsoever, including, but not limited to: the existence of valid defenses, counterclaims or off-sets to any Obligation; the violation of applicable usury or other laws by any Obligation; or the lack of authenticity or genuineness of any document or instrument relating to the Obligations. This Guaranty shall be in addition to any other guaranty or other security for the Obligations, and it shall not be prejudiced or rendered unenforceable by the invalidity or unenforceability of any such other guaranty or security.
  - (d) **Release of Customer**. Any complete or partial release of Customer or any other party liable for any Obligation for any reason.
  - (e) **Release and Care of Collateral; Status of Liens**. Any sale, transfer, release, surrender, exchange, deterioration, waste, loss or impairment of any property transferred or assigned by Customer, Guarantor or any other party as collateral in respect of any Obligation, or otherwise acquired by BALC for lease to Customer, in connection with the Agreement (collectively, the "**Collateral**"), whether negligent or willful; the failure of BALC or any other party to exercise reasonable care in the care, custody, preservation, protection, sale or other treatment of any of any Collateral; the failure of BALC or any other party to create or properly perfect BALC's rights, title or interests in any Collateral, or any mortgage, pledge, security interest, transfer or assignment of any Collateral (a "**Lien**"); the unenforceability of any Lien; the creation of any lien or encumbrance on any Collateral in favor of any other party, or the subordination of any Lien in favor of BALC to any such other lien or encumbrance; or the taking or accepting by BALC of any other security for, or assurance of payment of, any Obligation.

(f) **Other Action or Inaction**. Any other action or inaction on the part of BALC, whether or not such action or inaction prejudices Guarantor or increases the likelihood or amount that Guarantor will be required to pay or perform in connection with any Obligation pursuant to the terms hereof. It is the obligation of Guarantor to discharge the Obligations when due, notwithstanding any occurrence, circumstance, event, action or omission whatsoever, whether or not particularly described herein. Guarantor is not entering into this Guaranty in reliance on the value or the availability of any Collateral. Guarantor acknowledges that Guarantor may be required to pay the Obligations, in full, without the assistance or support of any other party. Guarantor has not been induced to enter into this Guaranty on the basis that any party other than Customer will be liable to perform any Obligations or that BALC will look to any other party to perform any Obligation. BALC may release, or settle with, the Customer, any Guarantor, or any other party liable, directly or indirectly, for the performance of any Obligation, all without affecting the liability of any other party to this Guaranty. To the extent that this Guaranty is secured by property of Guarantor, BALC shall not be obligated to release its security interest in such property until all applicable preference periods have passed with respect to payments of Obligations made to BALC.

3. **Waivers**. Guarantor waives:

(a) **Action Against Others**. Any right to require BALC to: institute suit or exhaust remedies against Customer or any other party liable for any Obligation; enforce BALC's rights in any of the Collateral or other security which is at any time given to secure any Obligation; enforce BALC's rights against any other Guarantor or any other party liable on any Obligation; join Customer or any other party liable for any Obligation in any action seeking to enforce this Guaranty; or exhaust any other remedies available to BALC or resort to any other means of obtaining payment or performance of any Obligation.

(b) **Notices**. Notice of the execution, delivery or acceptance by BALC, Customer or any other party, of this Guaranty or any document, agreement or instrument evidencing any Obligation; notice of the amount of credit extended by BALC to Customer at any time, whether primary or secondary; notice of modifications or extensions of any Obligation; notice of defaults, or other non-performance by Customer in connection with any Obligation; notice of the transfer or disposition by BALC of any Obligation; notice of the repossession, sale or other disposition of any of the Collateral; notice of the acceptance of this Guaranty by BALC; demand and presentation for payment upon Customer or any other party liable for any Obligation; protest, notice of intention to accelerate or notice of acceleration of any Obligation, notice of protest and diligence in bringing suit against Customer or any other party; and any other action or inaction on the part of BALC in connection with this Guaranty or any Obligation.

(c) **Subrogation**. Any right which Guarantor may at any time have against Customer, or any other party liable for any Obligation, as a result of the performance by Guarantor of its obligations under this Guaranty, including, but not limited to contractual, statutory and common law rights of subrogation, reimbursement, indemnification, set-off or contribution, until all Obligations owing to BALC have been paid and performed in full.

(d) **Suretyship Defenses**. Any defenses which Guarantor may have or assert against the enforcement of this Guaranty or any Obligation based upon suretyship principles or any impairment of Collateral.

4. **Representations; Warranties; Covenants**. Guarantor hereby represents, warrants, covenants and agrees that:

(a) **Benefit**. Guarantor is the 100% beneficial owner of the Customer, and has received, or will receive, substantial benefit from the agreements and transactions giving rise to the Obligations and this Guaranty.

(b) **Authorization; Enforceability**. Guarantor has the form of business organization indicated below and is and will remain duly organized and existing in good standing under the laws of the state of its organization and is duly qualified to do business wherever necessary to perform its obligations under this Guaranty. This Guaranty has been duly authorized by all necessary action on the part of Guarantor consistent with its form of organization, does not require the approval of, or giving of notice to, any governmental authority and does not contravene Guarantor's certificate or articles of incorporation or organization or by-laws or partnership or operating certificate or agreement or similar organizational documents. This Guaranty does not contravene or constitute a default under any applicable laws, or any contract, mortgage, agreement, indenture, or other instrument to which Guarantor is a party or by which it may be bound. This Guaranty has been duly executed and delivered by Guarantor and constitutes the legal, valid and binding obligations of Guarantor enforceable in accordance with their terms except to the extent that the enforcement of remedies hereunder may be limited under applicable bankruptcy and insolvency laws, and the equitable discretion of any court of competent jurisdiction. To Guarantor's knowledge, there are no actions or proceedings pending or threatened in writing against or affecting Guarantor or any of Guarantor's property before any court, administrative officer or administrative agency that, if decided adversely, could reasonably be expected to materially and adversely affect the financial condition or operations of Guarantor to the extent that the ability of Guarantor to perform its obligations hereunder would be materially impaired or BALC's rights under the Loan Documents (as defined in the Agreement) or with respect to the Collateral are affected thereby.

(c) **Access to Information; No Representation by BALC**. Guarantor has adequate means to obtain continuing and sufficient information concerning the financial and business condition of Customer and other parties liable in respect of the Obligations. Neither BALC nor any other party has made any representation, warranty or statement to Guarantor in order to induce Guarantor to execute this Guaranty.

(d) **Subordination**. All present and future indebtedness of Customer to Guarantor ( "**Subordinated Debt**" ) shall be and hereby is subordinated to the prior payment and performance of all Obligations, and is hereby assigned and transferred to BALC and pledged as additional security for the payment of the Obligations of the Customer and the obligations of the Guarantor hereunder. Guarantor shall not demand or accept payment of, or otherwise cancel, set-off or otherwise discharge any part of, the Subordinated Debt without the prior written consent of BALC, provided, however, that for so long as there is no default hereunder or in connection with the Obligations or the Subordinated Debt, Guarantor may receive and

Customer may pay (but not prepay, whether or not permitted or contemplated by the terms of the Subordinated Debt) principal and/or interest or other scheduled installment payments of Subordinated Debt from Customer. Upon the request of BALC, Guarantor shall deliver to BALC a certified statement of the outstanding Subordinated Debt, specifying in detail the time at which permitted payments of Subordinated Debt were made, if any, and such other information as BALC may request.

(e) **Financial Condition: Solvency.** As of the date hereof, and after giving effect to this Guaranty and the contingent obligations contained herein, Guarantor is solvent and has assets which, when fairly valued, exceed its liabilities. The performance of the obligations of Guarantor hereunder will not cause Guarantor to exceed its ability to pay its debts as they mature, and this Guaranty is made without any intent to hinder, delay or defraud either present or future creditors, purchasers or other interested persons.

(f) **Financial Reports.** Guarantor shall furnish to BALC (i) within one hundred and twenty (120) days of the close of each fiscal year of Guarantor beginning with December 31, 2017, Guarantor's audited consolidated (and, if applicable, consolidating) balance sheet and statements of shareholders' equity, cash flows and statements of operations as of the end of and for such fiscal year, all on a comparative basis with the prior fiscal year and prepared in accordance with GAAP, certified by a recognized firm of certified public accountants, (ii) within sixty (60) days of the close of each fiscal quarter of Guarantor beginning with June 30, 2017, Guarantor's audited quarterly consolidated (and, if applicable, consolidating), balance sheet and statements of shareholders' equity, cash flows and statements of operations as of the end of and for such fiscal quarter, all on a comparative basis with the similar fiscal quarter of the previous year and prepared in accordance with GAAP, certified by the chief financial officer of Guarantor, (iii) Guarantor shall be deemed to have satisfied the financial reporting requirements herein if, within the time frames specified in clause (f)(i) and (f)(ii), Guarantor files with the SEC and its Forms 10K and 10Q or makes such forms publicly available in electronic format; and (iv) promptly, such additional financial and other information as BALC may from time to time reasonably request.

(g) **Assignment.** BALC may, at any time and without the consent of, but with notice (to the extent required pursuant to Section 8.5 of the Agreement) to, Guarantor, assign all or any portion of its rights hereunder to any other party to which all or any portion of the Obligations are transferred, assigned or negotiated (an "Assignee") but only in connection with the assignment of the Obligations. Guarantor shall promptly execute and deliver to BALC or its Assignee an acknowledgment of assignment in form and substance satisfactory to the requesting party which, among other things, reaffirms the basic terms and conditions of the Obligations and this Guaranty, and shall comply with the reasonable demands of BALC or any such Assignee in order to perfect any such assignment or transfer. This Guaranty shall not be deemed to create any right in any party except as provided herein and shall inure to the benefit of, and be binding upon, the successors and assigns of Guarantor and BALC, provided that Guarantor shall not assign or delegate any of its rights or obligations hereunder without the prior written consent of BALC.

(h) **Further Assurances.** Guarantor will promptly execute any documents and other records, including, amendments to this Guaranty, and will take such further action as BALC may reasonably request in order to carry out more effectively the intent and purposes of this Guaranty and to establish, perfect and protect BALC's rights and remedies hereunder and in any Collateral or Subordinated Debt.

5. **Default; Performance of Obligations.** If (a) Customer defaults in the payment or performance of any Obligation and such default shall continue after any applicable grace or cure periods in the Agreement, or (b) if there exists any event or condition which, with notice and/or the passage of time, would constitute a default under the Agreement (including any default relating to Guarantor or this Guaranty), or (c) any representation or warranty of Guarantor herein or in any certificate, agreement, statement or document furnished at any time to BALC by or on behalf Guarantor (including without limitation, any financial information), shall prove to be or to have been false or incorrect in any material respect; or (d) Guarantor shall fail to perform or observe any covenant, condition or agreement required to be performed or observed by it hereunder or in connection with any Obligation, and such failure shall continue after any applicable grace or cure periods in the Agreement for ten (10) days after written notice thereof to Guarantor (each of the foregoing being hereinafter referred to as a "Default"), then the Obligations of Customer shall, at the sole option of BALC, be deemed to be accelerated and become immediately due and payable by Guarantor for all purposes of this Guaranty, and Guarantor shall (i) immediately pay directly to BALC all such Obligations owing to BALC by reason of acceleration or otherwise (including without limitation, any rent, liquidated damages, principal or interest payments or balances, fees, other installments or any other accrued or unaccrued amounts with respect to such Obligations), irrespective of whether a Default exists relating to Customer, and notwithstanding any stay, injunction or other prohibition preventing acceleration of any Obligations against Customer, and (ii) promptly perform all other Obligations. Guarantor shall be liable, as principal obligor and not as a surety or guarantor only, for all attorneys' fees and other costs and expenses incurred by BALC in connection with BALC's enforcement of this Guaranty, together with interest on all amounts recoverable under this Guaranty, compounded monthly in arrears, from the time such amounts become due and payable until the date of payment at the lesser of the Late Charge Rate of interest set forth in the Promissory Note dated as of even date herewith evidencing Customer's Obligations or the highest rate permitted by applicable law. If BALC is required to return any payment made to BALC by or on behalf of Customer, whether as a result of Customer's bankruptcy, reorganization or otherwise, Guarantor acknowledges that this Guaranty covers all such amounts, notwithstanding that the original of this Guaranty may have been returned to Guarantor and/or otherwise canceled.

6. **Governing Law: Miscellaneous.** THIS GUARANTY AND THE LEGAL RELATIONS OF THE PARTIES HERETO SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO PRINCIPLES REGARDING THE CHOICE OF LAW. GUARANTOR CONSENTS TO THE JURISDICTION AND VENUE OF NEW YORK COURTS IN CONNECTION WITH BALC'S ENFORCEMENT OF ANY OBLIGATIONS UNDER OR IN RESPECT OF THIS GUARANTY. GUARANTOR HEREBY EXPRESSLY WAIVES ANY RIGHT TO TRIAL BY JURY

IN ANY ACTION BROUGHT ON OR WITH RESPECT TO THIS GUARANTY. Time is of the essence in the payment and performance of all Obligations and all of Guarantor's obligations and liabilities owing to BALC hereunder. This Guaranty constitutes the entire agreement of Guarantor and BALC relative to the subject matter hereof, and there are no prior or contemporaneous understandings or agreements, whether oral or in writing, between the parties hereto with respect to the subject matter hereof. No subsequent modification of, or supplement to, this Guaranty shall be enforceable against any party hereto unless the same is in writing and is duly signed by an authorized officer or representative of the party against whom enforcement is sought. All communications and notices provided for herein shall be in writing and shall become effective (i) upon hand delivery, (ii) upon delivery by an overnight delivery service, or (iii) when sent by telecopy (with customary confirmation of receipt of such telecopy) on the business day when sent or upon the next business day if sent on other than a business day.

[Signature On Next Page]

The undersigned, pursuant to due corporate, limited liability company or partnership authority, as appropriate, has or have caused this Guaranty to be executed as of the date first set forth above.

Witness/Attest/Notary Public:

IPG Photonics Corporation, a Delaware corporation  
(Organization ID: 2972875)

By: /s/ Angelo P. Lopresti

By:

Print Name: Angelo P. Lopresti  
Notary Public  
Commonwealth of Massachusetts  
My Commission Expires November 2, 2023

/s/ Timothy P.V. Mammen  
Print Name: Timothy P.V. Mammen  
Print Title: Senior Vice President & Chief Financial Officer

Guarantor Notice Address: 50 Old Webster Road  
Oxford, MA 01540

Guarantor's Taxpayer ID: 04-3444218

**Subsidiaries of Registrant**

<b>Name</b>	<b>State or Jurisdiction of Incorporation</b>	<b>Ownership by Registrant as of December 31, 2017</b>
IPG Laser GmbH	Germany	100%
NTO IRE-Polus	Russia	100%
IPG (Beijing) Fiber Laser Technology Co., Ltd.	China	100%

**CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

We consent to the incorporation by reference in Registration Statement Nos. 333-139509, 333-151571, 333-167381, 333-177818 and 333-206931 each on Form S-8 of our reports dated February 27, 2018, relating to the consolidated financial statements of IPG Photonics Corporation and subsidiaries (the "Company"), and the effectiveness of the Company's internal control over financial reporting, appearing in this Annual Report on Form 10-K of the Company for the year ended December 31, 2017.

/s/ DELOITTE & TOUCHE LLP

Boston, Massachusetts  
February 27, 2018

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER  
PURSUANT TO RULE 13a-14(a) OR RULE 15d-14(a)  
OF THE SECURITIES EXCHANGE ACT OF 1934**

I, Valentin P. Gapontsev, certify that:

1. I have reviewed this Annual Report on Form 10-K of IPG Photonics Corporation for the year ended December 31, 2017;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 27, 2018

*/s/ Valentin P. Gapontsev*

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Valentin P. Gapontsev  
Chairman and Chief Executive Officer  
(Principal Executive Officer)

**CERTIFICATION OF CHIEF FINANCIAL OFFICER  
PURSUANT TO RULE 13a-14(a) OR RULE 15d-14(a)  
OF THE SECURITIES EXCHANGE ACT OF 1934**

I, Timothy P.V. Mammen, certify that:

1. I have reviewed this Annual Report on Form 10-K of IPG Photonics Corporation for the year ended December 31, 2017;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 27, 2018

*/s/ Timothy P.V. Mammen*

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Timothy P.V. Mammen  
Senior Vice President and Chief Financial Officer  
(Principal Financial Officer)

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350, AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the filing of the Annual Report on Form 10-K for the fiscal year ended December 31, 2017 (the "Report") by IPG Photonics Corporation (the "Company"), Valentin P. Gapontsev, the Chief Executive Officer of the Company, and Timothy P.V. Mammen, the Chief Financial Officer of the Company, each hereby certifies pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

- 1 the Report fully complies with the requirements of Section 13(a) or Section 15(d) of the Securities Exchange Act of 1934;  
and
- 2 the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: February 27, 2018

/s/ VALENTIN P. GAPONTSEV

**Valentin P. Gapontsev  
Chairman and Chief Executive Officer**

/s/ TIMOTHY P.V. MAMMEN

**Timothy P.V. Mammen  
Senior Vice President and Chief Financial Officer**

A signed original of this written statement required by 18 U.S.C. Section 1350 has been provided to IPG Photonics Corporation and will be retained by IPG Photonics Corporation and furnished to the Securities and Exchange Commission or its staff upon request.